

Trustee and Me

Beneficiary Benefits - Your Guide

Standard Life Staff Pension Scheme

About this guide

This guide is made up of 3 sections and is designed to help members and other potential beneficiaries of the Standard Life Staff Pension Scheme and the Standard Life Aberdeen Excepted Group Life Assurance Scheme (referred to as “the Schemes”), understand the benefits that are payable on death.

Section 1

High level summary of the benefits payable on death

Providing a summary of the types of benefits payable from the Schemes.

Section 2

Benefits payable on death - more detail

Providing further detail regarding the benefits payable from the Schemes and who is eligible to receive them.

Section 3

The process for paying benefits

Providing details on the process for paying benefits.

Disclaimer:

UK laws and tax rules may change in the future. The information in this guide is based on our understanding in April 2020. Your personal circumstances also have an impact on tax treatment.

This Guide is intended for members of the Standard Life Staff Pension Scheme who may or may not also qualify for Death In Service benefits for the Standard Life Aberdeen Excepted Group Life Assurance Scheme, depending on their employment status with an employer which exists within the Standard Life Aberdeen plc group of companies.

Additional support

To support this main guide, we have included some additional content and contacts below:

Question & answers

We have included a Q&A section to help you understand some of the most common questions around death benefits, the process and your options – see page 9.

Additional support

You will find a reference guide included here which should help and support you when dealing with the benefits due on the death of a member - see page 11.

Although every effort has been made to ensure that the content is accurate, this is intended only as a guide and not to give you advice. The guide is not a legal document and your membership of the Schemes are subject to the Schemes' Trust Deed and Rules (which may be amended from time to time). These are the legal documents that will always overrule this guide in the event of any inconsistency or question of interpretation, and which set out the full details of your benefits. This guide is also subject to statutory laws that may change in future.

If you or your adviser have any questions on this guide please contact Mercer at:
standardlifepensions@mercer.com

Section 1

High level summary of the benefits payable on death

In this section we highlight the benefits payable in the event of death in various circumstances

Benefits on death in service of Standard Life Aberdeen plc group of companies

If you die while still in the employment of Standard Life Aberdeen plc group of companies, a lump sum death benefit of 8 times your Insurable Salary is payable.

If you have an entitlement to a Defined Benefit (DB) pension (i.e. you have not transferred this element out), a pension will be paid to your spouse or civil partner. Details of how the pension is calculated is provided in the next section.

If you have Defined Contribution (DC) benefits, the value of your DC fund is also paid as a lump sum.

Benefits on death before retirement (not in the service of Standard Life Aberdeen plc)

If you have an entitlement to a Defined Benefit (DB) pension (i.e. you have not transferred this element out), a pension will be paid to your spouse or civil partner. Details of how the pension is calculated is provided in the next section.

If you have Defined Contributions (DC) benefits, the value of your DC fund is also paid as a lump sum.

Benefits on death after starting to take your benefits

The following benefits are payable:

- If your death occurs within 5 years of retirement, a lump sum may be payable if you elected to pay contributions by salary sacrifice between 2004 and 2007.
- A pension payable to your spouse, equal to 2/3rds of the DB pension you would have been receiving at death had you not exchanged any of it for tax-free cash at retirement. This includes increases on that full pension between date of retirement and date of death.

The benefits payable from the Defined Contribution (DC) Section will depend on the options you chose at retirement (see Section 2 for more details).

Section 2

Benefits payable on death - more details

Lump sum benefits

Beneficiaries

The lump sum death benefits are paid to beneficiaries determined by the Trustees. The Trustees will take into account your wishes as set out in your Expression of Wish form and any other information they deem to be relevant when determining who the beneficiaries will be.

The categories of beneficiary are set out in the SLSPS Trust Deed & Rules as per the below:

- Your spouse or civil partner;
- Your grandparents or the grandparents of your spouse or civil partner;
- All descendants of your grandparents or your spouse's or civil partner's grandparents;
- An individual who was, immediately prior to your death, financially dependent on you;
- An individual nominated by the member (either in writing to the Employer or Trustees or in your Will) as a potential beneficiary;
- Your legal personal representatives.

Relationships by adoption are treated the same as blood relationships.

The list above is from the SLSPS Rules. The Excepted Life Scheme has a similar list. The main differences are that descendants of the grandparents of spouse/civil partner and legal personal representatives are not in the Excepted Life Scheme list but trusts and charities are.

To submit your Expression of Wish form please scan it to standardlifegrouplifeforms@aon.com or by post to Stephen Davidson, Secretary to the Trustees of the Standard Life Aberdeen

Excepted Group Life Assurance Scheme, Aon, Atria One, 144 Morrison Street, Edinburgh, EH3 8EX. A copy of the template Expression of Wish form can be found on the member Hub www.slsp.co.uk and can also be downloaded from Mercer OneView.

