

## NHS Pensions - Ill health retirement tiers and FAQs

If you think ill health retirement applies to you, please read the 'ill health retirement assessment' factsheet and complete form AW33E available from your employer. You must be leaving work solely because of permanent ill health. If you are dismissed for any other reason you cannot qualify for an ill health pension.

There are two tiers of ill health retirement and the benefits you get will depend on whether or not you are capable of undertaking employment elsewhere. The factors that will be taken into account are:

- whether you have received appropriate medical treatment in respect of the incapacity
- your mental and physical capacity
- type and period of rehabilitation which it would be reasonable for you to undergo in respect of your incapacity (irrespective of whether such rehabilitation is undergone)
- any other matter which the Secretary of State considers to be appropriate.

The minimum pension age does not apply in the case of ill health retirement. Ill health pensions are increased each April in line with increases in the Consumer Price Index (CPI).

It may be possible to move between the tiers after retirement where our medical advisers recommend that your condition may be reassessed within three years; certain conditions apply. More information is available in the 'Ill health retirement assessment factsheet'. A reassessment may be recommended if your condition is such that it is not possible to determine at the outset whether your condition will deteriorate to such an extent that you are unable to undertake any regular work or any ongoing treatment will enable you to recover sufficiently to undertake any regular work.

If you are terminally ill you may take your benefits immediately as a lump sum. In this case they will be calculated based on Tier 2. Please see the 'serious ill health (where life expectancy is less than 12 months)' factsheet for more information.

Your benefits may be reduced if you take up further NHS employment after retiring early due to ill health.

You may apply for ill health early retirement by completing a form which you can get from your employer.

If you are a deferred member and you become too ill to undertake regular employment of like duration to your former NHS employment before your Normal Pension Age, you may be able to take your pension early without reduction or any enhancement. If this happens please complete form AW240. Pension Credit members should complete form AW240(PC).

### Ill health retirement tiers

1995 Section		
Definition		Entitlement
<b>Tier 1</b>	Unable to do current NHS job due to permanent ill health	Pension will be paid based on Scheme membership built up without reduction. No enhancement to benefits.
<b>Tier 2</b>	Unable to carry out regular employment of like duration to NHS employment due to permanent ill health in addition to meeting the Tier 1 condition.	Tier 1 benefits, <b>plus</b> an enhancement of two-thirds of your prospective membership to normal pension age. Total membership may not exceed prospective membership at 60.

2008 Section		
Definition		Entitlement
<b>Tier 1</b>	Unable to do current NHS job due to permanent ill health.	Pension will be paid based on Scheme membership built up without reduction. No enhancement to benefits.
<b>Tier 2</b>	Unable to carry out regular employment of like duration to NHS employment due to permanent ill health in addition to meeting the Tier 1 condition.	Tier 1 benefits, <b>plus</b> an enhancement of two-thirds of your prospective membership to age 65. Total membership may not exceed prospective membership at 65.

2015 Scheme		
Definition		Entitlement
<b>Tier 1</b>	Unable to do current NHS job due to permanent ill health.	Pension already earned will be paid without

		reduction.
<b>Tier 2</b>	Unable to carry out regular employment of like duration to NHS employment due to permanent ill health in addition to meeting the Tier 1 condition.	Tier 1 plus the 'Tier 2 addition' which is an enhancement based on one-half of prospective membership to normal pension age.

## Frequently asked questions

### **Q. Is there an age limit for ill health retirement benefits?**

A. Yes, in order to qualify for ill health retirement benefits your last day of Scheme membership must be before your 60th birthday for members of the 1995 Section, or 65th birthday for members of the 2008 Sections. If you are member of the 2015 Scheme your last day of Scheme membership must be before your State Pension Age (SPA) or age 65 if your SPA is before age 65. This is because ill health retirement benefits provisions are limited to those members who have not reached their normal pension age.

