

NHS Pension Scheme life assurance and family benefits

Introduction

The NHS Pension Scheme (the Scheme) provides pension and lump sum benefits to your eligible dependants in the event of your death. You are automatically covered by the Scheme's life assurance benefits from the day you join, and also following your retirement. The benefits payable will depend on your circumstances at the time of your death.

If you work for the NHS on an irregular basis, for example you are a bank nurse / bank worker or freelance GP locum, please refer to the separate guidance below.

Lump Sum

The lump sum payable upon death in pensionable employment (excluding death in re-employment) is twice your actual pensionable earnings but there are variations depending on what type of member you are and which Section/Scheme you are a member of.

If you are a deferred scheme member the lump sum is based on your accrued annual pension benefits.

If you are already an NHS pensioner and have been in receipt of your NHS pension for less than five years when you die, a lump sum on death may be payable.

If you have not nominated another person to receive your lump sum it will be automatically paid to your spouse, registered civil partner, or Scheme partner (subject to them meeting the eligibility criteria).

A scheme partner is a person with whom you have an exclusive long-term committed relationship with. Eligibility is tested at the date of death for example, for a continuous period of at least two years ending with your date of death, you and your partner must be living together in the same household as if you were married or civil partners; both must be free to marry or enter into a civil partnership; you must be either financially interdependent or your partner must be financially dependent on you and neither of you must be living with someone else as if you are married or in a civil partnership.

Form PN1 to nominate your partner can be downloaded from our website.

If you do not want the lump sum to go to your spouse, registered civil partner, or qualifying Scheme partner, you have the option to nominate someone else to receive it using the DB2 lump sum on death benefit nomination form available on our website. Alternatively your Pension/Payroll Officer may be able to download a copy for you. The lump sum will then be paid to your nominee(s).

The lump sum is not normally included in a HMRC 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(s), a qualifying scheme partner, or to a member's estate, then the lump sum will normally be included in a HMRC Inheritance Tax assessment. If you nominate someone, the recipient or child's guardian should check with HMRC if the payment should be included in a HMRC Inheritance Tax assessment.

If the payment of the 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 charge.

If you are legally married (including separated), formed a civil partnership (including separated), or have a qualifying scheme partner, your survivor will automatically get the lump sum unless you have nominated someone else on the DB2 form.

In the event your partner does not meet the eligibility criteria of a Scheme partner it is recommended that if you want the lump sum to go to your partner you also complete form DB2 as well as the PN1 form.

If you are single without a scheme partner, widowed, divorced or have dissolved a civil partnership, the lump sum will be paid automatically to your estate unless you have nominated someone on the DB2 lump sum on death benefit nomination form.

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

- a body corporate
- an unincorporated body
- your legal personal 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 on or after 1 April 2008 you can change your instructions on form DB2 at anytime.. The options available for death benefits nominations are:

- DB1 – for members who left the Scheme or retired before 1 April 2008

- DB2 – for members who have Scheme membership on or after 1 April 2008
- NOM1 – for members who have Scheme membership on or after 1 April 2008 - cancelling a partner nomination and / or death benefit nomination.

When a lump sum on death is payable, we will inform your legal personal representative of the amount and percentage of the standard LTA represented by the lump sum. Your legal personal representative is responsible for notifying this figure to HMRC if there is an LTA charge. The beneficiary of the 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 is first notified of the member's death. After two years the lump sum is subject to a HMRC tax charge of up to 45%. NHS Pensions has no discretion and must deduct the tax charge from the lump sum payment.

Adult dependent's pensions

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

The adult dependent's pension is payable in the event of the death of an active, deferred, or pensioner scheme member.

An NHS adult dependents pension can be paid to:

- a legal spouse
- a registered civil partner
- a qualifying scheme partner.

The benefits payable to a qualifying scheme partner 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.

An adult dependant's pension for your legal spouse, civil partner or qualifying scheme partner is payable for life, even if they remarry or begin living with someone as their spouse or civil partner.

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

If you die in active pensionable employment with less than two years scheme membership having reached your normal pension age your spouse, civil partner, or qualifying scheme partner will get a short-term pension only, payable for six months. The pension will be at the same rate as your actual pensionable pay at the time of your death. They will then get

an adult's dependant's pension, payable for life, based on a proportion of your annual pension.

If you die in active pensionable employment with less than two years membership but before your normal pension age your spouse, civil partner, or qualifying scheme partner will get a short-term pension for six months. Your spouse, civil partner, but not a qualifying scheme partner, may then receive a pension equal to the Guaranteed Minimum Pension (GMP).

If you die in active pensionable employment after your normal pension age with at least two years Scheme membership your spouse, civil partner, or qualifying Scheme partner will get the short-term pension for six months, based on your pensionable pay at the time of your death. They will then get an adult dependent's pension payable for life based on a proportion of your accrued annual pension.

If you die in active pensionable employment before your normal pension age with at least two years scheme membership your spouse, civil partner, or qualifying scheme partner will get the short-term pension for six months, based on your pensionable pay at the time of your death. They will then get an adult dependent's pension payable for life based on a proportion of the notional tier 2 ill-health pension you would have received on the date of death.

If you are a deferred Scheme member when you die the adult dependent's pension is a proportion of your accrued NHS annual pension. As there is no short-term pension payable the adult dependant's pension is payable from the day after the date of death.

If you are already in receipt of your NHS pension the adult dependent's pension is a proportion of your actual NHS annual pension.

Important note: All survivor benefits payable for qualifying scheme partners will be calculated using service from 6 April 1988 only.

Children's Pensions

A children's pension may be payable in the event of the death of an active, deferred, or pensioner Scheme member. The children's pension(s) payable will depend on the circumstances at the time of your death. The pension can be paid to anyone caring for the children or to the children if they look after themselves.

The amount of children's pension payable depends on the number of eligible dependent children and if there is a surviving parent who qualifies for the Scheme adult dependant's pension. If there is no adult dependent's pension payable the amount of the children's pension may increase.

If you have scheme membership on or after 1 April 2008, a dependent child is someone who is dependent 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.

If your scheme membership ended before 1 April 2008 a dependent child is someone who:

- is under age 17, or
- is age 17 or over but still in full time education or training, or
- regardless of age, is 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.

Important Note: Age restrictions on the payment of a children's pension may apply if your last day of pensionable service in the 1995 Section is on or after 1 April 2008.

A dependent child may include a member's natural child, an adopted child, a stepchild, a child of your civil or scheme partner, a grandchild, a nephew or a niece. Eligibility conditions apply which include when the child was born and when you left the Scheme

NHS money purchase and stakeholder pensions

If you paid to an 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 provider 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.

Bank nurse / bank workers and freelance GP locums

A bank nurse / bank worker or a freelance GP locum is regarded as being in NHS pensionable employment if they are at work and paying employee contributions into the Scheme. A bank nurse / bank worker or freelance GP locum who is available for work but who is not actually at work when they die is not covered for 'death in service' benefits.

For example, if you are contracted to work 9am to 5pm, Monday, Tuesday, and Wednesday you are covered for 'death in service' benefits upon joining the Scheme from 9am Monday until midnight on Wednesday. But, 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 death benefits as if you had died within 12 months of leaving pensionable employment.

For example, if you are contracted to work 9am to 5pm on a Monday only you are covered for 'death in service' benefits upon joining the Scheme from 9am Monday until midnight. If you died on the Tuesday, regardless of whether you were due to return to work at some time in the future, you would not be regarded as being in pensionable employment and not eligible for 'death in service' benefits.

Instead, the Scheme would pay death benefits as if you had died within 12 months of leaving pensionable employment.