



Northern Ireland Teachers' Pension Scheme

Factsheet 3



Bereavement and nominations

Introduction

Factsheet 3 provides NI Teachers' Pension Scheme (NITPS) members with guidance about what happens to their benefits after they die and how a member has to nominate someone to receive them.

The factsheet will give members an awareness of:

- Death grant
- Family pensions

Death grant

Length of service for a death grant

In line with the current scheme, there is no qualification period for an in-service death grant from the NITPS.





Criteria for a death grant

For a death grant to be payable, one of the following criteria has to be satisfied:

- member dies while they are in pensionable employment;
- member dies within 12 months of leaving pensionable employment due to ill-health and was not receiving ill-health benefits;
- member dies while serving in a reserve force;
- member dies during non-pensionable leave.

Nominations for a death grant



If a member is married, has a civil partner or has previously nominated a partner, they will automatically receive any death grant that is payable in the event of a member's death.

If a member is unmarried or does not have a civil partner, the member can complete a nomination form to nominate an individual to receive the death grant, otherwise if the member has not nominated an individual to receive the death grant, any death grant will be paid into the member's estate.

A member can choose to change who will receive the death grant and amend their nominations accordingly.

In addition a member can nominate multiple individuals but the member must notify Teachers' Pay and Pensions Team what proportion will be payable to each individual.

The forms for nomination for Death Grant are available on the Departmental website and these should be completed and sent to the following address:

Teachers Pay and Pensions Team
Waterside House
75 Duke Street
Gobnascale
Londonderry BT47 6FP

It is up to the member to keep their nominations up to date as the Department will pay the death grant to nominated individuals or the member's estate in the event of their death.





What happens if a member gets married or registers a civil partnership after the member has made a death grant nomination?

If a member gets married or registers a civil partnership, this event does not cancel the current nomination(s) recorded.

The member can choose to amend the current nomination(s) and nominate who they want to receive the death grant in the event of their death. The forms are available on the Departmental website.

What if a member no longer wants a nominee to receive the death grant?

A member can cancel a nomination at any time by contacting “Teachers Pay and Pensions Team” in writing to say that they no longer want a specified nominee to receive any death grant payment.

If the member had multiple nominees they would need to consider the percentage allocation of death grant award and notify the Department accordingly.

Death grant payments

The NITPS provides for different levels of death grant to be paid, depending on whether the scheme member is active, deferred or a pensioner.



Scheme member's status at time of death	Lump Sum (Death Grant)
active	Career average member <ul style="list-style-type: none"> ● 3 x full-time equivalent salary. Fully Protected member <ul style="list-style-type: none"> ● 3 x final average salary. Tapered/partial protection member <ul style="list-style-type: none"> ● In final salary 3 x final average salary Otherwise <ul style="list-style-type: none"> ● 3 x full-time equivalent salary.
deferred	2.25 x scheme member's accrued pension.
pensioner	5 years' worth of pension less amount paid to the scheme member to date - where member dies within 5 years of drawing their pension.

However, please note: for a re-employed pensioner an in-service death grant will be paid, less any lump sum previously paid.





Family Pensions



Length of service for a family pension

In line with the current scheme, to qualify for a family pension (also known as family benefits), the member must have at least two years' eligible service.

Nominations



If a member is married or has a civil partner they will automatically receive any family pension in the event of a member's death.

If a member is unmarried they can nominate either a partner or close relative who is financially dependent on them to receive a family pension.

If a member wants to nominate a partner, they must be able to marry or register a civil partnership and be financially interdependent. A family pension will only be paid in this instance if the member and partner have been living together for at least two years before a member's death.

A member can also nominate a parent, step-parent, brother or sister, provided that they are either unmarried, widowed, not a civil partner or cohabiting with another person as husband and wife or as civil partners. The nominee must be wholly or mainly financially dependent on the member.

The forms for nomination of Family Benefit are available on the Departmental website and these should be completed and sent to the following address:

Teachers Pay and Pensions Team
Waterside House
75 Duke Street
Gobnascale
Londonderry BT47 6FP

It is up to the members to keep their nominations up to date. When an application for a family pension is received, checks will be undertaken to ensure that appropriate criteria have been met before a family pension is put into payment.





Short-term family pensions

If a member dies in-service the Employer will pay any adult beneficiary a member's salary for three months. If the member was a pensioner, NITPS will continue to pay any adult beneficiary pension for three months. Otherwise if the member was out-of-service or deferred there is no short-term pension payable.

If a member has dependent children as well as an adult beneficiary, children will also receive a short-term pension for three months. If there is no adult beneficiary the member's children will receive a short-term pension for six months.

