



The Teachers' Pension Scheme is changing from **1 April 2015**.

Ill health arrangements

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Introduction

The new arrangements will see the introduction of career average as well as final salary benefits. It's important that as a member you understand that:-

- there'll be some changes to the ill health arrangements
- they will affect all Teachers' Pension Scheme members.

Our factsheet aims to provide you with an overview of how these changes may impact on you.

It's important to note the current qualifying service of two years remains and is applicable to both service under final salary and career average.

Levels of ill health benefits

There are two levels of ill health benefits that may be granted. The levels depend on which of the following conditions are satisfied:-

- you are permanently unable to teach but are able to do other work. In this circumstance you could receive immediate payment of your accrued benefits or
- you are permanently unable to teach and unable to do any other work. In this circumstance you would receive an enhancement based on half of the service you could have completed before reaching your Normal Pension Age (NPA) and your salary at retirement.



Time limits for in-service applications

From 1 April 2015 if you apply for ill health retirement within two years of leaving pensionable employment and there's evidence you left for the same medical reasons as your original application, you'll be treated as though you're still in-service. This is to ensure that you are not disadvantaged if you had a slow to develop or difficult to diagnose condition.



Examples of how this works when a member is out of pensionable service

You may be a protected member like Darren who leaves service even though he has been seeing his doctor regularly and undergoing a range of tests. After he has been out of service for 18 months his doctor diagnoses that he has Parkinson's Disease, which was present when he left service. He's assessed as though he's still in service and granted ill health benefits on that basis.



Darren the protected member with an NPA of 65



Ian the deferred member



You may be a deferred member like Ian who left service in 2006 and has accrued ten years final salary benefits. He applies for ill health benefits in 2018 as he was involved in a serious work related accident. Ian didn't leave service because of his illness so his application is assessed using the total incapacity criteria. His application is rejected as he's still considered to be capable of undertaking some form of employment.

Stepping down as a result of ill health

If you are ill or have long term health issues you should work with your employer and their occupational health advisors to look at how you can be helped to return or remain at work. This might include reducing your hours or changing your role.

From 1 April 2015 if any adjustments (stepping down) have not been successful and you apply for incapacity benefits and are granted total incapacity, your benefits would be enhanced based on your original salary.

This change only applies where the illness is the same one that led to you stepping down.



Haroon
the
tapered
member

Examples

You may be a tapered member like Haroon who reduced his working pattern from five days to three days a week due to difficulties in walking and general skeletal pain. After three years, by which time he is a transition member because he has passed his transition date, Haroon is diagnosed as suffering from MS and his consultant has confirmed that the illness was present when he stepped down to working three days. The medical assessment recommends he should be granted total incapacity benefits, which are an enhancement to his ill health benefits. This is calculated using his full-time salary before the adjustment.



Dianne the
transition member

You may be a transition member like Dianne who reduced her working pattern to three days a week because of hearing problems. After two years Dianne is diagnosed with a back condition and applies for ill health retirement. The assessment is that she should be granted accrued benefits only as the severity of her illness is not such as to grant total incapacity. Dianne will receive a pension based on her actual benefits in the two arrangements. As she has not had a continuous break in service of more than five years, the final salary benefits are calculated using her career average earnings.

Enhancement for part time members



Katy
the new
starter

If you're a part-time member, you'll continue to have any enhancement calculated using your full-time equivalent salary at retirement.

Example

You may be like Katy who works 50% part-time in an Academy and receives an annual salary of £25,000, the full-time equivalent of which is £50,000. Any enhancement to Katy's pension would be calculated using an annual salary of £50,000.

If you work more than full-time, your full-time equivalent salary would be calculated by taking account of your rate for each of your employers.

Example

You may be like Haroon who works 60% part time in a FE college and receives an annual salary of £36,000, the full-time equivalent of which is £60,000. He also works 50% part-time in another teaching role receiving an annual salary of £25,000 against a full-time equivalent salary of £50,000. Any enhancement would be calculated using an annual salary of £55,454.55, calculated as: $(£60,000 \times 60/110) + (£50,000 \times 50/110)$.



Haroon
the
tapered
member

Terminal illness

If your condition is serious and your life expectancy is severely restricted (i.e. is less than one year), your pension can be paid as a one-off lump sum. Any subsequent family benefits will not be affected. You'll need to request this when making your application for ill health retirement to ensure that your request is correctly considered.

Short-service ill health grants

If you have more than one, but less than two years service you could, in the event of a terminal illness, receive a short service grant based on your actual service. This service will not change and will consist of two months worth of your final salary, or the amount of your contributions, if that is higher.

For information and resources to help you understand the changes to the Teachers' Pension Scheme visit www.teacherspensions.co.uk/change2015