

EXPRESSION OF WISH

Lump Sum Death Grant



WARWICKSHIRE

pension fund

The Local Government Pension Scheme
(LGPS) in England and Wales



Introduction

An important benefit of being a member of the Local Government Pension Scheme (LGPS) is that it provides a lump sum benefit in the event of your death. If you die in service we will normally pay a lump sum death benefit of three times your annual pensionable pay. Please note we can only pay the lump sum if you die before your 75th birthday. The scheme rules allow you to nominate the person or persons that you want to receive the death grant.

Please note: If you die in service as a member of the LGPS a lump sum death grant of three times your assumed pensionable pay at your date of death is paid, no matter how long you have been a member of the LGPS, provided you are under age 75 at the date of death.

If you also have a deferred benefit and/or a pension in payment from a previous period of membership of the LGPS, the lump sum death grant that will be payable is the greater of:

- the total of any lump sum death grants payable from the deferred and/or pensions in payment
- three times your assumed pensionable pay at your date of death i.e. the in service death grant

What are the advantages in nominating somebody?

The advantages of nominating any of your relatives or dependents to receive the death grant is that payments can be made quickly, without waiting for your estate to be settled. Under the current provisions where death benefits are paid to the scheme member's legal beneficiary, the payment could ultimately be subject to Inheritance tax where the total value of the estate exceeds the appropriate level. By declaring a nominated beneficiary, the death grant may be paid directly to that person(s), and if so may fall outside of Inheritance Tax.

Are there any disadvantages in nominating somebody?

No, although in order to avoid Inheritance Tax the scheme administrator has some discretion over who receives the payment. This means in theory, we do not have to pay it to the named nominee. However, this only happens in very unusual circumstances, we do our best to honour the request made on your nomination form.

Do I have to make a nomination?

No, it is optional whether you wish to make a nomination or not. If you decide not to make a nomination the death grant due will be paid to whoever is legally entitled to receive payment. The Probate Office will decide who that is and will issue Grant of Probate or Letters of Administration depending on whether you have written a will or not. This process can take time. If you have not made a will your estate may not be distributed in the way you wish.

Who can I nominate?

Basically, anyone you wish. There is space on the form to nominate up to four persons.

You may, if you wish divide the death grant between more than four. You can do this on a separate sheet of paper. If you do nominate more than one person, you must indicate how much of the grant each person is to receive, e.g. 40% 60% etc. If you nominate a person under the age of 18 years you may wish to seek legal advice on the setting up of a trust fund to which the amount can be paid. You can also nominate an organisation or charity.

Can this nomination form be used to direct a pension to a nominated beneficiary?

No, this form can only be used to direct lump sum benefits. The scheme rules only allow pensions to be paid to the scheme member's spouse (at the time of death), civil partner, nominated cohabiting partner or the eligible children.

Can I change my nomination?

Your nomination can be changed at any time by completing a new form. If the person due to receive the payment dies then you will need to complete a new form to nominate a new beneficiary. If you have listed more than one person and anyone of them dies you will also need to complete a new form.

If you have nominated a spouse, registered civil partner or cohabiting partner and you subsequently divorced or become estranged, then the nomination will no longer stand. You will need to nominate a new beneficiary.

What will happen if I leave?

If you leave the LGPS and you are entitled to preserved retirement benefits, you can also make a nomination, although the death benefit is lower than that payable to employees who die whilst in pensionable service.

What will happen if I am in receipt of a pension?

If you are in receipt of a pension, a lump sum death grant is payable, if less than 10 years pension has been paid and you are under the age of 75 at the date of death, in which case the balance of 10 years pension is paid as a lump sum. If you retired before 1 April 2008 a death grant is payable if less than 5 years pension has been paid, in which case the balance of 5 years of pension is paid as a lump sum.

NB: If you commuted part of your pension to provide a lump sum, the death grant payable will be subject to an adjustment to reflect this.

What should I do now?

If you wish to make a nomination complete and return it to:

Treasury & Pensions
Warwickshire County Council
PO Box 3, Shire Hall, Warwick
CV34 4RL

You may wish to take a copy of this form before you return it.

Warwickshire Pension Fund Payment of Lump Sum Death Grant

Our policy:

That Pension Services make payment to the nominee unless it is apparent that the nomination may no longer be valid (i.e. that the nominee may have separated or divorced since the nomination was made or other exceptional circumstances). If no nomination has been made or the nomination is no longer valid payment is made as follows:

- *to the spouse or partner upon production of evidence of marriage or partnership or,*
- *any person appearing to the authority to have been his (her) relative or dependant at any time or,*
- *to their personal representatives or,*
- *if there is no evidence of marriage or partnership or of any persons appearing to be a relative or a personal representative, payment will be made to the Estate.*

If the nominee is a minor, payment is made to a trust fund in respect of the nominee.



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