



# Benefits payable when you die

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## For Section A/B members

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This guide contains details of the benefits that may be payable to your dependants in the event of your death, and the things you can do now to make things easier for those closest to you should something happen.

The text in *italics* is explained in the 'Guide to benefits – Section A/B' which can be downloaded at [www.royalmailpensionplan.co.uk](http://www.royalmailpensionplan.co.uk) or is available from the Pensions Service Centre (PSC).

# Introduction

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The Plan not only provides you with a pension and a lump sum when you retire or choose to take your benefits, it also offers some generous benefits designed to make life easier for your beneficiaries in the event of your death.

Your beneficiaries might be your:

- Spouse;
- Civil partner;
- Children; or
- Someone who is financially dependent on you when you die (such as an unmarried partner or an elderly relative who relies on your support).

The Plan may pay a pension to one or more of these people, subject to certain requirements, and it may also provide a lump sum payment in certain circumstances.

These are valuable benefits and it is therefore important that the Trustee is aware of your wishes, where appropriate, in the event of your death. This guide explains more about the various death benefits and the things you can do now to make life easier for others.

This guide is intended to be a summary of the provisions of the Plan as they relate to your death benefits. The Plan is governed by formal legal documents known as the Trust Deed and Rules and is managed by Royal Mail Pensions Trustees Limited ('the Trustee'). If there is a conflict between the Trust Deed and Rules and this guide, the Trust Deed and Rules will prevail. This guide reflects tax laws as at 6 April 2010.

# Lump sum death benefit

The Plan may pay a lump sum when you die, the amount of which will depend on your circumstances at the time, for example whether:

- You are still working for the *Company* and paying into the Plan;
- You are receiving some or all of your benefits; or
- You have left *Company* employment or chosen to leave the Plan and so have *preserved benefits*.

In all cases, the maximum amount payable may be subject to the Plan earnings cap (further details can be found in the 'Guide to benefits – Section A/B').

From 1 April 2010, for employee members, various flexible retirement options are available so that you may choose to receive part of your Plan benefits whilst continuing to build up further benefits, payable at a later date. The charts on pages 6 and 7 will help you to understand the amount of the lump sum death benefit payable in different situations.

You can find out more about the different flexible retirement options in the Plan guide 'Flexible retirement options and benefits' which can be downloaded at [www.royalmailpensionplan.co.uk](http://www.royalmailpensionplan.co.uk) or is available on request from the Pensions Service Centre (PSC) whose contact details are at the end of this guide.



# Pensions for your dependants

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In addition to any lump sum death benefit, the Plan will also pay a pension on your death to one or more of the following people (depending on your circumstances):

- A widow, widower or civil partner;
- Your children (up to the age of 18 or, if they are in full-time education or training, up to the age of 23).

As explained in the guide 'Flexible retirement options and benefits' (which can be downloaded at [www.royalmailpensionplan.co.uk](http://www.royalmailpensionplan.co.uk) or is available on request from the Pensions Service Centre (PSC)), from 1 April 2010 it is possible for your benefits built up before and after that date to be paid at different times and for you to remain in *Company* employment whilst receiving some or all of those benefits. In the same way that your flexible retirement options affect the calculation of the lump sum death benefit, they also determine how the pension for your widow, widower, civil partner and children is calculated.



# Children's pensions

Your children will normally get a pension if they are under 18, or under 23 and in full-time education or training which is approved by the Trustee, or incapable of self-support because of incapacity.

Their pension will be a proportion of the pension you were entitled to or, if you die in *reckonable service*, would have received if you had retired on *ill health* grounds on the date of your death.

How much they get will depend on the number of children you have and whether or not a spouse's, civil partner's or dependant's pension is payable:

- Where a spouse's, civil partner's or dependant's pension is payable, the proportion will be  $\frac{1}{3}$  of your pension if there is one child, or  $\frac{2}{3}$  (divided by the Trustee between the children) where there are two or more children.
- Where no spouse's, civil partner's or dependant's pension is payable, the proportion will be  $\frac{2}{3}$  if there is one child or  $\frac{1}{3}$  (divided by the Trustee between the children) where there are two or more children.

