

# Member factsheet - Procedures on death



This factsheet explains the Scheme's provisions for the payment of benefits on death and the procedures followed by the BCSSS administration office when a Scheme member dies. We hope it will be useful for members and their families.

### Informing the Scheme of the death

The BCSSS administration office should be informed of the death as soon as possible (0333 222 0074). The information we need is:

- full name and address of the deceased member
- their Scheme membership number or National Insurance number (don't worry if it can't be found, we should be able to find the member's record in other ways)
- date of death
- date of birth
- name of the next of kin and their relationship to the deceased
- the address to which any communication should be sent

We will write to the next of kin or the person dealing with the deceased member's affairs within a week of the notification to let them know what further information is required. We will usually need to see the death certificate – for legal reasons we need the original rather than a copy, but we will return the certificate promptly. If a spouse's pension is being claimed, we will also ask to see the spouse's marriage and birth certificate. We will also ask for information about any children or partner of the deceased member who might qualify for benefits.

### Stopping the member's pension

The entitlement to pension from the Scheme stops the day the member dies, so we will stop paying the pension from the day following the date of death.

BCSSS pensions are paid monthly in arrears, so unless the death was on the last day of the month, only a part-month payment will be due for the month in which the member died. If any pension payments are made in the months following the member's death, we will recover the overpaid pension amounts.

## **Spouse's and adult dependant's benefits**

A pension for life may be paid to the spouse of a Scheme member. If family benefit contributions were paid for the full period of membership the pension will be 2/3rds of the member's pension, ignoring any reduction for early retirement or adjustment for levelling option. If family benefit contributions were only paid for part of the membership, the pension will be reduced proportionately in accordance with the length of service for which family benefit contributions were not paid.

If the member was not married, but they lived with their partner and provided some financial support to them when they died, the Trustees may, at their discretion, pay the partner an adult dependant's pension. A member's partner will be invited to apply for an adult dependant's pension following the death of a member. If an application is received for the payment of an adult dependant's pension we arrange a home visit by a member of the Coal Industry Social Welfare Organisation (CISWO) to obtain information from the applicant to help the Trustees make their decision.

Pensions payable to spouses or adult dependants are subject to income tax.

The amount of pension over and above the Guaranteed Minimum Pension (GMP) may (in certain circumstances) be exchanged for a lump sum death benefit instead.

- If the member was under 75 when they died and the lump sum does not use up all of the Lump Sum Death Benefit Allowance, the lump sum is paid tax free.
- If the member was under 75 when they died and all of the member's Lump Sum Death Benefit Allowance has been used up, any lump sum paid in excess of the Lump Sum Death Benefit Allowance will be taxed at the dependant's marginal rate.
- If the member was over 75 when they died, the lump sum will be taxed using the spouse or dependant's marginal tax rate.

Taking a cash lump sum instead of a pension may not be in the best financial interests of dependants, who may have to live on the income for many years. We strongly recommend that dependants consider seeking independent financial advice before deciding whether to take cash from the Scheme instead of pension income.

## **Children's benefits**

Children's benefits may be payable in respect of a child of the deceased member. A child is someone who is:

- under 18 years old.
- over 18 but in full time education, with the proviso that the payment stops at age 21 unless the Trustees are satisfied that there is good reason why the child's education should continue to be supported.
- certified by the Scheme's Medical Adviser as disabled and permanently incapable of self-support and who was financially dependent on the member before they died. In these circumstances the children's benefit may be payable for life.

Children's benefit is usually paid on behalf of the child or children to the child's legal guardian.





## **Cash sums paid on death**

### Cash sum following the death of a deferred pensioner

A cash sum is automatically payable on the death of a deferred pensioner.

There is no tax deduction from the payment by the Scheme unless the cash sum exceeds the deceased member's unused Lump Sum Death Benefit Allowance, in which case it will be taxed at the marginal tax rate of the person receiving the lump sum.

### Cash sum when death occurs within a short period of pension starting

Usually a cash sum is payable when a member dies within five years of the pension starting. The cash sum is the amount of Guaranteed pension due for the remaining balance of the five-year period after the date of death, based on the member's initial rate of pension. There is no tax deduction from the payment by the Scheme unless the cash sum exceeds the deceased member's unused Lump Sum Death Benefit Allowance, in which case it will be taxed at the marginal tax rate of the person receiving the lump sum.

There are different arrangements for the payment of a cash sum on the death of a member who received ill health retirement benefits. If such a member had received more pension payments than the value of the cash sum, no cash sum will be payable.

## **Payment arrangements for cash sums**

Members have the option to complete an “election and declaration” under Rule 28A of the Scheme. This gives the Trustees the discretion to make payments to relatives and dependants rather than to the member’s estate. Normally they will make payments in accordance with the member’s wishes as expressed in the declaration, however the Trustees are not bound by the Rule 28A form. Such payments do not count as part of the member’s estate and so are not liable to inheritance tax. If a Rule 28A form has not been completed, the cash sum will be payable to the member’s estate and may be subject to Inheritance Tax.

### **Important notes**

Please note that:

- This factsheet is a guide to the benefits paid by the Scheme on a member’s death and to the procedures operated by the Scheme. It should be treated only as a guide. The Rules of the BCSSS, other legal documentation and the law, and the procedural arrangements operated by the administrators on behalf of the Trustees, override the information in this factsheet in the event of any inconsistency;
- Spouse’s and dependant’s pensions will be considered as income for any means tested State benefits.

## **How members can make provisions for their next of kin**

Members should make sure that they have completed a Rule 28A “election and declaration” nomination form and that it is up to date with their current circumstances. Nominating relatives or dependants to whom you would like any death benefit lump sums to be paid is helpful as it means that not only will your wishes be known to the administrators, but also that any cash lump sum payable will not be subject to inheritance tax. If you have never made a Rule 28A nomination any lump sum will be payable to your estate and become subject to tax.

Rule 28A election forms are available from the administration office. Alternatively, they can be downloaded from the Scheme’s website: **[www.bcsss-pension.org.uk/useful-sources-of-information/useful-forms](http://www.bcsss-pension.org.uk/useful-sources-of-information/useful-forms)**.

### **How to get in touch with the BCSSS**

For more information please see the Scheme’s website: **[www.bcsss-pension.org.uk](http://www.bcsss-pension.org.uk)**

Alternatively, you can contact the BCSSS administration office:

**Telephone:** 0333 222 0074

**Email:** [BCSSS@capita.co.uk](mailto:BCSSS@capita.co.uk)

**Address:**

BCSSS  
PO Box 555  
Stead House  
Darlington  
DL1 9YT

Please remember to quote your National Insurance / Scheme membership number.