Insurable salary

Insurable Salary is determined by your employer and the components from which it is derived will vary depending on your employer within the Standard Life plc group of companies and your role.

Definition of spouse and dependent children

Spouse

The term spouse includes any individual nominated by the member in writing to the Trustees who prior to the member's death was co-habiting as if they were married to each other (a Qualifying Partner). The finances of the person and the member must have been interdependent. The Trustees may treat a person who meets the definition of Qualifying Partner as such, even if the member has not nominated that person. The Trustees' decision as to whether or not a person is a Qualifying Partner is final.

Dependent children

Pensions can be paid to children who are under 18 years old (or are under 21 years old and still receiving full time education or vocational training). A child may be considered to be dependent beyond the age of 21 if they are in a position of mental or physical impairment and were financially or practically reliant on the member prior to the member's death.

Pension benefits on death before retirement

If you have an entitlement to a DB pension, the amount of pension on death before retirement is the sum of:

- (a) one one-hundred-and-sixtieth of your Pensionable Salary multiplied by the number of years of service from 6 April 1978 to 5 April 1997 (with a proportionate amount for part of a year); and
- (b) one one-hundred-and-twentieth of your Pensionable Salary multiplied by the number of years of service on or after 6 April 1997 (with a proportionate amount for part of a year) and before 1 January 2008; and
- (c) if you elected to receive revalued career average salary benefits, one one-hundred-and-twentieth of your revalued earnings for each Scheme Year for service on or after 1 January 2008 (with a proportionate amount for part of a year).

The amount of DB pension built up (i.e. (a) to (c) above) will be increased between the date that you left service and the date of death, to help to protect against future price inflation.

Benefits on death after starting to take your benefits

The benefits payable from the Defined Contribution (DC) Section will depend on the options you chose at retirement. For example, you may have chosen to use some of your DC pot to buy an annuity, which included provision for a spouse's pension on death.

Any part of your DC savings not already paid or used to buy an annuity would be payable to your beneficiaries.

Other information

Option to surrender part of the DB pension

In addition to the benefits outlined in Section 1, before your DB pension starts to be paid, you have the option of giving up part of it in order to provide additional pension for your spouse or civil partner, to be paid after your death. The terms of the exchange are determined by the Trustees and include conditions which will be discussed with, and must be satisfied by the member and the dependent prior to surrender.

Increases to DB Pensions in payment

Any spouse's pension or children's pension payable will receive pension increases that help protect against future price inflation. The increases are limited and there are different rates of increase that apply to different elements of the pension. Further details are provided in the Frequently Asked Questions section.

Death benefits and tax

Lump sum death benefits are not normally liable to inheritance tax unless they are allocated to be distributed by the executor of the Estate or the member is over age 75 at death or if there is no mechanism to allocate them within 2 years of death. Pensions are typically subject to income tax.

Pensionable Salary

Pensionable Salary is determined by the Trust Deed and Rules and the choices you made during your active membership of the SLSPS. It was/will be illustrated to you on your leaver statement which is issued to you by the SLSPS when you leave/left active service.

Section 3

The process for paying benefits

Once notified of your death the Schemes' administrator, Mercer, will gather all the relevant information to enable them to calculate and arrange settlement of the benefits due. This will require your personal representatives to provide documentation including your death certificate and potentially, birth and marriage certificates (where applicable) for your spouse, civil partner and/or dependent children, and your Will.

Lump sum benefits

Once Mercer has gathered all the relevant information, the Trustees will be asked to consider who should receive the lump sum death benefit. The Trustees will take into account your wishes as set out in your Expression of Wish form and any other information they deem to be relevant when determining who the beneficiaries will be.

The Trustees will aim to make a decision as quickly as possible but it can, in some circumstances, take time to gather all the relevant information.

Pension benefits

Once the relevant certificates and bank details have been provided Mercer will set up payment of the pensions.

Death after starting to take your DC benefits

If you had purchased an annuity on retirement, or entered income drawdown, with your DC benefits, then your personal representatives would need to make contact direct with the provider to determine if there are any benefits due. Contact details should be contained in the policy document the insurer would have provided.

Frequently asked questions

In this section we answer the questions members typically ask

Why do I need to provide original certificates?

The Trustees need to ensure that the correct benefits are paid to the right beneficiaries and therefore need to examine original certificates.

The Trustees appreciate that these are important documents and therefore Mercer, on the Trustees behalf, will return the documents promptly.

How long will it take to settle the benefits due?

It is difficult to give you a precise timeframe as it depends on how long it takes to gather all the relevant information. The Trustees treat death cases as a priority and will endeavour to settle the benefits as quickly as possible.

Why do the Trustees have to decide the beneficiaries of the lump sum?

The Trustees have sole discretion on who to pay the lump sum benefits to, but will take your wishes and any other relevant information into account. The Trust is set up this way so that the lump sum benefits are not normally subject to inheritance tax (i.e. they do not normally form part of your Estate).