**Please note:** If you either left *Company* employment before 1 April 2010, or opted out of the Plan before that date, the lump sum death benefit and any pension payable on your death is explained on page 14.

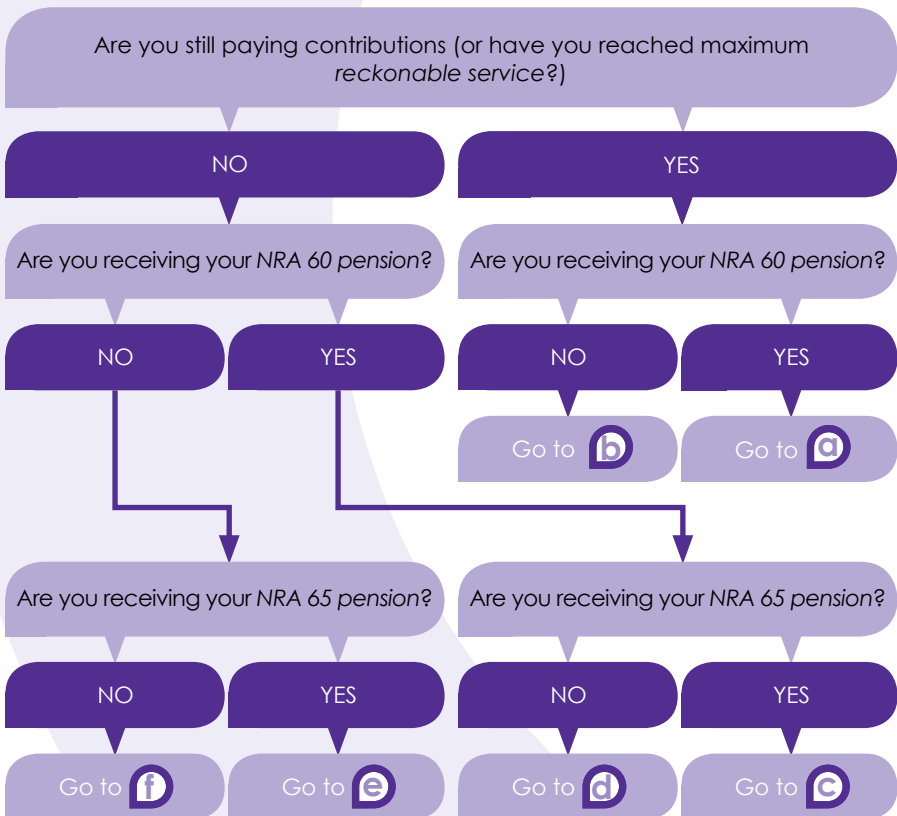


# What benefits will be paid when I die?

If you do not have *reckonable service* after 31 March 2010, please refer to page 14.

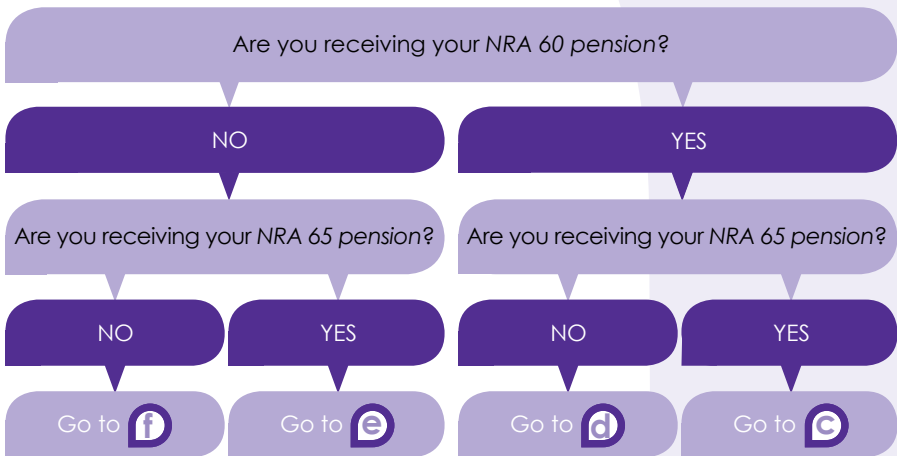
If you have *reckonable service* after 31 March 2010, please follow the steps in one of the following two charts (depending whether or not you are still employed by the *Company*) and then refer to the corresponding section later in this guide to see how the lump sum is calculated. The benefits payable on your death will depend on your circumstances immediately before you die.

