

Section 06

alpha

death

benefits

This section outlines the main benefits that will be available to your dependants and other people you have nominated when you die.

It outlines the pensions and lump sum payments that can be made, and what you need to do.

Section 06

alpha death benefits



This guide uses as little jargon as possible but where it has to use specific technical terms, they have been explained in plain English.

This section provides a guide to some pension information you, or your family could need. It does not cover every aspect of alpha; full details are set out in the regulations, which are the legal basis of the scheme.

Nothing in this guide can override the alpha regulations. We have made every effort to make this guide as accurate as possible, but in the event of any difference, the regulations will apply. This guide is based on the alpha regulations current at the time of publication and there is no guarantee that any part of the regulations will not change in the future.

You should not take anything in this section as financial advice. You might want to consider contacting an Independent Financial Adviser (IFA) to discuss your retirement planning. You can find tips on finding an IFA by visiting the Financial Conduct Authority website: www.fca.org.uk

This section explains:

06A. Your nominees and family's benefits when you die

An outline of the benefits available to your family and nominees after you die, how to make a nomination, and who can receive a pension.

06B. Death while you are in service

How the benefits are worked out if you die while still in service.

06C. Death with a preserved pension

How the benefits are worked out if you die after leaving with a preserved pension.

06D. Death after taking your pension

How the benefits are worked out if you die after claiming your pension.

Section 06A

Your nominees and family's benefits when you die



If you die while you are still an active member of alpha, or when you have a preserved pension, or after you claim your alpha pension, the scheme provides benefits that are paid to your dependants.

The lump sum



Who can receive the lump sum payment?

The lump sum payment is discretionary and although it is likely it will be paid to your nominated beneficiaries, in some circumstances, it may not be. You should ensure your nomination is kept up to date.

How do I nominate a beneficiary for the lump sum?

You need to complete and send a nomination form (found on the forms page of the Civil Service Pension Scheme website) to the scheme administrator. You can specify what percentage each nominee will get on your form. You should review your nominees' information regularly and remember to update their details whenever they move home, or if they change names through marriage / divorce etc or if your circumstances change.

What if I do not make a nomination?

If you do not have a nominee, any lump sum that is due will be paid to your estate. This will usually be done through your personal representative who is the person acting on your behalf to administer the estate.

Why might my nominee not get the lump sum?

Civil Service Pensions will pay the lump sum to a nominee on most occasions, but there are some cases where a nomination will be invalid. Examples include, if you nominated your spouse or civil partner, but you had legally separated before you died or if your nominee dies before you.

In any case where the nomination is viewed as invalid, Civil Service Pensions will pay it to your estate through your personal representative.

How much is the lump sum?

This depends on your circumstances and whether you are an active member, deferred member, or a pensioner. The following sections go into more detail on the amount that could be paid out.

Do my nominee(s) have to pay tax on the lump sum they get?

The lump sum can be treated differently depending on who it is paid to. If it is paid to your nominees at the discretion of the Scheme Managers, it does not form part of your estate for inheritance tax purposes. They do not need to declare the payment to HM Revenue & Customs.

If the lump sum is paid to your estate, it can become liable for inheritance tax, but this depends on the total value of your estate. Your personal representative, the person who deals with your estate after your death, will need to look into this at the time.

Any other tax issues?

There is one other thing to consider. Lump sums that are paid if you die use up part of your lifetime allowance (LTA). Your personal representative will receive a LTA certificate showing how much of your LTA the lump sum(s) paid to all of your nominees or estate has used up.

If the total of all your pension funds (including death benefit lump sums) goes over the LTA limit, the people who receive the lump sums may have to pay a tax charge.

There is more information on the LTA in Section 07B - Death benefits and the lifetime allowance.

Dependant's pensions

Who can get a dependant's pension?

There are two types of dependant's pension:

- An adult dependant's pension - this is for your spouse or civil partner, or a declared partner who you are financially interdependent with.
- A child's pension - this is for any children who are your dependants.

Are all children eligible for a pension?

No, there are some criteria which have to be met.

Your relationship: If they are not your biological or legally adopted children, you will need to supply some evidence that these children were financially dependent on you. For example, this could be a guardianship order.

Their age: The child must be under age 18 or if they are in full time education or vocational training, under age 23.

