

Superannuation (NHS) Circular No 6 /2008

NHS Employers
NHS Trade Unions and Staff Associations
GP Practices
Direction Bodies

7 Tweedside Park
Tweedbank
GALASHIELS
TD1 3TE

<http://www.sppa.gov.uk>

Tel: 01896 893228

Fax: 01896 893214

nhspensionsreform@scotland.gsi.gov.uk

10th March 2008

Dear Colleague

Changes to ill health retirement benefits from 1 April 2008.

1. This circular gives notice about the proposed changes to ill health retirement benefits which are aimed to be introduced from 1 April 2008.

2. These ¹changes are being introduced following agreement in principle by the Scottish Pensions Review Group (SPensiR) taking into consideration the responses to the recent consultation on these proposals which ended on 14th December 2007.

3. Ill health retirement benefits will continue as an integral part of the NHS Pension Scheme, but the current arrangements for determining ill health retirement benefits will be replaced with a two-tier arrangement providing different levels of benefits for members, dependent on the severity of their condition and the likelihood of them being able to work again. The proposed tiers and anticipated benefits are:

¹ These changes are set out in draft Regulations currently subject to consultation required by statute and to Scottish Parliamentary/Ministerial approval.

Lower Tier - Member assessed as being unable to do their own job

Early payment of actual benefits without an actuarial reduction but with no enhancement where a member is permanently incapable of efficiently discharging the duties of their present job in the NHS.

Upper Tier - Member assessed as being unable to do any regular employment

Where a member is not only assessed as being permanently unable to do their own job but also could not undertake any other job across a general field of employment to the same extent as the member was undertaking in their own job, the member will be entitled to an upper tier award. Members awarded the upper tier will receive an enhancement of 2/3 of their prospective membership to Normal Benefit Pension Age.

Who will be affected by the proposed changes?

4. The new two tier ill health retirement provisions **will apply to members who retire due to ill health on or after 1 April 2008**. Members who retire due to ill health on or before 31 March 2008 will remain subject to the existing ill health benefit provisions contained in regulation E2 of the NHS Superannuation Scheme (Scotland) Regulations 1995.

Transitional arrangements

5. Where a fully completed form AW8 [Application for Ill Health Retirement] is received by SPPA on or before 31 March 2008, the new two tier arrangements will not apply, even though the intended date of retirement may be on or after 1 April 2008. This means that members who:

- have already submitted form AW8 that has been received by SPPA, or
- intend to submit an application for ill health retirement benefits on form AW8 and the completed form is received by SPPA on or before 31 March 2008,

will remain subject to the existing ill health retirement provisions, which give enhanced ill health benefits where a member is assessed as permanently incapable of carrying out the duties of their employment and the question of capability for regular work does not arise.

Action for employers

6. Employers should inform all staff of these changes, and in particular those who are currently on sick leave as the changes might affect the individual's eligibility and entitlement to ill health retirement benefits.

Further information

Full details of the Ill Health Review, including a copy of the consultation document are available on the SPPA website at http://www.sppa.gov.uk/pension_reform/NHSConsultations.htm

Yours faithfully



Sharon Liptrott (Mrs)
Policy Officer
NHSSS