**Follow this flow-chart if you are still employed by the Company:**





Follow this flow-chart if you are NOT still employed by the Company:



**Please note:** Your NRA 60/65 pensions are the pension benefits payable from age 60 or 65.



## A lump sum death benefit of whichever of the following benefits

1 or 2 below gives the higher amount:

- 1 Four times your *pensionable salary*, less the value of the lump sum you were paid when you began to receive your *NRA 60 benefits* and the gross value of any pension payments you have received (please note that if you are working part-time at the date of death, the *pensionable salary* used in this calculation is not updated to the full-time equivalent); or
- 2 The total of:
  - a) Five times the annual rate of the *NRA 65 pension* that would have been payable to you (without enhancement) at the date of your death; plus
  - b) If you die within five years of your *NRA 60 pension* coming into payment, the balance of the *NRA 60 pension* you would have received for the first five years since your payments started (excluding any future increases).

**Please note:** If you have been receiving your *NRA 60 pension* for more than five years, there will be no lump sum payable in respect of this portion of your benefit.

If you paid the additional 0.2% contribution until 31 March 1999, the above calculation will be replaced by the following calculation if it produces a higher amount:

- ↗ 3/80ths of your *pensionable salary* for each year (or part year) of *reckonable service* completed before 1 April 1999; plus
- ↗ Five times the annual rate of your *NRA 60 pension* built up before 1 April 1999.

### A pension payable to your spouse or civil partner calculated as follows:

- ↗ Payable at the same rate as your pension for the first 91 days after your death and then up to half the *NRA 60 pension* that you were receiving at the date of your death ignoring any pension you gave up for a lump sum when your payments started; plus
- ↗ Up to half the *NRA 65 pension* that you would have received if you had been retired on *ill health* grounds with immediate payment at the date of your death.

Children's pensions will be payable in certain circumstances. Please refer to page 5 for further information.



**A lump sum death benefit of whichever of the following benefits**

**1 or 2 below gives the higher amount:**

- 1** Four times your *pensionable salary* (please note that if you are working part-time at the date of death, the *pensionable salary* used in this calculation is not updated to the full-time equivalent); or
- 2** Five times the annual rate of the *NRA 60* and *NRA 65 pension* that would have been payable to you (without enhancement) at the date of your death.

If you paid the additional 0.2% contribution until 31 March 1999, the above calculation will be replaced by the following calculation if it produces a higher amount:

- ↗ 3/80ths of your *pensionable salary* for each year (or part year) of *reckonable service* completed before 1 April 1999; plus
- ↗ Five times the annual rate of your *NRA 60 pension* built up before 1 April 1999.

**A pension payable to your spouse or civil partner calculated as follows:**

- ↗ Up to half the *NRA 60* and *NRA 65 pension* that you would have received if you had been retired on *ill health* grounds with immediate payment at the date of your death.

Children's pensions will be payable in certain circumstances. Please refer to page 5 for further information.



*Please ensure you have referred to the flow-chart guides on pages 6 and 7 to make sure you are reading the section appropriate to you.*





### **A lump sum death benefit as follows:**

- If you die within five years of your *NRA 60 pension* coming into payment, the balance of the *NRA 60 pension* you would have received for the first five years since your payments started (excluding any future increases). Please note that if you have been receiving your *NRA 60 pension* for more than five years, there will be no lump sum payable from the Plan in respect of that portion of your benefit; plus
- If you die within five years of your *NRA 65 pension* coming into payment, the balance of the *NRA 65 pension* you would have received for the first five years since your payments started (excluding any future increases). Please note that if you have been receiving your *NRA 65 pension* for more than five years, there will be no lump sum payable from the Plan in respect of that portion of your benefit.

