

What happens to your pension when you die?

This leaflet explains what happens if you were to die after you start receiving your pension from the Local Government Pension Scheme (LGPS)

Death Grants

If you die after drawing your LGPS pension and before reaching age 75, a death grant may be payable. Generally speaking, the death grant is equal to 10 times (or 5 times if you left the LGPS before 1 April 2008) the pension less the amount already paid.

If, at death, you were paying into the LGPS in respect of a later period of membership, only one death grant is payable, rather than one for the pension in payment and one for your active membership. The highest death grant would be payable. Providing that the death grant is paid within 2 years to the date of death, the payment is tax free.

Please see the below section 'Nominating a beneficiary for your death grant'.

Nominating a beneficiary for your death grant

The LGPS, allows you to express your wish as to who you would like any death grant to be paid to by completing and returning an 'Expression of Wish' form.

If you have not already made your wishes known, or you wish to update / change a previous expression of wish, you can do so via My Pension Online or a form is available on our website. Remember to update if your wishes change.

As the manager of the relevant fund, Lancashire or Cumbria County Council (as the case may be) have absolute discretion over who receives any death grant; they can decide to pay any death grant due your nominee/s or personal representatives or to any person who appears, at any time, to have been your relative or dependant.

If any part of the death grant has not been paid within two years, it must be paid to your Estate and may be liable for a 45% tax charge.

Spouses' or civil partners' pensions

We will also pay a proportion of your pension to your surviving spouse or civil partner. The proportion is generally –

- 50% in respect of benefits built up before 01/04/2008;
- 37.5% in respect of benefits built up between 1 April 2008 and 1 April 2014; and
- 30.625% in respect of benefits built up on or after 1 April 2014.

The surviving spouse or civil partners pension is payable for life from the day after the date of death and is inflation proofed so it holds its value over time.

Getting married or entering into a civil partnership after leaving the LGPS

If, after you left the LGPS as a paying member, you married or entered into a civil partnership, your surviving spouse or civil partner may receive a smaller pension than would otherwise have been the case had the marriage or civil partnership taken place before leaving the LGPS.

Cohabiting partners' pensions

Your cohabiting partner may receive a survivor pension provided you paid into the LGPS on or after 1 April 2008 and, at death, your relationship met the below conditions for a continuous period of at least 2 years.

- you and your cohabiting partner are, and have been, free to marry each other or enter into a civil partnership with each other, and
- you and your cohabiting partner have been living together as if you were a married couple, or civil partners, and
- neither you nor your cohabiting partner have been living with someone else as if you/they were a married couple or civil partners, and
- either, your cohabiting partner is, and has been, financially dependent on you or you are, and have been, financially interdependent on each other.

The pension is worked out in the same way as for pensions for surviving spouses or civil partners. However, it is based only on the benefits you built up after 5 April 1988 unless you elected to pay extra contributions to count earlier benefits.

Children's pensions

We will also pay a proportion of your pension to your child (children) provided they are an "eligible child".

The specific proportion payable to each "eligible child" will depend upon whether a pension is also payable in respect of your membership to a surviving spouse, civil partner or cohabiting partner and the number of eligible children. The pension payable to an eligible child is inflation proofed and will continue for as long as the child remains 'eligible'.

"Eligible children" at the date of your death must satisfy the following criteria:

- be your natural child (who must be born within 12 months of your death), or
- be your adopted child, or
- be your stepchild or a child accepted by you as being a member of your family (this doesn't include a child you sponsor for charity) and be dependent on you.

Eligible children must meet the following conditions:

- be under age 18, or
- be aged 18 or over and under 23 and in full-time education or vocational training (although we can continue to treat the child as an eligible child notwithstanding a break in full-time education or vocational training), or
- be unable to engage in gainful employment* because of physical or mental impairment and either:
 - has not reached the age of 23, or
 - the impairment is, in the opinion of an independent registered medical practitioner, likely to be permanent and the child was dependent on you at the date of your death because of that mental or physical impairment.

* **"gainful employment"** means paid employment for not less than 30 hours in each week for a period of not less than 12 months.

If you are receiving a survivor pension as a surviving eligible child, cohabiting partner, spouse or civil partner and die, no further benefits are payable.

Pension credit members

If you are receiving a pension credit as a result of a pension sharing order and die, the previous sections also do not apply.

A pension credit is a pension which has been awarded in respect of a former spouse's or civil partner's LGPS benefits as part of divorce or dissolution of civil partnership proceedings.

If you die after receiving a pension credit and before reaching age 75*, a death grant may be payable. Generally speaking, the death grant is equal to 5 times the pension less the amount already paid.

*In some situations, a death grant is only payable if you die before attaining age 70 rather than 75.

Please see above section 'Nominating a beneficiary for your death grant' for more information on making a nomination.

This leaflet is for general use and cannot cover every personal circumstance as its contents are based on our understanding of the legislation and events at the time. In the event of any dispute over your pension benefits, the appropriate legislation will prevail as this leaflet does not confer any contractual or statutory rights and is provided for information purposes only.