

**Benefits payable
when you die**
For Section A/B members

Introduction

This guide contains details of the benefits that may be payable to your dependants in the event of your death, and the things you can do now to make things easier for those closest to you should something happen.

It covers the benefits you built up before 1 April 2012 which are now looked after by the Royal Mail Statutory Pension Scheme (RMSPS). If you are still building up benefits in the RMPP, or didn't join the scheme until after 1 April 2012, you should visit the RMPP website, www.royalmailpensionplan.co.uk, for information about your death benefits.

Some of the terms used in this guide have very specific meanings in the Scheme Rules. If you want to know what those meanings are, you can read the Glossary at the end of this guide.



The RMSPS not only provides you with a pension and a lump sum when you retire or choose to take your benefits, it also offers some generous benefits designed to make life easier for your beneficiaries in the event of your death.

Your beneficiaries might be your:

- spouse;
- civil partner;
- children; or
- someone who is financially dependent on you when you die (such as an unmarried partner or an elderly relative who relies on your support).

The RMSPS may pay a pension to one or more of these people, subject to certain requirements, and it may also provide a lump sum payment in certain circumstances.

These are valuable benefits and it is therefore important that we are aware of your wishes, where appropriate, in the event of your death. This guide explains more about the various death benefits and the things you can do now to make life easier for others.

This guide is intended to be a summary of the provisions of the RMSPS as they relate to your death benefits.

The RMSPS is governed by statutory Rules. Responsibility for managing the scheme rests with the Cabinet Office as the Manager of the RMSPS. The Scheme Manager's role is to ensure that the scheme is working well, make discretionary decisions, and deal with the most serious complaints. If there is a conflict between the Rules and this guide (insofar as it relates to benefits payable from the RMSPS), the Rules will prevail.

This guide reflects current tax laws.

Any nomination (be it prior to 1 April 2012, or later) will be taken to apply to benefits payable from the RMSPS and RMPP unless we are advised otherwise.

Please note: If you stopped building up benefits in the scheme before 1 April 2010, the lump sum death benefit and any pension payable on your death is explained on page 11.

Summary

Lump sum death benefit

The RMSPS may pay a lump sum when you die, the amount of which will depend on your circumstances at the time, for example whether or not you are receiving some or all of your RMSPS benefits.

The chart on page 6 will help you to understand the amount of the lump sum death benefit payable in different situations.

Pensions for your dependants

In addition to any lump sum death benefit, we will also pay a pension on your death to one or more of the following people (depending on your circumstances):

- A spouse or civil partner;
- Your children (up to the age of 18 or, if they are in full-time education or training, up to the age of 23).

The table on page 6 will help you understand the amount of any spouse/civil partner benefit payable.



Children's pensions

Your children will normally get a pension if they are under 18, or under 23 and in full-time education or training which is approved by the Manager of the RMSPS, or incapable of self-support because of physical or mental incapacity.

Their pension will be a proportion of the pension you were entitled to at the time of your death.

