

Warwickshire County Council Pension Fund

Employer Event 2018

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WARWICKSHIRE
pension fund

Ill-health workshop

- Employer processes of supporting an employee who's health is deteriorating
- Occupational health etc
- Retirement last resort

Ill health workshop

- Scheme employer must appoint an
- Independent Registered Medical Practitioner (IRMP)
- Cannot have been involved in the case eg OH
- Approved by the Fund

Ill health workshop

- IRMP
- Ultimately certifies whether the member as ill
- But employer authorises the retirement
- eg could question the tier awarded

Ill health workshop

- To qualify under the 2014 scheme:
 - the member's employment must be terminated by the employer on the grounds of ill health or infirmity of mind or body
 - at the date of termination the member must be under their Normal Pension Age in the 2014 Scheme
 - at the date of termination the member must have met the 2 year qualifying service criteria for entitlement to a benefit
 - the member must, as a result of ill health or infirmity of mind or body, be permanently incapable of discharging efficiently the duties of the employment the member was engaged in; and
 - the member, as a result of ill health or infirmity of mind or body, must not be immediately capable of undertaking any gainful employment (i.e. paid employment for not less than 30 hours in each week for a period of not less than 12 months).

Ill health workshop

- a member is entitled to enhanced Tier 1 benefits if that member is unlikely to be capable of undertaking gainful employment before their Normal Pension Age;
- a member is entitled to enhanced Tier 2 benefits if that member
 - a) is not entitled to Tier 1 benefits;
 - b) is unlikely to be capable of undertaking any gainful employment within three years of leaving the employment; but
 - c) is likely to be able to undertake gainful employment before reaching their Normal Pension Age; and
- a member is entitled to unenhanced Tier 3 benefits if they are likely to be capable of undertaking gainful employment within three years of leaving the employment, or before their Normal Pension Age if earlier. Note, however, that no Tier 3 benefits can be awarded if the member has previously been awarded a Tier 3 pension under the 2008 or 2014 Schemes. In that case, the member would only be entitled to a deferred benefit but could apply to the employer to have the deferred benefit brought into payment (at an unenhanced rate). Before agreeing to such an application the employer would have to obtain a certificate from an Independent Registered Medical Practitioner as to whether the member is suffering from a condition that renders the member permanently incapable, because of ill health or infirmity of mind or body, of discharging efficiently the duties of the employment they had been engaged in and, as a result of that condition, the member is unlikely to be capable of undertaking gainful employment before reaching their Normal Pension Age, or for at least three years, whichever is the sooner

Ill health workshop

- Enhancement
- Tier 1 - the member's pension account is adjusted by adding the equivalent of the amount of earned pension the member would have accrued between the day following the date of termination and their Normal Pension Age. This is calculated as $1/49^{\text{th}}$ of assumed pensionable pay for each year and fraction of a year in that period (regardless of whether the member is in the main section or the 50/50 section of the Scheme when their employment is terminated on ill health grounds);
- Tier 2 – the member's pension account is adjusted by adding 25% of the Tier 1 adjustment described above.

Ill health workshop

- Tier Three
- No enhancement
- Reviewed by employer at eighteen months
- And 36 months ceases may be uplifted to tier two – no enhancement
- Employer monitors and notifies the Fund

Ill health workshop

- Deferred Benefit into payment
- Responsibility of the employer
- If awarded benefits released – date of application
- No enhancement
- Can become vexatious – only accept fresh application if GP supports condition has changed

Ill health workshop

- Disputes
- If retirement rejected
- Level of entitlement
- Often means a further review by another IRMP
- Supposed to inform the Fund

Ill health workshop

- Review by Government
- Tier three may go

Ill health workshop

- Ill health retirement is expensive
- Cost borne by the employer
- Reflected in contribution rate at subsequent valuation although,
- Allowance made in the current employer contribution rate
- Could look at insurance policy

Ill health workshop

- Certificates on the website
- www.warwickshirepensionfund.org.uk
- More comprehensive guidance
- <https://www.lgpsregs.org/index.php>

Treasury and Pensions

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