










LONDON BOROUGH OF SOUTHWARK PENSION FUND

ILL-HEALTH RETIREMENT





We will be covering:

-  Ill-health retirement benefit provision
-  The process
-  Tier 1
-  Tier 2
-  Tier 3
-  Protected members
-  Potential appeals
-  Appeals process
-  Help and advice



ILL-HEALTH RETIREMENT BENEFIT PROVISION

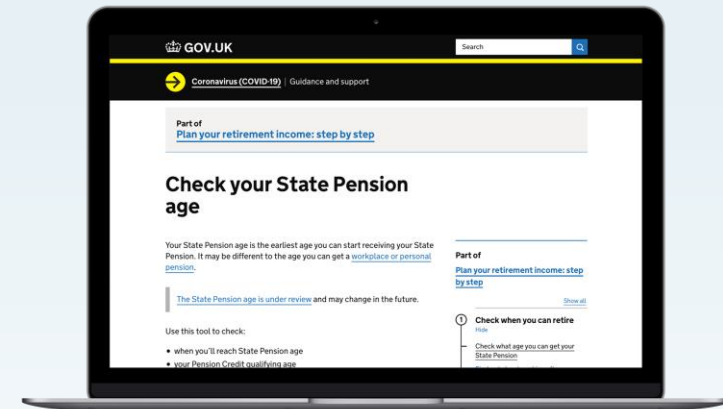
- Being a member of the Local Government Pension Scheme (LGPS) not only provides death in service benefits, but also an ill-health retirement benefit.
- If a member has to leave work due to illness, they may be able to receive immediate payment of their benefits if the Scheme's ill-health criteria are met.
- To qualify for immediate payment of retirement benefits on the grounds of ill-health, the member needs to meet the two-year vesting period in the Scheme and the independent occupational health physician must be satisfied that the member meets the ill-health retirement criteria enough to complete the relevant ill-health certificate.





- The Normal Pension Age (NPA) in the LGPS is linked to the State Pension Age (SPA) (with a minimum of 65). If you are not sure what the SPA is, you can check this using the calculator at:

www.gov.uk/state-pension-age.



- Ill-health benefits can be paid at any age and are not actuarially reduced on account of early payment. In fact, dependent on the ill-health retirement tier that is awarded, the benefits may actually be enhanced.
- There are three levels of benefit based on how likely you are to be capable of gainful employment after you leave.
- Gainful employment means paid employment for no less than 30 hours in each week for a period of no less than 12 months.



It is the responsibility of HR to make the referral to Southwark's Occupational Health Care Provider (OHCP) and is **imperative** that these referrals are made promptly with regards to serious health conditions. The OHCP will gather medical information as well as details of the members' post held at Southwark to enable the Occupational Health Physician (OHP) to decide the following:

- 1 Whether or not the member qualifies at all for immediate release of pension benefits under the ill-health retirement provision;
- 2 Which ill-health retirement tier the member is entitled to. If the OHP deems the member unfit to work due to ill-health, they will advise HR of the decision by completing the ill-health retirement certificate with the relevant tier the member qualifies for;
- 3 HR passes the certificate to the pensions team to process and advises them of the last day of service;



THE PROCESS cont.

4 The pensions team calculates the appropriate ill-health retirement benefit options and informs the member of the benefits payable with forms for the member to complete. The date of birth and marital status must be verified by seeing a copy of the birth certificate or a valid passport/marriage certificate/civil ceremony certificate or divorce certificates if not previously provided;

5 Retirement forms are completed and returned by the member along with any documents as mentioned in step four; and

6 Pension benefits are put into payment with any arrears that may be due if there has been a delay in setting the pension up.



- If a member of the LGPS is unlikely to be capable of gainful employment before their Normal Pension Age (NPA), ill-health benefits are based on the pension they would have already built up in their LGPS pension account at their date of leaving the Scheme plus the pension would be enhanced based on their assumed Pensionable Pay, had they have been in the main section of the Scheme until they reached their NPA.
- However, if the member previously received a Tier 1 ill-health pension from the LGPS, or were awarded an LGPS ill-health pension before 1 April 2008, then no enhancement can be added to their pension account if they are retired again for reasons of ill-health.





- If a member is unlikely to be capable of gainful employment within three years of leaving, but is likely to be capable of undertaking such employment before their Normal Pension Age (NPA), ill-health benefits are based on the pension they would have already built up in their pension account at their date of leaving the Scheme.
- This would be enhanced by 25% of the pension they would have built up calculated on assumed Pensionable Pay, had they have been in the main section of the scheme until they reached their NPA.

**Pension
accrued to date**



**25% of
Prospective
Pension to NRD**



- If a member had previously received a Tier 2 ill-health pension from the LGPS, any enhancement due upon a subsequent ill-health retirement is adjusted and capped.
- If, in respect of the subsequent ill-health retirement they are awarded a Tier 1 or Tier 2 pension, the enhancement cannot exceed three quarters of the number of years between the initial ill-health retirement and their NPA, less the number of years of active membership since the initial ill-health retirement.

