

PCSPS(NI)

Principal Civil Service Pension
Scheme (Northern Ireland)



Department of

**Finance and
Personnel**

www.dfpni.gov.uk

classic ill-health retirement pension benefits



Civil Service Pensions

Introduction

This leaflet tells you what **classic** benefits you may be paid if you have to leave your job early because you are ill.

An ill-health retirement pension may be paid if our 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 use as little jargon as possible, but some technical terms are shown in **bold** when they appear in text. Please refer to the glossary section at the back of this leaflet for an explanation of the terms.

Your questions answered

How does the ill-health retirement procedure work?

You can ask for ill-health retirement. Alternatively, your employing department may put you forward. In both cases the Scheme's Medical Adviser must be satisfied that you meet the ill-health retirement criteria. If they find that you do, your employing department will then decide whether to retire you.

What are the criteria for ill-health retirement benefits?

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' or 'inconvenient to' carry out your job.
- **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.

Continued



- **Likely** means on a balance of probabilities.
- **Permanent** means until normal retirement age for your job, which in most cases is age 60.

How are your benefits worked out?

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

We work out your pension as follows;

$$\frac{\text{Pensionable earnings} \times \text{Reckonable service}}{80}$$

We work out your lump sum as;

$$3 \times \text{your pension}$$

You will also be able to choose to give up part of your pension for an additional lump sum. You can choose how much extra lump sum you want, up to a maximum of your pension \times 33/14, but you must give up £1 of annual pension for each £12 of lump sum.

You can find out how much additional lump sum you can take, and the effect it will have on your pension by using the Lump sum calculator on our website (or you can ask us to do this for you if you do not have access to the calculator).

Reducing annual pension in this way generally has no impact on dependants' pensions as these are based on your pension before you give any up for a higher lump sum. However, if you are aged 75 or over when you die, the tax rules on pensions will restrict the total of any dependants' pensions payable to a maximum of the amount of your pension at the date of your death. As taking a higher lump sum reduces your pension, this might lead to your dependants' pensions being reduced if you die after reaching 75. But this is only likely to be an issue if you leave two or more children under age 18 (or under age 23 if they are in full-time education) when you die over age 75.

If you are single and eligible to receive a partial refund of WPS (widows'/widowers' pension scheme) contributions on retirement, you will have less scope to give up pension for an additional lump sum. This is because the total of any WPS refund plus any additional lump sum you choose to take cannot exceed the maximum permitted lump sum.

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. There is further information about how to do this in the leaflet; 'Leaving premium or classic before pension age with less than 2 years service'.
- **Two to five years' qualifying service**
No. Your benefits will be calculated using your actual reckonable service.
- **Between five years' qualifying 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 6²/₃ years, or, if it is less, to the amount you would have built up by pension age.

NOTE: We may make a deduction from your lump sum to cover the contributions due on the spouses or surviving civil partner's benefits for any period of enhanced reckonable service.

If you had already opted to pay additional contributions for spouses or surviving civil partner's benefits, this deduction may be reduced or eliminated.

If any of your reckonable service was before 01 June 1972 you may have a further reduction for spouses or surviving civil partner's benefits from your lump sum. Contact us for further information.

Can I appeal against my employer's decision to retire me/not to retire me?

Yes. There is an appeals process you can go through. You can contact us if you require further information.

Option to commute pension (Serious ill-health)

Members who are medically retired and have a medically certified life expectancy of less than 12 months may be able to take all or part of their ill-health pension in lump sum form. You can contact us for further information about this option or alternatively contact your personnel department.

Other Information

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 Civil Service Injury Benefit Scheme (Northern Ireland) [CSIBS(NI)]. You should contact us 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 leaflet provides a straightforward guide to the provisions for ill-health benefit in classic. It does not cover every aspect; the full details are contained only in the rules, which are the legal basis of the Scheme. You should note that nothing in this leaflet can override the rules, and in the event of any unintentional difference the rules will prevail.



For more information on specific benefits please contact us using any of the methods overleaf, or log onto our website.



Glossary

Civil partnership is a partnership between two people of the same sex that has been legally registered under the Civil Partnership Act 2004.

classic

A final salary occupational pension scheme which forms part of the PCSPS(NI) pension arrangements. Classic has been closed to new entrants from 30 september 2002.

Pension age is the earliest age at which you may take voluntary retirement and receive immediate pension benefits. For most people this is 60.

Pensionable earnings is the amount of pay and pensionable allowances used to work out your pension benefits.

Qualifying service is generally the same as your actual service in the NICS, but may include a period before this if you transferred pension benefits from a previous scheme into **classic**. A week's full-time or part-time service is one week's qualifying service.

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

**Civil Service Pensions
Waterside House
75 Duke Street
DERRY / LONDONDERRY
BT47 6FP
Tel: 028 7131 9000
Fax: 028 7131 9234**

**Email: cspensions.cpg@dfpni.gov.uk
Web: www.civilservicepensions-ni.gov.uk**

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