

Ill Health Retirement LA(S)PS Factsheet



Introduction

If you have at least two years Qualifying Service, are not in receipt of an ill health pension, and are too ill to work in your present job until your Normal Pension Age you may be able to retire and take your pension benefits.

There are two tiers of Ill Health Retirement benefits and the benefits you get will depend on whether or not you are capable of undertaking employment elsewhere

	Definition	Entitlement
Lower Tier	Permanently unable to do current job due to ill health	Accrued service without reduction. No enhancement to benefits
Upper Tier	Permanently unable to carry out any regular employment due to ill health	Lower tier benefits, PLUS an enhancement of up to two-thirds of your prospective service, pro-rata for part-time workers Minimum service enhancement will be four years or to age 60 (whichever is less)* Total service may not exceed prospective service at 60.

* this provision is valid until 2016 when it will be reviewed

n.b Examples of Lower/Upper Tier pension benefits are provided on page 4.

Terminal ill health

If you become terminally ill you may take your benefits immediately as a lump sum. In this case they will be calculated based on the upper tier entitlement. The calculation will normally be based on 5 times the pension (assuming the maximum lump sum taken), plus the normal retirement lump sum of three times your standard pension, plus the additional lump sum from commutation.

Movement between lower and upper tiers

It is possible to move between the lower and upper tiers after retirement in the following circumstances;

Lower tier to upper tier

If your condition when you retire is such that it is not possible to determine whether you will recover sufficiently to undertake any regular work you may be awarded benefits on the lower tier condition that they are subject to future review. In this case you can apply for upper tier benefits within three years of retirement if you are able to provide medical evidence to support your claim. If your claim is successful your benefits would be increased to upper tier rate from the date on which the decision was made to increase them.

Upper tier to lower tier

If you are in receipt of upper tier benefits and you take further employment your benefits will be reduced to the lower tier rate but only if you earn more than the Lower Earnings Limit, or you return to work for the Scottish Legal Aid Board one year later (employment need not be continuous). You would be placed in the lower tier from earlier of these two events. If your pension is reduced from the upper tier to the lower tier you will have one opportunity to move back to upper tier benefits before your Normal Pension Age if you are unable to continue in that employment. You must apply to do this within twelve months of taking up the new employment and provide medical evidence to support the fact that you are unable to continue in that employment.

Part Time

If you are part time the service enhancement for upper tier benefits will be reduced to take account of your part time service. You will receive the pro-rata enhancement based on the ratio between your part time and calendar pensionable service.

Members buying additional pension, added years or and unreduced lump sum

If you qualify to retire on ill health grounds you will be credited with the full amount of additional pension, additional years of service or unreduced lump sum that you would have had at the end of your contract, as long as you are under age 60 and your contract to buy additional pension, added years or an unreduced lump sum was in place for more than a year when you applied for ill health retirement

Preserved members

If you are a preserved member and you become too ill to undertake any regular employment you may apply to take your pension early without reduction. Your benefits will not be enhanced.

Applying for ill health retirement

If you still work for the SLAB you may apply for ill health retirement by completing a form which you can get from your employer.

Preserved members should apply to the SPPA directly.

Return to employment

If you retire on ill health grounds and subsequently return to the Scottish Legal Aid Board before your 50th birthday you may rejoin the LA(S)PS. However if you retired on upper tier benefits you may not rejoin the scheme until the expiry of any protection period that applies to your upper tier benefits. The protection period is one year from the date on which your earnings from employment outside the SLAB first exceed the Lower Earnings Limit or one year from the date on which you are first re-employed in the SLAB.

Your benefits may be reduced if you take up further employment after retiring early due to ill health. This is known as abatement. Only the portion of your pension in excess of what your benefits would have been if you had taken voluntary early retirement on reduced pension, i.e. the unearned pension, can be withdrawn. This reduction only applies until your Normal Pension Age.

Questions

If you are unclear about any aspect of this Factsheet or have a specific question that is not answered by the information above, please contact the SLAB or SPPA.

Example 1

A 55 year old member retires early due to ill health with 18 years' Pensionable Service. Their Final Year's Pensionable Pay is £45,000.

Lower Tier

Pension = $18 \times \frac{1}{80} \times £45,000 = £10,125$ a year

Lump sum = $3 \times \text{Pension} = £30,375$

Upper Tier

The member has 5 years to go until Normal Retirement Age 60.

Service enhancement is $\frac{2}{3} \times 5$ years = 3.3333 years so the minimum enhancement of 4 years applies.

Pension = $22 \times \frac{1}{80} \times £45,000 = £12,375$

Lump sum = $3 \times \text{pension} = £37,125$

Example 2

A 40 year old member retires due to ill health with 10 years' Pensionable service.

Their Final Year's Pensionable Pay is £22,000.

Lower Tier

Pension = $10 \times \frac{1}{80} \times £22,000 = £2,750$ a year

Lump Sum = $3 \times \text{pension} = £8,250$

Upper Tier

The member has 20 years to go until Normal Pension Age 60.

Service enhancement is $\frac{2}{3} \times 20$ years = 13.3333 years.

Pension = $23.3333 \times \frac{1}{80} \times £22,000 = £6,416.66$

Lump Sum = $3 \times \text{pension} = £19,249.98$