

Employer Guidance when a member applies for Ill Health Retirement

Introduction

The purpose of this document is to outline the process which should be followed by HR if a scheme member wishes to retire from pensionable employment as a result of Ill Health.

It is important to understand that depending on the severity of the member's illness, (is the illness terminal? what is the expected life expectancy?) that a greater focus should be placed on processing the applications as quickly as possible. Both processes are explained below.

Normal Ill Health Retirement Application Process (HR Department)

When HR become aware that a scheme member may be eligible to be considered for retirement from pensionable employment as a result of Ill Health, they should initiate the Ill Health Application process as soon as possible. HR's first action should be to issue the member with a copy of the [AW33](#) Form which must be completed in all cases for members who have not reached their Normal Retirement Age. HR should also inform the member of the length of time required to complete the process and let them know that if they wish to provide supporting medical evidence in addition to the AW33 they should try to acquire such reports as soon as possible.

If the scheme member or HR wishes to apply for an estimate of benefits which the member may receive if retired through Ill Health they should make the application through the normal estimate request procedure. The form required can be accessed on the [Estimate Request](#) section of the scheme website. <http://www.hscpensions.hscni.net/request-an-estimate/>

The Employer and HR should also be aware that the date a member is accepted for Ill Health Retirement does not automatically mean that this is the date their pension benefits are payable from. If a member remains in pensionable employment beyond the date of acceptance for ill health retirement, pension benefits do not become payable until the member actually retires from pensionable employment. **If a member receives a payment in respect of leave not taken, the member's pensionable employment will be treated as continuing for a period equal to the period of leave for which the payment is made. Benefits are payable from the end of the period of annual leave.**

For example, if a member is accepted for ill health retirement on 15th April but has 5 days annual leave left untaken and that member receives a payment to cover the annual leave then their actual

leaving date is extended to 22nd April to take account of the said leave.

Serious Ill Health Retirement with a Life expectancy of less than one year (HR Department)

It is important to understand that in the case of a member who has been diagnosed with having a life expectancy of less than 12 months, there is the potential that the member may die prior to the Ill Health Application process being completed. If this arises the member will be treated as having died in service which attracts a different benefit calculation and amount of benefits payable. Further information on how these benefits are calculated is available on the Commuted Ill Health/Death in Service Estimate Guidance.

If a member who has been diagnosed with a condition that renders their life expectancy to be less than 12 months, HR should consider the option of requesting both a commuted Ill Health Retirement estimate and a Death in Service estimate if they intend speaking to the member or their family about the potential pension benefits payable. Guidance on how to request these estimates is available on Commuted Ill Health/Death in Service Estimate Guidance.

Having this information at hand can considerably reduce the difficulty in communicating the value of benefits payable should the member die in service as the financial value of benefits payable may be significantly less than those which may otherwise have been paid as a result of the commutation of Ill Health Retirement benefits

It is also important to note, if a member dies during the period equal to the period of leave for which the payment is made then this will be treated as a Death in Service and benefits will be calculated accordingly. For example if a member is accepted for tier 2 ill health retirement with the option to commute benefits on 31st January but has built up a block of 20 unused days annual leave and this member receives a payment in respect of that leave then that members revised retirement date will be 28th February. If that member should die in that period up to the 28th February then they will be treated as having died in service.

The Ill Health Retirement Application Process (HSC Pension Service)

Once the member has completed their section of the [AW33](#), the form should be sent immediately to the Organisation's OH Dept. who should complete ASAP and forward to HSC Pension Service. Additional medical reports should be included if applicable.

- HSC Pension Service electronically transfers all Ill Health Retirement applications to the Northern Ireland Civil Service (NICS) Occupational Health Service (OHS) within 24-48 hours of receipt.
- NICS OHS have 6 weeks to review all medical information supplied.
- If the NICS OHS feel that further medical evidence would assist in their decision to consider a member medically unfit to carry out their duties, they may write to the member/doctor/consultant to request additional reports. This has the potential to delay the decision being made by NICS OHS and underlines the importance of submitting as much medical evidence as possible at the initial application stage.
- NICS OHS will inform HSC Pension Service of their decision on whether the member meets the criteria laid down in the Scheme Regulations to be eligible to retire from pensionable employment as a result of Ill Health.
- If the member has had their application rejected the NICS OHS doctor will note the reasons for the rejection on the AW33 IS Part D.
- In the event of a member's application being rejected, HSC Pension Service will inform both the member and HR of the decision and the member will be advised of the reasons for the rejection.
- The member has the right to appeal the decision of the NICS OHS through the Disputes Resolution Process.
- If a member is successful in their application, the date the NICS OHS Doctor signs the AW33 IS Part D is the earliest date a member can be medically retired from Pensionable employment.
- If the NICS OHS determine that the member has a life expectancy of less than 12 months this will be recorded on the AW33 IS Part D.
- HSC Pension Service will inform the member by letter and the HR Department electronically of the decision and the date of acceptance if applicable. If the member has a life expectancy of less than 12 months HSC Pension Service will record this on the communication issued to

the HR Department but not to the member. HR should ensure the member is made aware of their options, i.e. to commute their benefits to a one off lump sum payment.

- The date a member's pension benefits can be paid from is the date that the member actually ceases pensionable employment. **If a member ceases pensionable employment on the date of the OHS Decision or a later date, but receives a payment in respect of leave not taken, the member's pensionable employment will be treated as continuing for a period equal to the period of leave for which the payment is made. Benefits are payable from the end of the period of annual leave.**
- If a member is accepted for Ill health Retirement the normal benefit application process should be followed, i.e. completion of Form [AW6](#) by the member, HR and the Payroll Shared Service Centre (PSSC), submission of relevant certificates and completion of Termination of Scheme Membership Notice.
- HSC Pension Service will process the benefit application for payment in the month due providing all relevant information has been received.

Important Notes

- The consideration for retirement from pensionable employment as a result of Ill Health process can take a considerable length of time to complete; therefore it is imperative to ensure that all documentation is present at the date of applying. HR may also wish to consider the fast track approach for cases where members have a life expectancy of less than 12 months.
- If a member is awarded Ill Health Retirement but dies prior to their actual leaving date, their application for Ill Health Retirement will be void and Death in Service Benefits will be payable to the member's estate.
- If a member has reached their Normal Retirement Age (Age 60 in the 1995 Scheme, Age 65 in the 2008 scheme & the higher of the members State Pension Age (SPA) or age 65 in the 2015 scheme) they do not have to go through the process of applying ill health retirement.

- If a member who has reached their Normal Retirement Age is diagnosed as having a life expectancy of less than 12 months they can apply to have their benefits commuted to a one off lump sum payment. Form [AW34](#) (available on the scheme website) should be completed by the applicant and their treating doctor (GP/Hospital Doctor/Consultant).
- The attached flowchart takes you through the steps of an Ill Health Retirement Process.