

Cambridge University Assistants' Contributory Pension Scheme (CUACPS)

Career Average Benefits (CRB) Section

Factsheet 9 – Death Benefits

Benefits are payable if you die while still paying into CUACPS or if you have left but retain a deferred pension in CUACPS, 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 CUACPS, please refer to [Factsheet 10 – 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 CU Pension Trustee Limited (CUPTL) 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

If you joined CUACPS before 1 December 2009, a tax free lump sum is payable equal to the contributions paid by yourself (or the equivalent paid on your behalf through salary exchange) plus four times your pensionable salary at the date you die. If you joined CUACPS on or after 1 December 2009, a tax free lump sum is payable equal to three times your pensionable salary.

This lump sum payment is made at the discretion of the CUPTL 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 obtainable from the

Pension Section. However the CUPTL 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 CUPTL 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.

A pension for your spouse or civil partner

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

You may be able to nominate someone to receive this pension if you are not married or in a registered civil partnership but can show financial inter-dependency. The pension consists of 3 parts, which are added together.

If you joined CUACPS before 1 December 2009, the pension for your spouse or civil partner is calculated as follows:

1. A pension of two-thirds of your final salary pension based on service up to 31 December 2012 and your salary at the date of your death,

Plus

2. A pension equal to three-quarters of your CRB pension earned between 1 January 2013 and the date of your death and including revaluation up to the date of your death,

Plus

3. A pension of three-quarters 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.

If you joined CUACPS on or after 1 December 2009, the pension for your spouse or civil partner is calculated as follows. Again, you may be able to nominate someone to receive this pension if you are not married or in a registered civil partnership.

1. A pension of one half of your final salary pension based on service up to 31 December 2012 and your salary at the date of your death,

Plus

2. A pension of one half of your CRB pension earned between 1 January 2013 and the date of your death and including revaluation up to the date of your death,

Plus

3. 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.

What if I am aged over 65?

Benefits are calculated in the usual way, based on your completed 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 pension 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 civil partner will receive a pension payable for life. A funeral grant will 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 amount of the pension depends on when you joined CUACPS.

If you joined CUACPS before 1 December 2009, the pension for your spouse or civil partner is calculated as follows:

1. A pension of two-thirds of your pre-commutation* pension relating to your

service in the Scheme before 31 December 2012 and including pension increases up to the date of your death,

Plus

2. A pension of three quarters of your pre-commutation* pension relating to service in the CRB section after 31 December 2012 and including pension increases up to the date of your death.

If you joined CUACPS on or after 1 December 2009, your spouse or civil partner will receive a pension equal to one half of your total pre-commutation* pension including pension increases up to the date of your death.

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

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

A funeral grant

A funeral grant is paid in respect of all former contributing members of the Scheme who joined the scheme on or before 31st December 2022 and die after retirement. The tax treatment of the funeral grant is dependent on the date that the member joined the scheme and the age at which the member dies.

The full amount of £2,500 is payable without tax charges where the member in respect of whom a funeral grant is due joined the scheme before 6th April 2006 and is aged 75 or older at the date of death.

Where the member in respect of whom a funeral grant is due does not meet the criteria above tax charges will be due resulting in a net payment after the charges of 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 Rules of CUACPS. If there are any differences between the Scheme Rules and this factsheet, the Rules will override the factsheet. A copy of the Rules can be found at:

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

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