

## Guidelines on Death Benefits

These guidelines have been produced to assist scheme Members and their Advisers with the options available for payment of death benefits from the pension schemes we provide. It does not cover death benefit options from other types of pension scheme.

**Please note that neither Whitehall Group (UK) Limited nor Whitehall Trustees Limited give financial advice and nothing in these guidelines should be considered as financial advice. We strongly suggest that you seek advice from an Independent Financial Adviser (IFA) or guidance from the Government's free advice service Money and Pensions Service [www.moneyandpensionservice.org.uk](http://www.moneyandpensionservice.org.uk) before making any decisions on your benefits. If you do not already have a Financial Adviser, information can be obtained from [www.unbiased.co.uk](http://www.unbiased.co.uk) 0800 020 9430.**

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### 1. Introduction

Your pension scheme can pay benefits to beneficiaries on your death. They will inherit your remaining pension fund.

The amount, type of benefits and tax treatment, depends on the amount held in your fund, your age when you die, and the benefit option chosen by your beneficiaries.

Funds held in your pension scheme do not form part of your estate when you die and have separate tax treatment.

Benefits can be paid as a lump sum or income, depending on the type of beneficiary and option they choose. Where income is selected, the pension scheme continues to operate and be invested in accordance with the trustees' decisions, retaining the tax reliefs on investment returns.

Beneficiaries don't need to be age 55 to access their death benefits. Death benefits do not have to be paid as cash. They can be paid by transferring scheme investments of the correct value to a beneficiary but, any tax due must be paid in cash.

## 2. Nomination of Beneficiaries

Your pension scheme rules allow you to nominate whomever you wish, for example family, friends, trusts and charities, to receive payment after your death. You can leave the fund to one or more beneficiaries, and we ask you to nominate the proportions of your fund each one is to receive.

The trustees of your pension scheme have discretion over the payment of death benefits. They will complete their own investigations following your death and use their discretion but will follow the instructions in your nomination unless there is good reason not to.

If you want to be clear who is to benefit from your pension fund when you die it is very important that you complete an Expression of Wish. Without this your funds could be distributed against your wishes.

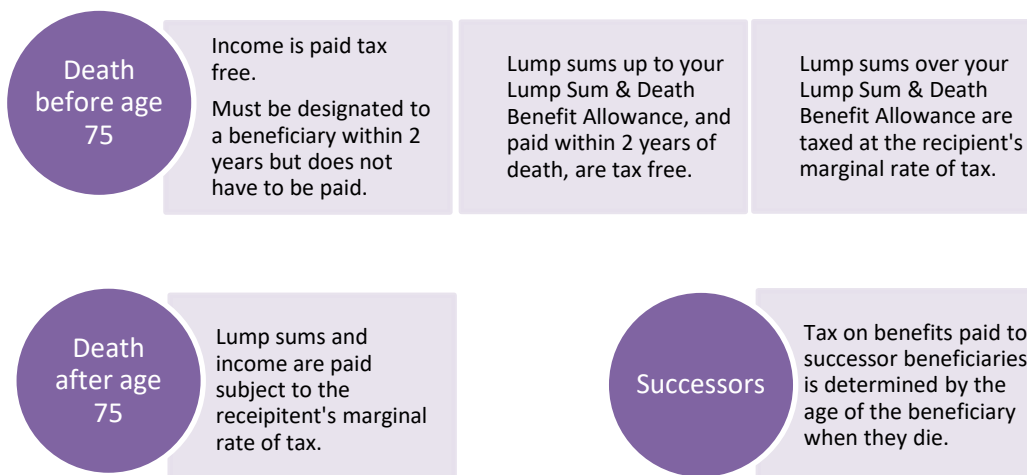
### Successor Beneficiaries

Beneficiaries who select a beneficiary drawdown option can nominate their own beneficiaries, known as “successor beneficiaries”. When they die, any funds remaining in the pension scheme are then paid to the successor beneficiary(ies) in accordance with their chosen benefit option.

### Charities

The scheme administrator cannot choose a charity, this must be nominated by the member, or subsequent beneficiary. A Charity Lump Sum Death Benefit can be paid tax free and without testing against the Lump Sum & Death Benefit Allowance, but it is only permitted if there are no surviving dependants. Otherwise, you can nominate a charity but, payments will be subject to the usual tax treatments.