**Pension
accrued to date**



**25% of
Prospective
Pension to NRD**



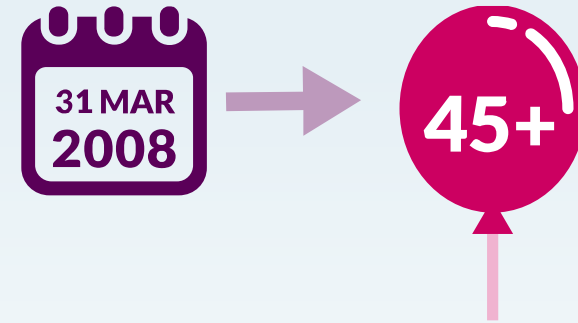
- If the member is likely to be capable of gainful employment within three years of leaving, or before their Normal Pension Age (NPA) if earlier, ill-health benefits are based on the pension they have already built up in their pension account at leaving.
- Payment of these benefits will be stopped after three years, or earlier if they take gainful employment or become capable of such employment, provided they have not reached their NPA by then.
- If the payment is stopped, it will normally become payable again from their NPA but there are provisions to allow it to be paid earlier. Details would be provided at the time.

**Pension
accrued to date**

**payable for up to 3 years
unless return to work.**



- If a member was paying into the LGPS on 31 March 2008 (and were aged 45 or over on that date and have been in continuous membership of the LGPS) and if they qualify for an ill-health pension where their benefits are based on enhanced membership, there is protection to ensure the ill-health retirement benefits are no less than they would have been under the Scheme as it applied before 1 April 2008.
- This protection would not apply if they have previously drawn benefits on taking flexible retirement.





- A member can appeal to the Fund if they don't like the decision that is made about their enhancement under Regulation 20 of the 2007 Regulations:

“But in the case of a person who is an active member before 1 April 2008 and who—(a) has reached the age of 45 before that date;(b) has had continuous membership; and(c) has not received any benefits in respect of that membership, his benefits are increased by adding the period that would have been added had regulation 28 of the 1997 Regulations applied if such period is greater than the period to be added under paragraph (2)(b) or (3)(b).”



- A member can appeal to the employer about:
 - The decision to dismiss them; or
 - The tier that the employer has awarded them.



- **The Internal Dispute Resolution Procedure (IDRP)** - if a member disagrees with a decision that Southwark Council has made about their pension, the IDRP gives them the right to apply to an adjudicator who will consider the case and decide if the original decision was correct or overturn that decision.

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Stage one - the adjudicator will consider the points raised by the member in determining a decision. The member will need to carefully consider why, in their opinion, the LGPS regulations have not been applied.



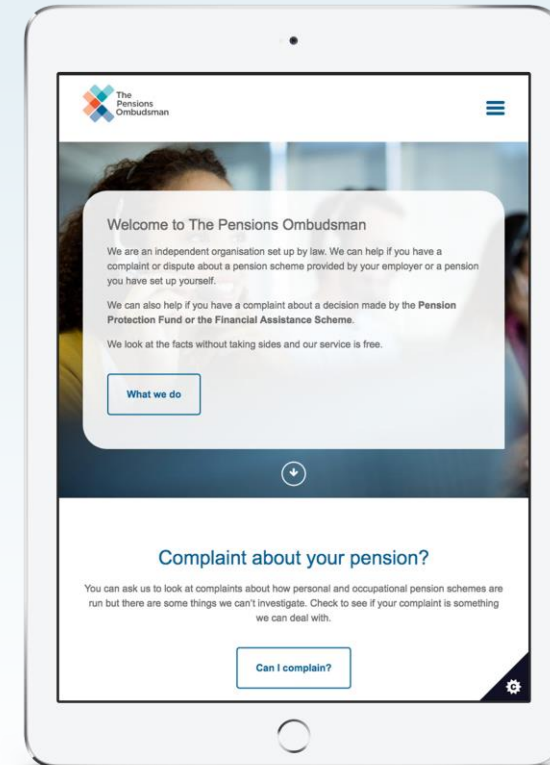
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Stage two - if the member further disagrees with the stage one decision, they can appeal the decision and the case will pass to a different adjudicator, who will assess any new information afresh and make a final decision on behalf of Southwark Council.



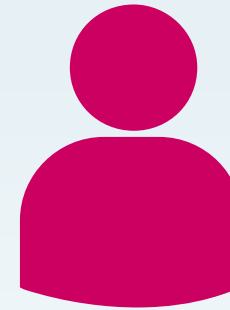


- If the member still rejects the stage two outcome of the IDRP, the only option left is for the matter to be referred (by the member) to The Pensions Ombudsman who will request all the information pertaining to the case and make a ruling thereafter.
- Please note - it is not sufficient to claim that the application of the Regulations reached in their case was unfair or not to their liking. It must be demonstrated with evidence why they feel an injustice has occurred.





- **When a member can appeal the decision made** - an application must be made as soon as possible, but in any case, no later than six months from the date of the act, event, or omission being complained about. If the complaint is later than six months, then the application may not be considered other than in exceptional circumstances.





THANKS FOR WATCHING



For a helping hand, please contact us via:

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📞 0207 525 4924




Don't forget to visit your new website at:
www.southwarkpensions.co.uk



For the national Local Government Pension Scheme website, it's:
www.lgpsmember.org

