

PCSPS(NI)

Principal Civil Service Pension
Scheme (Northern Ireland)



Department of

Finance and
Personnel

www.dfpni.gov.uk

nuvos ill-health retirement benefits

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Civil Service Pensions

Introduction

This leaflet tells you about the pension benefits that we may pay if you are eligible for ill health retirement.

It does not cover every aspect. The full details are contained only in the rules, which are the legal basis of the scheme. Nothing in this leaflet can override the rules. In the event of any difference, the rules will apply.

Where we have had to use technical terms, we show them in bold and explain them at the back of the leaflet.

Qualifying conditions for an ill health pension

What are the qualifying conditions?

You usually need to have worked for an employer that is covered by the PCSPS(NI) for at least two years before you can qualify for an ill health pension. However, you may qualify if you transferred benefits in from another pension scheme or have an earlier period of service with an employer covered by the PCSPS(NI). You must have suffered a permanent breakdown in health involving incapacity for employment. In this context 'permanent' means until you reach **pension age**.

There are two levels (tiers) of pension depending on the degree of your incapacity to work.

Lower tier

To qualify for a lower tier pension you must, in the opinion of the **scheme medical adviser**, be permanently incapable of doing your own or a **comparable job**.

Upper tier

To qualify for an upper tier pension you must, in the opinion of the scheme medical adviser, be permanently incapable of any gainful employment.

Applying for an ill health pension

How do I apply for an ill health pension?

Either you or your employer can start the application process for ill health retirement, but your employer must first investigate whether there are other options which will enable you to carry on working. If you wish to apply for ill health retirement, you must ask your employer who will, in turn, ask you to complete a form. The form will ask you to give permission for the scheme medical adviser to contact your doctor and any other medical specialists who have been involved in your care. Your employer will pass the form on to the scheme medical adviser along with information about your job, the details they hold about your ill health and your sickness absence record.

Can I appeal against the medical adviser's decision?

Yes, you can appeal but there are time limits. We can give you more information about the appeal process. You will normally need new medical evidence to support your appeal.

If ill health retirement is granted

The scheme medical adviser will send a certificate to your employer, confirming that you have met the conditions for ill health retirement. The certificate will also recommend which tier applies. Your employer will then set the retirement date, including any period of notice. The date can not be before the date the scheme medical adviser issues the certificate.

We will send you an estimate to show the level of pension benefits you can expect to get. We will also ask you to fill in a Personal Details Form so that we can check that the information on your pension record is correct. We will not be able to pay your pension until you have returned the Personal Details Form.

NOTE: HM Revenue & Customs require your nuvos pension to be tested against the **Lifetime Allowance** before it is paid. We will therefore also ask if your total pension income, including any other pensions, may be above £50,000 a year. There is more information on this in the booklet "Your pension and tax" which you can find on our website.

Your pension will consist of:

- the total pension you have built up to date plus all the **index-linked** increases;
- any **added pension** you have bought, provided that you did not opt to buy it shortly before you are retired;
- any nuvos pension you have bought by transferring benefits from another pension scheme, unless you are retired within two years of bringing in the transfer and we consider that you did not disclose a known health condition at that time;
- any nuvos pension you have bought by a **Club transfer**. The value of the transfer will be reduced if the scheme which you transferred it from had a pension age below 65; and
- any **linked pension** you have transferred from an earlier period of service with an organisation that is covered by the PCSPS(NI). (If the linked pension is from one of the PCSPS(NI) **final salary** arrangements, it will be reduced to reflect the fact that it was based on a pension age of 60.)

Do I get a tax-free lump sum?

You can choose to give up some of your pension in return for a cash lump sum. This will be tax free, subject to limits set by HM Revenue and Customs. You will be able to see the maximum lump sum you can take on your pension estimate. You do not have to take the maximum. To help you work out how much you would like to take, use the lump sum calculator on the PCSPS(NI) website:

www.civilservicepensions-ni.gov.uk

You need to remember that you will have to give up £1 of your pension for each £12 of lump sum you want to take.

