

Wiltshire Pension Fund

Life cover - protection for your family



The Local Government Pension Scheme (LGPS) provides valuable life cover and financial protection for your family.

In this leaflet we look at how these benefits work if you pay into the LGPS on or after 1 April 2008. Where pension terms are used, they appear in **bold italic** type. These terms are defined at the end of this leaflet.

What benefits will be paid if I die in service?

If you die in service as a member of the LGPS, the benefits shown below are payable.

A lump sum death grant of three times your final year's pay 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. For part time employees, it is three times your actual part time pay.

A survivor's pension - An ongoing pension is provided for your husband, wife, registered **civil partner** or, subject to certain qualifying conditions, your nominated cohabiting partner. This pension is payable immediately after your death for the rest of their life and will increase every year in line with the cost of living (CPI).

- **For your husband, wife or registered civil partner:** the pension payable is equal to 1/160th of your final pay times the membership you would have built up to age 65.
- **For your nominated cohabiting partner:** the pension payable is calculated in the same way, although only your membership from 6 April 1988 is used in the calculation plus any of your membership before 6 April 1988 that you have opted to pay additional contributions for so that it counts towards a nominated cohabiting partner's pension.

To nominate a cohabiting partner your relationship has to meet certain conditions laid down by the LGPS.

You can find information on these conditions and how to make a nomination in the section **What are the conditions** which you will find later in this leaflet.

Children's pensions - these are payable to **eligible children** and increase every year in line with the cost of living (CPI). The amount of pension depends on the number of eligible children you have:

- **If a survivor's pension is being paid** to your husband, wife, civil partner or nominated cohabiting partner, one child would receive 1/320th of your final pay times the membership you would have built up to age 65, while two or more children would receive 1/160th shared equally between them.
- **If there is no husband's, wife's, civil partner's or nominated cohabiting partner's pension being paid**, one child would receive 1/240th of your final pay times the membership you would have built up to age 65, while two or more children would receive 1/120th shared equally between them.

In determining survivor's and children's pensions for part time employees who die in service, the membership you would have built up to age 65 is calculated on the assumption you would have remained part time through to then. You should read the leaflet on **Your LGPS Retirement Benefits** to find out how membership counts and how final pay is worked out for the calculation of LGPS benefits.

If you die in service and are you paying additional contributions to:

- **buy extra LGPS pension** and you opted to pay for dependant's benefits when you took out your original contract, then extra benefits will be payable to your husband, wife, civil partner or nominated cohabiting partner and to eligible children as if you had completed all payments. If you did not opt to pay for dependant's benefits when you took out your original contract, then no extra benefits will be payable.
- **buy LGPS added years**, you will be credited on your death with the whole extra period of membership that you set out to buy, even if you have not completed full payment for it. This will increase the value of the benefits payable to your husband, wife, civil partner or nominated cohabiting partner and to eligible children. To buy added years you must have opted to do so before 1 April 2008.
- **buy extra nominated cohabiting partner survivor benefits**, then the whole of your pre 6 April 1988 membership that you were paying additional contributions for will be included in calculating any survivor pension payable to a nominated cohabiting partner, even if you have not completed full payment for it.

If you pay Additional Voluntary Contributions (AVCs) arranged through the LGPS (in-house AVCs), the value of your AVC fund is payable, as is any extra life cover or spouse's/civil partner's pension paid for through AVCs.

What benefits will be paid if I die after retiring on pension?

If you die after retiring on pension, your benefits will no longer be payable. Your husband, wife, civil partner, cohabiting partner, next-of-kin or person dealing with your Estate must immediately inform Wiltshire Pension Fund of your date of death as otherwise an overpayment could occur. Contact details can be found at the end of this leaflet.

The following benefits may then be payable on your death:

A lump sum death grant will be paid if you die within the first 10 years on pension, and you are under age 75. The amount payable would be 10 times your annual pension reduced by any pension already paid to you (ignoring any reduction in your pension as a result of re-employment by an employer offering membership of the LGPS).

A survivor's pension. A pension will be paid to your husband, wife, registered civil partner or, subject to certain qualifying conditions, your nominated cohabiting partner. This pension is payable immediately after your death for the rest of their life and will increase every year in line with the cost of living (CPI).

