



Ill Health Retirement

Introduction

If you have at least 2 years total membership (or have transferred previous pension rights into the Scheme) and your **Employer** ends your employment because of ill health, your pension benefits in the Local Government Pension Scheme (LGPS) may be paid immediately, without any reduction for early payment before your Normal Pension Age (NPA).

Ill health benefits can be paid at any age and may be **increased** to take account of your ill health. The increase that may be awarded is split into tiers, depending on how likely you are to be capable of gainful employment.

How is ill health assessed?

Your Employer must get an opinion from an approved Independent Registered Medical Practitioner (IRMP) qualified in occupational health medicine. Your employer must then be satisfied that:

- you are permanently incapable of carrying out your job; and
- you are **not** immediately capable of undertaking any **gainful employment** (paid employment for not less than 30 hours per week for not less than 12 months).

Note that permanently incapable means to your Normal Pension Age (NPA), which is currently linked to your State Pension Age (SPA) under the 2014 Scheme and may therefore change in the future.

What is the process?

Your Employer will refer your case to the IRMP, who will provide an opinion based on the medical evidence presented by your Employer, General Practitioner and any Consultant Physician or Specialist that you may have seen in connection with your ill health.

You may be required to undergo a **Medical Examination** by the IRMP to assess your condition.

Once assessed, a **certificate** is sent to your Employer, which will set out the IRMP's opinion on whether you are permanently incapable of undertaking your job, the likelihood of undertaking any gainful employment, and the likely tier of benefits that could be awarded (if any).

What are the different tiers?

Tier 1

If the IRMP's opinion is that you are unlikely to be capable of undertaking gainful employment before your Normal Pension Age (NPA), the **increase** to your pension will be the amount of Career Average Revalued Earnings (CARE) pension that you would have built up from the day following your date of ill health retirement to your NPA.

This increase is based on your Assumed Pensionable Pay (APP), which is an average of the pensionable pay that you would have earned in the **3 complete months** (or 12 weeks if weekly paid) prior to your date of leaving.

Tier 2

If the IRMP's opinion is that you are unlikely to be capable of undertaking gainful employment within **3 years** of leaving your job, but it is likely that you will be able to undertake gainful employment before your NPA, the increase awarded will be **25%** of that given under Tier 1 i.e., 25% of the amount of CARE pension that you would have built up from the day following your date of ill health retirement to your NPA.

Tier 3

If the IRMP's opinion is that you are likely to be capable of undertaking gainful employment within **3 years** of your job or before your NPA (if earlier), the benefits that you have built up to your date of ill health retirement will become payable **without** any increase.

Unlike Tiers 1 and 2, this award of benefits is **not** payable for your lifetime. A Tier 3 pension will stop immediately upon starting gainful employment or after a **maximum of 3 years**.

Will your case be reviewed?

Not under Tier 1 or 2, but your Employer will refer you for a review if awarded a Tier 3 pension. The review will be undertaken by the IRMP after your benefits have been in payment for **18 months**, so that your ill health condition can be assessed to see if it has improved or got worse. If your illness has got worse, you may qualify for your benefits to be increased to a Tier 2. If your condition has improved, the payment of your pension will stop from the date of the assessment.

It is your responsibility to tell your former Employer if you undertake any form of employment whilst your Tier 3 pension is being paid to you. Your former Employer will then decide if this employment meets the rules of gainful employment. **Note that any overpayment of pension will be recovered by the Pension Fund.**

What if you have already stopped paying into the Scheme?

If you have stopped paying into the LGPS and have deferred your benefits (put them on hold until your NPA), you still have the right to request the payment of these benefits on the grounds of ill health (regardless of your age). You should contact your former Employer to make this request. Your case will then be assessed in the same way by an IRMP, however, you will **not** be eligible to receive any increase to your benefits, as there are no tiers of ill health benefits for deferred members.

Right of Appeal

If you are dissatisfied with the award of ill health benefits, you have the right of appeal under the Internal Dispute Resolution Procedure (IDRP). Appeals should be made in writing within **6 months** of the date of your Employer's decision and be sent to the person specified by your Employer. Please contact your **Employer** for further information about the IDRP process.

Please Note

If you have previously received a Tier 1 or 2 pension from the LGPS or have been awarded an LGPS ill-health pension before 1 April 2008, any increase may be capped or may not even apply if you are to retire again for reasons of ill-health.

Also, if you have been in receipt of a Tier 3 pension which has since stopped as your condition has improved or the 3-year period has ended, you will **not** be eligible to receive another Tier 3 award as a member of the LGPS, even if you are employed by a different Employer or with another Pension Fund.

If you are a **deferred refund member** who did not have enough scheme membership to qualify for deferred benefits, you are not eligible to receive the payment of any benefits because of ill health.

Where can you find more Information?

This factsheet gives general guidance only, if you need further information, please contact the Gwynedd Pension Fund:

Tel: 01286 679982

Email: pensions@gwynedd.llyw.cymru

Disclaimer

The Pension Fund is unable to provide any financial advice.
After reading this factsheet, you may want to seek independent financial advice to make an informed decision.

These bodies may be able to help you:

Unbiased: <https://unbiased.co.uk/>

Money Helper: [Choosing a financial adviser \(moneyhelper.org.uk\)](https://www.moneyhelper.org.uk)