NHS Pensions - Life assurance and family benefits 1995 Section

The Scheme provides pension and lump sum benefits to your eligible dependants in the event of your death and you are automatically covered by the Schemes life assurance benefits from the day you join. The benefits payable will depend on your circumstances at the time of your death.

Lump sums

A lump sum payable on the death of a member will be automatically paid to your spouse, registered civil partner or nominated qualifying partner, subject to meeting the eligibility criteria. If you do not want this to happen you have the option to nominate someone else to receive the benefit using the Lump sum on death benefit nomination (DB2) form available on our website. The lump sum is not normally included in an Inheritance Tax assessment if the payment is made to your legal spouse or registered civil partner. If the payment is made to a nominated person or persons, or to a member’s estate, then the lump sum will normally be included for an Inheritance Tax assessment.

If you nominate a person or persons they should check their own tax position with HMRC.

If the payment of the death lump sum partly or wholly causes you to exceed HMRC’s Lifetime Allowance (LTA), then the excess payment above the LTA will be subject to a LTA charge.

Whenever a death lump sum is payable we will inform your legal personal representative of the amount and percentage of the standard LTA represented by the death lump sum. Your legal personal representative is responsible for notifying this figure to HMRC if there is a LTA charge. The beneficiary of the death lump sum is legally responsible for paying any LTA charge that may become due.

Any lump sum must be paid within two years of the date that the Scheme was first notified of the member’s death. After two years the lump sum will be subject to a HM Revenue & Customs (HMRC) tax charge of up to 45%. NHS Pensions has no discretion and must deduct the tax charge from the lump sum payment.
If you are legally married (including separated), or have formed a civil partnership, your surviving spouse or civil partner will automatically get the lump sum unless you have nominated anyone else on the Lump sum on death benefit nomination (DB2) form.

If you have nominated a qualifying partner and they satisfy the eligibility criteria, your nominated partner will automatically get the lump sum unless you have nominated someone else on the Lump sum on death benefit nomination (DB2) form.

You can get this form from our website or your Pension Officer can download a copy for you. The lump sum will then be paid to your nominee(s).

If you are single without a nominated qualifying partner, divorced or have terminated a civil partnership, the lump sum will be paid automatically to your estate unless you have nominated anyone on the Lump sum on death benefit nomination (DB2) form.

You can nominate as many people as you like, or alternatively one organisation. An organisation must be one of the following:

- A body corporate
- An unincorporated body
- Your personal legal representative.

The lump sum will then be paid to your nominees automatically, without waiting for Grant of Probate or Letters of Administration.

If you have pensionable membership from 1 April 2008 you can change your instructions on form DB2 at anytime and a new form DB2 replaces any previous DB2. The options available for death benefits nominations are:

- **DB1** – for members that left or retired from the Scheme before 1 April 2008
- **DB2** – for members that are or were members of the Scheme on or after 1 April 2008
- **NOM1** – Cancelling a death benefit nomination.

**Adult dependant’s pension**

This information only applies to members who have pensionable Scheme membership on or after 1 April 2008.

Pensions for adult dependants can be paid to:
• a legal spouse

• a registered civil partner

• a nominated partner with whom you have an exclusive long-term committed relationship of at least two years and upon whom you are either financially dependent or inter-dependent.

A form PN1 to nominate a non-legal partner can be downloaded from our website. The benefits payable will depend on your circumstances when you die and you are advised to tell your next of kin or personal representative about the benefits that may be payable on your death.

**You should not complete this form if either of you are currently married or in a civil partnership with someone else.**

An adult dependant’s pension for your legal spouse, civil partner or nominated qualifying partner is payable for life, even if your spouse, civil partner or nominated partner remarries or begins living with someone as their spouse, civil partner or partner.

**Important note:** Surviving partners of members who had a last day of membership before 1 April 2008 will lose their adult dependant’s pension if they re-marry or co-habit.

A spouse, civil partner or nominated qualifying partners adult dependant’s pension will normally be based on your membership from 6 April 1988 only unless:

• You are the widow of a male member whose membership started prior to 6 April 1988 (membership prior to 6 April 1988 will be included),

• extra cover was bought for any membership before 6 April 1988 or

• a successful allocation nomination was made in respect of a financially dependent legal partner.

Nomination for full spouse or civil partners cover should not be confused with nomination for the lump sum on death described previously.

**Children’s pensions**

Children’s pensions are based on your pension and membership. They can be paid to anyone who has care of the children or to the children if they look after themselves.
The amount of the pension depends on the number of dependent children, and whether there is a surviving parent who will get a Scheme adult dependant's pension.

The following information only applies to members who have pensionable Scheme membership on or after 01 April 2008.

A dependant 'child' is someone who is financially reliant or dependant on you and is:

- under age 23 or
- aged 23 or over but unable to earn a living due to a permanent physical or mental condition which he or she was suffering from at the time of your death.

