
STATUTORY INSTRUMENTS

2014 No. 1964

**The Public Service (Civil Servants and
Others) Pensions Regulations 2014**

PART 6

Retirement benefits

CHAPTER 4

Ill-health benefits

Meaning of “permanent breakdown in health”

70. For the purpose of these Regulations, a member’s breakdown in health is “permanent” if the scheme medical adviser is of the opinion that the breakdown will continue until the member reaches prospective normal pension age.

Meaning of “incapacity for employment” and “total incapacity for employment”

71. For the purpose of these Regulations—

- (a) a member’s breakdown in health involves “incapacity for employment” if the scheme medical adviser is of the opinion that, as a result of the breakdown, the member is incapable of doing the member’s own or a comparable job; and
- (b) a member’s breakdown in health involves “total incapacity for employment” if the scheme medical adviser is of the opinion that, as a result of the breakdown—
 - (i) the member is incapable of doing the member’s own or a comparable job; and
 - (ii) the member is incapable of gainful employment.

Meaning of “lower tier payment threshold”

72. An active member of this scheme meets the lower tier threshold for payment of an ill-health pension (“lower tier payment threshold”) if—

- (a) the member’s breakdown in health involves incapacity for employment; or
- (b) the member is partially retired, the member’s breakdown in health involves total incapacity for employment.

Meaning of “upper tier payment threshold”

73. An active member of this scheme meets the upper tier threshold for payment of an ill-health pension (“upper tier payment threshold”) if—

- (a) the member is not partially retired; and
- (b) the member’s breakdown in health involves total incapacity for employment.

Entitlement to ill-health pension

74.—(1) An active member of this scheme who has not reached normal pension age under this scheme is entitled to the immediate payment of an ill-health pension under this scheme, in accordance with the provisions of this Chapter, if the conditions in paragraph (2) are met.

(2) The conditions are—

- (a) the member or the member's employer has claimed payment of an ill-health pension;
- (b) the scheme medical adviser—
 - (i) is of the opinion that the member has suffered a permanent breakdown in health involving incapacity for employment or total incapacity for employment; and
 - (ii) gives the scheme manager and the employer a certificate stating that opinion ("ill-health retirement certificate");
- (c) the member has at least 2 years' qualifying service; and
- (d) the employer agrees that the member is entitled to retire on ill-health grounds.

(3) If the member meets the lower tier payment threshold, a lower tier earned pension is payable in respect of the member's continuous period of pensionable service.

(4) If the member meets the upper tier payment threshold—

- (a) a lower tier earned pension is payable in respect of the member's continuous period of pensionable service; and
- (b) an upper tier top up earned pension is payable in respect of the period that begins when the member becomes entitled to the immediate payment of an ill-health pension and ends when the member reaches prospective normal pension age.

(5) A full retirement added pension of any description is payable with a lower tier earned pension if the full retirement account specifies an amount of full retirement added pension of that description.

Provisional award of ill-health pension

75.—(1) This regulation applies if the scheme medical adviser is unable to form an opinion on the following matters—

- (a) whether a member (P) has suffered a permanent breakdown in health involving incapacity for employment or total incapacity for employment;
- (b) whether P's breakdown in health involves—
 - (i) incapacity for employment; or
 - (ii) total incapacity for employment.

(2) The scheme medical adviser may recommend that—

- (a) for a period specified in the recommendation (being a period of not more than 5 years), P is taken to have suffered a permanent breakdown in health involving whichever of the following is specified in the recommendation—
 - (i) incapacity for employment; or
 - (ii) total incapacity for employment; and
- (b) P's case should be reviewed by the scheme medical adviser at the end of the period specified in the recommendation.

(3) If the scheme manager agrees to the recommendation—

- (a) the scheme manager must determine if P meets the lower tier payment threshold or the upper tier payment threshold; and

- (b) P is entitled to the immediate payment of—
 - (i) an ill-health pension in accordance with regulation 74; and
 - (ii) any full retirement added pension payable with it.
- (4) At the end of the period specified in the recommendation—
 - (a) the scheme medical adviser must give the scheme manager an opinion on the matter to which the recommendation related; and
 - (b) regulation 74 applies to P accordingly, subject to paragraph (5).
- (5) If as a result of the opinion P ceases to be entitled to payment of a lower tier earned pension, an upper tier top up earned pension or a full retirement added pension, that pension continues to be payable for a period of 3 months beginning with the date of the opinion.