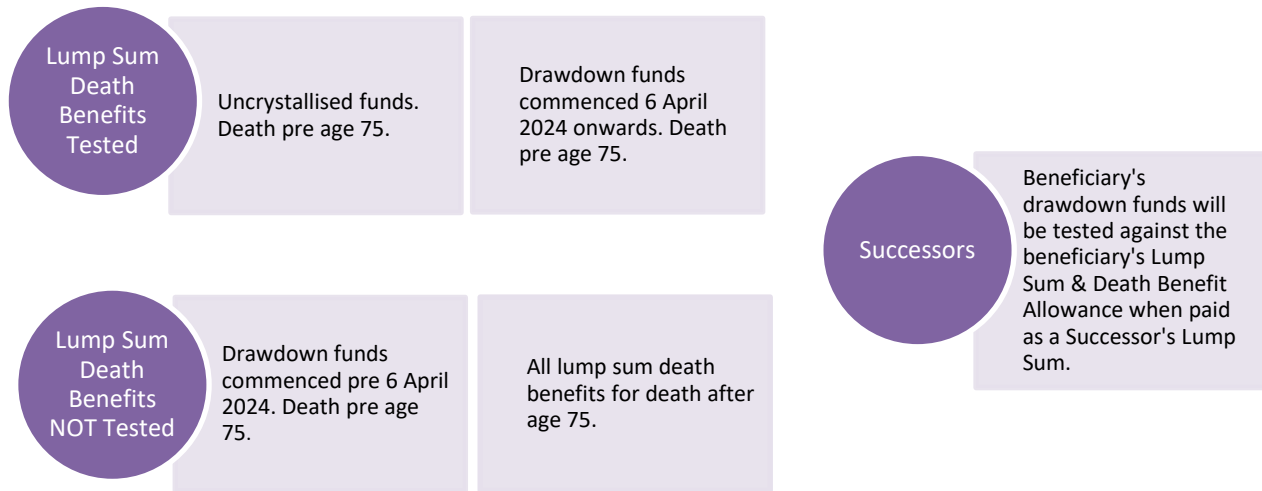
## 3. Tax Treatment



## 4. The Lump Sum & Death Benefit Allowance

The Lump Sum and Death Benefit Allowance is the total that may be paid out tax free after a member's death. This is currently set at £1,073,100. If you have previously taken retirement benefits, the amount available will be reduced by the tax-free lump sums paid to you.

### Which death benefit lump sums are tested against the allowance?



### Enhanced Allowances

Over the years, there have been several transitional protections brought in to protect against reductions in the previous Lifetime Allowance, these will apply to the new lump sum allowances. You may therefore have an enhanced allowance as follows:

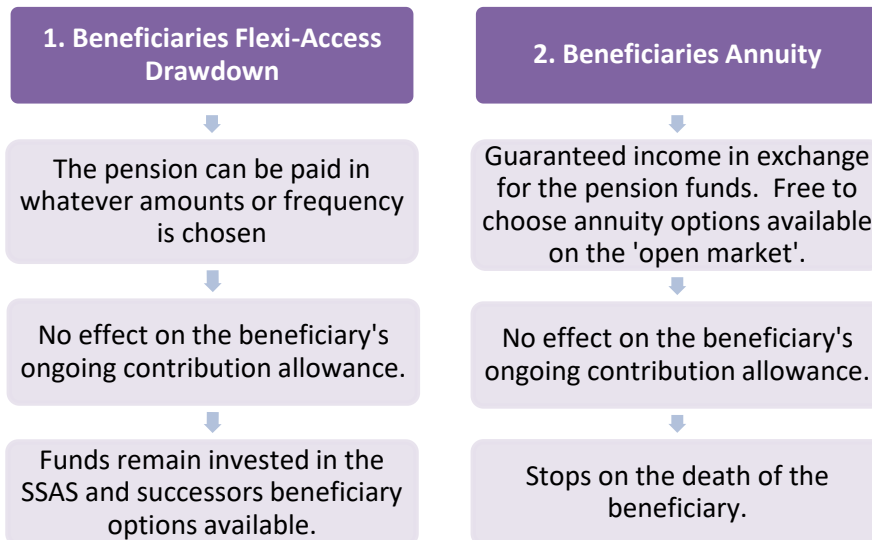
Protection Type	Lump Sum and Death Benefit Allowance
None	£1,073,100
Enhanced Protection	Uncrystallised rights valued at 5 April 2024
Primary Protection	£1,800,000 + Primary Protection Factor
Fixed Protection (2012)	£1,800,000
Fixed Protection 2014	£1,500,000
Fixed Protection 2016	£1,250,000
Individual Protection 2014	Between £1,500,000 - £1,250,000
Individual Protection 2016	Between £1,250,000 - £1,073,100

If you wish to rely on any of the above protections, we will need a copy certificate and the reference numbers to ensure this is still valid.

## 5. Death Benefit Pension Income Options

In the absence of a nomination from you, and where you have a surviving dependant, income is only available to your dependant(s). It is important if you want all your beneficiaries to have the option to choose an income that you nominate them in your expression of wishes to the trustees.

There are two options for paying pensions to beneficiaries or successor beneficiaries:



All beneficiary income, whether subject to tax or not, must be paid via PAYE.

These guidelines are based on our understanding of current law and HM Revenue & Customs practice, which are subject to change.

**Please correspond with us**



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