



# South Tyneside Council

Local Pension Board  
Date: 21<sup>st</sup> October 2022

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## Death Grant Policy (for information and discussion)

Report of the Head of Pensions

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### **Purpose of Report**

1. This report provides details on the Fund's approach to the distribution of death grants. An updated Death Grant Policy has been developed for consideration.
2. The Board is asked to comment on the new Death Grant Policy and the underlying processes.

## Background

3. The Local Government Pension Scheme Regulations 2013 (the 'Regulations') make provision for various benefits to be paid on the death of a member. These benefits include death grants, which are lump sum payments payable to one or more recipients.
4. The Fund has a very wide discretion to pay a death grant to or for the benefit of one or more of four specific categories of recipient:
  - the member's nominee;
  - the member's personal representatives;
  - any person appearing to the authority to have been a relative of the member;
  - any person appearing to the authority to have been a dependent of the member.
5. For the Fund to achieve consistency in the exercise of this discretion, a Death Grant Policy was approved in May 2014. Whilst this Policy has served the Fund well, it is considered appropriate for the Policy to be updated to reflect decisions of the Pensions Ombudsman as well as lessons learned from dealing with many death grant cases over the last eight years.

## The Fund's approach to Death Grants

6. Whilst the distribution of many death grant payments can be relatively straightforward (for instance where payment is made to a surviving spouse or partner), there are some cases that can be complex and even contentious.
7. To assist with the consideration of death grant cases, the Fund has a standard form which is sent to the next of kin to help identify potential beneficiaries of a death grant payment. This form asks for certain key documentation, including the death certificate and, where applicable, the Will of the deceased. The Fund will also check whether the deceased made a nomination of one or more people to be the beneficiary of any death grant payable. A nomination is typically made on the Fund's standard Nomination Form.
8. In assessing death grant cases, the Fund is trying to understand the financial and personal circumstances of the deceased. The Fund may request additional information where this is considered appropriate in assisting the decision-making process.
9. Cases that are more straightforward tend to be considered and determined by Team Managers. More complex cases are referred to the legal team who then report to the Head of Pensions and Principal

Pensions Manager for a formal decision. The Death Grant Policy is to apply to all cases.

10. Training was provided to the Committee and Board on death grants in December 2020, as part of the ongoing training programme.

### **The Proposed Policy**

11. The proposed policy is contained in Appendix 1. The Policy has been streamlined and simplified, and has been set out in a more logical, chronological order so that it is more user-friendly both to Scheme members and the officers applying the policy.
12. The Policy sets out the need to identify potential beneficiaries of a death grant as well as providing guidance for how to consider the distribution of the death grant. Notwithstanding this, the Policy has been deliberately drafted not to be too prescriptive. This is to ensure decision-makers are afforded flexibility to adjust to the specific circumstances of individual cases. This is considered important as individual cases can be very different and decision-makers therefore need flexibility.
13. The Board's views are sought on the draft Policy.

### **Next Steps**

14. Subject to feedback from the Board, it is intended to seek approval from Pensions Committee for the adoption of the draft Policy.

### **Recommendation**

15. The Board is asked to comment on the proposed new Death Grant Policy and the underlying processes.

### **Reason for Recommendation**

16. To ensure an appropriate policy is in place for determining death grants.

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**APPENDIX 1**



## **South Tyneside Council**

Providing pension services for  
**Tyne and Wear Pension Fund**

### **Death Grant Policy**

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In accordance with the LGPS Regulations 2013 (as amended) (the "Scheme Regulations"), the Tyne and Wear Pension Fund may, at its absolute discretion, pay the death grant to or for the benefit of the member's nominee, the member's personal representative(s) or any person appearing to the Fund to have been a relative or dependant of the member.

When exercising its discretion, the Fund shall, so far as reasonably practicable, determine the following:

1. Who are the legitimate potential beneficiaries for the death grant; and
2. How the benefit should be distributed amongst the potential beneficiaries.

The approach to be taken in respect of each of these is set out below:

#### **Who are the legitimate potential beneficiaries for the death grant?**

The Fund shall investigate, so far as is reasonable, who may fall within the class of potential beneficiaries including reasonable consideration of who, if anyone, was financially dependent upon the deceased at the time of death.

In trying to identify the potential beneficiaries for the death grant, the Fund shall try to gain a reasonable understanding of the personal and financial circumstances of the deceased. To assist with this, the Fund may seek answers to questions including:

- Does the deceased leave a partner, be that a surviving spouse, civil partner, or cohabiting partner?
- Has the deceased ever been married or in a civil partnership?
- If they were married, or in a civil partnership, the Fund will request to see a copy of the marriage certificate / partnership certificate.

- If the deceased was divorced or if their civil partnership had been dissolved, the Fund may require a copy of the Decree Absolute or Final Order.
- Who did the deceased live with?
- Did the deceased leave any relatives - such as a spouse, children, parents, siblings?
- Did the deceased complete a nomination form?
- Did the deceased leave a Will?
- Is a Grant of Representation being applied for?
- Who is the Personal Representative?

Investigations should be carried out to determine the facts upon which to base a decision. Where there is uncertainty in respect of any factual circumstances, clarification should be sought from the relevant parties.

### **How should the death grant be distributed?**

Having identified the potential beneficiaries an assessment is to take place as to how the death grant should be distributed to one or more of those beneficiaries.

The decision maker may consider:

- the personal circumstances of the deceased;
- any declarations of intent by the deceased in respect of the death grant – for instance completion of a nomination form or any express request in a Will;
- how recent the declaration of intent was made. Greater weight ought to be attached to a more recent declaration of intent;
- whether there has been any known material change in circumstance since a declaration of intent was made (for example, the break-up of a relationship);
- financial dependence or interdependence – were any of the potential beneficiaries financially dependent, or interdependent, on the deceased?
- any other matter the decision maker considers to be of relevance.

It is a matter for the decision maker as to how much weight to attach to any specific consideration.

In making the decision, the decision maker should try to understand, as far as reasonably possible, the wishes of the deceased.

### **Other Considerations**

#### **Children**

It is the Fund's preference not to pay death grants directly to children under the age of 18. A death grant payment for the benefit of a child should be paid into a trust or other account for the benefit of the child until they reach age 18. However, the Fund will be willing to consider the appropriateness of other accounts or trust arrangements for the child, which allow the child access before the age of 18.

#### **Overpayments of Pension**

Where a death grant is payable and there has been an overpayment of pension, the Fund may look to recover that overpayment from any benefits payable to or in respect of the member.

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## Death Grant Policy

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**The following is a list of the background papers (excluding exempt papers) relied upon in the preparation of the above report:**

<b>Background Paper</b>	<b>File Ref:</b>	<b>File Location</b>
Legal files		South Shields Town Hall