

Lisa Webster, Senior Technical Consultant

Retirement Money Show, 10 December 2024

# What happens to your pension when you die?

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# Disclaimer

- We don't offer advice
- If you're unsure, please consult a suitably qualified financial adviser
- Tax treatment depends on your individual circumstances and rules may change

# Agenda

- Who can benefit from your pension?
- Deciding who benefits
- What can be paid
- Tax treatment
- Leaving your pension to charity
- Pensions and IHT – what's happening in 2027?

# Who can benefit from your pension?

- Dependant
  - Spouse/civil partner
  - Child under 23
  - Older child dependant due to physical or mental impairment
  - Financially dependent on member
  - In financial relationship of mutual dependence
- Nominee
  - Anyone nominated by member



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Pension beneficiaries

## Pension beneficiaries

Please complete this page to tell us which people, trusts or charities you'd like to inherit your pension when you die. You can nominate as many beneficiaries as you like, choosing the percentage you'd like each to receive. [Find out more](#)

I nominate all individuals who are Eligible Benefits Recipients (as defined in the scheme trust deed and rules) as the persons you should consider to inherit my pension in the event of my death.

+ Add beneficiary

Full name ▾	Relationship ▾	Type ▾	Percentage ▾	
Joseph Bloggs	Spouse	Person	100%	 
Total			100%	

# Deciding who benefits

## Pension beneficiaries

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Joseph Bloggs	Spouse	Person	100%
Total			100%

[Add beneficiary](#)



# What can be paid?

- **Individual beneficiaries can choose:**
  - Lump sum
  - Move to pension in their name, draw income as and when required
  - Combination of lump sum and drawdown
- **Can have multiple beneficiaries**
- **Lump sums can also be paid to:**
  - Trusts
  - Charity



# Beneficiary's drawdown

- Can take income at any age
- Beneficiary's pot will always be separate to own pension savings – but can have both in one SIPP
- Taking income as beneficiary doesn't limit how much you can save into your own pension

# Tax treatment

Before age 75

**Tax free**  
(usually)

At or after age 75

**Income tax**

# Leaving your pension to charity

Charity lump sum death benefit:

Only if you have  
no dependants

Only to charity  
nominated  
by you

No limit

Completely  
tax-free

# Pensions and IHT

Proposed changes from 6 April 2027

- Pensions to be included in estate
- Spousal exemption will apply
- Details are still under consultation
- IHT would be taken first (where applicable)
- Income tax would then apply to death benefits when withdrawn, if death was age 75+



# Summary

- You can nominate whoever you like – adult, child, trust or charity
- Your beneficiaries choose the form the death benefits take
- Important to keep nominations up to date
- IHT changes from April 2027