If a 'child' is dependant because of a permanent physical or mental condition we will ask for medical advice and a medical report before paying the pension.

or,

Where your Scheme membership ended before 1 April 2008:

- under age 17, or
- age 17 or over but still in full time education or training, or
- regardless of age, unable to earn a living due to a permanent physical or mental condition which he or she was suffering from at the time of your death.

or,

Where your Scheme membership ended before 1 April 2006:

- under age 17, or
- age 17 or over but still in full time education or training and have been so continuously since the age of 17, or
- regardless of age, they are unable to earn a living due to a permanent physical or mental condition.

A ‘child’ includes a member's child, an adopted child, a step child, a child of your civil or nominated qualifying partner, a grandchild, any dependant child, and a nephew or a niece.

If there is entitlement to an adult dependant's pension from the Scheme the pension is usually a proportion of the pension that would be payable on your death:
• for one child - one quarter of the children’s pension
• for two or more children - one half of the pension.

If there is no entitlement to an adult dependant’s pension from the Scheme, the pension is usually:

• for one child - one third of the pension
• for two or more children - two thirds of the pension divided between them.

The amount of dependants benefit payable in the first year after your death is limited by HMRC to no more than you would have received in pension.

**What if I die in pensionable employment?**

If you die in pensionable employment (but not pensionable re-employment) we will pay a lump sum equal to:

• two years actual pensionable pay for 1995 Section members
• two years actual reckonable pay for 2008 Section members
• twice the annual average of the uprated pensionable pay earned throughout their career for general medical, ophthalmic, locum and dental practitioners.

**How much will the adult dependant’s pension be?**

If you have less than two years membership when you die, your spouse, civil partner or nominated qualifying partner will get a short term pension for 6 months. The pension will be at the same rate as your actual pensionable pay at the time of your death.

If you have at least two years membership when you die, your spouse or partner will get the short term pension for six months. The pension will be at the same rate as your actual pensionable pay at the time of your death.

Spouse, civil partners and nominated qualifying partners will get an adult dependant’s pension payable for life of half the amount of a Tier 2 ill health pension you would have received on the date of your death, based on your membership since 6 April 1988 only.

Widows of male members will get an adult dependant’s pension payable for half the amount of a Tier 2 ill health pension you would have received on the date of your death. This includes membership held prior to 6 April 1988.

The ill health section of the Member Guide explains how ill health pensions are worked out.
Children’s pension

A pension may be paid for any children who were dependant on you at the time of your death.

Where a Scheme adult dependant’s pension is being paid and the dependant child is living in the same household, we will also pay the normal children’s pension from the day following your date of death.

Where a Scheme adult dependant’s pension is being paid and the dependant child is not dependant on that widow, widower or surviving civil partner, we will pay from the day after the date of death:

- an pension for three months. The amount of the pension will be the same as your actual pensionable pay on the day you died, then

- the normal rate of children’s pension.

Where there is no entitlement to a Scheme adult dependant's pension, we will pay from the day after your date of death:

- an pension for six months. The amount of the pension will be the same as your actual pensionable pay on the day you died, then

- the normal rate of children’s pension.

Amount of children’s pension

The children’s pension is usually a proportion of the amount of the Tier 2 ill health pension you would have received on the date of your death or if greater the amount of your pension based on 10 years’ membership.

Bigger survivor pension – allocation

If you are in good health for your age you can give any dependant a pension when you die, by applying to allocate (give up) part of your own pension. You can also do this to give a spouse, partner or a child a bigger pension, but you cannot change your mind afterwards, even if the chosen person dies before you. There are time limits on when you can apply, so if you are thinking about this you should contact NHS Pensions before you retire.

What if I am employed as a bank worker or a freelance GP locum?
A bank nurse or a freelance GP locum is regarded as being in pensionable employment if they are at work and paying into the pension Scheme. For example, if you are contracted to work 9am – 5pm Monday until Wednesday you are covered for ‘death in service’ benefits from 9am Monday until 5pm Wednesday only.

However, if you were to die on the Thursday, regardless of whether you were due to return to work the following Monday you would not be regarded as being in pensionable employment and not eligible for ‘death in service’ benefits.

Instead, the Scheme would pay benefits as if you had died within 12 months of leaving (see below).

A bank nurse or freelance GP locum who is available for work, by virtue of being on an employers ‘list’ or ‘bank’ but who is not actually at work is not covered for ‘in service’ benefits.

What if I die after I retire?

A lump sum is not normally paid when a Scheme pensioner dies, but if death occurs within five years of retirement, the lump sum will be the lesser of either:

- five times your annual pension less the amount of pension already paid, or
- twice your actual pensionable pay less any retirement lump sum paid

Your spouse, civil partner or qualifying nominated partner will get a short term pension for the first three months, six months if you leave at least one child who is dependant on your spouse or partner.

Adult dependant’s pension

Spouses, civil partners and nominated qualifying partners will get an adult dependant’s pension payable for life of half the amount of a Tier 2 ill health pension you would have received on the date of your death, based on your membership since 6 April 1988 only (this will only be for life if there was membership on or after 1 April 2008).

Widows of male members will be entitled to the same as the above, however, membership accrued before 6 April 1988 will also be included.

