

Death in Service Benefit

*- Frequently Asked Questions
(Version 2 - March 2022)*

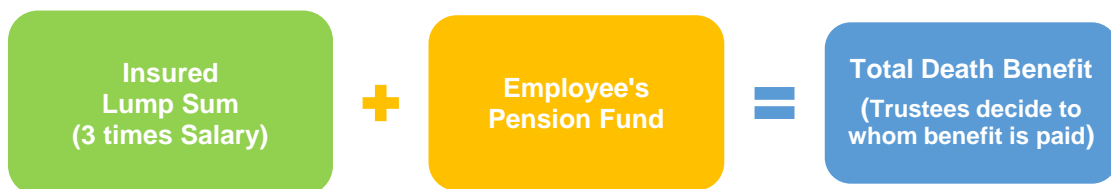
National Federation of Voluntary Service Providers' Pension & Life Assurance Scheme

DEATH IN SERVICE BENEFIT:

WHAT DEATH IN SERVICE BENEFIT DOES AN EMPLOYEE HAVE AS PART OF THEIR MEMBERSHIP OF THE NATIONAL FEDERATION'S PENSION & LIFE ASSURANCE SCHEME?

If a Pension Scheme Member dies while in service before their Normal Retirement Date i.e. 65 years, the following benefits are payable:

- (a) A lump sum of three times the employee's Salary at the date of death; and
- (b) The value of the employee's pension fund at date of death.



WHO IS THE DEATH IN SERVICE BENEFIT PAID TO?

Under pension legislation the Trustees are required to exercise discretion in deciding to whom to pay the death benefits. The possible beneficiaries include an employee's spouse, their partner if in a recognised civil partnership, certain relatives, a dependant, the employee's personal representatives or a person nominated by them.

CAN AN EMPLOYEE ADVISE THE TRUSTEES WHO THE DEATH IN SERVICE BENEFIT SHOULD BE PAID TO?

The Trustees can best exercise their discretion in respect of whom the death in service benefits should be paid if they know the employee's wishes. An employee should complete an Expression of Wishes Form, available to download on www.fedvol.ie, or via their Irish Life Member Portal, when they join the Pension Scheme, and keep it up-to-date if their personal circumstances change. The Expression of Wishes Form is not binding on the Trustees, but will be taken into consideration by them.

WHERE SHOULD A COMPLETED EXPRESSION OF WISHES FORM BE SENT TO?

Members are in the first instance encourage to complete their wishes via their Irish Life Member Portal. If they complete a hard copy Expression of Wishes Form, it should be returned by the employee to their employer in

a sealed envelope with the name of employer and the employee's name on the outside of the envelope *. The employer should not open the envelope or keep a copy of the form due to GDPR.

The employer should forward the Expression of Wishes Form for safe keeping to: Pension Scheme Trustees,
National Federation of Voluntary Service Providers Pension & Life Assurance Scheme,
Oranmore Business Park,
Oranmore,
Galway.

* *In light of Covid 19 restrictions, if an employee submits their expression of wishes form to the employer and it is not in a envelop, the form can be scanned and emailed to pensionadmin@fedvol.ie. You do not have to keep a copy of the form on the employee's personnel file.*

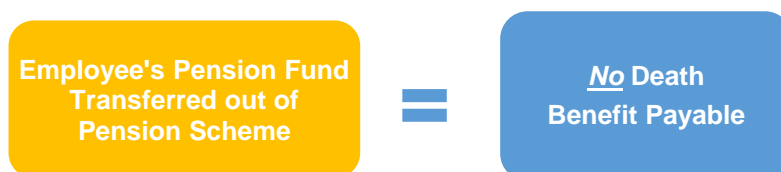
IS A FORMER PENSION SCHEME MEMBER WHO HAS LEFT SERVICE, BUT WHO HAS DEFERRED THEIR PENSION BENEFITS (I.E. DID NOT TRANSFER THEIR PENSION BENEFITS OUT OF THE NATIONAL FEDERATION'S PENSION SCHEME), ENTITLED TO ANY DEATH BENEFIT IF THEY DIE?

