What happens to your benefits and savings when you die?

A factsheet for members receiving their benefits

If you're retired, your loved ones could still be eligible for benefits when you die

While it may not be a nice thought, we're here to help take care of your loved ones should the worst happen. They could get some of your benefits when you die. This may include:

- a lump sum for your beneficiaries if you die within five years of retiring
- a pension for your spouse or civil partner, or a dependant's pension if you aren't married or in a civil partnership
- a pension for any eligible children.

Any savings left in your Investment Builder pot will be paid to your beneficiaries.

We explain this in more detail below, along with any actions you may need to take.

If you're reading this as a loved one or beneficiary, you'll find more on what you need to do at the end.

A quick look at the key terms we use

Beneficiary
Someone who'll receive your benefits when you die.

Dependant
Someone who's reliant on you financially, or because they have a physical or mental disability. They must be dependent on you when you die.

The lump sum

What your beneficiaries could get
If you die within the first five years of retiring, a lump sum may be payable. Generally, it will be broadly three times your annual salary (below the salary threshold, if you earn above it) at the time you retire, minus any lump sum benefits and pension already received.

Any lump sum will be subject to a cap of the balance of pension and lump sum payments due between the date of death and the point five years after you retired (based on the rate of your pension at the date of death).

If you die five years or more after retiring, no lump sum is payable.

Who the lump sum can go to
It can be paid to a relative, dependant, personal representative or someone else nominated by you. It doesn't have to be just one person – you can choose how it's divided up. Or it doesn't have to be a person at all, it could be a charity or any other organisation close to your heart.

How and when its paid
We aim to pay this as soon as possible once we:

- receive official confirmation of your death and the death certificate
- have confirmed who it's being paid to.

It'll be paid straight into the bank account(s) of those receiving it.

Good to know
Payment of the lump sum is made at the discretion of USS, but your wishes are, of course, taken into consideration. As the payment is discretionary, it means it is not subject to Inheritance Tax.

What you need to do:

Complete an **Expression of Wish form** within the first five years of retiring to tell us who you wish to receive the lump sum. Log in to My USS to complete online or download a copy to print and return to us. It's important you update this regularly, so we know it's up to date, even if your wishes haven't changed.

If you don't complete an Expression of Wish, we'll take other documents like your will into consideration. But we won't have your most up to date wishes for our final decision.

A pension for your spouse or civil partner

What your spouse or civil partner could get
They'll get a pension for life of around half the **standard pension** you'd have got when you retired, plus any inflation increases (subject to certain caps) up to when you die.

It's important to note that the standard pension at retirement is your pension income plus a one-off cash lump sum of three times your pension amount. If you chose to take a higher or lower cash lump sum and receive a higher or lower pension instead, your spouse or civil partner's pension will still be based on your standard pension. Your standard pension was outlined in your retirement quote.

If you don't have a spouse or civil partner
A dependant's pension could be paid if you aren't married or in a civil partnership. What they may get won't be more than what a spouse or civil partner would get.

We check their dependency when you die and agree the amount they'll get based on their level of dependency. We'll need some evidence from them to show either their financial dependency, such as your joint finances, or, if they were dependent on you due to physical or mental disability, evidence of this disability.

Good to know
If you paid in for at least five years, your spouse or civil partner will get a higher initial pension for the first three months. This means they'll initially get your full pension. After three months, they'll get around half the standard pension you'd have got when you retired, as outlined above.

The pension your spouse or civil partner gets might be slightly different if you aren't living with them when you die, as part of it could be payable to a dependant instead.

What you need to do:

If you're not married or in a civil partnership, complete a **Registration of potential dependant form** to tell us who you'd like to receive a dependant's pension when you die. Log in to My USS to complete online or download a copy to print and return to us. It's important you update this regularly, so we know it's up to date, even if your wishes haven't changed.

If you don't complete a form, we may not be aware that this person is dependent on you. Let us know your wishes upfront so we know to review their dependency when you die.

If you're married or in a civil partnership, you don't need to register a spouse or civil partner with USS – we'll gather the relevant information when you die.

A pension for your eligible children

What your children are entitled to
If eligible, they'll get a pension of up to 75% of the **standard pension** you'd have got when you retired, plus any inflation increases (subject to certain caps) up to when you die.

- If you have one child, they'll get half of this (37.5%)
- If you have two or more children, they'll share the 75% between them

This is payable in addition to a spouse, civil partner or dependant's pension.