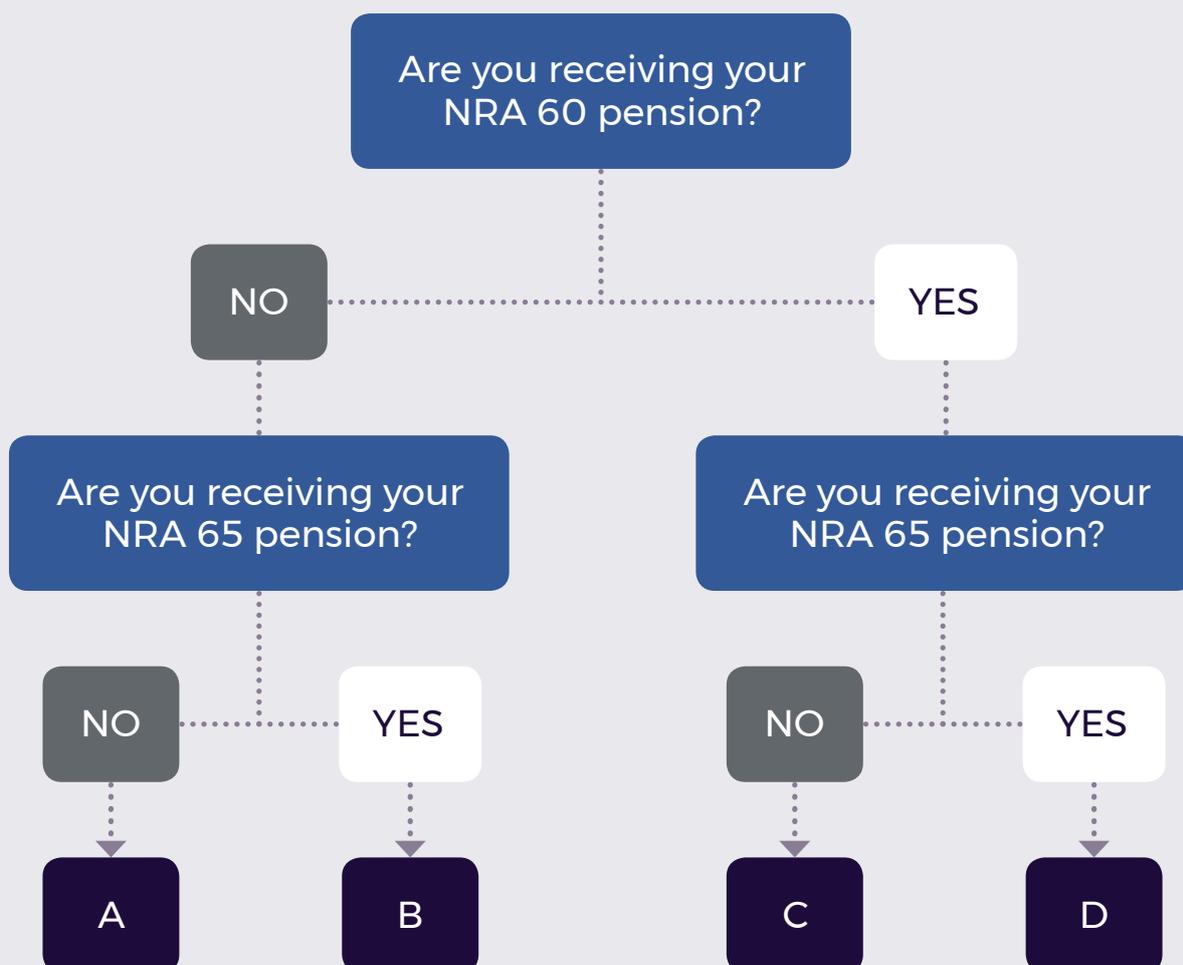
How much they get will depend on the number of children you have and whether or not a spouse's, civil partner's or dependant's pension is payable:

- Where a spouse's, civil partner's or dependant's pension is payable, the proportion will be $\frac{1}{3}$ of your pension if there is one child, or $\frac{2}{3}$ (divided between the children) where there are two or more children.
- Where no spouse's, civil partner's or dependant's pension is payable, the proportion will be $\frac{4}{9}$ of your pension if there is one child or $\frac{8}{9}$ (divided between the children) where there are two or more children.

What benefits will be paid when I die?

If you did not build up any benefits in the scheme after 31 March 2010, please refer to page 11. Otherwise, follow the steps in the chart below and then refer to the corresponding section later in this guide to see how the lump sum is calculated. The benefits payable on your death will depend on your circumstances immediately before you die.

Your Normal Retiring Age (NRA) 60 pension is paid in respect of benefits you built up before 1 April 2010. These benefits are normally paid when you reach age 60. Your NRA 65 pension is paid in respect of benefits you built up on or after 1 April 2010. These benefits are normally paid when you reach age 65.



A

If you have not taken any pension benefits

A lump sum death benefit using whichever of the below gives the higher amount:

- $1\frac{1}{4}$ times pensionable salary (as calculated at the point you stopped building up benefits in the scheme); or
- Five times the annual rate of the NRA 60 and NRA 65 pension that would have been payable to you (without enhancement) at the date of your death.

If you paid the additional 0.2% contribution to the scheme until 31 March 1999, your benefits will be calculated as below if it produces a higher amount:

- $\frac{3}{80}$ ths of your pensionable salary (as calculated at the point you stopped building up benefits in the scheme) for each year (or part year) of service completed before 1 April 1999; plus
- Five times the annual rate of your NRA 60 pension built up before 1 April 1999.

