



# Ill-health - retirement benefits

June 2010

A key flexibility of the Teachers' Pension Scheme (TPS) is the two types of ill-health retirement benefits that may be paid. This dual approach aims to support teachers unable to carry out any employment due to illness or injury and those who, while no longer able to work as a teacher, are still able to do other work.

### Key points

Ill-health benefits may be paid if you have to retire before Normal Pension Age (NPA) because you are permanently incapable of teaching due to illness or injury.

- + Applications should only be submitted after all other avenues, such as redeployment, have been exhausted.
- + You must provide medical evidence that your illness permanently prevents you from teaching. Two types of ill health benefits can be paid depending upon the severity of the illness.

### What is the difference between the two types of benefits?

- + if you are assessed as being permanently unable to teach and unable to undertake any other gainful employment your service will be enhanced. This means that your service will be increased to more than you

have completed when you retire.

- + Additionally, enhancement will only apply provided you leave service on grounds of incapacity and then apply within 6 months of leaving either
  - pensionable employment; or
  - ceasing the payment of combined contributions or reservist contributions.
- + Enhancement can also be considered if you apply for benefits whilst on sick leave, maternity leave, paternity, parental or adoption leave, or a career break which immediately followed a period of pensionable employment.
- + If you are assessed as being able to undertake other gainful employment your benefits will be based on your accrued service to the date of your retirement.
- + If you have been out of pensionable employment for more than 6 months, your service will not be enhanced. To qualify for ill-health retirement benefits where you are out of pensionable employment you must be permanently unable to undertake any gainful employment.

## **Who will decide if I can receive ill-health benefits?**

- + The medical advisers contracted by the Department for Education will consider your application. The Secretary of State will then decide if you can receive benefits based upon the medical advisers' recommendation.

## **How much enhancement can be given?**

- + The total amount of enhancement is half the service you could have completed before NPA .

## **What if my life expectancy is less than one year?**

- + If you are terminally ill, you may be able to commute your pension into a lump sum.
- + You must request this when you apply for ill-health benefits, as it cannot be made after you receive an ill-health pension.
- + This does not effect any survivors' pension paid after you die.

- + If you are still employed you should get the two forms required for your application from your employer. One form is for you to complete with your employer, the other is for the medical evidence to support your application.

- + If you are no longer employed as a teacher you can either download the forms from the Teachers' Pensions website [www.teacherspensions.co.uk](http://www.teacherspensions.co.uk) or telephone TP on 0845 6066166 quoting your teacher's pension reference number or National Insurance number. TP also have a minicom facility for the hard of hearing, 0845 6099899.

- + If you are in service, both forms should be returned together to TP by your employer or by you if you are out of service.

Employers and their occupational health advisors must look at ways of helping you return to work, e.g. re-deployment, part-time working, a transfer to a post with less responsibility or consider other workplace adjustments before concluding that ill-health retirement may be appropriate.

## **How do I apply for benefits?**

- + You and your employer's occupational health advisor, in conjunction with your medical practitioner, need to provide the medical evidence and complete the application forms.
- + If you left pensionable teaching within 12 months of submitting your application, the medical information sections of your application form must be completed by your ex-employer.
- the day on which you became incapacitated; or
- the day six months before the date of the last medical report used to accept your application.
- + Your pension is paid monthly in arrears on the day before your birthday i.e. if your birthday is 22 June then your pension will be paid on the 21st of each month.

### **What happens after TP receives my application?**

- + Your application will be assessed by medical advisers who are qualified occupational physicians who will make the recommendation on whether or not to grant you ill-health benefits.
- + If your application is accepted, you must cease employment immediately.
- + If your application is accepted and you are in pensionable employment, benefits are due from the day after your last day of pensionable employment.
- + If you are accepted after leaving pensionable employment benefits will be due, depending on circumstances, either:
  - the day after your last day of pensionable employment;

### **How is my pension and lump sum calculated?**

- + If you were a member of the TPS prior to 1 January 2007, your pension is 1/80th of the 'average salary' for each year of pensionable service.
- + The lump sum in this circumstance is three times the pension.
- + If you became a member after 1 January 2007, your pension is 1/60th of the 'average salary' for each year of pensionable service, but you will only receive a lump sum if you decide to convert part of your pension to a lump sum.
- + Further information about average salary can be found in the fact sheet 'Average salary' available on the website.

## **I am buying additional pension by instalments, what will happen?**

- + If you are buying additional pension and you have not completed the payments then, provided you were in good health when you started to buy the additional pension and have paid for at least 12 months, you will be excused any further contributions.

## **I am buying past added years and the contribution period is not completed what will happen?**

- + If you are buying past added years and you have not completed payment, you may be excused the payments due up until your 60th birthday.
- + If there is an amount that is due after your 60th birthday, you will be given the option of accepting the service credit based on the payments made or to pay the remaining contributions. If you are intending to use 30% or more of your lump sum to increase your pension benefits, this could result in Her Majesty's Revenue and Customs subjecting the whole of your lump sum to a tax charge of 40%. In addition a further 15% surcharge could be

due if the proportion of your lump sum that you use exceeds 25% of your pension rights in the scheme.

## **What happens if I become ill after phased retirement or if I am in pensionable employment after retirement?**

- + If you have taken phased retirement, then you may receive ill-health benefits based upon your remaining service in the TPS.
- + If you become ill while in post-retirement pensionable employment, you can apply for an ill-health pension.
- + This will be based on the further service.
- + You must have completed one year's service.

## **Will my pension be increased each year?**

- + Your pension will be increased each April in line with the Retail Prices Index (RPI).

## Can I return to work?

### Returning to teaching

- + Ill-health benefits are awarded because you are permanently medically unfit to teach, so if you return to teaching your ill-health pension must stop straight away. It is your responsibility to notify TP immediately of any employment undertaken when in receipt of ill-health benefits.
- + If you wish to return to teaching, your employer must be satisfied that you are fit to teach in the capacity required.
- + If your pension is stopped, another ill-health pension can only be put back into payment if you become ill again and satisfy the medical advisers that you have again become unfit to teach. You can retire on other grounds at the appropriate age.
- + If your re-employment is pensionable, future retirement benefits will be calculated to take account of the extra pensionable service and new salary rates.
- + If you are considering returning to teaching, you are advised to inform TP.

### Taking up employment outside teaching

If you are in receipt of an enhanced pension and you intend to return to employment outside of teaching and you want your pension to continue, you must provide the Secretary of State with a certificate from a registered medical practitioner. This must state that in the opinion of the medical practitioner you still meet the medical condition for your pension to be paid. The nature of your proposed employment will also assist the Secretary of State in coming to a decision about whether or not your enhanced pension can continue to be paid.

In all cases, TP will need to know:

- + the name and address of your employer;
- + the date your employment started;
- + the duration, if known;
- + the rate of salary;
- + the nature of employment (indicating whether it is full or part-time).

If you forget to tell TP about any employment whilst receiving a pension and you are overpaid, TP will recover this debt from you.

Where there is any difference between the legislation governing the Teachers' Pension Scheme and the information in this leaflet the legislation will apply.

**For more information on this or any aspect of the TPS log on to [www.teacherspensions.co.uk](http://www.teacherspensions.co.uk), call 0845 606 6166 or write to: Teachers' Pensions, Mowden Hall, Darlington DL3 9EE**