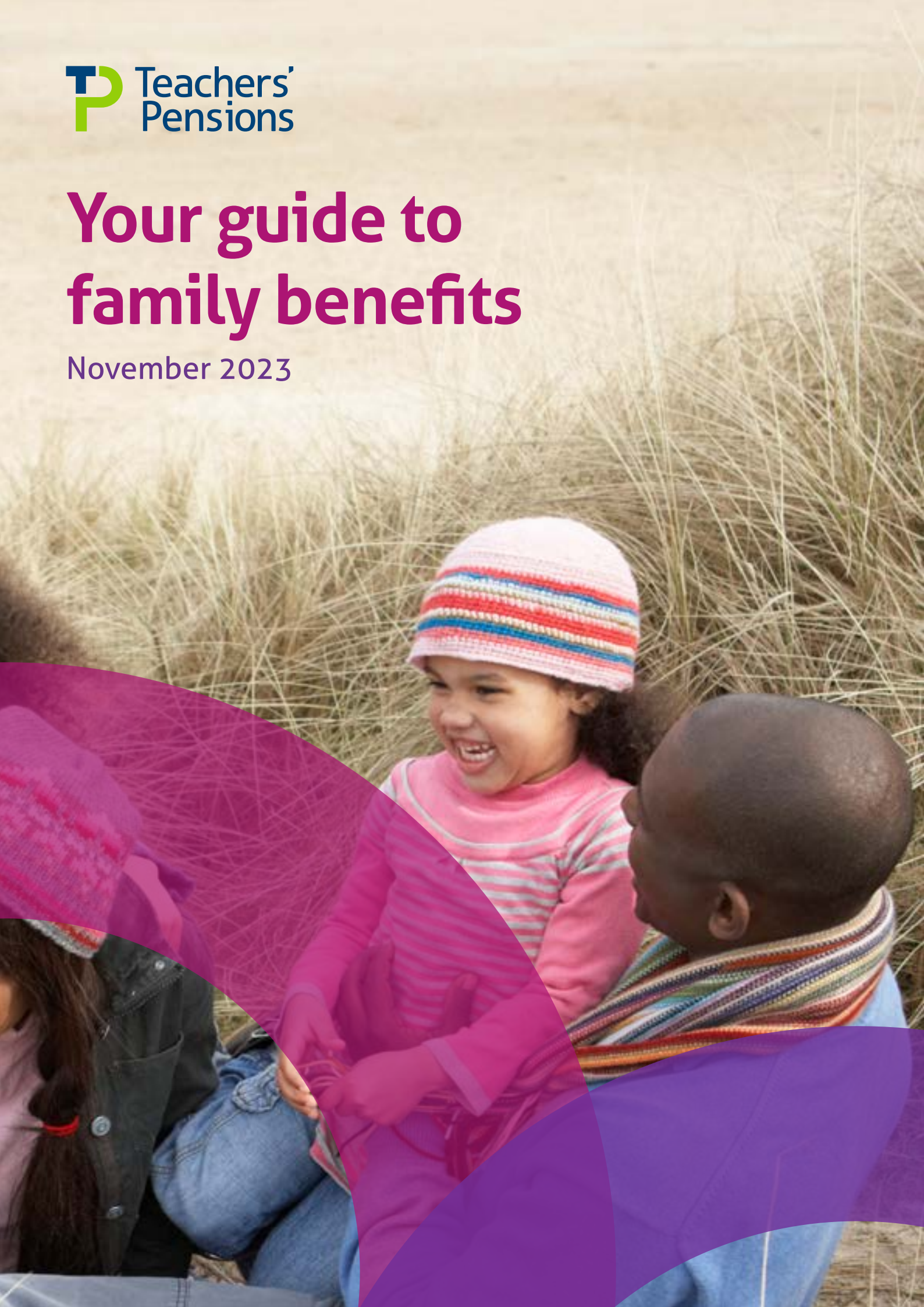


Your guide to family benefits

November 2023



Contents

Informing us of a death

This guide will provide information about death grants and pensions which may be payable to a teacher's nominated beneficiary and/or family following a teachers death. This guide is to help teachers with planning for the future.

