

How to claim death benefits



We not only provide pension benefits to our members; we also provide benefits for their loved ones in the event of their death.

This guide provides information about the benefits payable, and answers any questions you may have following the death of a member.

For forms, publications and more information about Civil Service Pensions (CSP) visit our website at:

www.civilservicepensionscheme.org.uk

Making a Claim:

Following the notification of the member's death, the CSP will assess the benefits due and issue relevant claim forms.

There are two claim forms:

Dependant Pension Claim Form - *For all dependant claims*

One-off Payment Claim Form - *For all payments due to the estate or a nominee*

Any claim forms received should be completed and returned with an original death certificate and original versions of any other supporting documents required.

Should additional forms be required, you can download them from the forms page of our website:

www.civilservicepensionscheme.org.uk/members-forms

Important Information about 2015 Remedy (McCloud):

In 2015 the government introduced reforms to public service pensions and most civil servants were moved into a new scheme called 'alpha'. In 2018, the Court of Appeal found that some of the rules put in place in 2015 were discriminatory based on age. As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. This is called 2015 Remedy (McCloud).

As part of the Remedy we want to ensure that affected members have a choice on the pension benefits received for service within the Remedy period, 01 April 2015 – 31 March 2022. Therefore, all affected members will be given two options, and this is called Deferred Choice Underpin (DCU).

If the late member was a member of the Civil Service Pension Scheme during the Remedy period, the benefits now payable to their beneficiaries are affected by this ruling.

Due to Remedy, there will be a choice of benefits payable to the late member's beneficiaries from the options available. Therefore, an Eligible Decision Maker will need to be appointed by the scheme administrator, to make that selection, following guidelines from HM Treasury.

These options are:

Option A – Legacy Benefits

Period	Benefits
Start date to 31 st of March 2022	PCSPS
01 st April 2022 to last day of service/date of death	alpha

Option B – Reformed Benefits

Period	Benefits
Start date to 31 st of March 2015	PCSPS
01 st April 2015 to last day of service/date of death	alpha

For the scheme to identify who the decision maker is, we require any beneficiaries and/or legal representatives to complete the claim form(s) on the website detailed above. It is important that all eligible beneficiaries, where appropriate, complete the form(s), so that we receive all information as soon as possible, and do not delay payment of any benefits due.

Once we are in receipt of the claim form(s) and all related information, a decision maker will be selected by the scheme. We will then write to the appointed individual to explain the process and their responsibilities.

In most circumstances, where there is a surviving spouse or civil partner, they will be the decision maker. Full details of the decision maker decision tree can be found here:

<https://www.civilservicepensionscheme.org.uk/your-pension/2015-remedy/decision-makers>

However, we have included some of the most common scenarios in the decision maker tree below to help you understand the decision making process. If there are any scenarios that are not covered below, please refer to the link above.

The decision maker will receive a quotation detailing the death benefits and any lump sums payable under both Option A and Option B. They will need to decide which benefits should be payable from one of these options. Once the decision is made, we will then pay the benefits to the beneficiaries, based on this decision.

Decision Maker Tree

It is important that we obtain all of the necessary information needed to appoint a decision maker following this guidance from HM Treasury:

Dependant Pension and Lump Sum benefits payable

- **If there is only one Beneficiary - An ADULT**
 - The adult beneficiary will be the decision maker

- **If there is only one Beneficiary - A CHILD**
 - The Legal Parent/Legal Guardian of the Child will be the decision maker

- **If there are multiple Beneficiaries – ADULTS and children**
 - The personal representative of the deceased member's estate will be the decision maker (who may, or may not, be one or more of the adult beneficiaries)
 - If there is no personal representative the surviving spouse or civil partner will be the decision maker
 - If there is no personal representative, surviving spouse, civil partner or qualifying life partner, and therefore no adult pension payable, and there is more than one child over 18, about to receive a child's pension then irrespective of whether they are living in the same household or in different households, the eligible decision maker is the person agreed upon by the two or more adult children
 - If any child is over 18 but cannot make the decision for themselves, the person with a power of attorney or who has been appointed as a deputy by the Court of Protection will choose a decision maker on their behalf
 - If there is a mix of children over 18 and under 18 then the eligible decision maker is the person agreed upon by the children over 18 (or a person with power of attorney / deputy if the child cannot make the decision for themselves) and the parent or guardian of the children under 18
 - If a decision maker cannot be agreed upon, the decision will be made by the Civil Service Pension Scheme administrator

