



Ill health retirement in the Local Government Pension Scheme

Active members: a guide to the basics

Am I eligible for ill health retirement?

To be eligible for early pension benefits due to ill health you must:

- Have at least three months pensionable service, or have equivalent transferred rights from another pension scheme; *and*
- Be certified by an independent registered medical practitioner as being permanently incapable of performing the duties of your post on grounds of ill health or infirmity of mind or body. “Permanently incapable” means that you will, more likely than not, be incapable, until, at the earliest, your 65th Birthday.

The independent occupational health physician will also indicate the likelihood of you being capable of employment in the future. This will determine which of the 3 tiers of ill-health pension will be paid (see “How are my benefits calculated”).

What is the process for assessing capability?

In most cases, your manager, Human Resources and the Hounslow Occupational Health Team will explore a number of options to support your return to work before retirement on the grounds of ill health is considered. You are also likely to have consulted your own doctor to get their opinion.

When ill health retirement is being considered, a meeting will be arranged with your manager to discuss the eligibility requirements described above. Your manager will also explain that if the application for early pension benefits on the grounds of ill health were refused, ending your contract of employment on grounds of incapability would automatically be considered.

At this stage, if you feel you may have to retire because of ill health, you should inform the HR Advisory Service team who will pass your case to the Hounslow Occupational Health team to begin the process.

The Hounslow Occupational Health Team review

The Hounslow Occupational Health team will review existing medical evidence to establish if it supports the case for ill health retirement. If additional medical information is required, you may be requested to attend an appointment to see the Hounslow Occupational Health team and/or your GP/Consultant may be asked to provide a report.

Effective From	Originator	Page No.
1 December 2011	HR Payroll Team	Page 1 of 5

Independent Registered Medical Practitioner (IRMP) review

If there is sufficient medical evidence to support the case for ill health retirement, it will be referred to an IRMP who has had no prior involvement with your case.

They will review the medical evidence and may request further reports from your GP/Consultant. When a decision has been taken, the Early Pension Benefits form will be returned to HR Advisory Service to notify them whether the eligibility criteria for early pension benefits due to ill health has been met.

What are the ill-health retirement benefits?

Your ill health retirement benefits will be based upon the likelihood of you being capable of employment in the future. This will be determined by the independent registered medical practitioner and will inform the decision on which of the 3 tiers of ill-health your pension will be paid.

Tier 1

If you are totally incapacitated and will not be able to undertake gainful employment* before your normal retirement date, then your benefits will be based on your accrued rights plus an enhancement on your prospective service up to your normal retirement date.

Tier 2

If you can not undertake gainful employment* within a reasonable period of leaving Local Government employment, but you may be able at some date in the future before your normal retirement date, then your benefits will be based on your accrued rights plus an increase of 25% of your prospective service up to their normal retirement date.

Tier 3

If you can not undertake gainful employment* but are capable of obtaining gainful employment within 3 years of leaving employment, then you will be entitled to immediate payment of benefits without an enhancement. This outcome is subject to an Occupational Health review after 18 months.

Payments are payable either:

- Until you return to gainful employment (within 3 years of date of termination)
- Until you are considered as capable of obtaining gainful employment at your 18 month review
- For three years

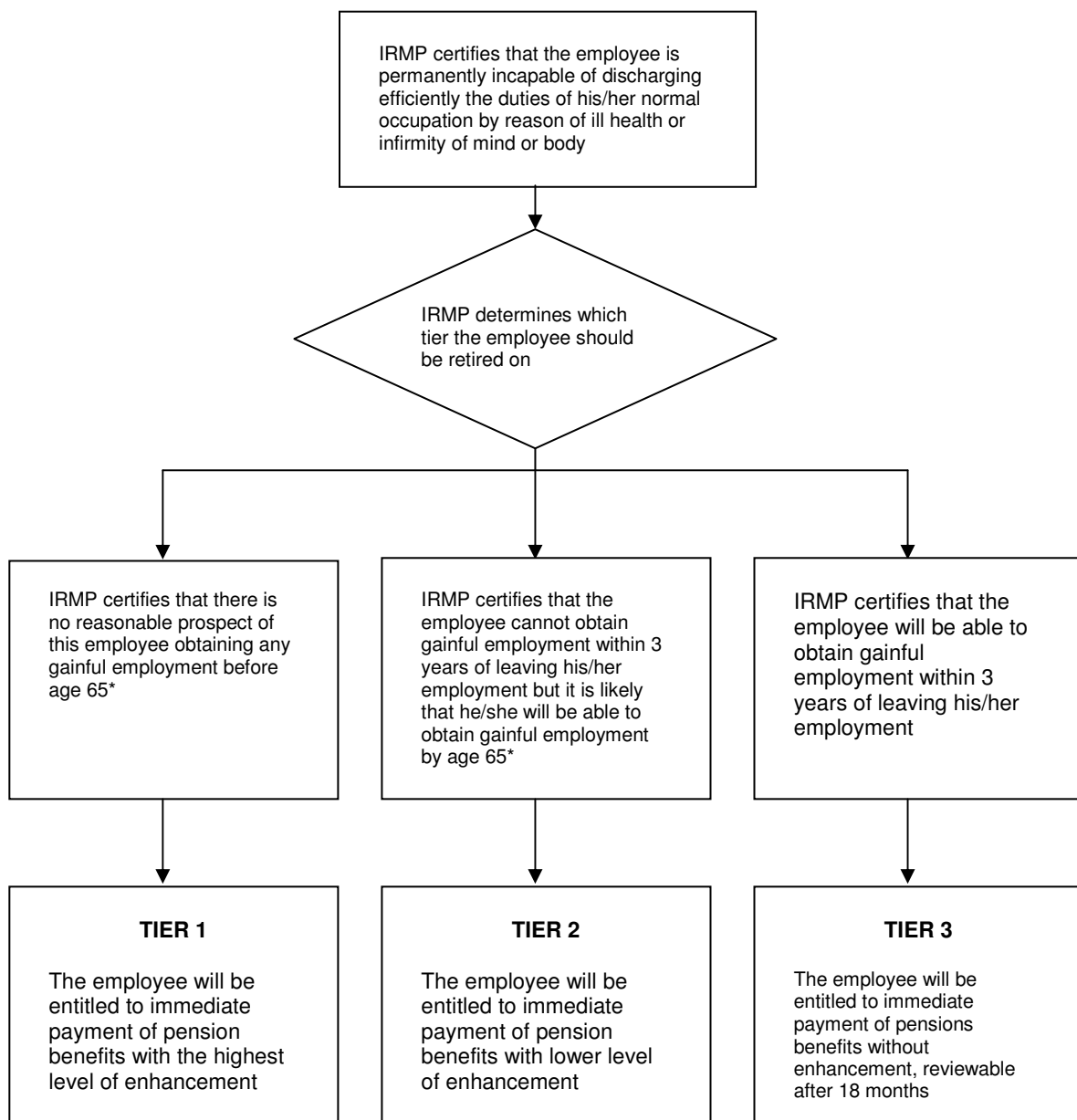
When benefits are ceased:

- You become an active pensioner member
- You are not eligible to receive 3rd tier payments for any future period
- The earlier period of membership which resulted in tier 3 is not aggregated with later active membership

Gainful employment means paid employment for not less than 30 hours a week in each week for a period of not less than 12 months.

The process for determining ill health benefits is shown below:

Effective From	Originator	Page No.
1 December 2011	HR Payroll Team	Page 2 of 5



How are ill health benefits calculated?

Pension benefits are based on your membership in the scheme and the pensionable pay you receive in, normally, your final year of service, with no detriment if your pay is reduced due to ill health. If you are part-time, your scheme membership will count as its part-time length when working out your pension and your final pay is increased to what you would have received had you been full time.

If ill-health retirement is granted, an immediate pension and, if applicable, tax-free lump sum is payable based on the actual membership, plus in some circumstances, additional membership, depending upon the level of incapacity.

There are protections for members who will be over 45 on 31 March 2008, to ensure that they receive no less than they would have done under the pre-April 2008 scheme.

Effective From	Originator	Page No.
1 December 2011	HR Payroll Team	Page 3 of 5

Estimates of the potential benefits payable from the pension scheme must be requested via your manager/HR.

What if I have reduced my hours due to ill health before being granted ill health retirement?

If, in the IRMP's opinion, you are wholly or partly in part-time service as a result of the condition that lead to the ill-health retirement, then that reduction in hours should not be reflected in your service or any enhancement.

What if I had my pay reduced because of sickness before being granted ill health retirement?

If your pay is reduced because of sickness, the final pay for the calculation of your pension benefits is taken to be the pay grade you would have received had you not been sick.

Will my benefits be reduced as they are being paid early?

Ill health benefits can be paid at any age and are not reduced on account of early payment, and in certain circumstances, enhanced service may be awarded.

What happens when ill health is granted?

If early retirement on the grounds of ill health is granted, another meeting will be arranged with your Manager. The meeting should confirm the decision that you have been granted early retirement on the grounds of ill health.

At the meeting, the date for early retirement on the grounds of ill health should be agreed and confirmed in writing.

The HR Advisors team will then complete the appropriate declaration and contact Pensions Services for an estimate on the approximate lump sum and pension benefits that you would receive.

What happens if ill health retirement is not granted?

If ill health retirement is not granted, the procedure for termination of employment on grounds of incapability is automatically followed.

What happens if I am unhappy with the decision about my ill health retirement application?

If you consider that you have been inappropriately refused ill-health retirement benefits or if you are unhappy with the level of benefit paid, initially contact the Hounslow pension administrator, Capita Hartshead, on an informal basis.

They will be able to advise you on how to appeal against the decision under the Internal Disputes Resolution Procedure.

Where can I find further information?

Contact the Hounslow pension administrators, Capita Hartshead on 01737 366032/35 or hounslow.pensions@capita.co.uk

Further information on the LGPS can be found on our dedicated pension website www.hartlinkonline.co.uk/hounslow

Effective From	Originator	Page No.
1 December 2011	HR Payroll Team	Page 4 of 5

Disclaimer

The Regulations concerning the provision of ill-health pensions are very complex. These notes only represent a simplified guide and are not intended to cover every circumstance. It should not be treated as a definitive statement of Law and nothing contained within this guide may over-ride the scheme regulations.

Effective From	Originator	Page No.
1 December 2011	HR Payroll Team	Page 5 of 5