However, if you wish to notify us of the death of an active teacher, a former teacher or a retired teacher, please contact us by phoning our Contact Centre (03456066166) or completing the [Death Benefits application form](#).

If the member (teacher) was in receipt of a pension, we'll need to stop it. There may be a residue of pension for us to pay or there may be an overpayment to recover, depending on whether the last pension payment was before or after the date of death.

We'll require the completion of the [Death Benefits application form](#) and we may request supporting documents, such as a death certificate and probate, if required.

This is to enable us to gather relevant information to determine a dependant's eligibility to benefits from the Scheme and to make payments.

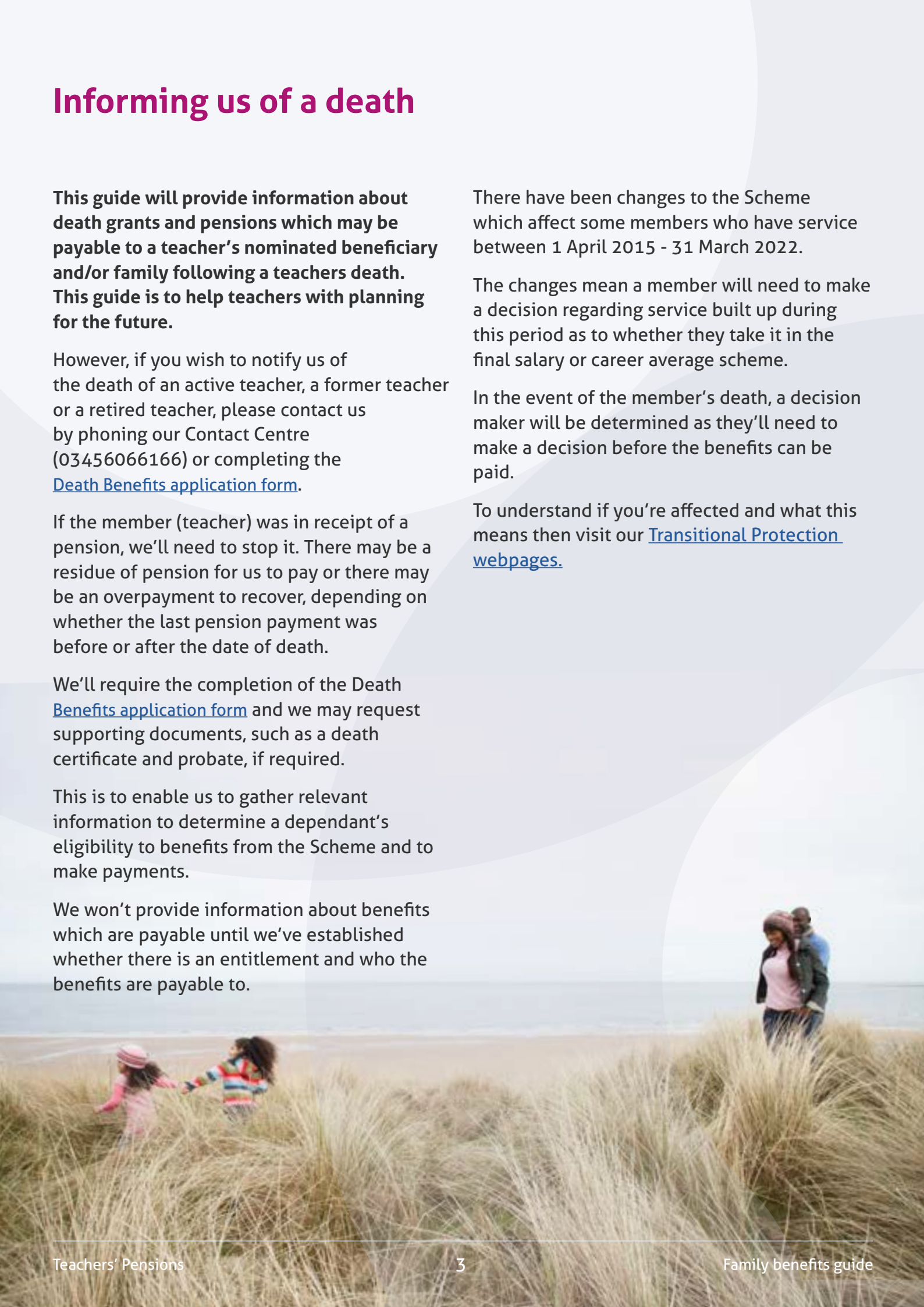
We won't provide information about benefits which are payable until we've established whether there is an entitlement and who the benefits are payable to.