A pension payable to your spouse or civil partner, calculated as follows:

Up to half the NRA 60 and NRA 65 pension that you would have received when you stopped building up benefits in the scheme, had you been age 60 (in relation to NRA 60 pension) or 65 (in relation to NRA 65 pension) at that point.

Children's pensions will be payable in certain circumstances. Please refer to page 5 for further information.

B

If you are taking your NRA 65 benefits but no NRA 60 benefits

A lump sum death benefit using whichever of the below gives the higher amount:

- $\frac{1}{4}$ times pensionable salary (as calculated at the point you stopped building up benefits in the scheme); or
- The total of:
 - (1) Five times the annual rate of the NRA 60 pension (if any) that would have been payable to you at the date of your death; plus
 - (2) If you die within five years of your NRA 65 pension coming into payment, the balance of the NRA 65 pension you would have received for the first five years since your payments started (excluding any future increases). Please note: If you have been receiving your NRA 65 pension for more than five years, there will be no lump sum payable in respect of this portion of your benefit.

If you paid the additional 0.2% contribution to the scheme until 31 March 1999, your benefits will be calculated as below if it produces a higher amount:

- $\frac{3}{80}$ ths of your pensionable salary (as calculated at the point you stopped building up benefits in the scheme) for each year (or part year) of service completed before 1 April 1999; plus
- Five times the annual rate of your NRA 60 pension built up before 1 April 1999.

A pension payable to your spouse or civil partner calculated as follows:

- Payable at the same rate as your pension for the first 91 days after your death and then up to half the NRA 60 pension that you would have received when you stopped building up benefits in the scheme; plus
- Up to half the NRA 65 pension that you were receiving at the date of your death.

Children's pensions will be payable in certain circumstances. Please refer to page 5 for further information.



If you are taking your NRA 60 benefits but no NRA 65 benefits

A lump sum death benefit using whichever of the below gives the higher amount:

- $\frac{1}{4}$ times pensionable salary (as calculated at the point you stopped building up benefits in the scheme); or
- The total of:
 - (1) Five times the annual rate of the NRA 65 pension (if any) that would have been payable to you (without enhancement) at the date of your death; plus
 - (2) If you die within five years of your NRA 60 pension coming into payment, the balance of the NRA 60 pension you would have received for the first five years since your payments started (excluding any future increases). Please note: If you have been receiving your NRA 60 pension for more than five years, there will be no lump sum payable in respect of this portion of your benefit.

If you paid the additional 0.2% contribution to the scheme until 31 March 1999, your benefits will be calculated as below if it produces a higher amount:

- $\frac{3}{80}$ ths of your pensionable salary (as calculated at the point you stopped building up benefits in the scheme) for each year (or part year) of service completed before 1 April 1999; plus
- Five times the annual rate of your NRA 60 pension built up before 1 April 1999.

A pension payable to your spouse or civil partner calculated as follows:

- Payable at the same rate as your pension for the first 91 days after your death and then up to half the NRA 60 pension that you were receiving at the date of your death; plus
- Up to half the NRA 65 pension that you would have received when you stopped building up benefits in the scheme, had you been 65 at that date.

Children's pensions will be payable in certain circumstances. Please refer to page 5 for further information.



If you have started taking all your pension benefits

A lump sum death benefit of:

(1) If you die within five years of your NRA 60 pension coming into payment, the balance of the NRA 60 pension you would have received for the first five years since your payments started (excluding any future increases). Please note: If you have been receiving your NRA 60 pension for more than five years, there will be no lump sum payable in respect of that portion of your benefit; plus

(2) If you die within five years of your NRA 65 pension coming into payment, the balance of the NRA 65 pension you would have received for the first five years since your payments started (excluding any future increases). Please note: If you have been receiving your NRA 65 pension for more than five years, there will be no lump sum payable in respect of this portion of your benefit.

A pension payable to your spouse or civil partner calculated as follows:

- Payable at the same rate as your pension for the first 91 days after your death and then up to half the NRA 60 pension that you were receiving at the date of your death; plus
- Up to half the NRA 65 pension that you were receiving at the date of your death.

Children's pensions will be payable in certain circumstances. Please refer to page 5 for further information.

What if I stopped building up benefits in the scheme before 1 April 2010?