If they are under age 23 and they are physically or mentally impaired, they may be eligible for a children's pension. If their impairment means it is unlikely that they will ever be able to get a job, there is no maximum age limit.

How long are the pensions paid for?

An adult dependant's pension will be paid for life. A child's pension is paid until they are no longer eligible. This is usually when they are over the age of 18, or over 23 if they are in education, vocational training, or are physically or mentally impaired. If their impairment is permanent the pension will be paid for life.

When working out an adult dependant's pension, or a child's pension, how much do they get?

This depends on your circumstances, for instance if you were an active member, deferred member or a pensioner. The following sections go into more detail on the amount of pension that could be paid.

Are the dependants' pensions taxed?

Pensions are treated as earned income, so can be taxed. If you or your dependants have questions about how tax is applied you should contact HM Revenue & Customs.

What if my alpha pension contained an EPA?

If you bought an EPA portion of your alpha pension, this does not affect your dependant's pensions. See Section 02 - Taking control of your retirement planning for more information about EPA.

What if my alpha pension contains added pension?

When you buy added pension you can choose to buy it for just you or it can include family benefits.

If the added pension you bought was for yourself only it will not be included when working out any of the death benefits for your dependants. If you bought added pension with family benefits, it will be included when working out the pensions. See Section 02 - Taking control of your retirement planning for more information about added pension.

Section 06A

The benefits available when you die and the Principal Civil Service Pension Scheme (PCSPS)



This section only applies to members who were in the PCSPS (classic, classic plus, premium, or nuvos) before 01 April 2015, and then moved from that scheme into alpha.

It does not cover every aspect of the scheme; full details are set out in the scheme rules, which are the legal basis of the scheme. You can find copies of the PCSPS scheme rules on the Civil Service Pension Scheme website.

Nothing in this guide can override the scheme rules. Every effort has been made to make this guide as accurate as possible, but in the event of any difference, the rules will apply. This guide is based on the rules current at the time of publication and there is no guarantee that any part of the rules will not change in the future. You should be aware that tax rates and limits are subject to change.

If this section applies to you, please read it carefully to understand what benefits are available for your family from both parts of your pension.

Death benefits

You are still entitled to all the benefits for the alpha part of your pension: A lump sum and pensions for dependants.

Your nominations

The nomination(s) you have made in the PCSPS will also apply to your alpha benefits if you have not made a new nomination since you moved into alpha. If you made a nomination while in alpha it will apply to both the alpha and PCSPS parts of your pension.

Your declared partners

Your declared partner, that you made in the PCSPS, will apply to alpha if you have not made a new nomination since you moved. If you made a nomination while in alpha it will apply to both the alpha and PCSPS parts of your pension.

Pensions for dependants

Your dependants will get a pension based on your alpha pension plus any pension that would be due from your PCSPS pension too.

Section 06B

Death while you are in service



What benefits are available?

If you die while you are still an active member of alpha, two benefits can be paid; a lump sum paid to the people you have nominated and pensions for your dependants.

The lump sum

Who can receive the lump sum payment?

Civil Service Pensions will normally pay it to the person, people, or organisation(s) that you have nominated, but it is paid at the discretion of the Scheme Managers.

How much is the lump sum?

The lump sum amount is worked out in two ways; and the higher of these two amounts is paid to your nominees.

- Two times your final pay, less any lump sum payments due (or already paid) from the Civil Service Pension arrangements.
- Five times the pension you have built up, less any payments already made from the Civil Service Pension arrangements.

What final pay do you use when you work out the lump sum?

The final pay is usually the pay you got over the last 12 months up to the date of your death, but it can be the earnings from any of the last 10 full scheme years if this is higher. Pay that is taken from earlier years is adjusted in line with prices.

Dependant's pensions

Who can get a dependant's pension?

There are two types of dependant's pension.

- An adult dependant's pension.
- A child's pension.

When working out a dependant's pension, how much do they get?

They receive a percentage of your pension worked out at your date of death. If you die in service as an active member, your pension gets increased, as outlined below, before the dependants' pensions are worked out. If you die after taking partial retirement, then your dependant's pensions will not include this increase.

How is the increase worked out?

This is worked out using your total earned alpha pension.

Your earned alpha pension is the pension that comes from your pensionable earnings each year, not from a transferred in pension or any added pension you have bought.