There have been changes to the Scheme which affect some members who have service between 1 April 2015 - 31 March 2022.

The changes mean a member will need to make a decision regarding service built up during this period as to whether they take it in the final salary or career average scheme.

In the event of the member's death, a decision maker will be determined as they'll need to make a decision before the benefits can be paid.

To understand if you're affected and what this means then visit our [Transitional Protection webpages](#).



Informing us of a death

Types of benefits available:

- Death grant (in or out of service).
- Supplementary death grant (death following retirement).
- Short-term pensions.
- Spouse's pension/Civil Partner's pension.
- Surviving qualifying partner pension.
- Nominated dependant's pension.
- Child's pension.

Most death grants are tax free. However, it's important to note that, if a death grant or a supplementary death grant is not paid within two years of Teachers' Pensions being notified of the death it may become subject to a tax charge. Tax charges also apply to a death grant in respect of a person who has died after reaching age 75. Teachers' Pensions are instructed to make these deductions and pay them to HMRC. The tax charge may be as much as 45% of the death grant.

It's therefore important to provide Teachers' Pensions with any information we request in a timely manner, to avoid any unnecessary tax charges being applied.

Death Grants

Circumstances when a death grant is payable:

If you die either in or out of service, or before receiving five years' worth of pension, a death grant may be payable.

In service means:

- Currently contributing to the Scheme and in pensionable employment (sick leave being pensionable, provided the member is in receipt of at least half pay) at the time of death or,
- Dies within 12 months of ceasing to contribute to the Scheme/leaving pensionable employment due to incapacity or,
- Dies while on non-pensionable family leave which immediately follows pensionable service.

Out of service means:

- Not contributing to the Scheme and has contributions or deferred benefits in the Scheme or,
- Dies more than 12 months after ceasing to contribute to the Scheme/leaving pensionable employment due to incapacity and has contributions or deferred benefits in the Scheme.

Deferred benefits means:

- Benefits remaining in the Scheme after you stop paying into the Scheme but you haven't reached Normal Pension Age (NPA) prior to your death. Two years qualifying service is required to be eligible to a deferred benefit. If you have no service on or after 6 April 1988, five years qualifying service is required.

If you've returned to service after receiving benefits based on all of your previous service, a further qualifying period of one year is required to be eligible for further benefits.

If you're a deferred member who reached your NPA and dies before claiming your retirement benefits, the benefit payable will be a "posthumous" Age Retirement award, equivalent to the benefits you'd have received had you applied for the benefits payable before you died.

If you're a pensioner who dies before receiving five years' worth of pension, we'll pay a supplementary death grant.

Death grants

Who is a death grant payable to?

Death grant nomination

You can complete a death grant nomination on [My Pension Online](#) to say who you wish your death grant to be paid to. You can nominate an unmarried partner or someone else of your choice regardless of their age and whether they're related to you.

You're not able to nominate a Trust or Charity to receive a death grant. You can nominate more than one person but if you want to do this you must tell us what proportion of the death grant you want each person to receive.

We can't make direct payments to children under the age of 18. If you nominate a child who hasn't reached the age of 18, we'll pay the death grant to the child's surviving parent, legal guardian or person having the care of your child, for the child's benefit. You may wish to clarify who will have legal responsibility for your child at the time of making such a nomination, if possible. This will be considered at the time of your death.

If you haven't completed a death grant nomination

If you haven't completed a death grant nomination, when you die, we'll automatically pay the death grant to your spouse, civil partner, or surviving qualifying partner.

