



**BCSSS**

**British Coal**

Staff Superannuation Scheme

# 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 marriage and their birth certificate. We will also ask for information about any children 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 will 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 there is no legal spouse but the member dies leaving someone who they were living with and was financially dependent on them, such as a partner, the Trustees have the discretion to pay them an adult dependant's pension. 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 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 Allowance has been used up, any lump sum paid in excess of the Lump Sum Allowance will be taxed at 55%.
- 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.

If a spouse or adult dependant's pension is payable the children's benefit is either a minimum flat rate amount or, if greater, 20% of the member's pension at date of death for one child or 40% for two or more children. If a spouse or adult dependant's pension is not payable the percentages are 40% and 80% respectively. There is a proportionate reduction to the benefits calculated on the percentage basis if family benefit contributions were not paid for the whole period of Scheme membership, subject to benefits not being reduced to less than the minimum flat rate amount. There will now be very few members with children under age 18 who did not pay family benefit contributions.

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. The amount paid is rather complex, being the better of a number of calculations. For most members it is the best of:

- 3/80ths of pensionable salary at date of leaving for each year of contributing service, plus cost of living increases to date of death; or
- 1/10th of pensionable salary at date of leaving for each year of contributing service, up to a maximum of four years pensionable salary; or
- for members with more than 10 years service, their pensionable salary at date of leaving plus cost of living increases to date of death.

There is no tax deduction from the payment by the Scheme unless the cash sum exceeds the deceased member's unused Lump Sum Allowance, in which case it will be taxed at the rate of 55%.

### 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 Allowance, in which case it will be taxed at the rate of 55%.

There are different arrangements for the payment of a cash sum on the death of a member who received ill health retirement benefits:

- for members who left coal industry employment with an ill health pension, a cash sum is paid of up to three years pensionable salary less the benefits already paid (including any lump sum retirement benefit). If the benefits already paid are greater than three years pensionable salary then nothing will be payable;
- for members with deferred benefits paid early as a result of ill health, the cash sum paid on death is the amount payable on death in deferment (as outlined above) less the benefits already paid (including any lump sum retirement benefit). If the benefits already paid are greater than the death in deferment cash sum then nothing 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.

If a payment is to be made for the benefit of a child under 18 then we will establish a trust fund for the child and we usually try to appoint a parent and a local professional person as the Trustees.

If an election and declaration has not been completed the arrangements for paying the cash sum is as follows:

Amount payable	Requirements for payment
any amount up to £4,999.99	Payable to the member’s estate on production of Grant of Probate or Letters of Administration (Confirmation document in Scotland). If the member died without leaving a will, and Letters of Administration are not being obtained, the amount will be paid to the spouse or dependant(s) responsible for payment of the receipted funeral account.
£5,000.00 +	Payable to the member’s estate on production of Grant of Probate or Letters of Administration (Confirmation document in Scotland)

### 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.

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