West Yorkshire Pension Fund | Lincolnshire Pension Fund

# WYPF employer briefing note – Serious ill health

## Who is this for?

Line managers and HR teams who deal with the Local Government Pension Scheme.

## Why is it so important?

When seriously-ill members have a life expectancy of just a few weeks or less, it's typically the death-in-service process that's used. But an **ill-health retirement** may provide a higher cash payment overall, so how do you make sure of the best financial outcome for members and their families? The difference, as in the example below, can be considerable.

## Example

A 48 year old married man who's been in the scheme since 2000, earning £19,600.

| Death in service | Ill health retirement |
|---|---|
| | *Member dies two months after retirement* |
| Lump sum death grant **£58,800** | Pension payments **£1,465** |
| Yearly partner pension **£4,530** | Retirement lump sum **£58,596** |
| | Pension death grant **£80,032** |
| | Yearly partner pension **£4,530** |
| **Total lump sum £58,800** | **Total lump sum £138,628** |

## Contact us urgently

It's difficult to predict whether an ill-health retirement or death-in-service benefit will give a greater cash value. So if you have a member of staff who is seriously ill and likely to have a short life expectancy, you should urgently contact either your internal pension team or your WYPF Pension Fund Representative so that a comparison of ill health versus death-in-service can be made.

If you delay, there may not be time to do this comparison and members and their families could lose out on thousands of pounds.

- Contact a Pension Fund Representative on **01274 434900** or at **wypf.pfr@wypf.org.uk**
- More information at **www.wypf.org.uk/employers**