If you haven't completed a death grant nomination and you don't have a spouse or partner, the death grant will be paid to your estate.

If the death grant is payable to your estate and it exceeds £5,000, we'll require probate before any payment can be made.

If you choose to nominate somebody to receive your death grant, it's important to keep it up to date. In the event of your death, if there is an existing death grant nomination and you haven't specified that it no longer stands, the death grant will be paid to the person(s) you have nominated. This applies even if you marry or form a partnership after the nomination.

Does your current nomination reflect your current circumstances? If not please go to [My Pension Online](#) and complete the online death grant form.

Death grants

Calculation of a death grant

In service death grant

We'll seek confirmation of service and salary details from your employer before calculating an in service death grant.

A death grant will be payable if you're in service, as defined on page 5, and a retirement benefit or, an Ill-health benefit, has not become payable in respect of your service in the Scheme before you die.

The in service death grant in the career average scheme* will be three times your annual rate of pensionable earnings at the date of your death or leaving service, (if applicable).

If you were previously in the final salary scheme but transition to the career average scheme before you die, the career average in service death grant will apply.

Note: If you've previously retired and returned to pensionable service, a deduction of any previous lump sum paid from either scheme will apply to the death grant.

Out of service death grant

We may need to contact a previous employer for confirmation of service and salary information if there appears to be missing information or there are anomalies in the details previously provided.

If you die out of service and have contributions in the Scheme or, you have deferred benefits in the Scheme, as defined on page five, an out of service death grant will be payable. (At least two years' qualifying service is required to be eligible for pension benefits or one year if you return to pensionable service after retirement.)

An in or out of service death grant will not be payable if a retirement pension, has become payable in respect of your service in the Scheme before you die. An in service death grant will not be payable if an application for serious Ill-health commutation, due to limited life expectancy, has been accepted and is payable.

Death grants

Calculation of an out of service death grant

If you don't have two years qualifying service (or one year if returned to service after retirement) in the Scheme but did pay contributions into the Scheme, a refund of remaining contributions plus interest will be payable as a death grant.

If you're qualified for deferred benefits and an adult survivor's pension* is payable after you die, the out of service death grant will be:

Career average member

Deferred benefit x 2.25

***An adult pension is payable to a surviving spouse, civil partner, surviving qualifying partner or, nominated financial dependent relative, (see page 10, this is different to a death grant nomination).**

Final salary member

$3/80 \times \text{average salary} \times \text{reckonable service}$

If you have deferred benefits in the final salary scheme and the career average scheme, a calculation will be done for benefits in each scheme and a single combined death grant will be paid.

If you're qualified for deferred benefits but no adult survivor's pension* is payable after you die, a comparison will be done between a refund of contributions and interest and the out of service death grant calculation. The most beneficial will be paid as the out of service death grant.

Note: If you're in pensionable service, having previously retired from the Scheme and you leave again and become entitled to deferred benefits, any lump sum previously paid will be deducted from the death grant.

For example, a retirement on grounds of ill-health, recovery/return to service, left service before Normal Pension Age, deferred benefits will be calculated by reference to all previous service. The previous ill-health retirement lump sum will be deducted from the death grant.

Supplementary death grant

A supplementary death grant is the value of five years' worth of your annual pension at the date of death minus the pension which has already been paid to you prior to your death.

If you've received more than five years' worth of your pension prior to your death, no supplementary death grant will be payable.

For members who are likely to exceed the Lifetime Allowance (LTA), there is an option to request that the supplementary death grant be treated as a pension protection lump sum death benefit. Members should seek independent financial advice before taking this option. Any request should be made in writing to Teachers' Pensions or can be made when you apply for retirement benefits.

From April 2023 whilst the Lifetime Allowance remains at £1,073,100, there's no associated tax charge. However, from April 2024, there are plans to remove the LTA completely.

If a member is affected by the [Transitional Protection changes](#), a decision maker will need to make the choice on service built up during the remedy period (1 April 2015 -31 March 2022) as to whether to take in the final salary or career average scheme.