This pension amount is multiplied by 10, or the number of years that were left until you would have reached NPA if this is lower. This is then divided by the number of years you were an active member of alpha.

The result is the increase that will be added to your alpha pension before working out your dependants' benefits.

How much is an adult dependant's pension?

The pension that your dependant will receive is 37.5% of the increased pension.

If you were buying added pension with benefits for your dependants, they will also receive 37.5% of the added pension that you would have received.

Are there any reasons why the adult dependant's pension would not be this much?

If your spouse, civil partner, or declared partner is more than 12 years younger than you, the pension they receive will be reduced.

How much is a child's pension?

There are a few things that can change the amount that gets paid as a pension. These include the number of children who will be receiving a pension, and whether or not there is an adult dependant's pension to be paid.



Section 06B Death while you are in service

How much is a child's pension:

- if there is an adult dependant's pension?

When there are one or two children, each child will get a pension equal to 30% of your pension.

If there are more than two children, the total of their pensions will be equal to 60% of your pension, with each of the eligible children receiving an equal share.

- if there is no adult dependant's pension?

When there are one or two children, each child will get a pension equal to 50% of your pension.

If there are more than two children, the total of their pensions will be equal to 100% of your pension, with each of the eligible children receiving an equal share.

Section 06B

Death while you are in service and the Principal Civil Service Pension Scheme (PCSPS)



This section only applies to members who were in the PCSPS (classic, classic plus, premium, or nuvos) before 01 April 2015, and then moved from that scheme into alpha.

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If this section applies to you, please read it carefully to understand what happens to both parts of your pension if you die in service.

Death benefits

You are still entitled to all of the benefits for the alpha part of your pension.

Dependants' pensions

Your dependants will get a pension based on your alpha pension plus any pension that would be due from your PCSPS pension too.

Death in service lump sum

For members with banked service in classic or banked benefits in nuvos, the lump sum is worked out in the normal way. But for members with banked service in classic plus or premium, the death in service lump sum is worked out in a slightly different way.

Section 06B Death while you are in service and the PCSPS

The higher of the following two calculations determines the amount that is paid to your nominees.

- A multiple of your final pay, less any lump sum payments due, or already paid, from the Civil Service Pension arrangements.
- Five times the pension you have built up, less any payments already made from the Civil Service Pension arrangements.

For members with banked classic plus and premium service, the multiple used in the first calculation depends on the date you die. This starts as three times your pay on 01 April 2015, and then it is reduced by 0.1 each year. So on 01 April 2016 it is 2.9, 01 April 2017 it is 2.8 and so on. This continues to reduce until 01 April 2025 when the multiple reaches and stays as two.

Section 06C

Death with a preserved pension



What benefits are available?

There are two benefits available if you have a preserved award: A lump sum, paid to the people you have nominated, and pensions for your dependants.

The lump sum

Who can get the lump sum payment?

The payment will normally be made to the person, people, or organisation, you have nominated, but it is paid at the discretion of the Scheme Manager.

How much is the lump sum?

The total lump sum will be five times your annual pension at your date of death, taking into account any adjustments based on prices.

Dependants' pensions

Who can get a dependant's pension?

There are two types of dependant's pension:

- An adult dependant's pension.
- A child's pension.

How much is an adult dependants' pension?

The pension that your dependant will get is equal to 37.5% of the pension that you would have received. If you were buying added pension that included benefits for your dependants, they will also get 37.5% of the added pension you would have got.

Are there any reasons why the adult dependant's pension would not be this much?

If your spouse, civil partner, or declared partner is more than 12 years younger than you, the pension they get will be reduced.

How much is a child's pension?

There are a few things that can change the amount that gets paid as a pension. These include the number of children who will be receiving a pension, and whether or not there is an adult dependant's pension to be paid.

How much is a child's pension:

- if there is an adult dependant's pension?

When there are one or two children, each child will get a pension equal to 30% of your pension.

If there are more than two children, the total of their pensions will be equal to 60% of your pension, with each of the eligible children receiving an equal share.

- if there is no adult dependant's pension?

When there are one or two children, each child will get a pension equal to 50% of your pension.

If there are more than two children, the total of their pensions will be equal to 100% of your pension, with each of the eligible children receiving an equal share.

Section 06C

Death with a preserved pension and the Principal Civil Service Pension Scheme (PCSPS)



This section only applies to members who were in the PCSPS (classic, classic plus, premium, or nuvos) before 01 April 2015, and then moved from that scheme into alpha.