- **For your husband or wife:** the pension payable is equal to 1/160th of your final pay times the membership your pension is based on, unless you marry after retirement in which case it could be less. If you marry after retiring:
 - your husband's pension is based on your membership after 5 April 1988, (excluding, unless you were married to your husband at some time whilst you paid into the LGPS,

additional membership purchased by you or granted to you by your employer or the scheme),

o your wife's pension is based on your **contracted-out** membership after 5 April 1978.

- **For your civil partner:** the pension payable is equal to 1/160th of your final pay times the membership your pension is based on.
- **For your nominated cohabiting partner:** the pension payable is equal to 1/160th of your final pay times your membership in the scheme after 5 April 1988, plus any of your membership before 6 April 1988 that you have paid additional contributions for so that it counts towards a nominated cohabiting partner's pension.

To nominate a cohabiting partner your relationship has to meet certain conditions laid down by the LGPS. Information on these conditions and how to make a nomination are set out in the section **What are the conditions** which you will find later in this leaflet.

Children's pensions - these are payable to eligible children and increase every year in line with the cost of living (CPI).

The amount of pension depends on the number of eligible children you have:

- **If a survivor's pension is being paid** to your husband, wife, civil partner or nominated cohabiting partner, one child would receive 1/320th of your final pay times the membership your pension is based on, while two or more children would receive 1/160th shared equally between them.
- **If there is no husband's, wife's, civil partner's or nominated cohabiting partner's pension being paid**, one child would receive 1/240th of your final pay times the membership your pension is based on, while two or more children would receive 1/120th shared equally between them.

If you paid additional contributions to buy extra benefits see the leaflet on **Increasing your Benefits** to find information on any extra survivor benefits that may be payable.

Who is the lump sum death grant paid to?

Wiltshire Pension Fund has absolute **discretion** over who receives any lump sum death grant; they can pay it to your nominee or personal representatives or to any person who appears, at any time, to have been your relative or dependant. The LGPS, however, allows you to express your wish as to who you would like any death grant to be paid to by completing and returning a nomination form. If any part of the death grant has not been paid within two years, it must be paid to your personal representatives, i.e. to your Estate. If you have not already made your wishes known, or you wish to update / change a previous nomination form, a form is available from Wiltshire Pension Fund or you can download one from our website www.wiltshirepensionfund.org.uk Remember to complete a new form if your wishes change.

What are the conditions for a nominated cohabiting partner's survivor's pension?

To be able to nominate a cohabiting partner, of either opposite or same sex, to receive a survivor's pension on your death, all of the following conditions must have applied to both you and your nominated cohabiting partner for a continuous period of at least 2 years on the date you both sign the nomination form:

- both you and your nominated cohabiting partner are, and have been, free to marry each other or enter into a civil partnership with each other, and
- you and your nominated cohabiting partner have been living together as if you were husband and wife, or civil partners, and
- neither you or your nominated cohabiting partner have been living with someone else as if you/they were husband and wife or civil partners, and
- either your nominated cohabiting partner is financially dependent on you or you are financially interdependent on each other.

Your partner is financially dependent on you if you have the highest income. Financially interdependent means that you rely on your joint finances to support your standard of living. It doesn't mean that you need to be contributing equally. For example, if your partner's income is a lot more than yours, he or she may pay the mortgage and most of the bills, and you may pay for the weekly shopping.

You make a nomination by completing a 'Nomination of a Cohabiting Partner for Survivors Pension' form which form is available from Wiltshire Pension Fund or you can download one from our website www.wiltshirepensionfund.org.uk

On your death, a survivor's pension would be paid to your nominated cohabiting partner if:

- the nomination has effect at the date of your death, and
- your nominated cohabiting partner satisfies Wiltshire Pension Fund that the above conditions had also been met for a continuous period of at least 2 years immediately prior to your death.

