

## **MEDICAL RETIREMENT OR MEDICAL INCAPACITY**

### ***What happens if I can't continue to work long term, but my employer can't keep my job open?***

When an employee is no longer able to do their job due to illness or injury, it can be a challenging time for both employees and employers.

In these situations, employees often feel vulnerable and stressed. They may worry about placing stress on other staff and be concerned about what will happen to them financially if they lose their job.

Similarly, their employer may feel pressure about how long they're going to keep the job open and how they'll run their organisation. They might also worry about how to treat the staff member with dignity and manage the workload while they go through any process.

The law does not require an employer to keep an employee in employment if they are unable to fulfil their role, due to illness or injury, or not able to do their work. The question is how long an employer should keep the role open for the employee to return to.

Before making a decision on what to do, the employer needs to understand how long the employee is likely to be off work and whether they'll be able to do their job again.

To get this information, the employer should work in a positive and supportive way with their employee.

Employers should make sure that any investigation into understanding the medical situation for their employee is not viewed as a disciplinary investigation - the employee has not done anything wrong.

Employers should follow a fair and reasonable process.

### ***What are the factors my employer needs to consider before deciding to end the employment relationship?***

An employer needs to reasonably believe that an employee can no longer do their job and that the employer cannot reasonably keep the job open for them. To do this, the employer should consider a range of factors, including:

- The terms of the employment agreement.

- The nature and extent of the illness, including how long the employee has already been away from work. Where the incapacity is caused by a health issue, the employer will request appropriate medical advice to ensure a fair decision is made, with a complete understanding of the individual's condition. Sometimes it may be appropriate to ask for independent or specialist advice. Employees have the right to refuse to provide an employer with access to their medical information unless this is required in their employment agreement (even then, they can decline). If an employee is not willing to provide this information, the employer will make a decision based on the information available to them.
- The nature of the employment and how important the employee's role is to the employer's organisation. Consider:
  - the size of the organisation
  - if the employer has been able to manage for long periods of time without the employee or they've had to bring in someone else to do the job
  - what the financial impacts of the employee's absence are on the organisation
- The projected recovery and return to work timeline (which should be based on objective information such as a doctor's report).
- The employee's entitlement to sick leave (paid and unpaid).
- How long an employee has been employed with the employer.
- Steps the employer can take to help with rehabilitation, such as providing part-time or light duties.
- How long the employee would have been employed if not for the problem.
- If there are any alternatives to dismissal that are reasonable in the circumstances – such as part-time or reduced hours, or medical retirement.
- If the employer is at fault for the employee's problems in any way. For example, where the employer may have failed to provide a safe workplace, causing mental stress to the employee, who then has to take a lengthy period of time off to recover.

After making the decision that it is reasonable for the employment relationship to end, the employer should decide which process to take. There are two possible options: medical retirement or dismissal due to medical incapacity.

### ***What is medical retirement?***

Medical retirement allows an employee to leave an organisation with dignity. It is different from normal retirement, because after normal retirement, the employee doesn't often work again. After medical retirement, the employee often looks for a different job that is not limited by the illness or injury. Medical retirement must be agreed by both the employer and the employee. Employers should consider discussing it as a possible option with the employee before deciding on dismissal for incapacity. Medical retirement provisions may be in an employment agreement or

workplace policy, but even if they're not, the employer and employee can still agree to medical retirement (the agreement should be in writing).

Medical retirement usually has benefits to both parties:

- The employer has some certainty, is able to hire someone else for the job sooner, and reduces the chance of a personal grievance.
- For the employee, having medical retirement as the reason for leaving will be reflected in their record of service and in any references that the employer gives them (rather than dismissal for incapacity). A medical retirement package may include a financial payment which can provide some financial security while the employee gets better and considers future options. Sometimes a medical retirement package includes career support, EAP counselling or medical assistance.

It is good for the employee to have a representative or support person with them for any conversation on medical retirement. A support person can be helpful for the employee in what can be an emotional conversation, and it will mean that they have someone else in the room who is less personally affected and can hear the information, ask questions, and talk the options through with the employee either during or after the meeting/s.

If, after a fair process and discussion has been held, the employee does not agree to medical retirement, and doesn't want to resign or otherwise leave their employment, and the employer decides there is no alternative but for the employment relationship to end, then the employer may need to use dismissal for medical incapacity.

### ***What does a dismissal for medical incapacity involve?***

When dismissing an employee for incapacity, the employer must follow the principles of a fair process. See above for the list of considerations the employer must consider before they make the decision to end the employment relationship.

Employers should be aware that it is common for a dismissal for medical incapacity process to take a number of weeks, if not months, and there will be a number of meetings or exchanges of information. This makes sure that both parties have had an opportunity to present evidence and give feedback, and ensures that all alternatives have been considered.

It's important to note that dismissal for medical incapacity is a lengthy and complex route to go down for the employee and employer alike and is fairly rare. Open communication with your employer can help avoid this. Keeping the employer informed about your recovery journey will help you set expectations with them as to how much you can work as you get the help you require.