



Early payments for ill health

Protecting People's Futures

When we can make early health-related payments

Generally, we would start making FAS payments to you when you reach your FAS normal retirement age, which is based on the rules of your former scheme. But we can begin payments sooner in the following health-related situations:

- ill health
- severe ill health, or
- terminal illness.

We'll explain what we mean by each of these, along with the eligibility rules we have in place.

Ill health

You can ask us to start your FAS payments early because of ill health if you:

- are within five years of your FAS normal retirement age, and
- have been advised by your GP or another medical professional not to work because of ill health and this is likely to continue until you reach your FAS normal retirement age.

Severe ill health

In cases of severe ill health you can ask to receive your FAS payments early if you:

- are aged 55 or over, and
- have a progressive condition or disease, and
- could reasonably be expected to die within five years because of the disease, and
- have been advised by your GP or another medical professional not to work because of ill health and this is likely to continue until you reach your FAS normal retirement age.

When we talk about a condition that could reasonably be expected to result in death within five years, we don't necessarily mean that a doctor has told you that you have five years or less to live. It means that five years or less would be within the range that a doctor could reasonably predict for a person in your situation.

We don't look at other things such as lifestyle in making these decisions. We only consider the specific condition, and its likely effect on life expectancy.

Terminal illness

If you're suffering from a progressive disease or condition and have been diagnosed as having less than six months to live, you can take your FAS payments at any age.

What you can receive

We calculate your FAS annual payment amount

There are different rules for what you can receive depending on your health situation, but in all cases we start by working out how much you're entitled to receive as a FAS member. We calculate this as an annual payment amount.

For details of how we do this, including tax free cash lump sums, please see our 'When you retire' booklet on our FAS member website or call us to ask for a copy to be sent to you in the post.

It's important to be aware that ill health, severe ill health and terminal illness calculations only include increases known as revaluation (which aim to give some protection against inflation) up to the time you start taking payments, rather than up to your FAS normal retirement age. This means you may get less than if you'd waited until your FAS normal retirement age.

Ill health

Because ill health payments start from an earlier date and are expected to be paid over a longer period of time, the annual payment amount you would receive is also reduced for early payment.

The reduction means you would get broadly the same amount overall as if you had waited until your FAS normal retirement age. But the payments you receive are lower because they are spread over more years. The further from your FAS normal retirement age you start your ill health payments, the bigger the reduction will be.

Taking early ill health payments will affect how much your spouse or relevant partner may get after you die. The amount they receive would be calculated from your reduced annual payment amount.

If eligible, you can receive payments from the later of:

- the date you first tell us you can't work due to ill health, or
- five years before your FAS normal retirement age.

Severe ill health and terminal illness

If you take your FAS payments early because of severe ill health or terminal illness, your annual payment amount will not be reduced for early payment. You'll be paid at your full annual payment rate.

If you meet the conditions for severe ill health or terminal illness payments, you'll usually be entitled to payments from the date we receive your written request.

How we pay you

We would pay you monthly in arrears on the 21st of each month. Your first monthly payment will include any back payments you are due.

Getting advice

We can't give you financial advice ourselves. If you don't already have a financial adviser, you can find a local one at unbiased.co.uk



Payments to your family when you die

If you take your FAS payments early because of ill health, your spouse, civil partner or relevant partner may be able to receive payments from us after you die. A relevant partner is someone of either sex who you aren't married to, or in a civil partnership with, but who you live with as if you are married or in a civil partnership. A relevant partner will only qualify for FAS payments where your former scheme rules allowed it.

You don't need to nominate a spouse or civil partner as a beneficiary for them to be able to receive payments from us after your death.

If your former scheme rules allowed for survivor payments to relevant partners and you have a relevant partner, it's important that you nominate them as your beneficiary. You can do this on our FAS member website or over the phone using the contact details at the back of this booklet.

Your children would also be entitled to FAS payments after you die if they're

- under 18, or
- over 18, but under 23 years old, and:
 - on a qualifying full-time educational or vocational course, or
 - unable to work full-time due to disability.

If you choose to receive ill health payments, the amount your family receives will be based on the reduced annual amount we calculate to account for you receiving payments over a longer period of time. If you take early payments due to severe ill health or terminal illness, we don't reduce your annual payment and so payments to your family will be based on that unreduced amount.