Lump sum death benefit

If you die within five years of your pension starting to be paid, we will pay a lump sum equal to the balance of the pension that you would have been paid in the five years since your pension started had you not died. This lump sum will not include future pension increases.

If you die before age 60 and your pension from the scheme has not started to be paid, the lump sum death benefit will be calculated as follows:

If you paid the additional 0.2% contribution to the scheme until 31 March 1999, the lump sum will be:

- $\frac{3}{80}$ ths of your pensionable salary (as calculated at the point you stopped building up benefits in the scheme) for each year (or part year) of service completed before 1 April 1999; plus
- Five times the annual rate of your pension built up before 1 April 1999.

The benefit payable for those who did not pay the additional 0.2% (see below) will be paid if it provides a greater amount.

If you did not pay the additional 0.2% contribution, the lump sum will be the greater of:

- Five times the annual rate of your total preserved pension; or
- $1\frac{1}{4}$ years' pensionable salary (as calculated at the point you stopped building up benefits in the scheme).

The lump sum payment will not be greater than the maximum lump sum that would have been paid if you had died in service on the date you left.

In addition to the lump sum payable (if any), a pension will be paid to your spouse or civil partner and your eligible children.

Irrespective of whether or not your benefits are in payment, the pension will be up to one half of the value of your pension in respect of your spouse or civil partner. In respect of your children, the amount they get will depend on the number of children you have and whether or not a spouse's, civil partner's or dependant's pension is payable:

- Where a spouse's, civil partner's or dependant's pension is payable, the amount will be 1/3 of your pension if there is one child or 2/3 (divided between the children) for two or more children; or
- Where no spouse's, civil partner's or dependant's pension is payable, the amount will be 4/9 of your pension if there is one child or 8/9 (divided between the children) where there are two or more children.

What happens if I have benefits from another pension scheme?

If the value of all benefits payable from all registered pension schemes (including benefits payable on death) does not exceed the Lifetime Allowance, there will be no additional tax for your personal representatives to pay. It will be the responsibility of your personal representatives to declare any benefits in excess of the Lifetime Allowance to HMRC at the time your benefit payment is made.

To whom will the lump sum death benefit be paid?

Your lump sum will automatically be paid to your personal representative(s) (the executors or administrators of your estate) and may be subject to Inheritance Tax unless you complete a 'Direction of lump sum death benefit' form for Section A/B which can be downloaded at www.royalmailspcs.co.uk or is available on request from us; use the contact details at the back of this booklet to get in touch.

Any nomination (and nominations made before 1 April 2012 are still valid) will be taken to apply to benefits payable from the RMSPS and RMPP unless we are advised otherwise.

Please note: Inheritance Tax laws may change from time to time and neither the Manager of the RMSPS nor the Pensions Service Centre (PSC) can provide advice on Inheritance Tax. For further information you should contact your local tax office www.gov.uk/government/organisations/hm-revenue-customs. You could also contact an independent financial adviser. You can find out more about independent financial advisers by visiting www.moneyadviceservice.org.uk/en/categories/getting-advice-about-retirement

How can I be certain that the money will be paid to the right people?

We have complete discretion when selecting who will receive the lump sum benefit but it will normally follow your 'Lump sum death benefit nomination' form. This means it is important that your wishes are clear and that you update your form straight away if your circumstances change, for example, if you marry, divorce or separate, even if you wish to re-confirm the existing nominees. We may choose not to follow a nomination if your circumstances have changed and you have not completed a new nomination form.

How do I nominate someone?

You should complete a 'Lump sum death benefit nomination' form if:

- You have never completed one before; or
- You need to update or re-confirm a previous nomination.

Please note if you have already completed a 'Direction of lump sum death benefit' form and asked that your lump sum be paid to your estate, then the contents of your will decide who receives the benefit.

'Lump sum death benefit nomination' forms can be downloaded at www.royalmailspcs.co.uk or are available on request from us; use the contact details on page 18 of this booklet to get in touch.

What happens to my pension on death if I'm neither married nor in a civil partnership?

We may pay a pension to one of your dependants if, when you die:

- Your benefits are paid under the Section B (not Section A) rules;
- You are not married to, or in a civil partnership with, any person; and
- You financially support them.