When will I get my first payment?

If you choose to have a lump sum, we will send it to the bank or building society account you put on your Personal Details Form. We will pay your lump sum as quickly as possible, although no particular date can be promised. It will normally be paid within a few days of your leaving date if we have received the information in good time. You should complete and return your Personal Details Form and any other information promptly.

Pensions are normally paid monthly in arrears (at the end of the period in which they are due). Your pension payments will be made by direct credit to your account. This ensures that your bank account is credited on the day each payment is due.

For more information on how the pension is paid, see Appendix A.

What if I am too ill ever to work again?

If you meet the criteria for an upper tier pension we will, in most cases, enhance (increase) your pension as if you had continued to work to 65. We will work out the enhancement by dividing your pension by the number of years you were contributing to nuvos, and multiplying that amount by the number of years from your date of retirement to your 65th birthday. However, your pension cannot be more than 75% of your **pensionable earnings**, which may limit the amount of enhancement you receive.

Example

Gerard has to retire on ill health terms at the age of 55 after 20 years in nuvos. His pension at that point is £7,500 a year. The scheme medical adviser confirms that Gerard is unlikely to be able to work again, so his pension is enhanced by: £3,750 ($£7,500/20 \times 10$), giving him a total nuvos pension of £11,250 a year.

Do my dependants get an enhanced pension?

Your dependants' pensions will be worked out in the normal way, so if you receive an upper tier pension, any pensions for your dependants following your death will be worked out by reference to your enhanced pension. However, the amount of enhancement may be limited so that the pensions for your dependants would not be greater than those which would have been payable if you had died in service. There is more information about dependants' pensions in the booklet 'nuvos retirement benefits' which you can get from our website.

What if I become too ill to work after I have already drawn part of my pension on partial retirement terms?

If you have already drawn part of your pension on **partial retirement** terms you may be retired on ill health terms but you will receive only a lower tier ill health pension, even if you meet the criteria for an upper tier pension.

Are there special arrangements if I am terminally ill?

If you are terminally ill, with a medically assessed life expectancy of less than 12 months, you can apply to exchange your pension benefits for a lump sum, to be paid immediately. The lump sum will be five times your pension. This will not affect how any dependants' pensions are worked out. However, you should think carefully before choosing to exchange your pension for a lump sum on these special terms, and you may wish to take financial advice. The total amount of pension and lump sum available to you and your dependants may be higher if you do not opt for these special terms. You should note that if you are a re-employed pensioner or on partial retirement, the lump sum will not include any pension already in payment.

What if I die shortly after ill health retirement?

If you die within five years of starting to take your pension, and have not opted to exchange your pension for a lump sum under the special terms for terminal ill health as described overleaf, the scheme will pay a lump sum representing the balance of five years' pension (including any added pension you had bought) to the person or people you have named.

Example

Gerard has been diagnosed as terminally ill, so he can apply to take a lump sum of £56,250 (5x £11,250) instead of his pension. He opts to take his pension in the usual way and chooses to take the maximum amount of tax free cash, £48,214. This leaves him with an annual pension of £7,232. When he dies 6 months later the amount of death benefit lump sum works out as £32,544 (5 years' pension of £7,232 per year less 6 months' pension taken).

I have a provisional pension award. What does this mean?

If the scheme medical adviser is unable to decide whether or not the nature of your incapacity meets the criteria for a pension, they may make a provisional award at whichever tier is the most appropriate to your condition at the time. If your award is provisional, the scheme medical adviser will also state when they will review it. This can be any time up to five years from the award decision. At the time of review, the scheme medical adviser will either confirm the original award or change it. If the scheme medical adviser recommends your pension should be reduced or removed, we will give you three months' notice before changing your pension payments. If the scheme medical adviser recommends an increase in your pension, we will backdate the increased payments to the date of the review.

Can I appeal against the scheme medical adviser's decision to reduce a provisional pension or upper tier pension?