Children’s pension

A pension may be paid from the day after your death for any children who were dependant on you both when you retired and at your date of death, or
A pension may be paid for a dependant child that was born one year or less after the day you left pensionable employment and who is/was dependant on you at the time of being born and at your date of death or would have been dependant on you had you not died before the child was born.

**What if I die during re-employment?**

If you die in pensionable re-employment following retirement there will be two elements to be considered in calculating the lump sum as follows:

- the lump sum in respect of the benefits that you have earned in re-employment, and
- where death occurs within five years of retirement, the lump sum in respect of your original retirement pension

**How is each element of the lump sum calculated?**

- the lump sum in respect of your re-employment will be equal to five times the pension for your built up membership

- the lump sum in respect of any retirement benefits that have been in payment for less than five years will be the lesser of either:
  - five times your annual pension less the amount of pension already paid, or
  - twice your actual pensionable pay less any retirement lump sum paid

**How will the adult dependant’s pension be calculated?**

There will be two elements to consider when calculating the adult dependant’s pension, reflecting the rules relating to both death before and after retirement. Entitlement to each element will depend on whether you were married to your spouse when you first retired and/or at the date of death.

- providing you were married when you first retired your spouse or partner will get a short term pension for the first three months, six months if you leave at least one child who is dependant on your spouse or partner, at the same pension rate you were getting when you died, plus

- the employer for whom you are working at the time of death will pay a short term pension for six months based on your re-employed earnings.
After the short term pensions have ended your spouse or partner will get an adult dependant’s pension (payable for life if you have membership on or after 1 April 2008). Again, there may be two elements to consider depending on the circumstances:

- the adult dependant’s pension element notified at the time of your first retirement, if appropriate, plus

- an adult dependant’s pension equal to half the pension you would have got if you had retired on the day you died in respect of the re-employed membership only.

**Children’s pension**

There will be two elements to consider in calculating this benefit, reflecting the rules relating to both death before and after retirement.

Entitlement to each element will depend on whether the child was dependant when you first retired and/or at the date of death.

All dependency and eligibility criteria must be satisfied in respect of the pension already in payment and in respect of the re-employed pensionable membership.

**What if I die after I have left the Scheme but not retired?**

The Scheme will normally pay a lump sum when any former member dies:

- within 12 months of leaving pensionable employment, or

- with deferred benefits.

The lump sum will be three times the annual pension you would have got if you had retired on the day you died.

No benefit is payable if you had a refund of contributions or transferred your pension rights to another pension arrangement.

**Adult dependant’s pension**

The amount of pension depends on when you left the Scheme and whether you were married or had a registered civil partner or a nominated qualifying partner at the time of leaving.
If you were married, had a civil partner or nominated qualifying partner before you left the Scheme, no short term pension will be paid, but your spouse or partner will get an adult dependant’s pension from the day after the date of your death.

If you die within 12 months of leaving the Scheme, we will pay a lump sum equal to three times the pension you would have received on the day you died.

**How much would adult dependant’s pension be?**

If you have less than two years membership when you die and have not claimed a refund of your contributions, your widow may be entitled to a widow's Guaranteed Minimum Pension (GMP).

If you have two or more years membership when you die:

- Spouses, civil partners and nominated qualifying partners will get a adult dependant’s pension payable for life of half the amount of a Tier 2 ill health pension you would have received on the date of your death, based on your membership since 6 April 1988 only (this will only be for life if there was membership on or after 1 April 2008).

- Widows of male members will be entitled to the same as the above, however, membership accrued before 6 April 1988 will also be included.

The ill health section of the Member Guide explains how ill health pensions are worked out.

**If you die with deferred benefits, 12 months or more after leaving the Scheme:**

- **a spouse or surviving partner** will get a pension of one half of the deferred pension the member would have got if they had retired on the date of their death, based on membership since 6 April 1988 only. There will be a bigger adult dependant’s pension if the member paid for adult dependant’s pension cover before 6 April 1988 or made a successful allocation nomination.

- **a widow of a male member** will get an adult dependant's pension of half of the deferred pension her spouse would of got if he had retired on the day he died. This includes membership accrued prior to 6 April 1988.

**Children’s pension**

A pension may be paid from the day after your death for any children who were dependant on you both when you left the Scheme and at your date of death, or
A pension may be paid for a dependant child that was born one year or less after the day you retired and who is/was dependant on you at the time of being born and at your date of death or would have been dependant on you had you not died.

Claiming the benefits

Anyone who wants to claim the Scheme benefits in respect of a current Scheme member who has died should contact the Pensions Officer at the member’s place of work. Anyone who wants to claim the Scheme benefits in respect of a former Scheme member who has died should contact NHS Pensions.

NHS Money Purchase and Stakeholder Pensions

If you paid to a NHS Money Purchase or Stakeholder pension during your Scheme membership there may be additional benefits payable. In these circumstances anyone claiming Scheme benefits following your death should write to the appropriate company enclosing either your original death certificate or a copy that has been certified by a Solicitor or Commissioner of Oaths as a true copy of the original.