From 1 October 2023, if the beneficiaries are already in receipt of their benefits, the decision maker will need to make a choice. This could change the benefits already in payment.

If the member passes away after 1 October 2023, the decision maker will need to make the choice before the full payments can be made to any beneficiaries.

We'll contact the appropriate decision maker directly and provide them with the information they need to make the choice.

Family pension (qualifying partner)

If you have qualified for personal benefits, a pension will be payable to your spouse, civil partner, surviving qualifying partner or nominated adult financial dependant if you also have adult pension qualification service.

The relevant qualifying service for personal benefits is:

- Two years' pensionable service or,
- Five years if you have no pensionable service on or after 6 April 1988 or,
- One year in respect of pensionable service after retirement.

Adult pension qualification service

This is the pensionable service which will be used in the calculation of a surviving adult pension.

- **Surviving qualifying partner** (for unmarried partners or those not in a civil partnership who meet the relevant criteria (see next page), – Any service on or after 1 January 2007. These members may wish to pay additional contributions to cover service prior to this date
- **Widow, same sex civil partner, opposite sex civil partner, same sex spouse** - Any service on or after 1 April 1972 if the member was in service when marrying or forming a civil partnership.

- Any service on or after 6 April 1978 if the marriage or civil partnership happened after leaving pensionable employment.
- **Widower** - Any service on or after 1 April 1972 if the member was in service when marrying or forming a civil partnership and the female member died on or after 5 December 2005.
- If you're a widower or a surviving opposite sex civil partnership of a female member, the service counting towards family benefits will be from 6 April 1988, if the female member died before 5 December 2005.
- **Nominated beneficiary** - Any service on or after 1 April 1972.

When marrying, forming a civil partnership, those meeting the surviving qualifying partner criteria, or nominating a financial dependant, it may be possible to make an election to cover pensionable service for inclusion in adult pension qualification service. Further details can be found [here](#).

Conditions for a 'surviving qualifying partner'

If you're in a relationship but not married or in a civil partnership, your partner can receive a long-term survivor's pension if you have pensionable service on or after 1 January 2007.

Any survivor's pension that is payable will be based solely on service from 1 January 2007 onwards. However, an application to cover pre-2007 service for family pensions can be made, allowing you to pay family benefit contributions so that earlier service will count towards an adult survivor's pension. Such an application must be made within six months of becoming a qualifying partner, in accordance with the criteria set out below.

In order to qualify for a survivor's pension other conditions must be met, as set out below. These conditions must be met for a continuous period of at least two years immediately prior to your death:

1. You're able to marry or form a civil partnership with your partner;
2. You and your partner are living with each other as if you're a married couple or civil partners;
3. Neither you nor your partner has been living with a third person as if a married couple or civil partners; and
4. You and your partner are financially interdependent or your partner is financially dependent on you.

We'll require your partner to provide evidence of the above qualifying conditions in order for a long-term survivor's pension to be paid to them.

We recommend you complete a [partner notification form](#) so that we know about your relationship, but it's not a mandatory requirement for the payment of benefits.

Evidence of an exclusive mutual relationship can be provided at the point that service prior to 1 January 2007 is covered, but in any event, the partner will need to provide proof of dependency and interdependency up to the date of the member's death.

Conditions for a 'surviving qualifying partner'

To validate dependence or interdependency, the surviving qualifying partner will need to provide evidence which may include the following:

- The partner lived in the member's house or the member and the partner lived in a shared household;
- The partner was supported by the member or the member and the partner shared household spending;
- The member and the partner shared bank accounts and / or investments;
- The member and the partner had a loan or mortgage in joint names;
- The member and the partner named each other as the main beneficiary;
- The member and the partner held a mutual power of attorney;
- The member has nominated their partner as the main beneficiary of the life assurance or the member and partner has nominated each other for the purposes of life assurance.

We emphasise that it will be incumbent on a partner who is not in a marriage or civil partnership to be able to prove that they have been financially dependent or financially interdependent after the member's death.