### **Q. How do you decide if I qualify for ill health retirement benefits?**

A. As decisions depend largely on medical assessments NHS Pensions takes advice from a professional team of medical advisers and doctors qualified in the field of occupational health, our medical services provider.

### **Q. What is the medical advisers' role?**

A. The role of the medical advisers is to carry out an objective and independent professional assessment of all the available medical evidence and offer a recommendation to NHS Pensions based on that assessment. The medical advisers can also commission further medical evidence if they consider it relevant and helpful to their assessment, for example your general practitioner or your specialist.

### **Q. Are there any charges associated with providing medical evidence for my application?**

A. If you are an active member of the NHS Pension Scheme or in NHS employment you have access to Occupational Health Services who will provide the information at no cost. If an alternative source is selected to provide the information then they may charge a fee which you are responsible for.

If you are a deferred member of the NHS Pension Scheme you will not have access to Occupational Health Services and you are responsible for any fee incurred in obtaining medical evidence.

**Q. What are the qualifying conditions for ill health retirement benefits?**

A. The NHS Pension Scheme provides two levels of ill health retirement benefits, dependent on the severity of your condition and the likelihood of you being able to work again.

To qualify for a Tier 1 pension you must be permanently incapable of efficiently carrying out the duties of your NHS employment because of illness or injury.

To qualify for a Tier 2 pension you must meet the Tier 1 condition and be permanently incapable of engaging in regular employment of like duration to your NHS job (i.e. either whole time or part time) because of illness or injury.

**Q. What does ‘permanently incapable’ mean?**

A. For the purpose of ill health retirement benefits ‘permanently incapable’ means until the Scheme’s normal pension age. That is age 60 in the 1995 Section, age 65 in the 2008 Section or State Pension Age (SPA) in the 2015 NHS Pension Scheme (or age 65 if this is later).

**Q. How will you determine ‘permanent incapacity’?**

A. For the purposes of determining whether you are permanently incapable of efficiently discharging the duties of your NHS employment the factors which will be taken into account are:

- whether you have received appropriate medical treatment in respect of the incapacity, and
- your mental and physical capacity, and
- such type and period of rehabilitation which it would be reasonable for you to undergo in respect of your incapacity, irrespective of whether such rehabilitation is undergone, and
- any other matter which the Secretary of State considers appropriate.
- In looking to establish permanence, NHS Pensions use the civil burden of proof, i.e. the balance of probabilities.

**Q. If my employer terminates my contract due to ill health will I automatically qualify for ill health retirement benefits?**

A. No – a decision by an employer to terminate a person’s employment will not automatically lead to payment of ill health retirement benefits from the NHS Pension

Scheme. The two are entirely separate and rely on different criteria. For instance, whilst Scheme Regulations require that a member is permanently prevented from efficiently performing the duties of their job to their normal pension age, the employer, in considering whether termination is appropriate, may look at a considerably shorter period because of the need to have the post filled.

**Q. If I am getting incapacity or disability benefits will I automatically qualify for ill health retirement benefits?**

A. No - The criteria for acceptance of ill health retirement benefits under the NHS Pension Scheme are different to the criteria adopted by the Department of Work and Pensions (DWP) when determining entitlement to Incapacity and Disability benefits. Entitlement to the latter takes into consideration the condition presently existing and percentage of disability arising from the condition; whereas, the issue that NHS Pensions and its medical advisers must carefully consider is whether your health problems are likely to prevent you from carrying out the duties of your NHS employment, or regular employment, until the Schemes' normal pension age.

**Q. What is a Tier 1 pension?**

A. If you are assessed as being permanently incapable of carrying out the duties of your NHS job you will be entitled to the early payment of the retirement benefits you have earned to date paid without any actuarial reduction for the early payment. In other words, these benefits will not be reduced to cover the extra cost of being paid before the Schemes' normal pension age.

