



Survivor and death benefits

January 2011

The Teachers' Pension Scheme (TPS) provides important benefits which may be paid to your beneficiaries after your death.

within 2 years of TP becoming aware of the member's death. Otherwise it will be an unauthorised payment and subject to tax.

Death grants

- + A death grant may be paid after the death of a scheme member, former scheme member or in some cases after the death of a pensioner.
- + The death grant may be paid to your nominee but if there is no nominee, to your spouse, registered civil partner or nominated partner. If you have none of these it will be paid to your estate.
- + If you nominate someone to receive your death grant it is important that you keep this up to date. You can register a nominee on the Teachers' Pensions website at www.teacherspensions.co.uk.
- + Teachers' Pensions (TP) must have sight of the original death certificate before payment can be made.
- + If the death grant is more than £5,000 and has to be paid to your estate, it can only be paid after either a Grant of Probate or Letters of Administration have been seen.
- + Any death grant must be paid

- + The Inheritance Tax position of the death grant is a matter for Her Majesty's Revenue and Customs.

In service death grants

There is no minimum qualifying period for an 'in service' death grant.

It is payable where:

- + you die in pensionable employment;
- + you die within 12 months of leaving pensionable employment due to ill-health and you are not in receipt of retirement benefits; or
- + you die while on unpaid maternity, paternity, parental or adoption leave.

The death grant is calculated at three times your average salary and further information on this can be found in the fact sheet 'Average salary'.

Out of service death grants

An 'out of service' death grant is payable where you die after leaving pensionable employment.

You must have completed the minimum qualifying period of 2 years' service accrued after 5 April 1988, or 5 years at any time.

If you have no dependant at the date of death, the death grant is calculated as follows, with the higher amount being paid:

- + the value of a lump sum based on your teaching service to the date of death calculated at the rate of 3/80ths of your 'average salary' for each year of service, increased by factors provided by HM Treasury up to death or,
- + the value of the contributions you paid to the TPS plus interest at 3% per annum to the date of death.

If there is a dependant's pension payable, the death grant is the first of these two alternatives.

Supplementary death grant

If you die after retirement, and the total amount of pension that you have received is less than five times your annual rate of pension, a supplementary death grant amounting to the difference may be paid.

Dependants' pensions provided by the TPS

- + If you are unmarried or are not a registered civil partner, you can nominate your partner to receive benefits after you die. Further information can be found in the fact sheet 'Partner benefits' available on the website. Again you should ensure that you keep your nomination current.

Financially dependent relatives

- + If you are unmarried, are not a registered civil partner and have not nominated a partner, you may nominate a financially dependent close relative to receive a pension when you die.
- + A close relative is a parent, a step-parent; a brother or sister; provided they are widowed or have never been married or in a civil partnership.
- + The nomination will lapse if you marry, register a civil partnership, nominate a partner or your dependant marries or registers a civil partnership.
- + For a nomination to be accepted, you and your nominee have to establish that your nominee is wholly or mainly financially dependent upon you.

- + A financial dependency check will be undertaken when you die.
- + A nomination can be submitted by completing the financial dependency form, which can be obtained by visiting the TP website www.teacherspensions.co.uk or from your employer.

Short-term pensions - these are paid for the first three months after your death

- + If you die in service or within a year of leaving because of ill health, but have not received ill-health benefits, a short-term pension based on your salary may be paid to your dependant(s).
- + Your employer should be notified about your death so that this process can commence.
- + This pension is paid by your employer based on your final salary less any deductions for income tax.
- + A short-term pension is not paid if you die more than one year after leaving pensionable service and have not retired.
- + If you die after retirement, a short-term pension is only paid if a long-term dependants' pension is due to be paid. It is

paid at the rate of your final pension.

- + An equivalent short-term pension is payable for one or more eligible children, paid at the same time.
- + If you do not have an adult dependant but have one or more eligible children, a short-term pension is paid for six months at the rate of your final salary or pension.
- + If you are subject to a Pension Sharing Order, the short-term pension will be calculated on your reduced pension, but any child's short-term pension will not be reduced.

Long-term pensions

- + The payment of the long-term pension is dependent on you having at least two years service counting for survivor benefits.
- + A long-term pension is paid immediately after the short-term pension stops.
- + Long-term pensions are reviewed annually in line with the rise in the cost of living.
- + The long-term pension is calculated at the rate of 1/160th of your average salary for each year of survivor benefits service.
- + This pension is payable for life,

provided you have pensionable employment on or after 1 January 2007. If this is not the case the pension will cease if the recipient re-marries, enters into a civil partnership or co-habits.

- + If you are subject to a Pension Sharing Order, any adult's pension will also be reduced, but children will receive an unreduced pension.

Children's pensions

Children are:

- + your children born during your lifetime or within 12 months of your death; or
- + adopted children; or
- + unadopted children who live as part of your family and are financially dependent.

To qualify children must be unmarried and:

- + under 17 years of age; or
- + if 17 or over, been receiving, since 17, full-time continuing education or training, lasting at least two years without a break of more than one academic year, and under age 23 (unless the member was entitled to payment of pension on 5 April 2006); or
- + incapacitated and dependent on you when you die.

The rate paid is:

- + half of the adult's pension to one child;
- + if there are two or more children, the adult pension is divided equally between each child;
- + a higher rate of child's pension is paid if there is no pension payable to an adult dependant;
- + the payment of children's pensions may be affected by any earnings they may have;
- + children in receipt of a pension must inform TP of any changes in their personal circumstances such as taking up employment or marrying.

Qualifying for and increasing long-term pension provision

All pensionable service counts automatically for long-term pensions in the following way:

- + from 1 April 1972 (for widow*, dependant and children's pensions), or
- + from 6 April 1988 (for widower or registered civil partner pensions); or
- + from 1 January 2007 (for nominated unmarried partners' pensions).

*If a member marries, or re-marries, after leaving service, only service after 6 April 1978 will count towards the pension.

If you wish to increase your long-term pension, you can elect to purchase all or part of your past service, but only if you are in pensionable employment and the election is made within:

- + six months of your marriage or civil partnership registration;
- + six months of returning to pensionable employment after getting married or registering a civil partnership;
- + six months of the date of nomination of the partner or dependant.

Other conditions may apply.

How to apply to cover additional service

- + You can apply by completing an application form available on the TP website.

Method of payment to purchase additional service

- + A one off payment or deductions from your salary.
- + For an estimate of the costs involved, use the calculation package on the TP website.
- + You should contact your tax office about tax relief on lump sum contributions.

Actions to be taken after your death

When you die, the person handling your affairs must contact TP immediately to notify us of your death. TP will issue a death benefits application form that contains information about claiming benefits from the TPS.

Potential tax changes affecting death grants

Under the Finance Act 2004, a death grant must be paid within 2 years of TP becoming aware of the member's death. It is important to note that if a death grant is paid more than 2 years after being notified, the payment becomes an unauthorised payment and subject to a tax charge of 40%. An additional surcharge of 15% may also apply, if the value of the death grant exceeds 25% of the value of the benefits accrued.

Please note: delays in paying benefits may occur if the required documentation is not supplied.

Where there is any difference between the legislation governing the Teachers' Pension Scheme and the information in this leaflet the legislation will apply.

For more information on this or any aspect of the TPS log on to www.teacherspensions.co.uk, call 0845 606 6166 or write to: Teachers' Pensions, Mowden Hall, Darlington DL3 9EE