

Death Benefits

Member has not reached 75 and has not taken benefits:

The members fund can be:

- paid out as a lump sum free of tax
- used to provide a dependants pension
- used to purchase an annuity.

Member has not reached 75 and has taken benefits:

The members fund can be:

- paid out a lump sum minus 35% tax
- used to provide a dependants pension
- used to purchase an annuity.

Member has reached 75, by which time they must have taken benefits:

If there are dependants: The fund must be used to provide them with a pension or to purchase an annuity.

Definition of a Dependand:

- Spouse at death or at retirement.
- Child under age 23 or over age 23 and mentally or physically dependant
- Not a spouse or a child, but financially dependant or in a financial relationship of mutual dependence or mentally or physically dependant.

If there are no dependants:

- The fund could be paid out to a charity, free of tax, as nominated by the member. Following the March 2007 budget, if the member has not nominated a charity, the scheme administrator can do so.
- The fund may be transferred to other members under the deceased's pension scheme. With effect from 6th April 2007 this could incur tax of upto 82%. (82% tax is calculated based on an unauthorised payment charge of 40%, a 15% surcharge payment and a 15% scheme sanction charge being applied to the whole fund. The balance of the fund is then charged at 40% as an inheritance tax charge.)

If there are no dependents, no company and no charity nominated, the pension scheme fund would be paid to the Treasury

NB If the fund is over the Lifetime Allowance, then Lifetime Allowance charges will also apply.