If there is no evidence of financial dependency or interdependency after the member has died, a partner will not be entitled to a surviving adult pension. For example, two individuals enter a long-term relationship, both of whom have their own separate properties. Both see themselves as "self-sufficient", with their respective assets kept separate for inheritance tax purposes, as they have children from a previous relationship.

If there is no evidence of mutual dependency, it will not be possible for the Scheme to grant a surviving qualifying partner benefit.

Family pensions (nominated family members)

In certain circumstances you can nominate a family member to receive a pension.

If you're single and haven't retired you can nominate:

- A parent: or
- Step-parent: or
- Brother or sister.

This is provided they're not married, not a civil partner and not living with another person as if they were a married couple or civil partners.

They can also be nominated if they're widowed or a surviving civil partner.

If you have a partner who meets the criteria for a surviving qualifying partner, a pension will be paid to that individual, over someone who you nominate as a financial dependant.

Your nominee must be wholly or mainly financially dependent on you and you must complete and submit a nomination form to Teachers' Pensions. You can complete a nomination form and this must be signed by you and your nominee.

If you or they marry, register as a civil partner or, start to live with another person as if you/they are a married couple or civil partners, their nomination ends. It also ends if the nominee dies, otherwise stops being dependent on you or you nominate another dependant.

It's your responsibility to keep your nomination up to date. When any application for a pension is received, checks will be undertaken to ensure that the criteria are still met.

If you have legally adopted a brother or sister as your dependant child, they may be eligible to a child's pension and therefore can't be accepted as a nominated financial dependant as well.

If you're qualified for pension benefits, your nominated financial dependant will receive benefits in relation to your pensionable service from 1 April 1972.

This long term pension will start after the payment of the short term pension, if one is payable.

Nominated dependant's pensions are payable for life.

Family Pensions (nominated family members)

Your dependants will need to provide evidence to show that they were financially dependent or interdependent with you before you died. This can be evidence of the following:

- They were living with you at your house or you owned or rented a property together
- You supported them financially or shared in the household spending
- You shared a bank account or investment
- You have a loan or mortgage in joint names
- You named each other as the main beneficiaries after your deaths
- You had a mutual Power of Attorney with them
- You nominated each other for Life Assurance.

Your dependant will need to provide this evidence. If the survivor is unable to provide any evidence of dependency then it is unlikely that a pension will be paid to them. Evidence may include documentation for any of the previously mentioned categories and can include (among others) utility bills, bank statements and copies of insurance documents.

Family pension (children's pension)

If you've qualified for pension benefits, a pension will be payable to your eligible child(ren). Any service on or after 1 April 1972 will be included in the calculation.

Any children, born during your lifetime or within 12 months of your death, may be eligible for a child's pension. This also applies to any children born to a previous partner, adopted children, and financially dependent children who are living as part of your family at the time of your death.

To be eligible, your children can't be married or in a civil partnership. They must be:

- Under 17; or if over 17, have remained in full-time education, or been in training for a trade or profession for at least two years, without receiving "disqualifying remuneration".

Children's pensions are payable up to age 23.

A pension is not payable if the child has a break in education but, if the break is not more than one academic year, they may apply for reinstatement of the pension when they return to education.

We may pay a pension to a child who does not meet the criteria above, if they're incapacitated and unable to earn a living due to ill-health at the time of your death. A doctor will need to confirm this. We'll also need to know if they're receiving any State benefits.

Upon applying to us for a child's pension, the child, their surviving parent or legal guardian must specify whether the child in question is married or in a civil partnership.

If the child marries or forms a civil partnership whilst in receipt of a pension, they, their surviving parent or legal guardian must inform us of this at the earliest opportunity, as the pension will be stopped.

Entitlement ceases from this point and will avoid any overpayment of pension being made due to a delay in information being received. We're obliged to recover any overpayments.

Family pensions (children's pension)

How is the child's pension calculated?

Until the age of 18, your child's pension would be paid to their surviving parent or legal guardian. After the age of 18, it may be paid directly to your child.