Lump Sum Only Payable

- **If there are multiple Beneficiaries – two or more ADULT beneficiaries (no children under or over 18)**
 - If there is no surviving spouse, civil partner or qualifying life partner, but there are two or more nominated adults who are about to receive a share in the death lump sum, the eligible decision maker is the personal representative of the estate
 - If there is no personal representative, then the eligible decision maker is the person agreed upon by the two or more adults
 - If a decision maker cannot be agreed upon, the decision will be made by the Civil Service Pension Scheme administrator

- **If there are multiple Beneficiaries – two or more CHILDREN UNDER 18**
 - If there is no surviving spouse, civil partner or qualifying life partner, but there are two or more nominated children who are about to receive a share in the death lump sum, if all children live in the same household then the eligible decision maker is the legal parent or legal guardian of the children



Civil Service Pensions

- If the children live in different households, and there is no single legal parent or guardian, the eligible decision maker is the personal representative of the estate
- If there is no personal representative of the estate the decision will be made by the Civil Service Pension Scheme administrator
- **If there is only one beneficiary – a nominated organisation**
 - The personal representative will be the decision maker (who may, or may not, be one or more of the adult beneficiaries)
 - If there is no personal representative, the decision will be made by the Civil Service Pension Scheme administrator
- **If there is only one beneficiary – the deceased member’s estate**
 - The personal representative will be the decision maker (who may, or may not, be one or more of the adult beneficiaries)
 - If there is no personal representative, the decision will be made by the Civil Service Pension Scheme administrator

Civil Service Pensions death benefits

In the event of a member’s death, the following benefits may be payable:

- Survivor dependant pension:
 - Widow’s or Widower’s pension; Civil Partner pension; Partner pension
- Child dependant pension
- Death benefit lump sum
- Widow’s/Widower’s Pension Scheme (WPS) refund

You can find more information about each benefit below.

Dependant pensions

Widow’s/widower’s or civil partner’s pension:

In the event of a member’s death, we will pay a pension to their widow, widower or surviving civil partner.

If the member was in the **classic scheme**, the pension is payable for life unless the recipient re-marries, co-habits or enters into a new civil partnership. For all other schemes, the pension is payable for life.

The amount of pension payable will depend on which scheme the member was in when they died. For more information please visit: www.civilservicepensionscheme.org.uk/pension-schemes and select the relevant scheme.

To claim, you will need to complete and return a **Dependant pension claim form**.

Please enclose your original marriage or civil partnership certificate with your claim form.

Partner's pension:

If the deceased member was in a **classic plus, premium, nuvos, or alpha scheme**, we will pay a pension to their partner if they were cohabiting in an exclusive and committed long-term relationship.

To claim, you will need to complete and return a **Dependant pension claim form**.

Please enclose two forms of evidence of any joint financial arrangements between you and the deceased with your claim. Your evidence must be original, and dated no older than six months before the member's death.

You can choose two forms of evidence from the following list:

- Joint mortgage/tenancy
- Joint credit arrangements
- Beneficiary of life assurance
- Working family tax credits
- Joint bank account
- Joint savings account
- Council tax

If you are unable to provide any of the above as evidence, you will need to provide alternative evidence that shows you and the deceased shared joint financial commitments.

