



Introduction to Occupational Pension Scheme Death Benefits

The Main Aim of this unit:

The aim of this Unit is to provide occupational scheme administrators with an overview of the different types of lump sum death benefits and dependant's/civil partner's pensions available and Her Majesty's Revenue and Customs conditions for their payment to member's dependants or their legal personal representative.

The learner will need to know and understand:

<p>Why administrators should always check the rules of the pension scheme</p> <ul style="list-style-type: none">• HM Revenue and Customs (HMRC) rules and how they should be applied to occupational pension schemes.• Scheme rules can have different rules to the HMRC rules and are not always the same.• Terminology used in scheme rules may differ from terminology used in the HMRC Registered Pension Schemes Manual.
<p>Lump sum death benefit payment timescales</p> <ul style="list-style-type: none">• Notification from various parties.• 2 year timescales and penalties.
<p>The importance of Expression of Wish/Nomination forms</p> <ul style="list-style-type: none">• Trustee Discretion.• Inheritance Tax relief.
<p>The names of the Nine different HMRC Lump Sum Death Benefits available.</p>
<p>The features of the main four Lump Sum Death Benefits (Defined Benefit Lump Sum / Uncrystallised Funds Lump Sum / Pension Protection Lump Sum / Annuity Protection Lump Sum) to include:</p> <ul style="list-style-type: none">• The type of scheme the payment can be made from.• Any amount or age restraints on the amount to be paid out to beneficiaries.• Common methods of calculating the lumps sums payable (multiple of salary, fund value etc).

<p>Dependant's pensions</p> <ul style="list-style-type: none"> • HMRC definition of dependant. • Restrictions on paying a dependants pension. • Financial dependence and Mutual dependence. • Scheme specific definitions. • Children's pensions. • Dependants pension rules (scheme rules, maximum amounts, restrictions, types of pensions available). • Rules surrounding spouses who are significantly younger than member.
<p>Contracted-out rights and how they impact on dependants pensions</p> <ul style="list-style-type: none"> • Rules regarding the payment of widows/widowers GMP on death.
<p>Death in deferment</p> <ul style="list-style-type: none"> • Dependants pension. • Lump sum benefits available.
<p>Administration issues & timescales</p> <ul style="list-style-type: none"> • Lifetime Allowance information. • Information to be sent to the Legal Personal Representative. • The role of the Legal Personal Representative. • The Information required by the administrator to complete a death case.

The Learning Outcomes for this unit:

On successful completion of this unit the learner will:

1. Know the death benefit options available following the death of a member/pensioner in an occupational pension scheme.
2. Know the occupational pension scheme rules and options available to a dependant following the death of a member in each of the following:
 - (a) Death in service.
 - (b) Death in deferment.
 - (c) Death in retirement.
3. Explain the definition of a Dependant and the restrictions on a dependant's pension.
4. Know the impact on a death benefit payment for a member who has died whilst still a member of the pension scheme and who has contracted-out rights within his/her accrued pension benefits.
5. Know Her Majesty's Revenue and Custom (HMRC) timescales for payment of death benefits to a member or pensioner.

Assessment Method

Assessment is via examination compiled, carried out and marked in-house (PMI recognised centre). Assessment is to cover all of the learning outcomes and the topics for study in order to pass this unit.