If your pension was accrued in the final salary scheme:

And we're going to pay a surviving adult* pension: (e.g. spouse's or civil partner's pension)

- If there is one child, the pension is paid at the rate of 1/320th of the final average salary for each year of service from 1 April 1972
- Where there are two or more children, it's paid at the rate of 1/160th, divided equally among the number of children.

If a surviving adult pension* isn't payable, the child's pension is:

- If there is one child, the pension is paid at the rate of 1/240th of the final average salary for each year of service from 1 April 1972
- Where there are two or more children, it's paid at the rate of 1/120th, divided equally among the number of children.

If your pension was accrued in the career average scheme:

If a surviving adult* pension is payable, the child's pension will be:

- If there is one child, the pension is paid at the rate of 18.75% of the accrued pension
- Where there are two or more children the pension is paid at the rate of 37.5% of the accrued pension, divided equally among them.

If a surviving adult pension isn't payable, the child's pension will be:

- For one child the pension is paid at the rate of 25% of the accrued pension
- For two or more children the pension is paid at the rate of 50% of the accrued pension, divided equally among the number of children.

This long term pension will start after the payment of the short term pension if one is payable. Your child's long-term pension will be paid on 28th of each month.

***An adult pension is payable to a surviving spouse, civil partner, surviving qualifying partner or, nominated financial dependent relative.**

Family pensions (children's pension)

Enhancement

Your child(ren)'s pension will be increased if you die in service or if you die after retiring on ill-health grounds with enhanced or total incapacity benefits.

Note: Different regulations apply for a continuing child pension, which was already in payment on 5 April 2006 or, where an entitlement to a child pension arises in respect of a member who was entitled to retirement benefits on or before 5 April 2006.

If a member is affected by the Transitional Protection changes, the decision maker will need to make the choice on service built up during the remedy period (1 April 2015 -31 March 2022) as to whether to take in the final salary or career average scheme.

For Child pensions in payment, the decision maker would need to make the choice on behalf of the child. For children under 18, who live in a different household from the decision maker, their benefits are protected from reduction.

We'll contact the appropriate decision maker directly and provide them with the information they need to make the choice.

Short-term pension

If you die in service or as a pensioner and you're qualified to provide family benefits, we'll initially pay short term pension benefits to your beneficiaries before the payment of long term pensions.

Below is a table of the beneficiaries and the short term pensions which will be payable. Short term pensions are payable in respect of the period of time following the date of death.

If a surviving adult pension and child(ren)'s pension is payable - three month payments will be made concurrently.

Beneficiary	Death in service Short term pension	Pensioner Death Short term pension
Spouse, Civil Partner, qualifying partner, nominated dependant	Three months at the rate of your salary minus tax	Three months at the rate of your pension minus tax
Spouse, Civil Partner, qualifying partner, nominated dependant and child(ren)	Three months at the rate of your salary minus tax plus three months at the rate of your salary minus tax, paid to the child(ren)	Three months at the rate of your pension minus tax plus three months at the rate of your pension minus tax, paid to the child(ren)
No surviving adult child(ren)	Six months at the rate of your salary minus tax	Six months at the rate of your pension) minus tax

Annex one - Examples of Family Benefits

At Teachers' Pensions' we're aware that there are differences in the family benefits that may be provided to your loved ones when you're gone. Below are some examples of the family benefits available in practice depending on various circumstances. To provide a clear comparison, we've set out the story of Bernice and Michael and the family benefits available to them depending on their decisions and their circumstances.

Whilst the examples are opposite sex relationships, the same considerations would apply to same sex relationships.

Bernice has worked as a teacher for 38 years between 1972 and 2010. Her service was full-time. In 2010 she decided to retire at the age of 60 and at that time her final average salary was £30,000 per annum.

Scenario one

Bernice met her partner, Michael, shortly before starting her teaching career in 1972 and the two decided to get married in 1979, whilst she was still in service. This means that Michael will be entitled to a spouse's pension which is based on her entire service history as a teacher, i.e. from 1972 to 2010.