Yes, you may do so; though note that there are time limits. We can give you information about the appeal process. You will normally need new medical evidence to support your appeal.

Does my pension carry on for life?

If your pension is lower tier and is not provisional, it will continue for the rest of your life. If you receive an upper tier pension we will ask the scheme medical adviser to review your case every five years. This is called a periodical review. If your condition improves so that you no longer meet the conditions for an upper tier pension, we will reduce your pension to the lower tier. We will give you three months' notice before reducing your pension. Your pension will not be reduced below the lower tier rate even if you make a complete recovery. We will stop reviewing your pension once you reach pension age.

What if I am re-employed?

If you are receiving a lower tier pension, you may be able to rejoin the PCSPS(NI), depending on the rules in force at the time. If your pension is at the higher rate, we do not expect you to be fit to be re-employed. If you are re-employed by an organisation that is covered by the PCSPS(NI), your pension will be abated (reduced) if your annual rate of pensionable earnings and your pension together come to more than your pensionable earnings in the twelve months immediately before your pension came into payment.

Further information

You can find out more information about nuvos on our website:

www.civilservicepensions-ni.gov.uk

If you do not have access to the website, or cannot find what you need to know, you can find our contact details at the end of the leaflet.

Glossary

Added pension is an amount of extra pension that you can buy.

Club transfer is a transfer from another pension scheme in the Public Sector Transfer Club, such as the NHS Pension Scheme.

Comparable job means another job in your grade or pay band, which may be different from the job you have been doing.

Final salary (scheme) is a scheme where the benefits are generally worked out based on the member's final pensionable earnings and pensionable service.

Index-linked Your pension is guaranteed to increase in line with inflation, as measured by the retail prices index (RPI).

Lifetime allowance A limit on the total value of all pension benefits (except the State pension) that you can take without paying additional tax. The value of benefits is assessed at the time that you take your pension.

Linked pension is pension based on previous service in the PCS(NI) which you had chosen to link to your current earnings.

Partial retirement allows you to draw your nuvos pension whilst you continue to work for an employer covered by the PCS(NI). You will only be allowed to do this if you have reduced your earnings by at least 20%, for example by moving to part time working or downgrading.

Pension age is the earliest age at which you can choose to leave and receive immediate payment of your pension without it being reduced for being paid early. Pension age in nuvos is currently 65.

Pensionable earnings are earnings that could count towards your pension. They can include noncash items, for example, uniforms or accommodation.

Scheme medical adviser offers guidance on medical issues relating to ill health retirement applications.

Appendix A

Payment process

We will pay the pension monthly, in arrears. We will tell you what the monthly payment date will be, either before or with the first payment of the pension. When a payment date falls on a weekend or an a bank holiday, the payment date will be the preceding working day.

The amount due for part of a month is worked out proportionately according to the number of days in the full pension month.

We will send you a monthly payment advice note. The note will show the monthly gross amount payable and the tax that will be deducted from your pension payment. The net amount may vary slightly due to the effect of the PAYE tax tables.

What about income tax?

Pensions are assessed as earned income. We will deduct income tax using the tax code notified by HM Revenue and Customs. The deduction may be provisional until we receive the proper code.

We have no part in deciding your tax liability or code so you should direct any enquiry about your tax code to:

HM Revenue and Customs
Belfast 1
Beaufort House
31 Wellington Place
Belfast
BT1 6BH

We will send you a P60 form each year to show the amount of pension paid and tax deducted in the previous tax year.

Contacting us

For further information about specific benefits you can contact us at Civil Service Pensions (CSP) by a number of different methods:

By Post:

**Civil Service Pensions
Waterside House
75 Duke Street
DERRY / LONDONDERRY
BT47 6FP**

By Telephone: 028 7131 9000

By Fax: 028 7131 9234

By Email: cspensions.cpg@dfpni.gov.uk

Internet: www.civilservicepensions-ni.gov.uk

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