

CLASSIC

ILL-HEALTH RETIREMENT

A guide about the pension benefits that we may pay you as a member of classic if you have to leave your job early because you are ill.

The purpose of this guide is to give employees who work for an organisation that is covered by the Research Councils' Pension Scheme (RCPS) arrangements, a basic understanding of what Ill Health Retirement is, and how it is applied.

An ill-health retirement pension may be paid if our Scheme Medical Adviser is satisfied that you can no longer do your job because you are ill and that your breakdown in health is likely to be permanent.

We have tried to keep this guide as jargon-free as possible. Technical terms are shown in bold and explained in the glossary.

Your questions answered

What are the criteria for an ill-health pension?

The criteria are that you are prevented by ill-health from discharging your duties and that your ill-health is likely to be permanent.

- **Prevented** means having a significant incapacity. It does not mean 'unwilling', 'disinclined to' or 'inconvenient to' undertake duty.
- **Ill-health** means a recognised medical condition giving rise to the incapacity. Diagnosis must be supported by clinical findings.
- **Discharging** duties means providing regular and effective service in the normal duties of the grade.
- **Likely** means on a balance of probabilities.
- **Permanent** means until normal retirement age, which in most cases is age 60.

How are your benefits worked out?

You will receive immediate payment of your pension and lump sum. Your pension may be enhanced (that means you will receive added years of service).

Your pension is calculated as $1/80^{\text{th}}$ of your **pensionable pay** for every year of your completed reckonable service.

You also qualify for a tax-free lump sum. It is calculated as three times your pension and is payable immediately.

Your benefits also depend on the length of your **qualifying service** and your **reckonable service**.

Will my benefits be enhanced?

This will depend upon the length of your service. If you have:

- **Less than two years qualifying service**

No. You are not eligible for the award of pension benefits. However, you are entitled to transfer your benefits out of classic, if you apply within certain time limits.

- **Two to five years' qualifying service**

No. Your benefits will be calculated using your actual reckonable service.

- **Between five years qualifying service and ten years reckonable service**

Yes. Your reckonable service will be doubled. However, your benefits must not exceed those you would have earned, if you had worked until five years after pension age (in other words, until age 65 for most members).

- **Over ten years reckonable service**

Yes. Your reckonable service is increased under Method A or B, whichever gives the best result:

Method A

Your reckonable service is increased to 20 years, or, if it is less, to the amount you would have built up, if you had worked until five years after pension age.

Method B

Your reckonable service is increased by 6 2/3rds years, or, if it is less, to the amount you would have built up by pension age.

Note: A sum may be deducted from your lump sum to cover the contributions due on the widow's or widower's benefits for any enhanced period of reckonable service. If you had already opted to pay additional contributions for widow or widower's benefits this deduction may be reduced or eliminated.

If any of your reckonable service was before 1st June 1972, you may have a further deduction for widow or widower's benefits from your lump sum.

How do I apply for an ill-health pension?

Either you or your employer can apply for ill-health retirement to be considered, but your employer must first investigate whether there are other options which will enable you to carry on working.

Applications must be made to the scheme medical adviser and these will include details of your job, your ill health and your sickness absence record. You will need to provide your doctor's details and provide consent for the Scheme Medical Adviser to approach your medical carer(s) for additional medical evidence, if they think this is required before they make a decision.

If the Scheme Medical Adviser is satisfied that you meet the criteria for ill-health retirement and JSS is satisfied that you meet the other qualifying conditions, your employer will then give you notice.

Glossary

Final pensionable earnings is the amount of pay used to work out your pension benefits.

Pension age is the earliest age at which you may retire voluntarily and receive immediate unreduced pension benefits. Pension age for most people is 60.

Qualifying service is generally the calendar years you have been in the pension scheme and, if you have switched from a **partnership** pension account, will include the years when you had a **partnership** pension account. Qualifying service is not affected by whether you work full or part time.

Reckonable service is the service which counts towards your pension. Part-time service counts on the basis of hours worked.

Other information

Period appointments

If you are serving on a fixed-term appointment, your reckonable service will be enhanced as if you had continued in service until the end of the contract. If you retired before 10 July 2002 the maximum enhancement is five years.

Injury at work

If you retire as a result of an injury sustained, or a disease contracted, in the course of official duty, additional benefits may be payable under the Injury Benefit Scheme. You should contact JSS for further information.

Pensions increase

You will receive cost of living increases on your ill-health retirement pension from the time it comes into payment, regardless of your age at the time you retire.

Note: This provides a straightforward guide to provisions for ill-health benefits in classic. It does not cover every aspect: the full details are contained in the scheme rules which are the legal basis of the Scheme. You should note that nothing in this guidance can override the rules, and in the event of any unintentional difference, the rules will prevail.

You can obtain more information about the pension arrangements from the JSS website:

<http://jsspensions.nerc.ac.uk/default.asp>