It's important to note that the standard pension at retirement is your pension income plus a one-off cash lump sum of three times your pension amount. If you chose to take a higher or lower cash lump sum and receive a higher or lower pension instead, your child's pension will still be based on your standard pension. Your standard pension was outlined in your retirement quote.

Who counts as an eligible child?
An eligible child could be your lawful child, including those not yet born, or those legally adopted by you, or a child who's financially dependent on you, like a stepchild.

They must be under 18, or, if they're in full-time education, under 23. It also includes a child who's not able to support themselves financially due to a physical or mental disability, and evidence will be required.

Good to know
Your children could get more if you aren't married or in a civil partnership and don't have a dependant. The pension they'll get is increased from 75% to 100% of the standard pension you'd have got when you retired.

For any children over the age of 18, the pension must be paid into his or her own bank account.

What you need to do:
You don't need to register any children – we'll gather the relevant information after you die.

Your Investment Builder savings

There are two parts to your pension, the Retirement Income Builder, the defined benefit (DB) part, and the Investment Builder, the defined contribution (DC) part. You'll have built savings in the Investment Builder if you earned over the salary threshold, made additional contributions, or transferred your pension over from another scheme since 2016 (this includes if you've switched your Prudential Money Purchase AVCs).

To find out more about the two parts, visit your pension explained.

These will be paid to your beneficiaries
Any Investment Builder savings that remain invested will go to your beneficiaries.

These will usually be tax-free up to your available Lump Sum and Death Benefit Allowance if you die before age 75 or taxed at the recipient's marginal rate if you die after age 75.

Money Purchase AVCs with Prudential
If you still have Money Purchase AVCs invested with Prudential, we'll tell them of your death. They'll then send your savings to the beneficiaries on your USS Expression of Wish form. If you tell Prudential of any different beneficiaries to those on this form, your Prudential lump sum may be subject to Inheritance Tax.

What you need to do:
Complete an **Expression of Wish form** so we know who you'd like any Investment Builder savings to go to. Log in to My USS to complete online or download a copy to print and return to us. It's important you update this regularly so we know it's up to date, even if your wishes haven't changed.

If you don't complete an Expression of Wish, we'll take other documents like your will into consideration. But we won't have your most up to date wishes for our final decision.

Flexible retirement

If you're flexibly retired, what your loved ones could get is worked out a little differently. We look at the value of the benefits you've taken so far and what you've still got left.

We then pay a combination of benefits to your beneficiaries as if you'd died while paying in to USS and if you'd died after you'd retired, up to a maximum limit.

The total benefits we pay won't exceed the value of benefits you would have received if you died while you'd been building your pension before the date of your first flex.

For loved ones and beneficiaries

We know this may be a difficult time but we're here to support you each step of the way.

If you're the beneficiary, spouse, civil partner, dependant or eligible child of a member who was receiving their pension from USS, you may be eligible to receive their benefits. This could include:

- a lump sum if they die within five years of retiring
- a pension if you're their spouse or civil partner, or a dependant's pension if they weren't married or in a civil partnership and you're financially dependent on them
- a pension for any eligible children.

You can find more detail on each of these in the information above.

To tell us of a death please call our Bereavement Team on 0151 556 0620.

We'll then let you know the next steps and will work with you to gather all the information we need. We may send you some forms to complete.

Here's a list of things to pull together that we may need:

- The member's death certificate
- A marriage or civil partnership certificate
- Your full birth certificate if you're a spouse or civil partner, or for any eligible children
- A copy of the member's will or letters of administration
- If you're a dependant, evidence of financial dependency for at least two years. This could be joint utility bills, a joint bank account or a joint mortgage
- Details of any solicitors handling the death
- Any further education details for children over age 18

If you don't have an original death, marriage or civil partnership, or birth certificate you'll need to get an official certified copy from the General Register Office (or other relevant register office).

Once we have everything we need and have confirmed who the benefits will go to, we can start to pay these out.

- The lump sum will be paid as soon as possible into the bank account of those receiving it.
- In most cases, any pensions payable will be paid on the 21st of each month.

This publication is for general guidance only. It is not a legal document and does not explain all situations or eventualities. USS is governed by a trust deed and rules and if there is any difference between this publication and the trust deed and rules the latter prevail. Members are advised to check with their employer contact for latest information regarding the scheme, and any changes that may have occurred to its rules and benefits. For a glossary of our terms please see our important information page.