Annual rate of ill-health pension

- 76.**—(1) The annual rate of ill-health pension is calculated as follows—
- (a) the annual rate of lower tier earned pension is calculated in the same way as the annual rate of full retirement earned pension⁽¹⁾ is calculated under regulation 61, but without subtracting the early payment reduction;
 - (b) the annual rate of upper tier top up earned pension is calculated in the same way as the annual rate of full retirement earned pension is calculated under regulation 61, but—
 - (i) the references to the member’s full retirement earned pension are taken to be references to the enhancement fraction of the earnings-related part of that pension; and
 - (ii) the early payment reduction is not subtracted.
- (2) The annual rate of any full retirement added pension payable with a lower tier earned pension is calculated in the same way as it is calculated under regulation 61, but without subtracting the early payment reduction.

- (3) In this regulation—
- “the earnings-related part”, in relation to the member’s full retirement earned pension, means the proportion of that pension not attributable to an amount of transferred pension;
- “the enhancement fraction” is—

$$\frac{A}{B}$$

where—

A is the member’s assumed period of pensionable service (expressed in years); and

B is the shorter of—

- (a) the member’s period of service (expressed in years); and
- (b) the number of scheme years in relation to which an amount of earned pension was specified in the active member’s account;

“the member’s assumed period of pensionable service” means the period (expressed in years)

- (a) beginning with the day after the member’s period of service ceased; and
- (b) ending with—

(1) Regulation 35 provides for the calculation of an amount of accrued earned pension. This amount forms the basis for determining the amount of full retirement earned pension under regulation 52. The annual rate of full retirement earned pension in relation to active members is calculated under regulation 61.

- (i) for a member employed for a fixed term, the day with which that term ends; or
- (ii) for a member otherwise employed, the day before the day on which the member will reach prospective normal pension age (assuming that the member lives until that age); and

“period of service” means a continuous period of pensionable service under this scheme.

Periodical review of entitlement to upper tier top up earned pension

77.—(1) This regulation applies in relation to a member of this scheme (P) who meets the upper tier payment threshold.

- (2) The scheme medical adviser—
 - (a) must periodically review whether, as a result of P’s breakdown in health, P remains incapable of gainful employment; and
 - (b) after carrying out a review, must give an opinion on that matter to the scheme manager.
- (3) A review must be carried out—
 - (a) at any time the scheme manager directs; and
 - (b) in any event—
 - (i) before the fifth anniversary of the day on which P became entitled to the pension; and
 - (ii) subsequently at intervals not exceeding 5 years.
- (4) A review is not required after the member reaches normal pension age under this scheme.
- (5) P ceases to be entitled to an upper tier top up earned pension—
 - (a) at the end of the period of 3 months beginning with the date on which the scheme medical adviser, after carrying out a review, gives an opinion that P is no longer incapable of gainful employment; or
 - (b) if earlier, the day on which P returns to service in a scheme employment.

Deferment of accrued earned pension attributable to a transfer payment

- 78.—(1) This regulation applies in relation to a member of this scheme—
- (a) who is entitled to an ill-health pension; and
 - (b) whose active member’s account as at the end of the last day of pensionable service specifies an amount of accrued earned pension attributable in whole or in part to a transfer payment received by this scheme in relation to the member in the 24 months before that last day.
- (2) If the scheme manager so directs, the member becomes a deferred member of this scheme in respect of that amount of accrued earned pension and accordingly—
- (a) a deferred member’s account must be established under Part 5 (pension accounts);
 - (b) that amount of accrued earned pension must be specified in the deferred member’s account as the provisional amount of deferred earned pension; and
 - (c) that amount of accrued earned pension is not included in the calculation of the annual rate of full retirement earned pension.

Deferment of added pension attributable to recent payments

- 79.—(1) This regulation applies in relation to a member of this scheme—
- (a) who is entitled to payment of an ill-health pension; and

- (b) whose active member's account as at the end of the last day of pensionable service specifies an amount of accrued added pension that is attributable in whole or in part to a lump sum payment for added pension made under Schedule 1 within the 12 months before the relevant day.
- (2) The member becomes a deferred member of this scheme in respect of that amount of accrued added pension and accordingly—
- (a) a deferred member's account must be established under Part 5 (pension accounts);
 - (b) that amount of accrued added pension must be specified in the deferred member's account as the provisional amount of the relevant description of deferred added pension; and
 - (c) that amount of accrued added pension is not included in the calculation of the annual rate of full retirement added pension payable with the lower tier earned pension.
- (3) In paragraph (1), "the relevant day" means—
- (a) the day on which the member's employer first asked the scheme medical adviser for the opinion mentioned in regulation 74(2)(b) by virtue of which the member is entitled to payment of the ill-health pension; or
 - (b) if the member was on sick leave on that day and did not return to service from that leave, the day on which that leave began.