



Cronfa Bensiwn **GWYNEDD** Pension Fund

Administration Policy Statements

Title: Death Grant Payment Policy

1. Introduction

The purpose of this policy is to outline the principles and procedures the Gwynedd Pension Fund ("the Fund") follows when making decisions regarding the payment of a death grant following the death of a member. This policy ensures consistency, fairness, and compliance with the Local Government Pension Scheme (LGPS) Regulations.

2. Scope

This policy applies to all active, deferred, and pensioner members of the Gwynedd Pension Fund who are entitled to a death grant under the LGPS Regulations. The grant is intended to provide financial support to the member's nominated beneficiaries or estate.

3. Policy Statement

The Fund encourages members to complete a Death Grant Expression of Wish form to nominate beneficiaries who they would like to receive any death grant payments. However, the Fund retains absolute discretion over the payment of death grants, as outlined in the Local Government Pension Scheme (LGPS) Regulations. This discretionary power enables the Fund to make appropriate and timely payments to beneficiaries, taking into account the individual circumstances of each case.

4. Nominations

Members are strongly encouraged to complete and keep up to date a **Death Grant Expression of Wish Form**, which enables them to nominate one or more individuals or organisations to receive any death grant that may become payable.

While the Fund will give full consideration to any nomination made, it is not legally bound by it and retains absolute discretion in determining the most appropriate recipient(s) of the death grant.

It is essential that members review and update their nomination promptly following any change in personal circumstances. For example, the death of a nominated individual will render the entire nomination invalid.

Members can update their nomination at any time via the Fund's **My Pension Online** portal or by requesting a form directly from the Fund.

5. Payment Principles

The death grant will be paid in accordance with the following order of precedence:

- a) If the member has made a valid, up-to-date nomination, the death grant will be paid to the nominated beneficiaries in accordance with the nomination instructions.
- b) If no nomination has been made, or if any of the nominated beneficiaries are no longer living, the death grant will be paid as follows:
 - **To the member's spouse or civil partner**, if applicable, particularly where a spouse pension is payable, unless there are exceptional circumstances to consider.
 - **In the absence of a spouse or civil partner**, or if the spouse/civil partner is not eligible for a pension, the grant will be paid to the member's estate.

For any death grant payment worth **£5,000 or more**, **Probate** (if there is a will) or **Letters of Administration** (if there is no will) will be required if there is **no valid nomination or spouse** to receive the payment. This requirement ensures that the individual applying for the death grant is legally authorised to manage the deceased's estate and distribute the funds in accordance with the deceased's wishes or the laws of intestacy.

6. Payment Timeframe

The Gwynedd Pension Fund aims to process death grant payments **within 10 working days** of receiving all necessary documentation, including an official proof of death and any required forms.

Please note that in complex cases or where additional investigation is required—such as the absence of a valid nomination or uncertainty around eligible beneficiaries—processing times may be extended.

Once approved, payment will be issued via **BACS (Bankers' Automated Clearing Services)** directly to the recipient's bank account.

7. Payment to children under the age of 18

The Fund is unable to pay a death grant directly to a **child under the age of 18**. In such cases, the payment will be made to a **trustee** or **appointed guardian** who will manage the funds on behalf of the child until they reach the age of 18. The appointed guardian or trustee must provide appropriate documentation to the Fund confirming their role and legal authority to manage the child's inheritance.

8. Taxation

Under current HMRC rules, death grants paid within two years of the Fund being notified of the member's death are usually **free from inheritance tax**. If payment is delayed beyond two years, the death grant may become subject to tax.

Beneficiaries are encouraged to seek independent financial or tax advice to understand any potential implications.

The Fund will take reasonable steps to ensure payment is made within the tax-free window, but it cannot guarantee this in every case.

9. Legal Compliance

This policy is compliant with:

- The **Local Government Pension Scheme Regulations**;
- Applicable provisions of the **Finance Act 2004** relating to pension scheme lump sum death benefits;
- Relevant **HMRC guidance**;
- The Fund's internal governance procedures.

The Gwynedd Pension Fund will review and update this policy in line with any changes in legislation or regulation to ensure continued compliance.

10. Disputes and Appeals

If any potential beneficiary is dissatisfied with the Fund's decision regarding a death grant payment, they may raise a complaint under the **Internal Dispute Resolution Procedure (IDRP)**, in accordance with the LGPS requirements.

11. Review and Amendments

This policy will be reviewed annually and amended as necessary to ensure its effectiveness and compliance with relevant regulations.

12. Contact Information:

For assistance with this policy, members can contact the Fund at any time.

- **Phone:** 01286 679982
- **Email:** pens@gwynedd.llyw.cymru
- **Website:** www.gwyneddpensionfund.wales

Approved by: [Name] [Title] Gwynedd Pension Fund