For more details on how we work out payments to your family, please take a look at the 'Payments for spouses, partners and children' booklet on our FAS member website or call us to ask for a copy to be sent to you in the post.

Your tax

Your payments are regarded as earned income, which means you have to pay tax on them.

HM Revenue & Customs (HMRC) will take into account all taxable income you receive, including your State Pension, other earnings and bank interest before issuing you with a tax code.

We'll send you a P60 at the end of each tax year. This will let you know the total payments you've received and the amount of tax deducted. Please keep this document safe so it can be included in your income tax return.

If you have any questions about your tax, please contact HMRC using the details below and quoting reference 406/JA34863.

Pay As You Earn and Self Assessment

HM Revenue and Customs

BX9 1AS

United Kingdom

Phone: 0300 200 3300

FAS payments and state benefits

Receiving FAS payments could affect any state benefits that you may already receive, such as Pension Credit, Jobseeker's Allowance, Income Support and Housing Benefit. If you're receiving FAS payments, you should tell the office that pays your state benefits.

Receiving FAS payments will not affect your occupational pension from other schemes, your personal pension or your State Pension.

If you have any concerns or questions about this, please get in touch with us.

Lifetime allowance

Since 6 April 2006, people have only been allowed a maximum amount of pension benefits throughout their lifetime without triggering a tax charge. This amount is called the lifetime allowance.

Most people aren't affected by this.

The lifetime allowance is set each tax year and relates to the benefits people receive from all the pension schemes they belong to, including your FAS annual payment. If you want to check what the level is, please go to the HMRC website www.hmrc.gov.uk

Some people may have special protection for their benefits under HMRC rules. If this applies to you, please let us know as soon as possible.

If you think you may be affected by the lifetime allowance, we recommend that you seek advice from an independent financial adviser.

What we need from you

If you haven't received a health-related retirement illustration form

If you think you're entitled to receive early FAS payments because of ill health, please call us on 0330 678 0000 as soon as possible. We may need to ask you about the condition or disease you're suffering from so that we can send you the appropriate form.

Complete and return your health-related illustration form

Your health-related illustration form shows you how much you can receive. If we think, based on the initial information you provide, that you're eligible for more than one type of health-related payment, we'll send you multiple forms so that you can compare the different amounts you can receive.

It's important that you check you're happy with the figures we're quoting. You may want to speak to a financial adviser to help you with this.

If you're happy with the details on your illustration form, you must get your doctor to complete their declaration which confirms your illness. You'll also need to provide your bank details and complete your own declaration section. If any of these parts aren't completed correctly, we won't be able to set up your payment.

Summary of the main conditions and details

| Conditions for payment | Ill health | Severe ill health | Terminal Illness |
|--|--|---|---------------------------------------|
| When can I claim? | Within five years of FAS normal retirement age | From age 55 | At any age |
| Details of illness | Unable to work due to ill health and likely to remain so until FAS normal retirement age | <ul style="list-style-type: none"> Expected to live less than five years due to progressive disease, and Unable to work due to ill health and likely to remain so until FAS normal retirement age | Expected to live less than six months |
| Details of payment | | | |
| Reduced to reflect early payment | Yes | No | No |
| Accrued pension revalued up to the date the payments begin | Yes | Yes | Yes |

Contact us

FAS Member Services Team

FAS Member Services

Financial Assistance Scheme

PO Box 287

Wymondham

NR18 8EZ

Phone: 0330 678 0000 (Monday to Friday, 09.00 to 17.30)

Overseas Members: +44 (0)208 406 2121

Email: fasmembers@ppf.gsi.gov.uk

FAS member website: www.fasmembers.org.uk

Protecting your data

We take care to handle your personal data in compliance with data protection legislation.

We process your personal data, including health data, correctly and lawfully to enable assistance payments to be made to you, to keep you up-to-date with developments and to seek your feedback about ways we could improve our service.

We won't rent, swap or sell your personal data to any other organisation.

You can view our full privacy policy at:

www.fasmembers.org.uk or you can request a printed copy of the privacy policy be sent to you by using the contact details on page 14.

This booklet is for guidance only. It is necessarily simplified and not a definitive statement of law or entitlement.

Information in this document is based on our current understanding of the legislation in force at the time of writing. Payments will always have to be calculated in accordance with legislation which will, therefore, override in the case of any conflict.

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