**Q. What is a Tier 2 pension?**

A. For members of the 1995 and 2008 Sections if you are assessed as being permanently incapable of engaging in regular employment of like duration to your NHS employment you will be entitled to the retirement benefits you have earned to date enhanced by two-thirds of your prospective membership up to the Schemes' normal pension age. However, for members of the 2015 NHS Pension Scheme this is calculated differently. The amount payable would be a Tier 1 pension plus a 'Tier 2 addition'. The 'Tier 2 addition' is based upon an enhancement on one-half of your prospective membership to normal pension age. If you are a Scheme member who moved to the 2015 Scheme as part of the transitional arrangements, on or after 1 April 2015, your Tier two pension would be made up of a Tier 1 pension in respect of your 1995 or 2008 Section membership and a Tier 1 plus 'Tier 2 addition' in respect of your 2015 pension.

**Q. What if I have deferred pension benefits in the 1995 Section and I am an active member of the 2008 Section?**

A. You will need to make separate applications for consideration of entitlement to ill health benefits in respect of each section, using the appropriate application forms. If you are a 2008 Section member who moved from the 1995 Section as part of the choice exercise

and have not had a break of more than 12 months you would only need to make one application.

**Q. What if I have had membership in the 1995 or 2008 Sections and move to the 2015 Scheme?**

A. You may need to make separate applications for consideration of entitlement to ill health benefits in each Scheme, using the appropriate application forms. However, this is only where you have had a break in Scheme membership of more than five years and you have deferred pension benefits in either of the 1995 or 2008 Sections. Therefore, if you are a Scheme member who simply moves or has moved to the 2015 Scheme as part of the transitional arrangements, on or after 1 April 2015 and have not had a break of more than five years you would only need to make one application.

**Q. Will my pension be index linked?**

A. NHS Pension benefits are protected against inflation by being index linked to a measure set by the Government. This means that they may increase each year, in April, for as long as they are being paid. In your first year of retirement a part year increase may apply.

**Q. What if I have a serious illness?**

A. If you are seriously ill and do not expect to live longer than a year, you can apply to exchange all of your ill health benefits for a one off, usually tax free, lump sum payment. If you want to do this, you should let your employer (normally the Pensions Officer) know.

**Q. What if I am over my normal pension age and have a serious illness?**

A. If you are seriously ill and do not expect to live longer than a year, you can apply to exchange all of your age benefits for a one off, usually tax free, lump sum payment. As your pension will not be enhanced you do not need to apply for ill health retirement in the usual way but we will need confirmation from your doctor or consultant that your life expectancy is less than 12 months. If you want to do this you should contact NHS Pensions or your employer (normally the Pensions Officer).

**Q. With the introduction of the 2015 NHS Pension Scheme; what will happen if NHS Pensions receives an ill health application before 1 April 2015 and the member concerned does not have Protection? Will they have to move to the 2015 Scheme? Similarly, where a member has partial protection and the ill health application is received before the date the member is expected to move to the 2015 Scheme, will they stay in the section of the Scheme they have been contributing to?**

A. An active member (or a member who has opted out of the Scheme whilst remaining in their NHS employment) who submits an ill health pension application prior to 1 April 2015 (or their own transitional date if later) does not transition to the 2015 Scheme until the

application process is complete. This includes the exhaustion of the Complaints and Dispute Resolution procedures. If the application is:

- Successful, the member will have up to 12 months from the date of the medical decision to claim their pension benefits, which will then be awarded and paid from their existing section of the Scheme (i.e. either the 1995 or 2008 Section).
- Unsuccessful, the member will transition to the 2015 Scheme from the day after the date of the medical decision.

Once a member has moved to the 2015 Scheme, should they submit an application for ill health the application will be considered in accordance with the Scheme Regulations applicable to that Section/Scheme.

**Q. If my request for ill health retirement benefits is not successful can I appeal?**

A. Yes. If you think we have made a mistake, or you simply do not agree with our decision, or you feel we have not dealt with your case very well, you can ask us to look at your request for ill health retirement benefits again under the Internal Dispute Resolution (IDR) procedures. To do this you must complete form DRP1.