

Group Life Assurance

Benefit options - Death in service pensions

How it Works

Product Information

Benefit options –

What this product does

This provides a regular pension payment on the death of an insured person.

Who can receive the pension?

Two options are available:

- payable to a legal spouse or civil partner
- payable to anyone who is deemed to be financial dependent of the deceased person

There is also the option to extend the benefit so that:

- an additional pension is paid to one or more child at the same time
- the spouse, civil partner or dependents pension continues to be paid to a child who is orphaned.

How are benefits calculated for a legal spouse, civil partner or a financial dependent

The benefits can be calculated in either of the follow ways:

- percentage of prospective pension
- percentage of salary

Maximum benefit

If the method used is:

- prospective pension – 2/3rds of the deceased person's prospective pension
- salary based – 50% of salary

Children's pension

We would expect to calculate any children's pension using the same method used for the spouse, civil partner or financial dependent's pension, to calculate any children's pension.

The sum of the spouses, civil partner or dependents pension and children's pension cannot exceed the employee's salary.

Orphans pension

The maximum pension payable will be equal to the spouses, civil partner, or dependents pension.

Notes

A spouse, civil partner or dependent's pension will continue to be paid until the death of the spouse, civil partner or dependent provided they are not a child.

A child or orphans pension is usually paid until the child or orphan attains the age of 23.

A child or orphan is any natural or legally adopted child of the insured person at their date of death.

Spouse, Civil Partner or Dependents Pension

Paid on the death of the insured person

AND

Children's Pension

Paid in addition to the spouse, civil partner or dependent pension

PLUS

Orphans Pension

Continues to be paid if the spouse, civil partner or dependent dies

Increases in benefit during claim payment

We can increase the amount of any pension being paid. This will take place on an annual basis, either on a fixed date or on the anniversary of the first payment being due.

The options we allow are as follows:

- no increase required
- fixed percentage increases from 2.5% to 5% increments of 0.5%
- Retail Price Index (RPI) to a maximum of 2.5%
- RPI to a maximum of 5%
- Limited Price Index (LPI) to a maximum of 2.5%
- LPI to a maximum of 5%
- combinations of the above

Notes:

The costs involved will be higher for higher levels of increase.

The basis of any increases must be agreed by us.

If the agreed increase is linked to the Retail Price Index, we will not reduce any pension being paid if the index falls below zero.

We are unable to insure increases linked to CPI.

Retail Price Index (RPI)

The UK General Index of all Retail Prices as published monthly by the Office for National Statistics.

Limited Price Index (LPI)

The UK General Index of all Retail Prices at the 30th September each year, as published by the Office for National Statistics

How to contact us

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Examples of benefits an employer may choose

	Example 1	Example 2	
Category of employee	All	Final salary pension	Defined contribution pension
Death in service pension	25% salary	50% prospective pension	50% prospective pension
Increases in payment	RPI to a maximum of 5% p.a.	3% p.a.	RPI to a maximum of 2.5% p.a.
Date pension increases	Anniversary of death	6th April	6th April

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