If a former employee dies, having left service, and before their pension benefits become payable, the then value of their pension fund is paid to their estate.



IS A FORMER PENSION SCHEME MEMBER WHO HAS LEFT SERVICE AND HAS TRANSFERRED THEIR BENEFITS OUT OF THE NATIONAL FEDERATION'S PENSION SCHEME ENTITLED TO ANY DEATH BENEFIT IF THEY DIE?

If an employee has left employment and their pension benefits have been transferred out of the National Federation's Pension & Life Assurance Scheme, no further benefits are payable if that employee dies.



WHEN IS AN EMPLOYEE INCLUDED FOR DEATH IN SERVICE BENEFIT?

All members of the National Federation's Pension & Life Assurance Scheme are automatically covered for Death in Service Benefit if included in the Pension Scheme from the first day they join your organisation.

WHEN IS AN EMPLOYEE ELIGIBLE TO JOIN THE NATIONAL FEDERATION'S PENSION & LIFE ASSURANCE SCHEME?

Membership of the Pension Scheme is **compulsory** for employees who have attained age 18 and who are under age 65, and whose eligibility is determined by their Employer and Employment Legislation e.g. the Protection of Employees (Part-Time Work) Act 2001 and the Protection of Employees (Fixed-Term Work) Act 2003.

The only time membership was voluntary was in respect of existing employees who were employed within your organisation before the date your organisation joined the Pension & Life Assurance Scheme. In respect of any employee that joined your organisation after this date it is compulsory for them to join the Pension Scheme, if they meet the eligibility criteria as outlined above. An employee's membership to the Pension Scheme should be reflected in their contract of employment.



ARE PART-TIME AND FIXED TERM WORKERS TO BE INCLUDED IN THE PENSION SCHEME?

Employment legislation requires that there is no discrimination between part-time and fixed-term employees and their comparable full-time counterparts. An exception to this is possible if a part-time employee works less than 20% of the normal hours of the comparable full-time employee.

EQUAL TREATMENT:

The Pension Act provides that there must not be any direct (or indirect) discrimination in relation to access to the Pension Scheme, contributions and retirement age, etc., on any of the following discriminatory grounds:

Gender	Civil Status	Family Status
Sexual Orientation	Religious Belief	Age
Disability	Race	Membership of the Travelling Community

WHAT ARE THE IMPLICATIONS ON THE EMPLOYEE'S DEATH IN SERVICE BENEFIT IF AN EMPLOYEE IS NOT INCLUDED IN THE PENSION SCHEME FROM THE FIRST DAY THEY COMMENCED EMPLOYMENT WITHIN THEIR ORGANISATION?

It is critical that employees are included in the Pension Scheme from the first day of their employment to ensure their death in service benefit is automatic and not medically underwritten.

If an employee is entered in to the Pension Scheme on a date later than the date of joining their organisation, the following "Late Joiners" procedure applies in respect of seeking life cover for them:

- i. Employees who commenced work with your organisation and subsequently joined the Pension Scheme **within 12 months**, can get life cover automatically without having to satisfy the Actively at Work requirement.
- ii. All employees who apply to join the Pension Scheme more than **12 months after** the date they join your organisation, must satisfy a shortened medical proposal form.

The list of members who are seeking automatic life cover under (i) above, and the shortened medical proposal required under (ii) above, will need to be forwarded to groupriskire@zurich.com and copied to pensionadmin@fedvol.ie

Zurich (Group Life Scheme Underwriters) have advised they will require the following data in respect of each "Late Joiner" employee wishing to join the Pension Scheme:

- Employee's Name;
- Employee's Salary;
- Employee's Date of Birth;
- Date employee commenced employment in your organisation;
- Date employee commenced membership in the pension scheme;
- Confirmation that the employee is actively at Work.

The above information should be emailed to groupriskire@zurich.com and copied to pensionadmin@fedvol.ie. In respect of employees who have to complete medical underwriting, Zurich will have to assess the risk of the employee. In some cases, further medical underwriting may apply to determine whether the employee will be accepted and death in service benefit provided for that employee. It should be noted that life cover **is not in place** for the late joiner employees who joined the pension scheme more than 12 months after the date they joined their organisation, until confirmed by Zurich.

