

## Your Death Benefits Explained

The benefits available to you under the Company pension scheme provide valuable security for you and your family. Our series of Technical Bulletins explain each of these benefits in more detail so you can easily find information about a particular topic you may be interested in.

This Bulletin summarises the benefits that the Scheme will provide in the event of your death.

This document aims to give you an accurate guide to the benefits currently available to you, however, it is not a legal document.

The Scheme is governed by a set of rules which describe these benefits and the conditions attaching to them in great detail. In the event of any discrepancies, the Scheme Rules, applicable pensions law and HM Revenue and Customs (HMRC) restrictions will override this Bulletin.

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## Death Benefits Summary

The death benefits payable depend on your own circumstances and are based on the following criteria:

- Whether or not you are still contributing to the Scheme
- If you have retired and taken your benefits from the Scheme
- The section of the Scheme you are in, i.e. either in the Standard or Plus Section
- If you have built up any Post-April 2011 benefits
- If you were a former member of one of the following pension schemes, known as 'the Former Schemes':
  - BUP Pension Fund
  - Hobsons Pension Scheme
  - Argus Pension Fund
  - Tamworth Herald Company Ltd & Lichfield Mercury Ltd Retirement Benefit Scheme

The table below gives you an overview of the death benefits available from the Scheme, depending on which of the following categories you fall into. If you are unsure about your status in the Scheme, please contact the DMGT Pensions & Benefits team via the contact details on the back page.

### If you are accruing benefits in the Scheme

#### Pre-April 2011 Benefits

Half of your Pre-April 2011 benefits are paid out as a dependant's pension.

A child's pension may also be payable.

#### Post-April 2011 Benefits

A lump sum of 6 x basic salary (Plus section) or 4 x basic salary (Standard section) plus the value of your Post-April 2011 Retirement Account is paid out.

Half of the lump sum will be added to your Retirement Account, and paid out to your dependants as a tax-free lump sum or used to buy an annuity. (pension).

### If you have left the Scheme

#### Pre-April 2011 Benefits

Tax-free lump sum of 5 X leaver's pension, plus half increased leavers pension is paid out as a dependant's pension.

A child's pension may also be payable.

[See page 5 for the differences that apply to members of the Former Schemes.](#)

#### Post-April 2011 Benefits

The value of your Retirement Account will be paid out to your dependants as a tax-free lump sum or used to buy an annuity (pension).

### If you have retired from the Scheme

#### Pre-April 2011 Benefits

Half of your Pre-April 2011 benefits are paid out as a dependant's pension.

A child's pension may also be payable.

A one-off bereavement grant, currently £1,750, is also paid out.

[The bereavement grant is not available to some members, see page 5 for further details.](#)

#### Post-April 2011 Benefits

The benefits depend on the options you chose at retirement with regards to your Retirement Account.

## Why We Pay Death Benefits Under Trust

The reason for holding the death benefits under Trust is to ensure the lump sum benefit can be paid to your beneficiaries as tax-efficiently as possible. However, as any pensions are paid out as income, these will be subject to income tax at the recipient's appropriate tax rate.

As the death benefits are held under Trust, they can only be paid at the discretion of the Trustees. This means that the Trustees must decide who to pay the death benefits to. You can help the Trustees in that process by completing a nomination form, to inform them of your wishes in the event of your death.

### Choosing Who You Want To Receive The Death Benefits

If you have completed a nomination form, the Trustees will normally try to take your wishes into account. You should aim to update your nomination form each time you have a change in your personal circumstances. However, it is important to be aware that the nomination form is not binding in any way on the Trustees, and the Trustees may consider that there are other more relevant beneficiaries to award the death benefits to, or they may choose to pay the death benefits to more than one person. The Trustees will, however, always endeavour to pay the death benefits out to your named beneficiaries, where possible.

It is therefore important to keep your form up to date to avoid any complications if your wishes change.

If you nominate children who are under the age of 18 and the Trustees decide to award the death benefits to them under Trust, then the legal costs associated with setting up that Trust would not be met by the Scheme.

You can request a Nomination Form from the contact details on the back page or on the website [www.dmgtpensions.co.uk](http://www.dmgtpensions.co.uk).



## If You Are Currently A Member And Paying Into The Scheme

### Death In Service Lump Sum

If you are a contributing member of the Scheme, you are covered for a life assurance benefit, the level of which depends on whether you are in the Standard or Plus section.

Your payslip will show which section of the Scheme you are in. Plus section members pay 6% of their basic pay into the Scheme and Standard section members pay 4%.

On your death, a lump sum will be paid out of six times your basic salary if you are in the Plus section or four times if you are in the Standard section.

Half of this (six times or four times your basic salary) will be added to your Retirement Account and used as described in the 'Post-April 2011 Benefits' section below.

### Pre-April 2011 Benefits

A pension is payable to your spouse, civil partner, or in certain circumstances, to an adult dependant. This will be half of the Pre-April 2011 benefits you would have received had you retired immediately before the date of your death.

There are conditions attaching to the dependant's pension and these are described in more detail on page 7. A pension may also be payable to your dependent children.

### Post-April 2011 Benefits

The value of your Retirement Account will be paid out to your dependants as a tax-free lump sum or it can be used to buy an annuity. Your Retirement Account includes any Additional Voluntary Contributions (AVCs) which you may have paid to an external provider.



