

NHS Pension Scheme: Life Assurance and Family Benefits Factsheet 2008 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 form DB2 available to download from our [Pension Scheme forms](#) section. 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 members 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 HMRCs lifetime allowance (LTA), then the excess payment above the LTA will be subject to a lifetime allowance charge (LTAC).

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

The death lump sum must be claimed and paid within 2 years of the date upon which the Scheme was first notified of your death otherwise it becomes an 'unauthorised' payment under HMRC rules and is subject to 40% tax.

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 form DB2.

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 form DB2.

You can get this form from our website by following the link above 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 form DB2.

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.

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:

- DB2 – for members that are or were members of the Scheme on or after 1 April 2008
- NOM1 – Cancelling a death benefit nomination

Pensions for Surviving Partners

Pensions for surviving partners 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 [here](#). 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.

A Surviving Partner 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.

A widower, civil partner or nominated qualifying partners Surviving Partner Pension will normally be based on your membership from 6 April 1988 **only** unless:

- 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 widower or civil partners cover should not be confused with nomination for the Life Assurance Lump Sum described previously.

The Surviving Partner Pension will be 37.5% of your own pension. If you are a GP the Surviving Partner Pension will be 70/187ths of your own pension.

Allowances for Dependant Children

The amount of the child allowance depends on the number of dependant children, and whether there is a surviving parent or partner who will get a Scheme Surviving Partner Pension.

The pension for distribution as child allowance is 75%, or for general practitioners 140/187ths, of the pension, before commutation that you would have been entitled to had you been awarded a tier 2 ill-health pension on the day of your death. The ill-health section of the Scheme Guide explains how ill-health pensions are calculated.

If there is entitlement to a Surviving Partner Pension from the Scheme the allowance is usually a proportion of the pension that would be payable on your death

- for 1 child - one quarter of the pension
- for 2 or more children - one half of the pension

If there is no entitlement to a Surviving Partner Pension from the Scheme, the allowance is usually:

- for 1 child - one third of the pension
- for 2 or more children - two thirds of the pension divided between them.

What if I die in pensionable employment?

If you die in pensionable employment we will pay a lump sum equal to 2 years reckonable pay provided you have not drawn down any of your pension.

If you are a general practitioner the lump sum will be twice the annual average of the uprated pensionable pay earned throughout your career.

How much would the Surviving Partner Pension be?

If you have less than 2 years membership when you die, your spouse or partner will get a short term pension for 6 months. The pension will be at the same rate as your pensionable pay at the time of your death. If you are a general practitioner the pension will be based on your average pensionable earnings during the last complete quarter.

If you have 2 or more years membership when you die, your spouse or partner will get the short term pension for 6 months; thereafter a Surviving Partner Pension will be payable for life. The Surviving Partner Pension will be 37.5% of the tier 2 ill-health pension you would have received on the day of your death.

If you are a general practitioner the Surviving Partner Pension will be 70/187ths of the tier 2 ill-health pension you would have received on the day of your death.

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

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 husband, wife, civil partner, nominated qualifying partner or 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 pension draw down?

If you die in pensionable employment following a pension draw down there will be two elements to be considered in calculating the lump sum as follows:

- the lump sum in respect of the benefits that have not been claimed

where death occurs within 5 years of a pension draw down, the lump sum in respect of the drawn down benefits

How will each element of the lump sum be calculated?

The lump sum in respect of the benefits that have not been drawn down will be twice reckonable pay adjusted by the proportion of those benefits to the total value of all your Scheme benefits.

The lump sum in respect of the drawn down benefits will be the lesser of either:

- 5 times the post-commuted pension less the amount of pension actually paid or
- twice the actual reckonable pay used in the calculation of the most recent drawn down benefits, adjusted by the proportion of drawn down benefits to the total value of all your Scheme benefits less the amount of lump sum taken

How will the Surviving Partner Pension be calculated?

The initial pension will be calculated as two elements, reflecting the rules relating to both death before and after retirement. After the short term pension has ended your spouse or partner will get a Surviving Partner Pension payable for life.

What if I die after I retire?

A lump sum is not normally paid when a Scheme pensioner dies, but if death occurs within 5 years of retirement the lump sum will be the lesser of either:

- 5 times the pension less the amount of pension already paid or

twice the members pensionable pay less any retirement lump sum paid

Pensions for surviving partners

Your spouse or partner will get a short term pension for 3 months at the same rate you were getting when you died; they will then get a Surviving Partner Pension payable for life.

The Surviving Partner Pension will be 37.5% of your own pension.

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 5 years of retirement, the lump sum in respect of your retirement pension

How is each element of the lump sum calculated?

The lump sum in respect of your re-employment will be 5 times your pension.

The lump sum in respect of any retirement benefits that have been in payment for less than 5 years will be the lesser of either:

- 5 times the post-commuted pension less the amount of pension actually paid or
- twice the reckonable pay used in the retirement benefits calculation, adjusted by the proportion of retirement benefits to the total value of all your Scheme benefits, less the amount of lump sum already taken

How will the Surviving Partner Pension be calculated?

The initial pension will be calculated as two elements, reflecting the rules relating to both death before and after retirement. After the short term pension has ended your spouse or partner will get a Surviving Partner Pension payable for life.

What if 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 two and a quarter times the annual pension the member would have got if they had retired on the day they died.

No further benefits are payable if you had a refund of contributions or transferred your pension rights to another pension arrangement.

Pensions for surviving partners

The amount of pension depends on when you left the Scheme.

If you die within 12 months of leaving the Scheme no short term pension will be paid, but your spouse or partner will get a Surviving Partner Pension payable for life from the date of death. The Surviving Partner Pension will be 37.5% of the tier 2 ill-health pension you would have received on the day of your death.

If you are a general practitioner the Surviving Partner Pension will be 70/187ths of the tier 2 ill-health pension you would have received on the day of your death.

The ill-health section of the Scheme Guide gives more information about how ill-health pensions are worked out.

For members who die with deferred benefits no short term pension will be paid, but the spouse or partner will get a Surviving Partner Pension payable for life from the date of death.

The Surviving Partner Pension will be 37.5% of your own pension.

If you are a general practitioner the Surviving Partner Pension will be 70/187ths of your own pension.