HOW MUCH IS THE DEATH IN SERVICE PREMIUM AND WHEN SHOULD EMPLOYERS SUBMIT IT TO CORNMARKE?

The death in service and administration contribution of 0.65% is due to Cornmarket, similar to pension contributions, by the 10th of the following month e.g. March premium is due not later than 10th April.



When a new employee(s) commences employment in your organisation and joins the Pension Scheme on the same date, the following is the procedure in relation to including the employee in the Group Life Scheme:

- In the next payroll that follows the date the new employee(s) commences employment in your organisation and membership of the Pension Scheme, their name should be added to the monthly spreadsheet the

employer submits to Cornmarket to ensure the employee's death in service benefit is set up and protected. (*Monthly Schedule should be emailed to payments@cornmarket.ie*).

- An EFT payment from your organisation to Cornmarket, in respect of the amount stated on the above monthly spreadsheet, should be transferred and arrive in Cornmarket's bank account by not later than the 10th of the following month.
- On receipt of the EFT payment, Cornmarket will forward 0.43% to Zurich (Group Life Underwriters) to make sure that the employees remain on cover for their death in service benefit and remit the balance of 0.22% to the Trustees bank account to cover the administration costs of the Scheme.

Breakdown of 0.65% premium remitted to Cornmarket:

Death in Service & Admin Contribution	=	Cornmarket remit Death in Service Benefit Premium to Zurich	Cornmarket remit Administration Contribution to National Federation Pension Trustees Bank Account
– Remitted from Employers to Cornmarket			
0.65%		0.43%	0.22%

In the event that an employer is including employees into the Pension Scheme on a date that is later than the date they originally commenced employment with their organisation, and while waiting Zurich's (a) consideration of the data the employer submitted as outlined on page 5, and if further medical underwriting will be required and (b) Zurich's approval on whether the employee will be covered for death in service benefit, the following is the procedure in relation to including the employee in the Group Life Scheme:

- In the next payroll following the date the employee is joining the Pension Scheme, their name should be added to the monthly spreadsheet the employer submits to Cornmarket (*Monthly Schedule should be emailed to payments@cornmarket.ie*).
- An EFT payment from your organisation to Cornmarket, in respect of the amount stated on the above monthly spreadsheet, should be transferred and arrive in Cornmarket's bank account by not later than the 10th of the following month.
- If for any reason it emerges that an employee is declined membership to the Group Life Scheme, a refund of their death in service premium submitted to Cornmarket will be refunded to the employer.

WHEN ARE DEATH IN SERVICE BENEFIT PREMIUMS PAID, WAIVED OR CEASE?

Death in Service Premiums *must be paid*:

- (a) When an employee is active at work, in receipt of a salary and is a member of the pension scheme.
- (b) Where an employee becomes absent from work due to illness or injury, death in service premiums must continue to be paid for that employee while s/he is in receipt of sick pay from their employer. This applies to both a SPS Member ¹ and Life Only Member ².
- (c) If any employee is on paid protected leave ³ their death in service premium should continue to be remitted by their employer to Cornmarket.
- (d) Once an employee qualifies for the Salary Protection Scheme (SPS) benefit at the end of their deferred period i.e. 6 months, Aviva, the current SPS provider, will start paying the 12% pension protection benefit to the employer. From this, 11.35% should be remitted to New Ireland for investment in the employee's pension fund and 0.65% should be remitted to Cornmarket to maintain the employee's death in service benefit while out on sick leave.
- (e) If an employee is claiming from the Salary Protection Scheme and they are issued with a notice of termination of employment, but continue to be a SPS Member and do not draw down their pension, their death in service benefit premium must continue to be remitted to Cornmarket, as the 12% pension protection benefit continues to be paid by Aviva to the employer.

In some cases, employers are unable to facilitate the payment of the 12% pension protection benefit through payroll since the employee has been issued with a notice of termination by their employer i.e. P45 or equivalent. In this regard, you should contact the Pension Scheme Manager (email pensionadmin@fedvol.ie or Tel: 091-792316) who can facilitate with this task going forward i.e. breakdown and remit the 12% monthly pension protection premium to Cornmarket and New Ireland.