# If You Have Left The Scheme But Not Yet Taken Your Benefits

## Pre-April 2011 Benefits

### Tax-free Lump Sum

A tax-free lump sum is payable to your dependants.

The lump sum is equal to five times your Pre-April 2011 pension, calculated as if you had left the Scheme on 31 March 2011 (or your actual leaving date if you left the Scheme earlier than this) and increased to the date of your death.

### Dependant's Pension

A pension is payable to your spouse or civil partner, or in certain circumstances, to an adult dependant. This will be half of your increased leaver's pension.

Your leaver's pension is calculated as if you had left the Scheme on 31 March 2011 (or your actual leaving date if you left the Scheme earlier than this) and increased to the date of your death.

There are conditions attaching to the dependant's pension and these are described in more detail on page 7. A pension may also be payable to your dependent children.

## Post-April 2011 Benefits

The value of your Retirement Account will be paid out to your dependants as a tax-free lump sum or it can be used to buy an annuity.

Your Retirement Account includes any AVCs which you may have paid to an external provider.

Members of the Former Schemes have different Pre-April 2011 benefits to those already Described, and these are summarised below.

### Differences in Pre-April 2011 benefits for members of the Former Schemes

#### BUK Pension Fund

A tax-free lump sum equal to your Pre-April 2011 contributions, plus interest at 3% per year, is payable, plus a dependant's pension as already described.

#### Hobsons Pension Scheme

A tax-free lump sum equal to your Pre-April 2011 contributions, plus interest at 3% per year, is payable and the dependant's pension is paid at a rate of 37.5% of your leaver's pension.

#### Argus Pension Fund

A tax-free lump sum equal to your Pre-April 2011 contributions is payable and no dependant's pension is payable.

#### Tamworth Herald Company Ltd & Lichfield Mercury Limited Retirement Benefits Scheme

No tax-free lump sum is payable and the dependant's pension is paid at a rate of 37.5% of your leaver's pension.

# If You Have Retired And Taken Your Benefits From The Scheme

## Pre-April 2011 Benefits

A pension is payable to your spouse or civil partner, or in certain circumstances, to an adult dependant.

This will be half of the Pre-April 2011 pension you had built up at the time of your death (including that part of your pension you converted into a tax-free lump sum when you retired) that is currently in payment at the date of your death.

There are conditions attaching to the dependant's pension and these are described in more detail on page 7.

A pension may also be payable to your dependent children.

## Post-April 2011 Benefits

If you buy an annuity with your retirement account, you can choose one that includes provision for your dependants. Your Retirement Account includes any AVCs which you may have paid to an external provider.

For example, you can buy a 'Joint Life' annuity that pays an income to your spouse, partner or financial dependants after your death.

This income will be a proportion of the annuity you were getting just before your death. You have to choose the proportion when buying your annuity, for example, two-thirds or half of your retirement income at the time of your death.

If you do not choose to buy a Joint Life annuity, the pension will cease on your death.

You can also guarantee your annuity for a specific number of years (usually five or ten years) so it continues to pay the same level of income for that time even if you die before then. This is called the 'guarantee period'.

## Your Retirement Account

The level of income you receive in retirement will be affected by the annuity choices you make.

As an example, the higher the proportion of income you choose for your dependants and the longer the guarantee period, the lower your initial retirement income will be.

## Bereavement Grant

If you were in the Plus section after 1 July 2005 (or in pensionable service before 1 July 2005) your dependants may also receive a bereavement grant, currently £1,750, to help towards funeral costs.

The bereavement grant is not available to members of the Former Schemes, those members who joined the Scheme after 31 March 2011 or those members who joined the Scheme between 1 July 2005 and 31 March 2011 but who were in the Standard section.



# Important Information Regarding Pre-April 2011 Benefits: Dependant's Pensions

## Adult Dependants' Pensions

The Pre-April 2011 benefit is payable to your spouse, civil partner or certain adult dependants as a pension.

There are, however, conditions attaching to this pension:

- If your spouse/civil partner has been living apart from you for more than five years, they will only be entitled to a limited pension or possibly no pension at all.
- In circumstances where a pension is not paid to a spouse or civil partner, the Trustees may pay an equivalent pension (less any limited pension payable as described above) to a person who has been validly nominated and who depends on you financially or with whom you share living expenses. This is known as 'financial inter-dependence'.
- The Trustees will always seek documentary evidence of financial inter-dependency before they decide whether to pay a pension to an adult dependant.
- The pension payable to an adult dependant may be payable for a specified period and may be terminated by the Trustees in certain circumstances. An example of this would be where the dependant's income subsequently exceeds their income at the date the pension first became payable.
- If your spouse, civil partner or adult dependant is more than 10 years younger than you, the amount of the pension payable may be reduced.

The dependant's pension is calculated as if you had not taken any tax-free cash or bridging pension.

## Children's Pensions

A pension is paid to each dependent child for up to four children, up to age 18 (or 21 if they remain in full-time education) or beyond this if they are disabled and unable to financially support themselves.

This will be one-eighth of the Pre-April 2011 pension you have built up at the time of your death.

If there is no adult dependant's pension Payable, the child pensions will be doubled and paid for up to four children.

### Former members of the BUP Pension Fund

Children's pensions for former members of the BUP Pension Fund are paid out in slightly different circumstances.

A pension is only payable to children if no adult pension is payable.

### Contact Us

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