And

- If your LGPS benefits are subject to a Pension Sharing Order issued by the Court following divorce or dissolution of a civil partnership, or are subject to a qualifying agreement in Scotland, your benefits will be reduced in accordance with the Court Order or agreement. In consequence, if you remarry, enter into a new civil partnership or nominate a cohabiting partner to receive a survivor's pension, any spouse's pension, civil partner's pension or nominated cohabiting partner's pension payable following your death will also be reduced. Benefits payable to eligible children will not, however, be reduced because of a pension share.
- If your membership in the LGPS includes a **Guaranteed Minimum Pension (GMP)**, your wife's pension for that part of your membership prior to 6 April 1997 must not be less than half your **GMP**. Your husband or civil partner's pension for that part of your membership prior to 6 April 1997 must not be less than half your GMP built up after 5 April 1988.
- Your personal representatives will need to inform HM Revenue and Customs if, with the lump sum death grant, the value of all your pension benefits – but not including any spouse's, civil partner's or dependant's pensions - exceeds the HM Revenue and Customs lifetime allowance. Under HM Revenue and Customs rules, any excess will be subject to a recovery tax charge. Most scheme members' pension savings will be significantly less than

the allowance. You can find more information on this from the leaflet on **Tax controls and your LGPS benefits**.

More information

For more information or if you have a problem or question about your LGPS membership or benefits, please contact:

Wiltshire Pension Fund
County Hall
Trowbridge
Wiltshire
BA14 8JN
01225 713613

pensionenquiries@wiltshire.gov.uk
www.wiltshirepensionfund.org.uk

The national web site for members of the LGPS can be found at www.lgps.org.uk

You can find out about what you can do if you are not happy about a decision made about your LGPS pension position from the leaflet **Help with Pension Problems**.

Disclaimer

The information in this guide applies to individuals who were contributing members of the Local Government Pension Scheme on 1 April 2008 or who have since joined. This leaflet was up-to-date at the time of publication in October 2009. This guide is for general use and cannot cover every personal circumstance nor does it cover specific protected rights that apply to a very limited number of employees. In the event of any dispute over your pension benefits, the appropriate legislation will prevail as this guide does not confer any contractual or statutory rights and is provided for information purposes only.

Some terms we use

Civil Partnership

A Civil Partnership is a relationship between two people of the same sex (civil partners) which is formed when they register as civil partners of each other.

Contracted out

The LGPS was contracted out of the State Earning Related Pension Scheme (SERPS) and is contracted out of the State Second Pension (S2P). This means that, prior to State pension age, you pay reduced National Insurance contributions between the Lower and Upper Earnings Limit (unless you have opted to pay the married woman's/widow's reduced rate of National Insurance). The LGPS guarantees to pay you a Guaranteed Minimum Pension (GMP) for being contracted out of the State Earning Related Pension Scheme (SERPS) and, for membership after 5 April 1997, the LGPS must meet a minimum Reference Scheme test prescribed under the Pensions Act 1995.

Discretion

This is the power given by the LGPS to enable your employer or the administering authority of the Wiltshire Pension Fund, Wiltshire Council to choose how they will apply the Scheme in respect of

certain provisions. Under the LGPS your employer or Wiltshire Pension Fund are obliged to consider how to exercise their discretion and, in respect of some (but not all) of these discretionary provisions, to have a written policy on how they will apply their discretion. They have a responsibility to act with 'prudence and propriety' in formulating their policies and must keep them under review. You may ask your employer or your administering authority what their policy is in relation to a discretion.

Eligible children

Eligible children are your children. They must, at the date of your death: be under 18 and be wholly or mainly dependant on you, or

- be aged 18 or over and under 23, be dependent on you, and be in full time education or undertaking vocational training (although a dependant child who commences full time education or vocational training after the date of your death may be treated as an eligible child up to age 23), or
- in some cases, a dependent child of any age who is disabled may be classed as an eligible child.

In all cases, the children must have been born before or within a year of your death.

Guaranteed Minimum Pension (GMP)

The LGPS guarantees to pay you a pension that is at least as high as you would have earned had you not been contracted out of the State Earning Related Pension Scheme (SERPS) at any time between 6 April 1978 and 5 April 1997. This is called the Guaranteed Minimum Pension (GMP).

Wiltshire Council is the administering authority for Wiltshire Pension Fund.