- ¹ ***SPS Member – is a Pension Scheme Member who is also a member of the Salary Protection Scheme***
- ² ***Life Cover Only Member – is a Pension Scheme Member who is not a member of the Salary Protection Scheme***
- ³ ***Protected Leave - Protected leave includes Maternity Leave; Adoptive Leave; Parental Leave; Paternity Leave; Carer's Leave; Health & Safety Leave; Force Majeure Leave.***

Death in Service Benefit Premiums *will be waived* in respect of the following:

- (a) For a SPS Member ¹ who is not in receipt of sick pay from their employer for any length of time during their deferred period i.e. up to 6 months.
- (b) When a claimant under the SPS Scheme reaches their 60th birthday, ceasing age for SPS Scheme, and if their contract of employment has not ceased with their employer, Zurich will waive the premiums due for death in service benefit for the employee from age 60 years until age 65 or their return to work if earlier.
- (c) Where a member of the SPS Scheme's claim is in appeal / declined but remains on sick leave.
- (d) When a Life Cover ² only member's sick pay from their employer is exhausted and they commence unpaid sick leave, on or after 1/10/18⁴.

- (e) Where a Life Cover only member's unpaid sick leave commenced prior to 1/10/18, and they were included in the 1/10/18 Employers submission list sent to Cornmarket, their death in service benefit premium is waived.
- (f) Death in service benefit premium will be waived for Life Cover only members on unpaid sick leave, until age 65 or their return to work if earlier if they satisfy points (d) or (e) above.
- (g) For those on unpaid protected leave ³, if the protected leave commenced on or after 1/10/18.

- ^{1.} **SPS Member – is a Pension Scheme Member who is also a member of the Salary Protection Scheme**
- ^{2.} **Life Cover Only Member – is a Pension Scheme Member who is not a member of the Salary Protection Scheme**
- ^{3.} **Protected Leave - Protected leave includes Maternity Leave; Adoptive Leave; Parental Leave; Paternity Leave; Carer's Leave; Health & Safety Leave; Force Majeure Leave.**
- ^{4.} **Where a death claim arises for an unpaid sick leave employee post 01/10/2018, Zurich will require proof at date of death that the member was a continuing employed employee on unpaid sick leave which commenced after this date.**

Confirmation of October 2018 Schedules submitted to Cornmarket:

All employers of the Pension Scheme received an email communication from Cornmarket in April 2019, confirming that employees notified on their organisation's October 2018 schedule to Cornmarket were either covered or not covered for death in service benefit, and if not covered the reasons for same. This is therefore an important communication to retain.

Death in Service Benefit will Cease:

- (a) At the ceasing age for the Group Life Scheme, which is age 65 years.
- (b) When a Life Cover Only member has his / her employment terminated by their employer.
- (c) When a SPS member, who is not claiming from the Salary Protection Scheme, has their employment terminated by their employer.
- (d) At age 60 years for a SPS member who was claiming from the Salary Protection Scheme, but whose 12% pension protection premium has ceased from the SPS due to the ceasing age of the scheme, and their employment has been terminated by their employer.
- (e) Where a SPS claimant takes either Early Retirement or Ill Health Early Retirement and draws down their pension.
- (f) If an employee takes a career break with effect from the Group Life Scheme's review date i.e. 1st December, 2019. *Exception: Employees who commenced their career break between the period 1st January, 2018 and 30th November, 2019, will continue to be covered for death in service benefit until the end of their career break up to a maximum of 5 years in total.*

WHAT IS THE PROCEDURE FOR NOTIFYING THE TRUSTEES OF A DEATH OF AN EMPLOYEE IN THEIR ORGANISATION?

- A letter and consent form are issued from the Employer to the next of kin seeking copy of the following:
 - ✓ Death Certificate;
 - ✓ Will;
 - ✓ Any other information they would like the Trustees to be made aware of prior to them coming to a decision in respect of whom shall the death benefits be paid;
 - ✓ Consent from Next of Kin for the Pension Trustees to correspond directly with them.