A child's short-term pension is calculated by determining a member's salary divided by the number of eligible children.

What happens after the short-term pension ends?

After the short-term pension ends a long-term pension will be put into payment.

Fully protected member

For a fully protected member in-service, the long-term pension will be 1/160th of the final average salary times their family benefit service plus enhancement, calculated in line with existing final salary arrangements.

However, if a member dies out-of-service or after retirement the member's benefits will not be enhanced.

So if all of a member's service counts for survivor benefits, the family benefit will be half of the pension the member earned up to the date of death. If only part of the member's service is covered for survivor benefits, the family benefit pension will be less.





However, please note:

- If a member nominated a partner for family benefits, their service from 1 April 2007 will automatically be used in the calculation of family benefits.
- If a member is married or has registered a civil partnership all their service from 6 April 1988 automatically counts for family benefits.
- If a member was a female teacher and leaves a widower her service will count from 6 April 1988 for family benefits.
- If a member was a male teacher and leaves a widow his service will count from 1 April 1972 for family benefits.

In addition if a member has children, they may be entitled to a family benefit, ie if they were born during the member's lifetime or within twelve months of their death. The same applies to children born to a previous partner, adopted children, and unadopted financially dependent children who are living as part of the member's family at the time of death.

To be eligible, a member's child or children cannot be married or in a civil partnership and they must satisfy one of the following conditions:

- Must be under 17; or
- If over 17, have remained in full-time education, or have been in a training for a trade or profession for at least two years, without a break of more than one academic year, up to age 23 at the latest; or
- Incapacitated and unable to earn a living due to ill-health at the time of the member's death.





Final Salary Arrangements

<p><u>Child Pension where an adult pension is payable.</u> Children's pensions are based on all pensionable service which qualifies for family benefits under the NITPS from 1 April 1972.</p>	<p><u>Child Pension where no adult pension is payable.</u> A higher rate of service may be applicable where no adult pension is payable. This rate will be determined at the time of death.</p>
<p>Where an adult pension is payable, the calculation of the pension for one child is: Pension = $\frac{\text{average salary (at retirement)} \times \text{family benefit service}}{320}$</p>	<p>Where no adult pension is payable, the calculation for one child is: Pension = $\frac{\text{average salary (at retirement)} \times \text{service}}{240}$</p>
<p>For two children or more, the calculation is: Pension = $\frac{\text{average salary (at retirement)} \times \text{family benefit service}}{160}$</p>	<p>For two children or more, the calculation is: Pension = $\frac{\text{average salary (at retirement)} \times \text{service}}{120}$</p>
<p>The amounts should be divided equally between the number of children.</p>	<p>The amounts should be divided equally between the number of children.</p>
<p><u>Example 1:</u> A member dies, their average salary (at retirement) was £15,000 and they had 20 years of family benefit service. The member is survived by their spouse who is entitled to receive an adult pension and twin boys aged 12 years.</p> <p>Adult Pension = $\frac{£15,000 \times 20}{160}$ = £1,875 per annum</p> <p>Children's Pension = <u>£1,875.00</u> = £937.50 per annum for each child (NB: pension divided by the number of children)</p>	<p><u>Example 2:</u> A member dies, their average salary (at retirement) was £18,000 and they had 15 years and 243 days of service. The member did not have a nominated partner and is survived by a 14 year old daughter.</p> <p>Child Pension = $\frac{£18,000 \times 15.666}{240}$ = £1,174.95 per annum</p>





Tapered/partial member

For a tapered/partial member who dies in-service the long-term pension that the beneficiary will receive will depend on whether or not the member has passed their transition date ie the date the member joins the career average scheme.

If the member has not passed their transition date and remains in final salary arrangements, the long-term pension will be $1/160^{\text{th}}$ of the final average salary times their family benefit service plus enhancement, calculated in line with existing final salary arrangements.

However, please note:

- If a member nominated a partner for family benefits, their service from 1 April 2007 will automatically be used in the calculation of family benefits.
- If a member is married or has registered a civil partnership all their service from 6 April 1988 automatically counts for family benefits.
- If a member was a female teacher and leaves a widower her service will count from 6 April 1988 for family benefits.
- If a member was a male teacher and leaves a widow his service will count from 1 April 1972 for family benefits.

Otherwise, if the member has passed their transition date and is a member of the career average as well as final salary arrangements, two long-term pensions will be calculated and paid together.





Transition member

Transition members will have benefits built up in the final salary and career average arrangements.

The member's long-term pension based on their final salary arrangements is determined by the member's final salary service times their average salary, divided by 160.

