Your Pension

TEACHERS’ PENSION SCHEME

General Guide – Ill Health Retirement

GUIDE 3

Your Scheme
The Teachers’ Pension Scheme is administered by Teachers’ Pensions, Mowden Hall, Darlington, DL3 9EE (Tel: 01325 745745), who will consider all applications for ill health retirement.

Qualification for ill health retirement
A teacher whose health has deteriorated to such an extent that he or she can no longer perform normal duties may be eligible for ill health retirement benefits. These benefits are awarded on the grounds that a teacher has become incapacitated before age 60, whether in pensionable service or not, provided the minimum service requirements have been completed. The minimum service requirements are:
• two years of pensionable service beginning on or after 6 April 1988; or
• in the case of a teacher who was employed in pensionable service on 6 April 1988 and had been employed in pensionable service prior to that date, two years of pensionable service in all; or
• five years aggregate pensionable service at any time.1
Pensionable service is any period where superannuation contributions have been paid but is not necessarily the same as reckonable service. Reckonable service is the number of years and days accumulated in the scheme which counts for pension benefits and can include any periods of pensionable part-time service, periods bought in by paying Past or Current Added Years and any service transferred into the Teachers’ Pension Scheme from another pension scheme. For example, in the case of a part-time teacher employed in a 0.4 full-time equivalent capacity during every year of service, one year of pensionable service will be accrued but only 146 days will count as reckonable service in calculating retirement benefits.

Definition of ‘incapacitated’
A teacher is incapacitated while he or she is unfit by reason of illness or injury and despite appropriate medical treatment is incapable of serving efficiently as a teacher and is likely to be so permanently.

How to claim
A teacher who has completed the requisite qualifying period and who wishes to claim ill health retirement is strongly advised to first contact the appropriate regional office or, in Wales, the NUT Wales Office, NUT Cymru. That office will advise the teacher, at the appropriate time, to obtain a copy of Form 18 and Form 20, either from the scheme administrator or from the teacher’s employer.
A teacher should not give written notice of his or her resignation to the employer at this stage because if the application was rejected the teacher would be left with neither salary nor pension.

Ill health retirement benefits will be calculated on the basis of each year of reckonable service providing an annual pension of \( \frac{1}{80} \) of the final average salary, and a lump sum of \( \frac{3}{80} \) of the final average salary, with allowances for enhancement of service. A teacher may still apply for ill health retirement even if no longer employed in pensionable service. If, however, an application is made later than six months after the teacher was last employed in pensionable service, the teacher’s service would not normally be enhanced, and the ill health retirement benefits, if awarded, would be based on the teacher’s actual reckonable service.

**Enhancement of service**

Where, a teacher has completed at least two years’ pensionable service and the employment terminates after 1 April 2000, the total of reckonable service is enhanced automatically provided:

- the teacher becomes incapacitated before ceasing to be employed in pensionable service; and
- application for payment of ill health retirement benefits is made within six months after ceasing to be employed in pensionable service.

There is **no enhancement of service** if the employment terminated before 1 April 2000 and the teacher had less than five years’ qualifying service.

The total of reckonable service is enhanced in accordance with the following formula:-

**Actual reckonable service completed by the teacher**

Up to 9 years 364 days

10 years to 13 years 122 days

more than 13 years 122 days

**Service used in calculating the Ill health retirement benefits**

double the actual reckonable service, (but no more than could have been completed by age 65).

20 years, (but no more than could have been completed by age 65).

Whichever is greater of: 20 years, (but no more than could have been completed by age 65)

or,

actual reckonable service plus 6 years 243 days, (but no more than could have been completed by age 60)

**Medical procedure**
Teachers’ Pensions, in considering an application, will require a factual report (Pen 20) from a medical practitioner addressing a number of questions based on knowledge of the teacher and his or her medical records. The report may be submitted by a General Practitioner, Occupational Physician or Consultant. An examination is not requested but if it is necessary the teacher is free to choose which doctor is to submit the medical report. The teacher may be examined by their General Practitioner, a Doctor nominated by Teachers’ Pensions or by a Local Authority medical officer. 

The Union would urge teachers to contact the appropriate regional office or, in Wales, the NUT Wales Office, NUT Cymru, for advice before indicating, on Form 18, with whom they wish to undergo any necessary medical examination. It may also be necessary for a teacher to be seen by a medical consultant before ill health retirement is established and if the teacher is already under treatment by a consultant or specialist a report from that consultant or specialist should be submitted in support of the application. The provision of full and complete medical evidence is essential to enable the medical team advising Teachers’ Pensions to give proper consideration to the application.

Date of commencement of ill health retirement benefits
Teachers’ Pensions will, if satisfied of incapacity, normally award ill health retirement benefits and inform the teacher that if they are still in pensionable service they should arrange for the earliest possible retirement date to be agreed with their employer. Members are urged to seek advice on the position from the appropriate regional office or, in Wales, the NUT Wales Office, NUT Cymru.

Pension Guarantee
Where retirement benefits become payable after 1 April 2000 and the teacher dies before receiving the pension for five years, there will be a ‘five year pension guarantee’. This means that a supplementary death grant will be payable, equal to five times the amount of the annual pension payable at the date of death less the total amount of pension already received.

Converting Ill health retirement pension to a lump sum
There are provisions also for converting the ill health retirement pension a to lump in cases of terminal ill health. This is called ‘commutation’ and where a teacher satisfies the Inland Revenue conditions, i.e. that life expectancy is less than one year, it will be open to the teacher to elect to commute most of the ill health retirement pension in favour of a lump sum payment. In such circumstances the lump sum payment would be equal to five times the annual pension at the rate it would have been payable on the retirement date had the teacher not elected to commute, less five times the annual rate of the Guaranteed Minimum Pension, which cannot be commuted. The commutation of the pension will not affect the payment of the teacher’s retirement lump sum, nor will it in any way affect potential family benefits.
Further details regarding the commutation facility can be obtained from the appropriate regional office or, in Wales, the NUT Wales Office, NUT Cymru.

**Example**
A teacher aged 48 retires with 23 years 164 days of reckonable service and an average salary of £26,000. The service would be enhanced by 6 years 243 days as the teacher could have completed 12 more years’ service by age 60.

**Pension**
The pension is the total of reckonable service (23 years 164 days plus 6 years 243 days = 30 years 42 days or 30.11 years) x 1/80 x average salary i.e.
30.11 x 1/80 x £26,000 = £9,785.75

**Lump sum**
The lump sum is the total of reckonable service (23 years 164 days plus 6 years 243 days = 30 years 42 days or 30.11 years) x 3/80 x average salary i.e.
30.11 x 3/80 x £26,000 = £29,357.25

**Re-employment**
Teachers who are granted ill health retirement after 1 April 1997 are precluded from returning to teaching, or other employment in the local education authority/further education sector which brings them into contact with those under age 18, whilst in receipt of those benefits. If such individuals wish to return to teaching and their prospective employer is satisfied that they have the necessary level of medical fitness, then there is no bar on the teacher returning to work. Entitlement to continued payment of ill health retirement benefits would, of course, cease at that point.

**Further Information**
A leaflet giving details of ill-health benefits, **leaflet 198**, is available from Teachers’ Pensions. A general guide to the scheme, ‘Your Pension - A Guide to The Teachers’ Pension Scheme England and Wales’, is available also.
Further advice on all these matter can be obtained from the appropriate regional office or, in Wales, the NUT Wales Office, NUT Cymru.