

HOW DEATH BENEFIT PAYMENTS ARE TAXED

There are different factors that determine what level of tax your dependants or nominated beneficiaries would pay when they receive death benefits.

The tables below clarify how they may be affected.

1) If you have an uncrystallised or drawdown fund...

 You are under 75 when you die and your pension fund is paid out <u>within</u> two years of the notification of your death. 	Benefits taken as		Beneficiary type		Tax position
	Lump sum	••••	Individual	••••	No tax
	Lump sum		Non-individual (Trust, Estate, etc)		No tax
	Pension income		Individual		Income payments paid tax free
You are over 75 when you die;	Benefits taken as		Beneficiary type		Tax position
	Benefits taken as		Beneficiary type		Tax position
OR You are under 75 when you die and your pension fund is paid out <u>after</u> two yoars of the	Lump sum		Individual		Taxable via PAYE at beneficiary's marginal rate
	Lump sum		Non-individual (Trust, Estate, etc)		Taxed at flat rate of 45%*
is paid out <u>after</u> two years of the			(,,,		

* Individual beneficiaries of a trust who indirectly receive part of the lump sum as a payment from the trust may be liable at a lower rate of income tax on they amount they receive. They may be able to claim a refund of some, or all, of the tax paid by the scheme administrator.



You need to think about:

If you die before you're 75, any fund you haven't used to enter drawdown will be subject to a lifetime allowance test. Any amount over your remaining lifetime allowance will be subject to the lifetime allowance charge.

Successor drawdown is an option when the beneficiary dies. The tax treatment and options are the same as we've shown in this leaflet.

2) If you have a scheme pension through a Family Suntrust scheme...

	You are under 75 when you die and your pension fund is paid out <u>within</u> two years of the notification of your death.	Benefits taken as		Beneficiary type		Tax position
		Remaining fixed period payments	••••	Individual	••••	Taxable via PAYE at beneficiary's marginal rate
		Annuity Protection Lump Sum (APLS)	••••	Individual	••••	No tax
		Beneficiary flexi-access drawdown	•••	Individual		Income payments paid tax free
٠	You are over 75 when you die;	Benefits taken as		Beneficiary type		Tax position
•	when you die and	Remaining fixed period payments		Individual		Taxable via PAYE at beneficiary's marginal rate
	your your pension fund is paid out <u>after</u> two years of the	Annuity Protection Lump Sum (APLS)	••••	Individual	••••	Taxed at flat rate of 45%
	notification of your death.	Beneficiary flexi-access drawdown	••••	Individual		Taxable via PAYE at beneficiary's marginal rate

Next steps

If you want to tell us how you would like your pension benefits to be dealt with when you die, depending on the type of pension you have, please send us a completed copy of either the:

- **Death benefits options** form. This is available from our literature library at www.phoenixwealth. co.uk/Literature.
- Scheme pension death benefit instructions form. Please ask your financial adviser for a copy.

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