Career average long-term pension is determined by 37.5% of the pension the member has accrued up to death. In addition, if the member is in-service, this is enhanced to half of the member's prospective service to their normal pension age multiplied by $1/57^{\text{th}}$ of their final full-time salary.

The final salary and career average long-term pensions are paid together.

New entrant - career average only member

New entrants to the NITPS from 1 April 2015 will have service built up in the career average arrangements only.

If a member is in-service, their beneficiary's pension will be enhanced. The long-term pension is determined as 37.5% of the pension the member had accumulated plus an enhancement. The enhancement is determined as half of the member's prospective service to normal pension age multiplied by $1/57^{\text{th}}$ of the member's full-time equivalent salary.

However, if the member is not in-service the pension will not be enhanced.





Example 3: in-service member in career average arrangements:

- If a member dies in-service, their benefits are enhanced using the salary they are on when they die and the period to their normal pension age, divided by 2. The surviving adult receives 37.5% of those enhanced benefits.
- The salary used to determine the enhancement is the full-time equivalent that applied at the time of the member's death.
- Where there is an eligible child, or more than one eligible child and no surviving adult, each child's pension will be determined by multiplying the member's pensionable benefits by 50% and then dividing by 2, or by the number of eligible children where there are more than two of them.

Example: Career Average in-service member

Susan, who works full time, has a NPA of 67, final pensionable earnings of £30,000 and career average benefits accrued so far of £5,000. Should Susan die at age 32, the pension she would have received is enhanced by 17.5 years' worth of additional career average benefits.

The enhancement is based on half the period between her death at age 32 and her NPA 67, and her full-time equivalent salary at the time of death.

The enhancement is £9,210.53 (calculated as $\frac{£30,000 \times 17.5}{57} \times 1$)

Susan's career average benefits are (notionally) increased to £14,210.53 (£5,000 + £9,210.53).

Her dependants' pensions are based on the enhanced amount.

Dependent(s)	Dependent's pension
Susan leaves a widower, Tim.	Tim receives £5,328.95 Calculated as £14,210.53 x 37.5%
Susan also leaves two eligible children, Alan and Emma.	Alan and Emma each receive £2,664.48 Calculated as $\frac{£14,210.53 \times 37.5\%}{2}$
Susan does not leave a surviving adult but has two eligible children, Alan and Emma.	Alan and Emma each receive £3,552.63 Calculated as $\frac{£14,210.53 \times 50\%}{2}$





Example 4: out-of-service/deferred member in career average arrangements

- If a member dies out-of-service, the surviving adult receives 37.5% of the member's accrued pension benefits.
- Where there is an eligible child, or more than one eligible child, and a surviving adult, the child's pension will be determined by multiplying the scheme member's benefits by 37.5% and then dividing by 2 or by the number of eligible children where there is more than two.
- Where there is an eligible child, or more than one eligible child and no surviving adult, each child's pension will be determined by multiplying the member's pensionable benefits by 50% and then dividing by 2, or by the number of eligible children where there are more than two of them.

Example: Deferred (out-of-service) scheme member 'Paul' who has build up a pension of £15,000.		
Beneficiary/beneficiaries	Surviving adult's pension	Child's/children's pension
Paul leaves a widow, Ann, and one eligible child, Sandra.	Ann receives £5,625. Calculated as $£15,000 \times 37.5\%$	Sandra receives £2,812.50. Calculated as $\frac{£15,000 \times 37.5\%}{2}$
Paul leaves a widow, Ann, and two eligible children, Sandra and Mark.	Ann receives £5,625. Calculated as $£15,000 \times 37.5\%$	Sandra and Mark each receive £2,812.50 Calculated as $\frac{£15,000 \times 37.5\%}{2}$
Paul does not leave a surviving adult but has two eligible children, Sandra and Mark.		Sandra and Mark each receive £3,750. Calculated as $\frac{50\% \text{ of } £15,000}{2}$
Paul does not leave a surviving adult but has three eligible children, Sandra, Mark and Stephen.		Sandra, Mark and Stephen each receive £2,500. Calculated as $\frac{50\% \text{ of } £15,000}{3}$





How long will beneficiaries receive a pension

If a member was in-service on or after 1 April 2007 any adult pension will be paid for their beneficiary's lifetime.

If a member was not in-service on or after 1 April 2007 then any adult beneficiary's pension will cease if they register a civil partnership or are cohabiting with another person as husband and wife or as civil partners.

Members' children will receive a pension as long as they are under age 17. If a member's children continue in full-time education after the age of 17 they may receive pension benefits until they reach age 23.

Where there is any difference between the legislation governing the NI Teachers' Pension Scheme and the information in this factsheet the legislation will apply.