### **A pension payable to your spouse or civil partner at the same rate as your pension for the first 91 days after your death and then calculated as follows:**

- Up to half the *NRA 60 pension* that you were receiving at the date of your death; plus
- Up to half the *NRA 65 pension* that you were receiving at the date of your death.

Children's pensions will be payable in certain circumstances. Please refer to page 5 for further information.



*Please ensure you have referred to the flow-chart guides on pages 6 and 7 to make sure you are reading the section appropriate to you.*





**A lump sum death benefit of whichever of the following benefits**

**1** or **2** below gives the higher amount:

- 1**  $1\frac{1}{4}$  times *pensionable salary* (please note that if you are working part-time at the date of death, the *pensionable salary* used in this calculation is not updated to the full-time equivalent); or
- 2** The total of:
  - a)** Five times the annual rate of the *NRA 65 pension* that would have been payable to you (without enhancement) at the date of your death; plus
  - b)** If you die within five years of your *NRA 60 pension* coming into payment, the balance of the *NRA 60 pension* you would have received for the first five years since your payments started (excluding any future increases).

**Please note:** If you have been receiving your *NRA 60 pension* for more than five years, there will be no lump sum payable in respect of this portion of your benefit.

If you paid the additional 0.2% contribution until 31 March 1999, the above calculation will be replaced by the following calculation if it produces a higher amount:

- $\frac{3}{80}$ ths of your *pensionable salary* for each year (or part year) of *reckonable service* completed before 1 April 1999; plus
- Five times the annual rate of your *NRA 60 pension* built up before 1 April 1999.

**A pension payable to your spouse or civil partner calculated as follows:**

- Payable at the same rate as your pension for the first 91 days after your death and then up to half the *NRA 60 pension* that you were receiving at the date of your death; plus
- Up to half the *NRA 65 pension* that you would have received when you left *reckonable service*, had you been 65 at that date.

Children's pensions will be payable in certain circumstances. Please refer to page 5 for further information.



## A lump sum death benefit of whichever of the following benefits

1 or 2 below gives the higher amount:

- 1  $1\frac{1}{4}$  times *pensionable salary* (please note that if you are working part-time at the date of death, the *pensionable salary* used in this calculation is not updated to the full-time equivalent); or
- 2 The total of:
  - a) Five times the annual rate of the *NRA 60 pension* that would have been payable to you (without enhancement) at the date of your death; plus
  - b) If you die within five years of your *NRA 65 pension* coming into payment, the balance of the *NRA 65 pension* you would have received for the first five years since your payments started (excluding any future increases).

**Please note:** If you have been receiving your *NRA 65 pension* for more than five years, there will be no lump sum payable in respect of this portion of your benefit.

If you paid the additional 0.2% contribution until 31 March 1999, the above calculation will be replaced by the following calculation if it produces a higher amount:

- $\frac{3}{80}$ ths of your *pensionable salary* for each year (or part year) of *reckonable service* completed before 1 April 1999; plus
- Five times the annual rate of your *NRA 60 pension* built up before 1 April 1999.

### A pension payable to your spouse or civil partner calculated as follows:

- Up to half the *NRA 60 pension* that you would have received when you opted out had you been 60 at that date (or when you left *reckonable service*, if you are no longer in *Company* employment); plus
- Up to half the *NRA 65 pension* that you were receiving at the date of your death.

Children's pensions will be payable in certain circumstances. Please refer to page 5 for further information.



**A lump sum death benefit of whichever of the following benefits**

**1 or 2 below gives the higher amount:**

- 1** 1¼ times *pensionable salary* (please note that if you are working part-time at the date of death, the *pensionable salary* used in this calculation is not uprated to the full-time equivalent); or
- 2** Five times the annual rate of the *NRA 60* and *NRA 65 pension* that would have been payable to you (without enhancement) at the date of your death.

If you paid the additional 0.2% contribution until 31 March 1999, the above calculation will be replaced by the following calculation if it produces a higher amount:

- ↗ 3/80ths of your *pensionable salary* for each year (or part year) of *reckonable service* completed before 1 April 1999; plus
- ↗ Five times the annual rate of your *NRA 60 pension* built up before 1 April 1999.