When will the pensions start?

The pensions will be payable monthly in arrear, effective from the day after your death. The pensions will be paid on the 15th of the month, in sterling. Any arrears due between the date of death and the commencement of the first instalment will be included in the first monthly instalment.

The Scheme's payroll will deduct UK income tax from the pension payments according to your beneficiaries' tax codes. Your beneficiaries will be issued with a payslip from the Scheme when they first receive their pension and thereafter they can view their payslip online each month via the Mercer OneView site. If there are any problems logging in to the Oneview site, please contact Mercer on: **0330 100 3491**.

Annuities will have different arrangements for payment dates and payslips depending on the insurer.

When will the pensions stop?

The spouse or civil partner pension will be payable for life.

The Dependent Children's pension will be paid to each dependent child until they reach 18 or 21 if in fulltime education or vocational training.

How will the pensions increase after leaving active service and before retirement?

Different levels of increase apply to different elements of DB pension as detailed in the table below. If you left active service **before** 1 January 1986, your increases will be different and you should contact Mercer for further detail:

Pension element	Increase applied
Guaranteed Minimum Pension (GMP)	This is increased in line with statutory requirements and is determined by the date you left active service
Pension above GMP accrued before 6 April 2009	CPI up to 5% a year
Pension accrued since 6 April 2009	CPI up to 2.5% a year

For this purpose, 'active service' ceased for all members as at 16 April 2016 unless you had left employment prior to that date. If you elected to retain final salary linkage to your DB pension from January 2008 then you will continue to receive the greater of CPI and the increase in your pensionable salary until you leave employment (pension above GMP only).

How will the pensions increase in payment?

Different levels of increase apply to different elements of the DB pension as detailed in the table below:

Pension element	Increase applied
Guaranteed Minimum Pension (GMP) accrued since 6 April 1988	CPI up to 3% a year
Pension above GMP accrued before 6 April 1997	RPI up to 2.5% a year
Pension accrued between 6 April 1997 and 5 April 2005	CPI up to 5% a year
Pension accrued since 6 April 2005	CPI up to 2.5% a year

Notes:

- Pension increases are usually linked to inflation – that is, the rising cost of living – in some way. Many pension schemes have used two measures of inflation in recent years: the **Retail Prices Index ('RPI')**, and the **Consumer Prices Index ('CPI')**. Both track the costs of various goods and services, although there are differences – for example, the RPI includes housing costs, while the CPI does not. The CPI is now the more common 'standard' measure, and tends to be lower than the RPI.
- The Spouse's pension will include a **Guaranteed Minimum Pension ('GMP')** if you worked at Standard Life between 6 April 1978 and 5 April 1997, and paid the full amount of National Insurance. GMPs are payable at age 60 for women and 65 for men.
- In years when CPI or RPI go over the limits shown in the table, the Scheme may pay a 'discretionary' increase – that is, pay more than the rules say it has to – to help the pension keep up with inflation.

Additional support

Useful independent advice bodies

Unbiased is the UK's largest selection of financial advisers. All advisers listed on this site are qualified and regulated by the FCA. Website: www.unbiased.co.uk

The **Money Advice Service** is an independent service set up by the UK Government to provide a range of information about consumer finances, including obtaining independent financial advice.

The **Money Advice Service** also has a directory of financial advisers that specialise in providing advice about pensions and related benefits. You can search by postcode.

Website: www.moneyadvice.service.org.uk
Phone: 0800 138 7777

The **Pensions Advisory Service** (TPAS) is an independent, non-profit organisation that provides free information and guidance across the whole range of pensions, including State, occupational and personal.

Website: www.pensionsadvisoryservice.org.uk
Phone: 0800 011 3797

The UK Government's **Pension Wise** service has online guidance about the flexible benefit options available at retirement. People aged over 50 with DC pension savings may also make an appointment to speak to a guidance adviser free of charge. The guidance is general, will not recommend specific options, and should not be regarded as a substitute for financial advice.

Website: www.pensionwise.gov.uk
Phone: 0800 138 3944

You can find out about your Defined Benefit pension savings on the Mercer online member website, OneView.

www.merceroneview.co.uk/standardlife/login.tpz

You can find out about your Defined Contribution pension savings at

www.standardlifepensions.com/pension/stsmCfPZ2/index

If you or your adviser have any questions on this guide please contact Mercer at: standardlifepensions@mercer.com

If you need advice, please contact an independent financial adviser. Please check that the adviser you see is properly qualified. They may charge for any advice they provide. The Financial Conduct Authority holds the list of registered financial advisers. You need to make sure anyone you consult is properly qualified and authorised to help you – so a good way to do that is by making sure they're on here –

www.fca.org.uk



Find out more

Log on to

www.merceroneview.co.uk/standardlife/login.tpz

for more information on your pension savings and scheme
or contact Mercer on 0330 100 3491