

# Ill health retirement



## Retiring early due to ill health

**If you've been paying in to USS for at least two years and have an illness or condition that stops you from working, or reduces your capacity to work, you could be eligible to retire early with your USS benefits.**

There are three different types of ill health retirement – what you'll get will depend on how much you're able to work:

- **Partial ill health retirement** – if you can't do your job, or any similar job (whether or not available), for the long term due to ill health but you could do another. With this you'll get the benefits you've built up to date and they won't be reduced due to early payment.
- **Total ill health retirement** – if you can't do your job, or any job other than one that would pay a small fraction of your salary for the long term, due to ill health. With this you'll get enhanced benefits, which means they're projected as if you'd continued paying in until age 65.
- **Serious ill health** – if you're suffering from a serious health condition and only have a limited time to live, we may be able to convert (or commute) your pension and pay all your benefits as a lump sum.

**To be eligible to apply for partial or total ill health retirement you must:**

- be under the [Normal Pension Age](#)
- have been a member for at least two years
- suffer from a long-term illness in the view of your employer and USS

**You'll find more on the different types of ill health retirement, when you may not be eligible, what we'll need from you, and how it all works below.**

If you're no longer paying in, please read our [ill health retirement factsheet for leavers](#).

## Partial ill health retirement

### When you're eligible

If you can't do your job, or a similar job, in the long term but you could do another type of job (whether this is available or not), you may be eligible for partial ill health retirement.

## What you get

You'll broadly get the benefits you've built up to the date you retire due to ill health (as explained below). This will include an annual income and a one-off, tax-free (up to a limit) cash lump sum. Your benefits won't be reduced due to early payment.

## How it works

We use your full salary to calculate your ill health benefits, including anything over the salary threshold. This means the part of your Investment Builder pot (if you have one) that's built up from your, and your employer's, contributions over the salary threshold, plus the employer part of The Match, are credited back to USS.

## Total ill health retirement

### When you're eligible

If you can't do any job in the long term, or only a role that would pay a small fraction of the salary you would have earned, you may be eligible for total ill health retirement.

As a rough guide, a small fraction would be around 10% or less of the salary you would have earned.

### What you get

You'll broadly get an enhanced pension and one-off, tax-free (up to a limit) lump sum (as explained below). An enhanced pension means it'll be projected as if you'd continued paying in until age 65.

### How it works

To project your benefits, we look at the benefits you built in the last 12 months and multiply these by the number of years left to age 65. We then add this to the value of your benefits already built up at the time of retiring due to ill health. A maximum of 40 years of pensionable service will be taken into account.

We use your full salary to calculate your ill health benefits, including anything over the salary threshold. This means the part of your Investment Builder pot (if you have one) that's built up from your, and your employer's, contributions over the salary threshold, plus the employer part of The Match, are credited back to USS.

For example, say you're age 45 and earn under the salary threshold. You've built up a total annual income of £5,000. In the last 12 months you built an annual income of £600. You have 20 years left before reaching age 65, so we work it out as follows:

- £5,000 (what's already built up)
- £600 (what was built in the last 12 months) x 20 (years left to age 65) = £12,000
- £5,000 + £12,000 = **an annual income of £17,000** plus a standard one-off, tax-free (up to a limit) cash lump sum of **£51,000**.

If you work part-time, your projected pension will be a little different. We look at the average pension you've built with us over your career and the part-time pension you've built up in the last 12 months.

## Serious ill health

If you're suffering from a serious health condition and have a life expectancy of less than 12 months, we may be able to pay all your benefits as a lump sum to help support you and your family through this difficult period. You may be eligible if:

- you have a life expectancy of less than 12 months
- you've not started taking your benefits or you're flexibly retired
- you have a written medical opinion as confirmation.

No further lump sum would be payable on your death, but pensions would still be payable to a spouse, civil partner or other dependants as usual. See [what happens when you die](#).

To be eligible for this we'll need a medical opinion from your doctor first, which will then be reviewed by our medical advisors. Take a look at our [serious ill health factsheet](#) for more information.

## When you may not be eligible for ill health retirement

### You've been a member for less than two years

You won't be eligible in this case. However, subject to certain restrictions, if you were a member of another workplace pension scheme whilst employed by a USS employer (or employed by a similar employer such as a university or higher education corporation), before joining USS, we'll consider the time you spent in that other scheme (and, for employment with a non-USS employer, your eligibility for ill-health benefits under that previous scheme) to assess whether you satisfy the two-year eligibility requirement.

### You've taken voluntary absence or are on secondment

In these cases, you won't be eligible. However, you can choose to pay a special contribution to keep your full life cover and ill health benefits while you're absent. You'll then be entitled to full life cover and ill health benefits as if you were still paying in to USS.

You'll need to speak with your employer about this first.

### You had a known medical condition when you joined

If you had a known medical condition when you joined, you may not be eligible for total ill health retirement if you retire as a result of that condition within five years of joining (or re-joining, if you'd been a member before). This doesn't affect your eligibility for partial ill health retirement.

When you join, we can provide a view on whether a known medical condition may cause you to retire within your first five years of being a member. If we think it's unlikely to cause ill health retirement within five years, you may still be eligible for total ill health retirement if you later retire as a result of that condition.

