

Serious ill health lump sum

Taking all your benefits as a lump sum payment due to serious ill health

If you have a serious ill health condition that means you have limited life expectancy, we may be able to convert (or commute) your pension and pay all your benefits as a lump sum payment.

To be eligible for a serious ill health lump sum payment you:

- must have a life expectancy of less than 12 months, confirmed in writing by our medical panel
- haven't started taking your pension from the Retirement Income Builder (if you're flexibly retired, only your benefits that you haven't taken can be converted)
- haven't reached your Lifetime Allowance limit (if you have reached this limit the lump sum may still be payable but subject to additional tax charges)

Things to be aware of:

- You'll no longer pay in to USS and will stop building future benefits.
- No other benefits would be payable to you once you take serious ill health payment, including any lump sum under life cover that may have been payable to loved ones when you die. Pensions would still be payable to your spouse, civil partner, eligible children and/or other dependants as usual. See more on [what happens when you die](#).
- We recommend you get financial advice to help you make the right decisions for you and your family. See our [guidance and financial advice page](#) to find out who you can speak to.

When you're eligible

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

- have a life expectancy of less than 12 months, confirmed in writing by our medical panel
- haven't started taking your pension from the Retirement Income Builder. (Please note: if you're flexibly retired, only your benefits that you haven't taken can be converted.)
- haven't reached your [Lifetime Allowance](#) limit (if you have reached this limit the lump sum may still be payable but subject to additional tax charges).

What you'll get

You'll broadly get the benefits you've built up to the date you retire due to serious ill health as a lump sum payment. (If you've flexibly retired, this excludes the percentage of benefits you've already accessed.) The lump sum includes the value of any lump sum that would otherwise be payable under life cover on your death. (If you're flexibly retired, the lump sum payable and the lump sum under life cover excludes the percentage of benefits you've already accessed). You'll also get any other savings you may have in the Investment Builder paid as a lump sum.

If you would like to find out how much you'll get, you can ask for a quote from your employer. Or you can [contact us](#) directly if you've left USS but not retired.

Tax is not usually paid on lump sum payments made due to serious ill health unless you are age 75 or over when it's paid or if the payment takes you over your [Lifetime Allowance limit](#).

Applying for a serious ill health lump sum

What you need to do

Step 1: Get a medical opinion from your doctor, then speak to your employer. They'll begin the process with us and get all the information we need from you, including your doctor's medical report detailing your life expectancy. If you've left USS, [get in touch with us](#) rather than your employer.

Step 2: Complete the [application form](#) and send this to your employer if you're still paying in, or straight to us if you've left USS.

While the main application will be made by your employer if you're still with USS, you or your attorney will also need to print and complete your application and send this to us. Here, you'll confirm that you:

- have read this factsheet
- meet all application criteria
- have considered taking independent financial advice to see whether it's right for you and how any money should best be used/invested
- are aware of alternatives to taking a serious ill health lump sum and have financial provisions in place should your life expectancy be longer than estimated by your doctor.

Please note: If the application is made by your attorney on your behalf, a certified copy of the power of attorney must be sent with the application.

What happens next

Once we have your application and medical report it'll be reviewed by our medical panel who meet weekly. They will need to be satisfied that you have a life expectancy of less than 12 months. If they require any more medical information, we'll be in touch.

We'll then consider all the information and, with input from our medical experts, will decide whether to approve your application.

Rest assured that our medical panel is made up of experts – your application will be looked at by at least two doctors from the panel.

Approving your application

All serious ill health applications require the approval of USS – only members who meet the criteria may qualify. When we review your application, our medical panel must be satisfied that you're suffering from life limiting ill health, which means you have a life expectancy of less than 12 months.

If we approve your application

You'll need to confirm a retirement date with your employer if you're still paying in. This can be any time within six months from the date your application is approved, and payment of your lump sum will be treated as urgent. If you've left USS, your retirement date will need to be agreed with us.

If you die before a serious ill health lump sum is paid

If we agree your application before you die, the lump sum will be paid to your estate. However, in the unfortunate event that you die before our medical panel have given an opinion on your life expectancy, it won't be possible for us to approve your application. In this instance, your [life cover](#) will come into effect and your spouse, civil partner, eligible children and/or other dependants will be entitled to a pension plus a lump sum.

We know that this is a very difficult time for you and your family. We aim to make the serious ill health process as straightforward as possible and provide the information you need to make your decisions. If you're paying in to USS, get in touch with your employer's pensions contact in the first instance.

Whether you're paying in or have left USS, we're here to explain any part of the process and answer any questions you may have. You can call our Member Service Team on 0333 300 1043. Lines are open 9am-5pm, Monday to Friday.

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 will 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 terms](#) page.