The adult survivor pension calculation:

To calculate the annual rate of survivor benefits, we multiply the number of years' service by the final/average salary, divided by 160.

$$= \frac{38 \times \pounds 30,000}{160} = \pounds 7,125 \text{ per annum}$$

Scenario two

Bernice met her partner, Michael, shortly before starting her teaching career in 1972. Bernice and Michael didn't decide they wanted to get married until later in life and following the lump sum Bernice received from taking her pension in 2010, they decided to spend some of the money on a wedding ceremony. They got married in January 2015. This means that Michael will be entitled to an adult survivor's pension which is based on Bernice's teaching service from 1978 to 2010. As Michael and Bernice got married after she left pensionable employment as a teacher, his spouse's pension doesn't include her service from 1972 to 1978.

Pension Calculation:

$$= \frac{32 \times \pounds 30,000}{160} = \pounds 6,000.00 \text{ per annum}$$

*** Please note for the purpose of these examples we've rounded to the nearest year.**

Annex one - Comparative Examples of Family Benefits

Scenario three

Bernice met her partner, Michael, shortly before starting her teaching career in 1972. Bernice and Michael decided that marriage wasn't for them and preferred the idea of living together only. This means that Michael, who met the conditions of a surviving qualifying partner, will be entitled to an adult survivor's pension which is based on Bernice's teaching service from 1 January 2007 until her final teaching day on 31 December 2009. As Bernice and Michael didn't get married, the service which Michael's adult survivor's pension can be based on is limited only to three years. Had Bernice wished to, she could have elected to include her service going back to 1972 by way of paying additional contributions. However, in this case Bernice decided not to.

Pension Calculation:

$$= 3 \times \text{£}30,000 = \text{£}562.50 \text{ per annum}$$

160

Scenario four

Bernice met her partner, Michael, during her teaching career which started in 1972, but Michael had been married previously. Bernice and Michael lived together, but for various reasons, Michael did not finalise his divorce and was still legally married to his former wife when Bernice died.

When Bernice died, even though Michael and Bernice had been living together for many years, Michael did not meet the conditions of a "surviving qualifying partner" as he was still legally married to his former wife. Hence, no adult survivor's pension was payable to Michael. Had Michael finalised his divorce, his

family benefit service would have been based on Bernice's service from 1 January 2007 and Bernice would also have had the option to cover her previous service for family benefits back to 1972.

In view of this no family benefits are payable to Michael and there is no calculation.

Scenario five

Bernice met Michael in 2006, a few years before she retired in 2010. Bernice and Michael were both divorced and had separate properties. They did not share finances due to the late stage in life in which they met.

When Bernice died, Michael was unable to provide any evidence to show that the two were financially dependent or interdependent on each other. As such Michael did not meet the conditions of a "surviving qualifying partner". **Hence, no adult survivor's pension was payable to Michael and no pension calculation is applicable.**

*** Please note for the purpose of these examples we have rounded to the nearest year.**

Need a hand?

The easiest way to contact us is via My Pension Online and to explore our website for any queries you may have.



Visit us at:

www.teacherspensions.co.uk

My Pension Online (MPO)

MPO is the best way to access your pension information online anytime you want, you can interact with your pension in a whole new way. Log in or register online today. The tools and resources available online are designed to make things easier and give you all the answers you need. www.teacherspensions.co.uk/login



Message us on:

Secure web messaging

Open 24 hours day, responses will be sent Monday - Friday, 9:00am to 4:20pm (excluding bank holidays)



Write to us at:

Teachers' Pensions, 11b Lingfield Point,
Darlington, DL1 1AX



Call us on:

0345 606 6166

Monday–Friday, 8.30am–6.00pm

The information contained in this guide is correct at the time of press, but may be subject to change. If there is any difference between the legislation governing the Teachers' Pension Scheme and the information contained in this guide, the legislation will apply.

Department for Work and Pensions – For questions about State Pension please contact the Department for Work and Pensions on: 0800 731 0175.

HM Revenue & Customs (HMRC) – If you have any other questions about your income tax or P45 please contact: HMRC, HM Revenue & Customs Customer Operations, PSA PO BOX 4000, Cardiff, CF14 8HR. Contact telephone number: 0300 200 3300. The P AYE number in respect of your teacher's pension is 948 400.

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