- The above information should be returned directly from the Next of Kin to the:
Pension Scheme Trustees,
National Federation of Voluntary Service Providers' Pension & Life Assurance Scheme,
Oranmore Business Park,
Oranmore,
Galway.

- It is important that the employer processes and submits any outstanding pension contributions in respect of the deceased as soon as possible, as the deceased's pension fund cannot be calculated and closed off until all monies are paid and confirmation of same provided by employer to Irish Life.
- Expression of Wishes Form is retrieved by Pension Scheme Manager from secure storage in the Secretariat Office or via Irish Life's Member Portal.
- Various sources of information are collated by the Pension Scheme Manager for the Trustees' consideration e.g. RIP Notice, Death Certificate; Expression of Wishes Form; Will; and any other correspondence received from the Employer / Next of Kin for the Trustees attention etc.
- All information is emailed to the Trustees and considered by the Trustees either by email; teleconference or at a meeting, depending on when the correspondence arrives / complexity of claim and when the next scheduled Trustees meeting is due to take place.
- The Trustees consider all correspondence and documentation and agree if (a) further information is required or (b) they are in a position to determine to whom the death benefits shall be paid.
- Once the Trustees have decided to whom the benefit is to be paid, the Pension Scheme Manager will obtain proof of identity and address from beneficiary prior to benefits being paid in line with Anti Money Laundering requirements.
- Irish Life (Pension fund element) and Cornmarket (death benefit element) forward, by EFT, relevant monies to Trustees Bank Account.
- A check is carried out to ensure that the monies paid out to beneficiary does not exceed Revenue maximum lump sum death payment limit i.e. 4 times salary plus the value of the employee's pension contributions, which includes both the employee pension contributions and their AVCs. If there is a surplus then this is used by the Trustees to pay the excess as a taxable lump sum; invest in an Approved Retirement Fund or purchase a pension for a dependant of the deceased.
- Cheque is made payable to Beneficiary identified by Trustees and forwarded to either Beneficiary or solicitor, depending on whom the Trustees were liaising with during the death claim process.

PROCEDURE FOR PROCESSING A DEATH CLAIM



WHAT SALARY DO I USE WHEN COMPLETING THE DEATH CLAIM FORM IN THE EVENT OF THE DEATH OF AN EMPLOYEE?

The definition of Pensionable Salary for the purpose of the National Federation of Voluntary Service Providers' Pension & Life Assurance Scheme, and on which employer and employee pension contributions are calculated, includes the following items:

- i. Basic Pay – i.e. basic hourly rate applicable to grade in which staff member is employed
- ii. Saturday Allowance
- iii. Sunday & Bank Holiday Premium
- iv. Un-Social Hours Premium
- v. Night Duty Premium
- vi. Holiday Premium
- vii. Sleepover Allowance
- viii. Acting Allowance
- ix. Responsibility Allowance
- x. Other Allowances as per Consolidated Pay Scales e.g., Local; On-Call; Qualification Allowance but excluding (a) overtime paid at a premium rate, (b) travel payments and (c) subsistence payments



The following outlines the applicable salary to use for an employee who:

1. **DIES WHILE ACTIVE IN WORK:**

Salary will comprise of the aggregate of (a) and (b) as follows:

(a) Basic pay:

The annualised amount of basic pay, on which pension was paid, in month in which the employee passed away or the annualised amount of a higher normal monthly basic pay, on which pension was paid, in the previous 12-month period; (12-month period includes the month that the employee passed away); plus

(b) Fluctuating Payments i.e. ii – x outlined above under pensionable salary definition.

The average of the above ii – x payments, on which pension contributions were paid, over the 3 years* prior to death of the employee (36-month period includes the month that the employee passed away). Calculation = Total fluctuating payments / 36 x 12.

- * Three years to be used unless a shorter period applicable e.g. an employee only commenced work and therefore worked less than a 3-year period. If an employee worked less than a three year period, or has less than 3 years of fluctuating payments for example, due to a change in job / role, the average will be calculated based on the average of the number of months that these payments were received, multiplied by 12, to get the annual average for fluctuating payments i.e. Calculation = Total fluctuating payments received / number of months employee received fluctuating payments x 12.