## What to do if you have a known medical condition

Write to us within the first three months of joining USS at the following address for an opinion on a known medical condition:

The USS Medical Panel  
C/O The Pensions Operations Manager  
Universities Superannuation Scheme Limited  
Royal Liver Building  
Liverpool, L3 1PY

## If your condition changes or you get another job

If you're granted partial ill health retirement and your condition deteriorates, you may become eligible for total ill health retirement at a later date. Your pension will be recalculated to an enhanced pension from the date you're granted total ill health retirement.

If you're granted total ill health retirement and your health improves enough so that you return to work, you may become eligible for partial ill health retirement instead. Your pension will be recalculated as appropriate.

If you take a new job under total or partial ill health retirement, your circumstances will be reviewed to ensure you're still eligible.

## Your Investment Builder savings

Your ill health benefits are worked out using your **full salary** – so anything over the salary threshold is used to calculate the benefits you'll get. This means the part of your Investment Builder pot built up from your, and your employer's, contributions over the salary threshold, plus the employer part of The Match, are credited back to USS.

Any additional contributions or other savings you've transferred to the Investment Builder will remain in your pot. Visit [taking your benefits and savings](#) for more on how you can take these savings.

## Money Purchase AVCs with Prudential

If you have Money Purchase AVCs with Prudential, you have similar options as you do with any additional contributions left in your Investment Builder pot. Visit our [MPAVCs](#) page for more information.

## Applying for ill health retirement

### What you need to do

You'll need to speak with your employer first. They'll then begin the process with us. Your employer will get all the information we need from you, including a medical report from your doctor, which is needed for your application.

### What happens next

Once we have all the information, you'll usually get a response from us within a couple of weeks. Your application will be reviewed by our medical panel who meet weekly. If they require any more medical information, we'll be in touch.

Rest assured that our medical panel is made up of experts – your application will be looked at by at least one doctor from the panel. So, the outcome will be considered by professionals and based on medical expertise.

## Approving your application

All ill health retirement applications require the approval of USS – only members who meet the criteria will qualify. When reviewing your application, we must be satisfied that you're suffering from long-term ill health. By long term we mean at least five years or the time you have left to age 65, whichever is more.

## If your application is approved

You'll need to agree a retirement date with your employer. This can be any time within six months from the date your application was approved. If you don't retire due to ill health within this period, you'll need to start the application process again.

## If your application is rejected

You can appeal if your application is rejected, or if you're granted partial ill health retirement and you believe you're eligible for total ill health retirement. To do this you'll need to write to us within six months. Make sure you include any new medical evidence that might support your appeal.

Your appeal will go back to our medical panel first. If their decision doesn't change, we'll get an independent review from an appropriate specialist in your illness. The specialist will usually meet with you and produce their independent medical report. Your application will then be considered by a member of our medical panel who hasn't yet reviewed your case. They'll consider all the evidence, including the independent specialist's report, and give their opinion. We'll then determine if you've met the criteria.

Whether or not you choose to appeal, you can reapply after six months with an updated medical report. This will be treated as a new application.

## If you leave USS before your application's approved

In this case you may still be eligible for ill health benefits. Your employer will have to confirm that you left due to ill health and we'll have to determine that you were suffering from ill health when you left. We may be able to backdate your benefits to the date you left, but this'll need your employer's agreement. Otherwise your benefits will be payable from the date your application is approved.

If your application isn't approved, any further applications will be treated as new applications – see our [ill health retirement factsheet for leavers](#).

## If you die while getting an ill health retirement pension

If you die, whether that's before or after the Normal Pension Age, your spouse or civil partner will be entitled to a pension plus a lump sum (if you die within five years of retirement). The amount they'll get will be based on whether you took total or partial ill health retirement.

Make sure you keep your **Expression of Wish** up to date to tell us who you wish to receive the lump sum. Log in to [My USS](#) to complete online or [download](#) a copy to print and return to us.

Visit [what happens when you die](#) for more information.

## Things to be aware of and further information

If you've used Scheme Pays, transferred benefits out or taken cash payments from the Investment Builder, the ill health benefits you get will be a little different as you've already started to use some of your savings.

If you paid Added Years or Career Revalued Benefit additional contributions for five or more years, the total benefits you'd have bought will be included. If you paid these for less than five years, you'll get a pro-rata amount of the benefits you'd have built up if you kept paying in. If you aren't sure what you have, take a look at your latest Annual Member Statement or view them in [My USS](#).

If you bought additional benefits through lump sum additional contributions, your full additional benefits will be included.

If you transferred other pension savings to USS before October 2016, your benefits won't be reduced even though you're retiring early.

If you apply for ill health retirement and work at more than one USS employer, your application will cover all your roles where you're building a USS pension.

This publication is for general guidance only. It is not a legal document and does not explain all situations or eventualities. USS is governed by a trust deed and rules and if there is any difference between this publication and the trust deed and rules the latter prevail. Members are advised to check with their employer contact for latest information regarding the scheme, and any changes that may have occurred to its rules and benefits. For a glossary of our terms please see our [important information](#) page.