**A pension payable to your spouse or civil partner, calculated as follows:**

- ↗ Up to half the *NRA 60* and *NRA 65 pension* that you would have received when you opted out (or left *reckonable service* if you are no longer employed by the *Company*) had you reached age 60 (in relation to *NRA 60 pension*) or 65 (in relation to *NRA 65 pension*).

Children's pensions will be payable in certain circumstances. Please refer to page 5 for further information.



*Please ensure you have referred to the flow-chart guides on pages 6 and 7 to make sure you are reading the section appropriate to you.*



## Q What if I left Company employment (or opted out of the Plan) before 1 April 2010?

### Lump sum

If you left employment (or opted out of the Plan) before 1 April 2010 and you die within five years of your pension starting to be paid, the Trustee will pay a lump sum equal to the balance of the pension that you would have been paid in the five years since your pension started had you not died. This lump sum will not include future pension increases.

If you die before age 60 with *preserved benefits* that have not started to be paid, the lump sum death benefit will be calculated as follows:

#### **If you paid the additional 0.2% contribution until 31 March 1999, the lump sum will be:**

- ↗ 3/80ths of your *pensionable salary* for each year (or part year) of *reckonable service* completed before 1 April 1999; plus
- ↗ Five times the annual rate of your pension built up before 1 April 1999.

The benefit payable for those who did not pay the additional 0.2% (see below) will be paid if it provides a greater amount.

#### **If you did not pay the additional 0.2% contribution, the lump sum will be the greater of:**

- ↗ Five times the annual rate of your total *preserved pension*; or
- ↗ 1¼ years' *pensionable salary*.

The lump sum payment will not be greater than the maximum lump sum that would have been paid if you had died in service on the date you left *reckonable service*.

**In addition, a pension will be paid to your spouse or civil partner and your eligible children.**

Irrespective of whether or not your benefits are in payment, the pension will be up to one half of the value of your pension in respect of your spouse or civil partner and in respect of your children. The amount they get will depend on the number of children you have and whether or not a spouse's, civil partner's or dependant's pension is payable:

- ↗ Where a spouse's, civil partner's or dependant's pension is payable, the amount will be  $\frac{1}{2}$  of your pension if there is one child or  $\frac{2}{3}$  (divided between the children) for two children or more; or
- ↗ Where no spouse's, civil partner's or dependant's pension is payable, the amount will be  $\frac{1}{3}$  of your pension if there is one child or  $\frac{2}{3}$  (divided between the children) where there are two or more children.

**Q What happens if I have benefits from another pension scheme?**

If the value of all benefits payable from all registered pension schemes (including benefits payable on death) does not exceed the Lifetime Allowance (LTA), there will be no additional tax for your personal representatives to pay. It will be the responsibility of your personal representatives to declare any benefits in excess of the LTA to HM Revenue & Customs (HMRC) at the time your benefit payment is made.

**Q Who will the Trustee pay the lump sum death benefit to?**

However the lump sum is calculated, in accordance with the preceding pages, it will automatically be paid to your personal representative(s) (the executors or administrators of your estate) and may be subject to Inheritance Tax unless you complete a 'Direction of lump sum death benefit' form which can be downloaded at [www.royalmailpensionplan.co.uk](http://www.royalmailpensionplan.co.uk) or is available on request from the Pensions Service Centre (PSC).

Please note that Inheritance Tax laws may change from time to time and neither the Trustee nor the Pensions Service Centre can provide advice on Inheritance Tax. For further information you should contact your local tax office or visit the HMRC website at [www.hmrc.gov.uk](http://www.hmrc.gov.uk). You could also contact an Independent Financial Adviser. You can find a local Independent Financial Adviser by visiting [www.unbiased.co.uk](http://www.unbiased.co.uk).

# Pensions on the death of an unmarried member or a member not in a civil partnership

The Trustee may pay a pension to one of your dependants if when you die:

- Your benefits are paid under the Section B (not Section A) rules;
- You are not married to, or in a civil partnership with, any person; and
- You financially support someone.