Child pension(s):

We will pay a child's pension to either the member's natural or adopted child (or any other financially dependant child), if the child meets one of the following eligibility criteria:

- They are under 17 (if the member was in **classic scheme**) or under 18 (if the member was in **classic plus, premium, nuvos or alpha scheme**)
- They are between the age of 17 and 23 (if the member was in **classic scheme**) or 18 and 23 (if the member was in **classic plus, premium, nuvos or alpha scheme**) and in full-time education or vocational training
- They are unable to work because of a permanent physical or mental impairment

If more than one child meets the eligibility criteria, we will split the pension equally between them.

To claim, you will need to complete and return a **Dependant pension claim form**.

You will need to send us original versions of the following supporting documentation with your claim form:

For all claims – A full birth certificate or adoption certificate

If applying as a guardian of a child in your care – A parental responsibility order or agreement order

If applying for a child under 23 and in full-time education or training - A letter from an education or training establishment confirming the start and end date of the child's course

If applying for a child in your care who is unable to work due to a physical or mental impairment –

- A letter from the child's doctor explaining their condition and that they are unable to engage in gainful employment
- Evidence of financial dependence on the member

Death benefit lump sum

A death benefit lump sum may be payable in the following circumstances:

- If a member dies whilst in service
- If a member dies after leaving service, but before claiming their pension
- If a member dies within two years of fully retiring (applies to **classic** members)
- If a member dies within five years of fully retiring (applies to **classic plus, premium, nuvos, and alpha** members)

If there is a death benefit nomination:

If the deceased member has made a **death benefit nomination**, we will pay a death benefit lump sum to their one nominee (if they were in **classic scheme**) or their nominees (if they were in **classic plus, premium, nuvos or alpha scheme**).

We will send a **One-off payment claim form** to each nominee for them to complete.

Please note: A Grant of Representation is not required to release this benefit.

If there is no death benefit nomination:

Should the member not make any death benefit nominations, the death benefit lump sum will instead be due to the estate.

If you are claiming as the member's personal representative, you will need to complete a **One-off payment claim form** on behalf of the estate.

Please note: We may require a Grant of Representation to release this benefit, see below.

Payments to the member's estate

Widow's/Widower's Pension Scheme (WPS) refund:

If the deceased was a member of either **classic** or **classic plus scheme**, they will have paid Widow's/Widower's Pension Scheme (WPS) contributions during their service in order to make provision for a widow or widower in the event of their death.

We may refund these contributions if:

- the member was either in **classic** or **classic plus scheme**; and
- was either in service or had left service, but had not claimed their pension; and
- was unmarried, divorced, or widowed.

We will pay a WPS refund to the member's personal representative (the person dealing with the deceased member's estate).

To make a claim, you will need to complete the **One-off payment claim form**.

Please note: We may require a Grant of Representation to release this benefit, see below.

Residual pension:

As we pay members' pensions in arrears, a member may die before we can pay them their next pension payment. If this happens, we will pay any pension that was due to the member, from the day after the last payment to the date of death, to their personal representative.

Please note: If we paid the member's pension after they died, there may be money owed to us from the deceased member's estate.

To make a claim as the member's personal representative, you will need to complete the **One-off payment claim form**.

Please note: We may require a Grant of Representation to release this benefit, see below.

Grant of Representation:

If you have a Grant of Representation (a Court Order issued by one of the Probate Registries of the High Court, which gives authority to 'Personal Representatives' to deal with a deceased's estate) please enclose the original document with your claim form.

Please note: if you are claiming a benefit (or benefits) as the member's personal representative, and the total amount payable to the estate is more than £10,000 (or £40,000 where the personal representative is the member's spouse or civil partner), then you or your solicitor must apply for a Grant of Representation and send us the original document before we can pay any benefits due.

You can find information about applying for Grant of Representation on the government website:

www.gov.uk/applying-for-probate

Death benefits and tax

All occupational pension schemes and personal pension arrangements are subject to tax rules. The rules set limits on the following:

- The amount of tax-free contributions people can make to a pension scheme
- The maximum amount of benefits that can be paid
- The way in which benefits can be taken

This section explains how the rules introduced on 06 April 2006 may affect the benefits payable following the death of a scheme member.