(c) DIES WHILE IN RECEIPT OF SALARY PROTECTION:

Salary will be calculated from the 12% pension contributions the employer received from the SPS Provider on a monthly basis i.e. amount received from SPS Provider divided by 12% to get monthly salary; multiplied by 12 to get annualised salary.

Example:

Employer, prior to death of employee, received €300 per month from SPS Provider in respect of employee's monthly pension protection contribution.

Calculation:

Step 1: $€300 / 12\% = €2,500$ (equals monthly salary)

Step 2: $€2,500 \times 12 = €30,000$ (equals annualised salary)

(d) DIES AFTER THEIR SALARY PROTECTION CEASES:

i.e. (a) employee attained cessation age of 60 years applicable to Salary Protection Scheme and employee continues to remain on unpaid sick leave; (b) employee did not satisfy requirements of functional assessment test but remains on unpaid sick leave.

Salary will be calculated from the 12% pension protection contributions the employer received from the Salary Protection Scheme Provider (SPS) on a monthly basis when the employee was in receipt of salary protection i.e. amount received from SPS Provider divided by 12%; multiplied by 12 to get annualised salary.

Example:

Employer received €400 per month from SPS Provider for employee who has deceased when they were a member of the salary protection scheme in respect of their monthly pension protection contribution.

Calculation:

Step 1: $€400 / 12\% = €3,333.33$ (equals monthly salary)

Step 2: $€3,333.33 \times 12 = €40,000$ (equals annualised salary)

(e) DIES WHILE ON UNPAID SICK LEAVE AND NOT A MEMBER OF THE SALARY PROTECTION SCHEME:

Salary will comprise of the aggregate of (a) and (b) as outlined:

(a) Basic pay

The annualised amount of basic pay, on which pension was paid, in month prior to commencement of sick leave or the annualised amount of a higher normal monthly basic pay, on which pension was paid, in the previous 12-month period prior to commencement of sick leave; plus

(b) Fluctuating Payments i.e. ii – x outlined above.

The average of the above ii – x payments, on which pension contributions were paid, over the 3 years* prior to commencement of sick leave.

- * Three years to be used unless a shorter period applicable e.g. an employee only commenced work and therefore worked less than a 3-year period. If an employee worked less than a three year period, or has less than 3 years of fluctuating payments for example, due to a change in job / role, the average will be calculated based on the average of the number of months that these payments were received, multiplied by 12, to get the annual average for fluctuating payments i.e. Calculation = Total fluctuating payments received / number of months employee received fluctuating payments x 12.

Note: Where a death claim arises for an unpaid sick leave employee post 1/10/18, Zurich Life Assurance plc will require proof at date of death that the employee was a continuing employed employee on unpaid sick leave and which commenced after this date. The evidence can be either a copy of their last payslip (with zero pay on it) or a print out from the Revenue site showing they were still an employee at date of death.

(c) DIES AND EMPLOYEE IS A RELIEF STAFF:

If a relief staff has a contract for a set number of hours, applicable salary will be defined as outlined in the different scenarios above. However, if a relief staff does not have a basic salary or set contract hours, applicable salary will be defined as follows:

- Sum of their total earnings on which pension was paid over the previous 3 years prior to their death, divided by the number of weeks actually worked and paid over the 3-year period, multiplied by the average number of weeks worked over the 3-year period, to calculate their annualised average salary.

Example:

- (a)** Relief Staff worked one week and their gross salary on which pension was paid = €500, over the last three years.

Calculation = $€500 / 1 \times 1/3 = €166.66$

Death benefit is therefore 3 times €166.66 = €500

- (b)** Relief Staff worked - Year 1 (10 weeks x €500 = €5,000); Year 2 (20 weeks x €500 = €10,000); Year 3 (15 weeks x €500 = €7,500)

Calculation = $€22,500 / 45 \times 45/3 = €7,500$

Death benefit is therefore 3 times €7,500 = €22,500