It will help the Trustee to make a decision if you complete a 'Dependant's pension nomination' form which can be downloaded at [www.royalmailpensionplan.co.uk](http://www.royalmailpensionplan.co.uk) or is available on request from the Pensions Service Centre (PSC). However, your dependant will still be eligible to be considered for a pension if you do not complete the form.

After your death (and never before then), the person you have nominated will be asked to provide information about their dependency on you and the Trustee will decide whether or not they are eligible for the pension, and if a pension should be paid.

If the Trustee decides that a pension is to be paid, your dependant will be contacted and advised of how long the pension will be paid for, and of any terms applying to it.

## Who can I nominate to receive a 'dependant's pension'?

The person you nominate must be 'financially dependent' on you in some way immediately before your death. This will normally be someone who is living with you. Examples of people who may be considered for a dependant's pension are:

- A long-term partner;
- An elderly parent who cannot support themselves because of ill health; or
- Your full-time carer.

**Please note:** Current tax laws may prevent the payment of a dependant's pension to your son or daughter aged over 23. Please contact the Pensions Service Centre for further information, if needed.

## Q What does 'financially dependent' mean?

A person would be classed as financially dependent on you if, for example:

- They share living expenses with you; or
- Receive financial support from you; and
- Their standard of living would be affected by the loss of your contribution or support.

## Q How much will a dependant's pension be?

The amount will be calculated in the same way as a pension for a spouse or civil partner (see previous pages) and so will generally be up to half of your pension entitlement.

## Q How can I nominate someone?

You should complete a 'Dependant's pension nomination' form and return it to:

**Pensions Service Centre**  
**PO Box 500**  
**CHESTERFIELD**  
**S49 1WX**

If you need help in completing the form you can:

- Phone the Pensions Service Centre on Postline **5456 4545** or **0114 241 4545** – please have a pen and paper ready; or
- E-mail them, either via [pensions.helpline@royalmail.com](mailto:pensions.helpline@royalmail.com) or via the website at [www.royalmailpensionplan.co.uk](http://www.royalmailpensionplan.co.uk).

## Can I change my nomination?

To withdraw your nomination you must write to the address on the opposite page, quoting your full name, date of birth and either your National Insurance number or Plan membership number. If you simply want to change your nomination you will need to complete a new form, which can be downloaded at [www.royalmailpensionplan.co.uk](http://www.royalmailpensionplan.co.uk) or is available on request from the Pensions Service Centre (PSC) – their details are given on the opposite page.

**Please note:** Your nomination may be disregarded if your personal circumstances have changed significantly since it was last completed.

### Data Protection Act

The Trustee of the Plan and its advisers and administrators (as detailed in the Annual Plan Report and Accounts) will need to process certain data about you:

- To calculate and pay benefits;
- For statistical purposes;
- For reference purposes; and
- To administer the Plan as a whole.

This may include 'sensitive' data, such as medical details or information about your nominee(s) for death benefit nominations, dependant's pensions etc. Where 'sensitive' data is to be processed, you will need to confirm in writing (by signing the relevant nomination and/or direction forms) that you, and your nominee(s) where appropriate, agree to the processing of this data for these purposes and that the data may be shared with the Plan administrators, the *Company*, the Plan *Actuary*, the Plan advisers and other third parties, as may be necessary.

By signing the nomination form you are confirming that you fully understand this and that you, and your nominee(s), agree to the processing of this data for these purposes.

# Get in touch

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For further information on benefits payable when you die or for more general information about the Plan, you can contact the Pensions Service Centre using the details below.



**Pensions Service Centre**  
**PO Box 500**  
**CHESTERFIELD**  
**S49 1WX**



**Pensioner Helpline – 0845 603 0043**  
Helpline for all other members – **0114 241 4545** or Postline network users can call **5456 4545**



**pensions.helpline@royalmail.com**



**[www.royalmailpensionplan.co.uk](http://www.royalmailpensionplan.co.uk)**

Please quote your full name, date of birth and either your National Insurance number or membership number when contacting the Pensions Service Centre.

All booklets are also available to download from the Plan website at **[www.royalmailpensionplan.co.uk](http://www.royalmailpensionplan.co.uk)**.



