

RULE E1 Lump sum death grant

Rule E1 explains how a death grant is assessed and paid.

Qualification for a death grant	<p>Rule E1(1) says that a lump sum death grant will be paid in respect of a regular firefighter who dies in service.</p> <p>Under Rule E1(2) it will be payable whether or not any pension or gratuity (lump sum) is payable under Part C (spouse's or civil partner's awards).</p>
Exclusions	<p>Under Rule E1(1) the death grant would not be payable if, at the date of death,</p> <ul style="list-style-type: none">• an election under Rule G3 not to pay pension contributions is in force (i.e. if you have opted out of the FPS), or• the firefighter had attained age 75.
Amount of death grant	<p>Rule E1(3) says that the amount of death grant payable will be –</p> <ul style="list-style-type: none">• 2 x your annual pensionable pay at the date of death <p>If, however, you were absent without pay at the date of death, the annual pensionable pay to be used will be that to which you were entitled immediately before your period of absence began.</p>
Recipient of death grant	<p>In accordance with Rule E1(4)(a), the recipient of a death grant must be “a surviving spouse or civil partner who qualifies”. Rule E1(5) defines this as meaning a spouse or civil partner who was not living apart from the firefighter at the time of his or her death.</p> <p>In the absence of such a person, i.e. if you are unmarried, separated or the marriage or civil partnership had been dissolved at the time of death, then under Rule E1(4)(b), the sum would be paid to your personal representatives. (This means the personal representatives named as such in Grant of Probate or Letters of Administration (England and Wales) or Confirmation (Scotland)).</p> <p>If, however, an “earmarking” order has been issued by a court on divorce, dissolution of civil partnership, annulment, or judicial separation which directs that the death grant should be paid in full or in part to a former spouse or civil partner, the fire and rescue authority must comply with the terms of the order.</p>
Effect of part-time service	<p>If the firefighter is part-time at the date of death, the pensionable pay used in the assessment of death grant will be the actual (part-time) rate of pay.</p>
Tax	<p>The requirement for the firefighter to be below age 75 was introduced with effect from 6 April 2006 in line with changes in tax rules which became effective on that date.</p>

Rule E1 (continued)

Tax (continued) Under tax rules, the death grant is treated as a "lump sum death benefit" and, as such, must be paid within 2 years of the death of the pension scheme member for it to be an authorised payment.

It has to be checked against the Lifetime Allowance. If it is within the Lifetime Allowance it will be tax-free. If it exceeds the Lifetime Allowance the excess will be subject to a tax charge of 55%. The fire and rescue authority does not have responsibility for checking or deducting and paying over the tax to HM Revenue and Customs ("HMRC"). It is the responsibility of the personal representatives of the deceased to check whether there is a chargeable amount and, if so, to report this to HMRC. Responsibility for paying the charge rests with the recipient of the lump sum death benefit.

Payment Payment will be made in accordance with Rules L3 and L5.

Examples Examples of the calculation of a death grant are given on page E1-Example 1.

Useful reference source

- FSC 4/1991: the introduction of the death grant; explanation.
- FSC 30/2004: introduction of pension provisions for part-time regular firefighters
- FPSC 5/2005: introduction of survivor's benefits for civil partners
- FPSC 9/2006: amendment due to tax changes

Points To Note

1. This benefit was introduced with effect from 1 July 1991 in return for an increase in the employee contribution rate from 10.75% to 11% of pensionable pay. This is why it was not made available to those who opt out of the FPS. The extra cost of the benefit was covered by the contribution rate increase.
2. This payment does not affect any refund of aggregate pension contributions under Rule E4 in a case where there is no entitlement to any other award under the FPS (but see "Tax").
3. Although an "earmarking" order may override the FPS as to the recipient of a death grant it would not affect the total amount payable. Nor is the amount affected by any pension sharing order issued by a court on divorce, dissolution of civil partnership or annulment .
4. Pension provisions were introduced for part-time regular firefighters on 13 September 2004.
5. Benefits for surviving civil partners were introduced into the FPS on 5 December 2005 but are based on service after 5 April 1988 only.

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Example of assessment of death grant

Example A

A firefighter dies in service. He is married. His annual rate of pensionable pay at the date of death is £20,175.

Because he is married (and not living separately from his wife), his wife is a “spouse who qualifies” and she will receive payment of the death grant.

Formula: $2 \times$ firefighter’s annual rate of pensionable pay at date of death

Lump sum death grant will be:

$$\begin{aligned} &2 \times £20,175.00 \\ &= £40,350.00 \end{aligned}$$

Example B

A firefighter dies in service. She is married but was separated from her husband at the date of death. Her annual rate of pensionable pay at the date of death is £24,750.

Because she was living apart from her husband at the date of death he will not be eligible to receive payment of the death grant because he is not a “spouse who qualifies”. It will be paid to the firefighter’s personal representatives.

Formula: $2 \times$ firefighter’s annual rate of pensionable pay at date of death

Lump sum death grant will be:

$$\begin{aligned} &2 \times £24,750.00 \\ &= £49,500.00 \end{aligned}$$

Example C

A single firefighter dies in service. His annual rate of pensionable pay at the date of death is £16,450.

Because he was not married there is no “spouse who qualifies” to receive payment of the death grant. It will be paid to his personal representatives. In the absence of a spouse’s pension, children’s allowances or benefits for dependant relatives, there could also be a payment of balance of contributions to the firefighter’s estate – see Rule E4.

Formula: $2 \times$ firefighter’s annual rate of pensionable pay at date of death

Lump sum death grant will be:

$$\begin{aligned} &2 \times £16,450.00 \\ &= £32,900.00 \end{aligned}$$