Tax on residual payments:

Residual payments are considered income and consequently, are taxed at the member's income tax rate in the tax year the payment is issued.

Tax on dependant pensions:

Dependant pensions are considered income and are taxed at the dependant's income tax rate.

Please note: Any arrears will be taxed using an emergency tax code, until we receive the correct tax code from HMRC.

Tax on death benefit lump sums:

We will need to pay a death benefit lump sum within two years of being told that the member has died (or from when we could first reasonably have been expected to know of the member's death). If not, it will be treated as a 'taxable authorised' payment and may be liable for tax.

If there is a nominee – The lump sum will be taxed at the nominee's income tax rate

If there is no nominee – The lump sum will be taxed at 45%

See the **HM Revenue & Customs (HMRC)** website for more information about 'taxable authorised' payments from pension schemes: www.hmrc.gov.uk

Tax rules for members who die aged over 75:

Tax rules prevent us from paying a death benefit lump sum for members aged 75 or over at the date of death (unless they were already receiving a pension on **05 April 2006**).

If a **pension guarantee payment** is due on the member's death, we cannot pay this as a lump sum. Instead, we will continue to pay an annual pension – for the rest of the guarantee period – to the person or people nominated to receive the lump sum. We will make these pension payments annually in advance.

See **HMRC's** website for more information: www.hmrc.gov.uk

Lifetime Allowance (LTA):

Everyone has a Lifetime Allowance (LTA) which is the total value of pension benefits that an individual can take from all pension arrangements (excluding State benefits) before incurring a tax charge. The LTA does not limit the total amount of pension benefits that an individual can receive in their lifetime.

The Government has set the LTA at a level that means most people are unlikely to have to pay this tax. However, everyone's benefits are checked against the limit when a pension or lump sum benefit is taken.

Most people will have a standard LTA of 100%, but an individual may have a higher LTA if they have applied to **HMRC** for an enhanced LTA. See **HMRC's** website for details of the LTA, including rates:

www.hmrc.gov.uk

Every time a person starts to draw a new pension benefit from a pension scheme, they will use some of their LTA. If there is no LTA left when their benefit becomes payable, they will have to pay a tax charge.

Please note:

- a death benefit lump sum payable after the death of a member **may** count towards a member's LTA; and
- any lump sum payments made when a member dies in service or before they become a pensioner **will** count towards a member's LTA.

If a member with a deferred pension dies before their pension comes into payment, or shortly after their pension comes into payment, we will pay the balance of pension due to be paid during the **guarantee period**. This is called a pension guarantee payment.

Pension guarantee payments normally count against the member's LTA, unless the member had elected for it to be treated as a **pension protection lump sum death benefit**.

If a pension protection lump sum death benefit is paid, the pension scheme will deduct tax at a rate of 45% (unless the deceased member was under age 75 at the date of death) but the lump sum will not count against the member's LTA. If the **pension guarantee payment** relates to a pension that was already in payment on **05 April 2006**, then no tax is payable.

The member's personal representative is responsible for determining the LTA tax position. Any LTA tax due is payable by the recipient of a lump sum payment and will be collected from them by HMRC.

What a personal representative must do:

If you are making a claim as a deceased member's personal representative, you will need to contact any pension schemes that the member belonged to, or was receiving a pension from.

The pension scheme administrator will tell you the date and amount of any lump sum benefit paid that will count towards the member's LTA. They will also tell you how much of the LTA the lump sum has used. The scheme administrator must provide you with this information within three months of the payment.

If a pension scheme pays a lump sum on the death of the scheme member that counts towards the member's LTA, you will need to find out how much LTA the member had already used up (in total). You can obtain this information from the member's pension scheme(s) and they should provide this information within two months of the request.

If the member's remaining LTA is insufficient to cover payment of any lump sum(s), you must notify **HMRC** and give them details of the lump sum(s) paid, the scheme(s) that made the payment(s), and the amount on which the LTA tax charge is payable.