

Benefits on death-in-service

Chapter 10

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1 Lump sum benefits

Where an employee dies in service before normal retirement age (NRA) a lump sum not exceeding the greater of €6,350 or four times the deceased employee's final remuneration may be provided. The definition of final remuneration for this purpose need not be the same as for the calculation of other benefits and may in this case be the rate payable at the date of death.

The lump sum may be paid to the employee's legal personal representatives or a nominated beneficiary, or distributed at the discretion of the employer, trustee or administrator. It is not necessary to limit distribution to dependants. The money may continue to be held under the rules of the pension scheme for a period not exceeding two years, if this is necessary for the administrator to determine who is to benefit. Once the recipients have been selected, the money should be paid over to them promptly or transferred to a separate account outside the scheme. A refund of the employee's own contributions (with or without interest) may be paid in addition to any other lump sum.

2 Pensions for spouses, civil partners and dependants

In addition to the lump sum, an approved scheme may provide a pension for a spouse, or civil partner, or where there is no spouse or civil partner, for a dependant, of an amount not exceeding the maximum aggregate pension that could have been approved for the employee if s/he had retired on ill-health grounds on the date of her/his death (see [Chapter 9.2](#) - such a pension can take account of the whole potential service up to NRA). Where benefits for the employees themselves take the form of a pension plus a separate lump sum, rather than a partly commutable pension, the maximum pension includes the pension equivalent of the lump sum. A spouse's or civil partner's (but not a dependant's) pension may be deferred instead of being taken immediately.

Where there are both a spouse or civil partner and dependants, or no spouse or civil partner but more than one dependant, separate pensions may be provided for each individual. However, no single pension nor the aggregate of all pensions payable under this paragraph may exceed the amount specified in the preceding paragraph. Subject to these limits, the benefits may be shared in any manner desired.

3 Benefits from earlier employment

For the purpose of the limits set out in the preceding paragraphs, preserved death benefits derived from earlier employments must be taken into account and benefits of the same type from the current employment correspondingly restricted, but the following may be ignored:

- (a) refunds of contributions to the employee by a scheme of an earlier employer;
- (b) small preserved benefits, that is, lump sums not exceeding €1,270 in aggregate or spouse's or dependants' pensions not exceeding €330 per annum in aggregate;
- (c) preserved lump sums from earlier employments, so long as the lump sum from the current employment does not exceed twice final remuneration (excluding any refund of the employee's contributions); and
- (d) preserved lump sum death benefits arising from retirement annuity contracts.

The provision of pension benefits on death-in-service is an area in which Revenue discretion will be exercised flexibly, especially in the case of lower-paid employees.

Where it is proposed to provide spouse's or civil partner's and dependants' pensions on a scale based on the employee's pre-death salaries rather than as a proportion of the pensions which s/he might have received, the scheme will probably be approved in that form if the spouse's or civil partner's and dependants' pensions are unlikely, by and large, to exceed the limit set out in paragraph 2 above or to be large in monetary terms.

4. Death-in-service after normal retirement age

Where an employee dies in service after her/his NRA, benefits may be given either on the basis appropriate to death-in-service generally, or on the basis that would have applied if s/he had in fact retired on the day before their death. If, however, the employee took her/his pension and/or lump sum at NRA, the only lump sum death-in-service benefit which may be provided is any payment due under a guarantee attaching to this pension (see [Chapter 11.9 and 11.10](#)).