It does not cover every aspect of the scheme; full details are set out in the scheme rules, which are the legal basis of the scheme. You can find copies of the PCSPS scheme rules on the Civil Service Pension Scheme website.

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If this section applies to you, please read it carefully to understand what happens to both parts of your pension if you die with a preserved pension.

Death benefits

You are still entitled to all of the benefits from preserved alpha and preserved PCSPS service.

Is there a PCSPS lump sum?

Yes. Your nominees will get the lump sum from the PCSPS part of your pension, worked out using the rules for that scheme.

Pensions and lump sums you have already received will affect the amount of lump sum that can be paid.

Is there a PCSPS pension for my dependants?

Yes. Your dependants will get the pensions from the PCSPS part of your pension, worked out using the rules for that scheme.

Section 06D

Death after taking your pension



What benefits are available?

There are two benefits available when you die after taking your pension, a lump sum, paid to the people you have nominated, and pensions for your dependants.

The lump sum

How long after I take my pension can a lump sum be paid to my nominees?

The lump sum is only available if you die within five years of starting to receive your pension.

Who can get the lump sum payment?

The payment will normally be made to the person, people, or organisation, you have nominated but it is paid at the discretion of the Scheme Manager.

How much is the lump sum?

The total lump sum will be five times your annual pension including any adjustments based on prices, minus any pension and lump sum you already received before you died. This means the amount payable may be nil.

Dependants' pensions

Who can get a dependant's pension?

There are two types of dependant's pension:

- An adult dependant's pension.
- A child's pension.

How long after I take my pension can a pension be paid to my dependants?

As long as your dependants are eligible, they will receive a pension.

How much is an adult dependants' pension?

The pension that your dependant will get is equal to 37.5% of the pension that you would have got.

If you were buying added pension with benefits for your dependants, they will also get 37.5% of the added pension that you would have got.

If you took ill-health retirement and received an upper tier pension that included an increased alpha pension, your dependants pensions will be worked out using the increased pension you were being paid.

Are there any reasons why the adult dependants pension would not be this much?

If your spouse, civil partner, or declared partner is more than 12 years younger than you, the pension they get will be reduced.

How much is a child's pension?

There are a few things that can change the amount that gets paid as a pension. These include the number of children who will be receiving a pension, and whether or not there is an adult dependant's pension to be paid.

Section 06C Death after taking your pension

How much is a child's pension:

- if there is an adult dependant's pension?

When there are one or two children, each child will get a pension equal to 30% of your pension.

If there are more than two children, the total of their pensions will be equal to 60% of your pension, with each of the eligible children receiving an equal share.

- if there is no adult dependant's pension?

When there are one or two children, each child will get a pension equal to 50% of your pension.

If there are more than two children, the total of their pensions will be equal to 100% of your pension, with each of the eligible children receiving an equal share.

Section 06D

Death after taking your pension and the Principal Civil Service Pension Scheme (PCSPS)



This section only applies to members who were in the PCSPS (classic, classic plus, premium, or nuvos) before 01 April 2015, and then moved from that scheme into alpha.

It does not cover every aspect of the scheme; full details are set out in the scheme rules, which are the legal basis of the scheme. You can find copies of the PCSPS scheme rules on the Civil Service Pension Scheme website.

Nothing in this guide can override the scheme rules. Every effort has been made to make this guide as accurate as possible, but in the event of any difference, the rules will apply. This guide is based on the rules current at the time of publication and there is no guarantee that any part of the rules will not change in the future. You should be aware that tax rates and limits are subject to change.

If this section applies to you, please read it carefully to understand what happens to both parts of your pension if you die with a pension in payment.

Death benefits

Even though you have service / benefits in the PCSPS, you are still entitled to all the benefits from alpha and PCSPS pensions in payment.

Is there a PCSPS lump sum?

Yes. Your nominees will get the lump sum from the PCSPS part of your pension, worked out using the rules for that scheme. This is worked out if you die within five years of taking your pension.

Pensions and lump sums you have already received will affect the amount of lump sum that can be paid.

Is there a PCSPS pension for my dependants?

Yes. There is no time limit like the lump sum payments. Your dependants will get the pensions from the PCSPS part of your pension, worked out using the rules for that scheme.