



# Employer Pensions Notice

## EPN 181

### Withdrawal of Equitable Life additional death in service life cover

**Audience** This Notice will be of particular interest to:

- HR Managers and policy teams
- Payroll managers

**Action** Please issue the attached Office Notice (ON). The ON is most relevant to those staff who already have additional death in service cover with Equitable Life and are over pension age.

**Timing** Immediate

1. Members currently have the facility to increase their death in service cover to four times their salary with additional life cover through Equitable Life and receive full tax relief at the highest rate to which they are liable on their contributions. Following the 2007 Budget, the Chancellor announced the Government's intention to remove tax relief on new pension term assurance policies bought by employees through occupational pension schemes on or after 29 March 2007.
2. Equitable Life have now written to inform us that they will no longer offer death in service cover to new members, or accept any applications from existing policy holders to increase cover. This will be effective from 29 March 2007. We have instructed APACs to return any applications for death in service cover made after this date.
3. In addition, those over 60 will no longer be able to continue with their additional death in service cover. Payroll managers should ensure that contributions for additional death in service cover for staff over 60 are stopped with immediate effect. Equitable Life will contact the APAC concerning any staff who reach 60 during the tax year and will refund any contributions made after their 60<sup>th</sup> birthday

4. EPG section 3.3.1 and 3.3.2 will be amended to remove any reference to life assurance cover.

**Contacts** Enquiries about content, distribution or to receive in a different format

**employerhelpdesk@cabinet-office.x.gsi.gov.uk**

**01256 846414**

**Employer Helpdesk, Civil Service Pensions, Grosvenor House, Basing View  
Basingstoke, RG21 4HG**

You can find copies of the EPG, all current EPNs and forms on our website  
[www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk) in the Guidance for employers section.

Office Notice

## **Withdrawal of Equitable Life Additional Death in Service Cover**

The Equitable Life additional death in service cover allows you to increase the lump sum payable on your death to a maximum of 4 times your salary. Contributions are subject to full tax relief at the highest rate you pay.

Following the 2007 budget the Chancellor announced the Government's intention to remove tax relief for Pension Term Assurance (additional life cover) on any new policies taken out on or after 29 March 2007. Equitable Life have decided not to offer this cover as part of the CSAVC scheme in the future.

### **What does this mean to me?**

#### **If you currently contribute to an Equitable Life Additional Death in Service policy and are under scheme pension age (60):**

You can continue to contribute and you will continue to receive tax relief on those contributions. However you will not be able to increase the level of cover or extend the term of the contract beyond the current term (Age 60). This means that your additional death in service benefits will not increase as your salary increases.

#### **If you currently contribute to an Equitable Life Additional Death in Service policy and are over scheme pension age (60):**

If you are over 60 and are contributing to an additional death in service policy the term of the contract is revised at the anniversary date, which for over 60's, is 6 April. This means the Equitable Life additional cover will stop immediately. Equitable Life should tell you that the contract has stopped. If deductions are still being made from your pay you should contact your payroll/HR department.

#### **What if I applied to make additional contributions after 29 March?**

Your application will not be valid. Any contributions you have made so far will be repaid by Equitable Life in full.

#### **If you are considering making contributions for additional life cover:**

This is no longer available under the CSAVC scheme. Equitable Life have stopped accepting any new contracts for additional life cover since 29 March 2007.

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