



Ill health retirement benefits - Hybrid section

If you are unable to continue to work due to ill-health or disability, you may be eligible to receive an immediate pension, irrespective of your age. This is known as an incapacity pension.

If you fulfil the criteria for an incapacity pension your pension and lump sum can be paid immediately without reduction for early payment. In addition, if your illness is so severe that it is unlikely you will be able to work again, your benefits could be further increased (this is known as total incapacity).

Ill health retirement benefits: how it works

To qualify for ill health early retirement benefits, you must satisfy the definition of incapacity as defined in the pension scheme Rules. There are two tiers of benefits: incapacity and total incapacity.

Incapacity	Total incapacity
Incapacity means that you are unable to do your current or similar job because of your ill-health and will be unlikely to be well enough to do your current or a similar job for at least two years.	Total incapacity means that you are unable to do your current job, or a similar job, because of your ill-health and will be unlikely to work again, except at a significantly reduced rate of remuneration. This means your physical or mental health is severe enough to prevent you from working now and in the future, or it seriously reduces the amount you can earn.

How does the benefit work?

- | | |
|---|---|
| <ul style="list-style-type: none"> • In the case of an incapacity pension the pension benefits that you have built up to your date of your leaving can be paid immediately, without reduction, regardless of your age#. • If your application for an incapacity pension is granted you would leave United Utilities and the above pension benefits would be paid. | <ul style="list-style-type: none"> • In the case of total incapacity your pension will be made up to what it would have been at the Scheme's Normal Retirement Age* and your benefits can be paid immediately, without reduction#, regardless of your age. • If this is the case you would leave United Utilities and the above pension benefits would be paid. |
|---|---|

Who decides and how?

- Ill-health retirement is usually considered when you have been off work continuously for approximately 12 months (although the assessment process takes time and usually starts at around 9 months)
- The Trustee makes the decision about whether your application satisfies the Rules for ill health retirement. This is based on medical evidence and advice from the Trustee's medical adviser.

Note: The benefits payable on incapacity or total incapacity under the hybrid section are based on the definition of pensionable salary (capped) which applied prior to 1 April 2018 (including the way it increases). In addition, you will have a DC pot that is accessible at any age from 55, except in the case of serious ill-health (i.e. if you are terminally ill or have a short life expectancy where you may be able to take it entirely as a lump sum).

Usually early retirement is only available from age 55 and your pension would be reduced for early payment because it would be paid over a longer period of time.

* Normal Retirement Age for post 1 April 2010 service is the State Pension Age applicable to the individual, subject to a minimum age of 65.

For further information please contact WTW. Details can be found in the 'Contact Us' section of the UU pensions website