Dealing with Bereavements
Introductions

Keith Fenney - Employer Relationship Manager

Jonny Watson - Pensions Consultant
Workshop Agenda

We’ll walk through:

- what needs to be considered under the regulations
  - member status

- the types of benefits available
  - lump sums, family benefits, pensions

- who can receive them
  - the nature of any relationships

- how much?

- the application process

- other options available: serious ill-health commutation
Death Benefits - what determines the type of benefits paid?

The Teachers’ Pensions Scheme provides death benefits in accordance with a member’s:

- age at death
- normal pension age
- average salary (final salary)
- annual rate of pensionable earnings (career average)
- status in the scheme

The type of benefits depend upon the member’s circumstances. Are they:

- in service, i.e. in pensionable service?
- out of service, i.e. not in pensionable service / deferred?
- re-employed after retirement?
- in serious ill-health?
- not qualified for benefits?
- a pensioner?
Death Benefits - Lump sum and pensions

The benefits paid out in the event of the death of a member consist of 2 types:

1. A death grant one-off payment
   - There are four types of death grant payment
     - an in-service death grant
     - an out-of-service death grant
     - supplementary death grant
     - refund of contributions plus interest

2. A survivors pension
   - There are two types of pensions
     - a short-term pension payable for 3 months after the death of the in-service (qualified) member or pensioner
     - a long-term pension after three months, with ongoing monthly payments while the entitlement conditions continue to be met
Death Benefits - who can receive a death grant?

It is dependent upon the individual circumstances of the member:

1. If they are married, in a civil partnership, or have a qualifying partner:
   - a death grant nomination isn’t required
   - the surviving adult partner will automatically receive any death grant payable
   - **but** if a death grant nomination is in place, that will take precedence

2. If they are not married, in a civil partnership, have a qualifying partner or simply wish for a death grant to be paid to someone else:
   - a Death Grant Nomination must be completed
   - it remains in effect until it is revoked or updated
   - it must be to an individual or individuals

3. If there is neither a qualifying surviving adult or nominee, any death grant will be paid to the member’s estate
### Death Benefits - death grant calculation

Depending on the circumstances, the death grant will be one of:

<table>
<thead>
<tr>
<th></th>
<th>Final Salary normal pension age 60 arrangement</th>
<th>Final salary normal pension age 65 arrangement</th>
<th>Career average arrangement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Death in service</strong></td>
<td>3 x final average salary</td>
<td>3 x final average salary</td>
<td>3 x annual rate of pensionable earnings (FTE)</td>
</tr>
<tr>
<td><strong>Death out of service</strong></td>
<td>3/80&lt;sup&gt;th&lt;/sup&gt; of the final average salary for every year of service</td>
<td>3/80&lt;sup&gt;th&lt;/sup&gt; of the final average salary for every year of service</td>
<td>2.25 x pension accrued</td>
</tr>
<tr>
<td><strong>Pensioner - supplementary death grant</strong></td>
<td>5 x annual pension at date of death minus pension already paid</td>
<td>5 x annual pension at date of death minus pension already paid</td>
<td>5 x annual pension at date of death minus pension already paid</td>
</tr>
</tbody>
</table>
Death benefits - who can receive a survivor’s pension?

Eligible beneficiaries are:

- a member’s spouse or civil partner

- a qualifying partner
  - provided they would have been able to marry or enter into a civil partnership, lived together for at least 2 years and be able to show they are financially interdependent

- dependent children
  - up to age 17, or up to age 23 if they are in full-time education
  - if fully incapacitated and not wholly maintained by the State, a child pension will continue to be paid beyond age 23

- a financially dependent surviving nominated beneficiary
Family Benefits – which years of service count?

- Survivor of same-sex marriage or civil-partnership
  - service from 1 April 1972 (or 6 April 1978 if marriage/civil partnership took place after leaving service)

- Female survivor of opposite sex marriage
  - service from 1 April 1972 (or 6 April 1978 if marriage / civil partnership took place after leaving service)

- Male survivor of opposite sex marriage
  - service from 1 April 1988

- Qualifying partner
  - service from 1 January 2007

- Child’s pension
  - service from 1 April 1972
## Family benefits

How a member’s Family Benefit is calculated

<table>
<thead>
<tr>
<th></th>
<th>NPA 60 Arrangement</th>
<th>NPA 65 Arrangement</th>
<th>Career Average Arrangement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In Service</strong></td>
<td>1/160 for each year of Family Benefit service + relevant enhancement</td>
<td>1/160 for each year of Family Benefit service + relevant enhancement</td>
<td>37.5% of accrued pension + relevant enhancement</td>
</tr>
<tr>
<td><strong>Out Of Service</strong></td>
<td>1/160 for each year of Family Benefit service</td>
<td>1/160 for each year of Family Benefit service</td>
<td>37.5% of accrued pension</td>
</tr>
<tr>
<td><strong>1 child</strong></td>
<td>1/320 for each year of Family Benefit service + relevant enhancement if applicable</td>
<td>1/320 for each year of Family Benefit service + relevant enhancement if applicable</td>
<td>18.75% of accrued pension + relevant enhancement if applicable</td>
</tr>
<tr>
<td><strong>2 or more children</strong></td>
<td>1/160 for each year of Family Benefit service + relevant enhancement if applicable divided between the children</td>
<td>1/160 for each year of Family Benefit service + relevant enhancement if applicable divided between the children</td>
<td>37.5% of accrued pension + relevant enhancement if applicable divided between the children</td>
</tr>
</tbody>
</table>
Bereavement - death benefits application process

The process for applying for death benefits is:

- Notification to Teachers’ Pensions
- Bereavement pack returned
- Employer completes form 22a (if death is within 12 months of last day of service)
- Teachers’ Pensions establishes the benefits entitlement
- Benefits are put into payment
Entitlement to serious ill-health commutation is dependent on:

- requesting serious ill-health commutation as part of the retirement application
- life-expectancy of <12 months

It provides for lump sum + 5 x annual pension as a one-off payment

Teachers’ Pensions will, on request, provide comparison figures between different retirement and death benefits options, comparing:

- lump sums available
- member pension, with enhancement if applicable
- family benefits
Serious ill-health commutation - example

<table>
<thead>
<tr>
<th>Award Type</th>
<th>Benefit Structure</th>
<th>At Death</th>
<th>Survivor’s pension</th>
</tr>
</thead>
</table>
| Member age 45 at death, in career average from April 2015 salary of £30k | Pre-max commutation of pension: 
Final Salary accrued pension (18 years 243 days) = £7,000 
Career average accrued pension = £5,000 + £5,789.47 ill-health enhancement (22 years to NPA) | For Spouse, Civil-Partner or Qualifying Partner | For Qualifying Children (per child) |
| Serious ill-health commutation | £146,545.86 | £7,546.05 | £3,773.03 |
| (Total benefits paid £146,545.86) | | | |
| Ill-health pension | £12,561.12 annual pension 
£83,740.26 lump sum | £50,244.48 (assumes dies after 1 year - balance of 4 years of pension as supplementary death grant) | £7,546.05 | £3,773.03 |
| (Total lump sum paid £133,984.74, plus £12,561.12 gross pension) | | | |
| Remain working and in-service up to death | N/A | £90,000 (death-in-service: £30,000 x 3) | £7,546.05 | £3,773.03 |
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Any other questions?