To help us pay benefits to the right dependant(s) you should complete a 'Dependant's pension nomination' form which can be downloaded at www.royalmailsp.co.uk or is available on request from us; use the contact details at the back of this booklet to get in touch. Your dependant will still be eligible to be considered for a pension if you do not complete the form; however, it will make matters clearer for the Scheme Manager if you do so.

After your death (and never before then), the person you have nominated will be asked to provide information about their dependency on you and we will decide whether or not they are eligible for the pension and if a pension should be paid.

Who can I nominate to receive a dependant's pension?

The person you nominate must be financially dependent on you in some way immediately before your death. This will normally be someone who is living with you. Examples of people who may be considered for a dependant's pension are:

- A long-term partner (who you are not married to or in a civil partnership with);
- An elderly parent who cannot support themselves because of ill health.

They may be considered as financially dependent on you if:

- They share living expenses with you or receive financial support from you; and
- Their standard of living would be affected by the loss of your contribution or support.

Please note: Current tax laws may prevent the payment of a dependant's pension to your son or daughter aged over 23. Please contact us for further information if needed.



How much will a dependant's pension be?

The amount will be calculated in the same way as a pension for a spouse or civil partner (see previous pages) and so will generally be up to half of your pension entitlement. If we decide that a pension is to be paid, your dependant will be contacted and advised of how long the pension will be paid for, and of any terms applying to it.

Any nomination (and nominations made before the 1 April 2012 are still valid) will be taken to apply to benefits payable from the RMSPS and RMPP unless we are advised otherwise.

Can I change my nomination?

To withdraw your nomination you must write to us using the details at the back of this booklet, quoting your full name, date of birth and either your National Insurance number or membership number. If you simply want to change your nomination you will need to complete a new form, which can be downloaded at www.royalmailsp.co.uk or is available on request from us; use the contact details on page 18 of this booklet to get in touch.

Please note: Your nomination may be disregarded if your personal circumstances have changed significantly since it was last completed. You should therefore ensure your nomination form is updated whenever your circumstances change.

Data protection

The scheme is committed to managing your data in line with current data protection legislation. For more information about how your data is managed please visit www.royalmailsp.co.uk

By signing the nomination form you are confirming that you fully understand this and that you agree to the processing of this data for these purposes. Your nominee(s) will be informed of how their data will be used as part of the nomination consideration process following your death.

Glossary

Manager – The Secretary of State or those to whom he has delegated responsibility for management of the RMSPS.

Normal Retiring Age (NRA) – For benefits built up before 1 April 2010, this is your 60th birthday. For benefits built up after that date, it is your 65th birthday.

NRA 60 benefits – Pension and lump sum benefits you earned before 1 April 2010, where the applicable Normal Retiring Age is 60.

NRA 65 benefits – Pension and lump sum benefits you earned on and after 1 April 2010, where the applicable Normal Retiring Age is 65.

Pensionable salary – This was used to calculate the part of your pension benefits that relate to your service before 1 April 2008. It is the total of your basic annual salary or wages (including, where appropriate, London weighting) plus any pensionable allowance in whichever of the last three years of service gives you the highest amount. Pensionable salary is adjusted to the full-time equivalent during periods of part-time employment unless stated otherwise.



Where it would give you a higher amount, your average annual pensionable salary plus other pensionable payments over the best three consecutive tax years in the last ten years of service will be used.

The pensionable salary figure on which your benefits will be based will have been calculated at the time you stopped building up benefits in the scheme.

Service – This is the period of time when you were building up benefits in the scheme and is used to work out your pension. It includes time spent in the RMSPS and RMPP and additional time added from benefits transferred in from other pension schemes and/or additional contributions paid by you or your employer. It does not include any periods during which you opted out of the RMPP. The maximum service used to calculate benefits is 45 years.

RMPP – Royal Mail Pension Plan.

RMSPS – Royal Mail Statutory Pension Scheme.



Get in touch

For further information on the benefits payable when you die or for more general information about the RMSPS, you can contact us using the details below.

Royal Mail Statutory Pension Scheme
PO Box 551
Darlington
DL1 9TX
United Kingdom

Telephone: 0333 222 0078

Overseas number: +441325 271 861

Email: enquiries@rmsps.co.uk

Please quote your full name, date of birth and either your National Insurance number or membership number when getting in touch.

All RMSPS booklets are also available to download from www.royalmailsp.co.uk



