

Hybrid Section

Factsheet 14– Death Benefits

Death Benefits are payable if you die while still paying into the University's pension arrangement or if you have left but not started to receive your pension, or if you die in retirement. This factsheet provides details of the benefits payable on death in service and death after retirement.

For details of the benefits payable on death after leaving, please refer to [Factsheet 15 – Leaving Service Benefits](#).

Please also note that all references to tax free lump sums in this factsheet assume that you have sufficient Lump Sum and Death Benefit Allowance remaining to cover the payment of the death benefit lump sums from this scheme.

See: <https://www.gov.uk/guidance/find-out-the-rules-around-individual-lump-sum-allowances>

WHAT HAPPENS IF I DIE WHILE IN SERVICE?

Please note that if you have taken flexible retirement then this section is not applicable and you should instead refer to the section on page 2 regarding death after retirement.

If you die in service, a tax free lump sum is payable at the discretion of the Trustee of the Cambridge University Assistants' Contributory Pension Scheme (CUACPS) and a pension will be payable to your spouse or civil partner. If you have children, then a child allowance may also be payable to your children.

Death in service lump sum

A tax free lump sum payment of five times your Pensionable Salary is payable if you die while you are contributing to CUACPS.

This lump sum payment is made at the discretion of the Trustee so that it is not subject to tax. The payment can be made to a relative, dependant or someone else nominated by you by completing an "Expression of Wish" form. However the Trustee is not bound by the expression of wish form and has to take account of all the circumstances at the date of a member's death when deciding how to distribute the lump sum. You can obtain an expression of wish form from the CUACPS website at the following address: <http://www.pensions.admin.cam.ac.uk/cps>

Please complete this form so that the Trustee takes your wishes into account when deciding who will receive the lump sum benefit should you die in service. In the form, you can choose to nominate one beneficiary to receive all of the payment or request that the payment is shared between a number of beneficiaries.

Your account from the Cambridge University Assistants' Defined Contribution Scheme (CUADCPS) will also be payable as a tax free lump sum to a nominated beneficiary or to your estate.

A pension for your spouse or civil partner

Your spouse or civil partner will receive a pension payable for life from the CUACPS if you die in service.

Your partner will be able to receive this pension if you are not married or in a registered civil partnership but are co-habiting with you and financially dependent on you at the time of your death.

The pension for your spouse, civil partner or partner is calculated as follows. The pension consists of 2 parts, which are added together.

1. A pension of one half of your Career Revalued benefit (CRB) Pension earned between the date of joining CUACPS and the date of your death and including revaluation up to the date of your death,

Plus

2. A pension of one half of your prospective CRB Pension based on potential future service from the date of your death up to age 65 and your salary at the date of your death.

There is no spouse's pension payable from your DC account on death in service. The accumulated value of your DC account is paid as a tax free lump sum.

What if I am aged over 65?

Benefits are calculated in the usual way, based on your completed years of service and Pensionable Salary at the date of your death.

Will a pension be payable to my children if I die while in service?

A child allowance equal to one quarter of the spouse's CRB pension from the CUACPS is payable to each eligible child, provided that the total pension

payable to your spouse and children is not greater than the pension you would have received at age 65.

If your children are either under age 18 or in full time education, they will qualify for the child allowance. However, the allowance will stop at age 23.

WHAT HAPPENS IF I DIE AFTER RETIREMENT?

If you die after retirement your spouse or partner will receive a pension payable for life from the CUACPS. A funeral grant may also be paid. In addition, if you die within five years of your retirement date a tax free lump sum will be payable. These benefits are described in detail below.

A pension for your spouse or civil partner

Your spouse or civil partner will receive a pension payable for life if you die after retirement.

The pension for your spouse or civil partner is calculated as follows. You may be able to nominate someone to receive the CRB spouse's pension if you are not married or in a registered civil partnership.

1. A pension equal to one half of your total pre-commutation*CRB pension including pension increases up to the date of your death.

Plus

2. Any spouse's pension that you purchased with your Defined Contribution account from the CUADCPS when you retired.

It is important to note that a DC pension will not be payable to your spouse if you did not buy a spouse's pension when you retired.

Will a pension be payable to my children if I die after retirement?

A child allowance equal to one quarter of the spouse's CRB pension from the CUACPS is payable to each eligible child, provided that the total pension payable to your spouse and children is not greater than the pre-commutation*CRB pension you would have received.

If your children are either under age 18 or in full time education, they will qualify for the child allowance. However, the allowance will stop at age 23.

** Your pre-commutation pension is the CRB pension you would have received from the CUACPS at retirement if you did not exchange any of your pension for a tax free lump sum payment.*

Lump sum payment if you die within 5 years of retirement

If you die within 5 years of your retirement date a tax free lump sum will be payable which is equivalent to the balance of CRB pension payments due from the CUACPS over the first five years of your retirement.

For example, if you die three years after you retire, a lump sum equivalent in value to two years' worth of pension payments will be paid.

A lump sum may also be payable if you used your fund from the CUADCPS to purchase an annuity with a guarantee period and your death is within the guarantee period.

A funeral grant

A funeral grant is payable if you joined the scheme as a contributing member on or before 31st December 2022 and die after retirement.

The full amount before HMRC tax charges is £2,500. The actual net amount payable after HMRC tax charges is between £1,125 and £1,500.

IMPORTANT NOTE

This factsheet provides a summary of your death benefits. However, your legal rights are governed by the Trust Deeds and Rules of the CUACPS and CUADCPS. If there are any differences between the Scheme Rules and this factsheet, the Rules will override the factsheet. A copy of the CUACPS Rules can be found using the following link:

<http://www.pensions.admin.cam.ac.uk/cps>

More details on Defined Contribution Scheme manager, SEI, can be found on www.seic.com or by contacting the SEI Master Trust administrator at seic@capita.co.uk.

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