

Life Assurance Cover

General policy information

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Scheme & policy details

This document provides general information regarding the life assurance cover which employers can elect to provide for their employees who are active members of defined contribution (“DC”) Schemes in the Pensions Trust (the “Trust”). This document is intended to provide an overview only and any benefits payable will be subject to the Scheme Rules and provisions of the Trustee’s group life policy.

The Trust is operated by its corporate trustee (the “Trustee”) and is administered by TPT Retirement Solutions. It comprises several segregated sections which provide pension and life assurance benefits for employers. These sections are referred to as “Schemes” in this document. As an employer you may operate your own Scheme, or you may participate in one of the several ‘multi-employer’ Schemes within the Trust.

Life assurance cover within the Trust is provided via the Trustee’s group life assurance policy.

Where in place, cover applies to active members of the pension scheme and those employees who have been admitted to the scheme for life-cover only benefits. Cover will provide a lump sum payment in the event of the death of the member. Cover will not be available for employees who are not in service with the employer.

The level of cover provided is based on a multiple of the member’s salary and is selected by the employer. Employers select the level of cover from a defined range of multiples of salary (up to a maximum of 10 times salary) or, for certain Schemes, a fixed amount. The cost of the cover for those employees who are contributing to a pension is paid for by the employer, as part of normal monthly scheme contributions submission (calculated at the same time as a separate charge). For employees who are not contributing members of the pension scheme, the Trustee will invoice an amount annually which it will use towards paying the Trustee’s premiums for the death in service cover.

Additional services included within the policy:

- Funeral concierge service, which includes:
 - o Will preparation
 - o A secure cloud-based storage vault for personal information
 - o Online funeral planning tools
- Redundancy cover for up to three months or until alternative employment is found, if earlier.

Applying for life assurance cover

Employers who currently participate in a Scheme

Existing employers who participate in a DC Scheme and wish to apply for life assurance cover for active pension scheme members should complete the **‘[DC life cover for new members form](#)’** and return it to **lifeassurance.renewals@tpt.co.uk** by no later than **31 August**, cover will commence from 1 October of the same year.

Please contact us to discuss the application process for employees who are not active pension scheme members.

New employers who are joining a Scheme

For new employers who are in the process of joining a Scheme, the cover will commence from the scheme joining date, provided the **'Lump sum death benefits'** section on the Employer application form is completed.

Where cover is required for eligible employees who will not be contributing to a pension in the Scheme, employers should contact us via lifeassurance.renewals@tpt.co.uk.

Annual opportunity to increase, amend or remove life assurance cover

Once life assurance cover is in place, employers have an annual opportunity to change (increase/reduce/remove) the level of life assurance cover. To change the level of life assurance cover, all you need to do is complete our **life assurance decision form** which should be returned to lifeassurance.renewals@tpt.co.uk by 31 August. The change will apply from 1 October in the same year.

Employer duties and responsibilities

Salaries

Employers **must** provide accurate salary information as this is used for the calculation of amounts due in respect of the life assurance cover. Providing inaccurate data could result in these amounts being miscalculated and, in the event of a claim, could impact the benefits paid in respect of a member. Ultimately, incorrect member and salary data could mean that you are not paying enough charges to cover the life cover and could be faced with an additional bill at the end of each year.

When submitting the monthly contributions file, employers must ensure the following fields contain the correct data for every member. This should be reviewed for accuracy every month:

- Annual Pensionable Salary
- Monthly Pensionable Earnings
- Salary effective date

If a new salary is being provided, this should always be accompanied with a new salary effective date. For employers who provide online access for members, salary updates must also be applied to the HR Data file.

Dates of birth

When enrolling members into the Scheme, employers must provide members' correct dates of birth, as the provision of life assurance cover is subject to age eligibility and termination criteria.

Dates of joining the Scheme

Life assurance cover commences with effect from the date the member joins the Scheme. Employers must therefore ensure the correct date is used during the enrolment process. For backdated enrolments (including the opt-out period), additional amounts to cover the backdated period will be charged during the member's first contribution submission. Backdated amounts have a maximum limit of 4 months (including the month of submission).

Dates of leaving the Scheme/employment

Life assurance cover will cease with immediate effect upon a member withdrawing from the scheme. The employer is responsible for providing the relevant scheme/employment end date to TPT by submitting the date of leaving via the monthly contribution submission. Life assurance contributions will continue to be collected until the employer has submitted the date of leaving. Contributions will not be refunded where the date of leaving is in the past or has not been provided.

The only exception to the above is in the case of a member being made redundant. In the case of redundancy, the life cover provision is extended from the date of redundancy for a period of up to 3 months or until alternative employment is found, if earlier.

Life assurance eligibility criteria

Who is eligible?

Life assurance cover applies to active pension scheme members and eligible non-active pension members of the scheme. Employees who are not scheme members and have not been enrolled as Life Cover Only members are not covered. The minimum age for joining the Scheme is 16 years, and the maximum age is 75. Cover will cease automatically when a member reaches the age of 75.

Entry

Life assurance cover commences from the date the member is enrolled into the Scheme. For auto enrolment, employees will be a member from the automatic enrolment or automatic re-enrolment date if Chapter 1 of the Pensions Act 2008 (employers' duties) requires the employer to make arrangements for the employee to become an active member of an automatic enrolment pension scheme.

Employment and scheme status

Active pension scheme members must remain an employee of the participating employer and an active member of the pension scheme. Eligible non-active members must remain an employee of the participating employer.

Geographical restrictions

Members must be a UK resident and/or employed by a company that is subject to UK tax and employment laws.

Medical underwriting

Individual members requiring cover in excess of £1.8m will require individual medical underwriting. This would initially involve the member completing a telephone consultation with a trained medical professional completing a Health and Lifestyle Questionnaire.

Life assurance termination criteria

Life assurance cover will cease with immediate effect upon the member's employment or active scheme membership ending (unless as enrolled as a Life Cover Only member). However, in the event that the member is made redundant, cover is extended for a period of up to 3 months. Cover terminates at the earlier of the end of the extension, termination age (75) or taking up paid employment.

Active membership is defined as a member who has contributions paid into the scheme. These contributions can be from the member, the employer or both. A member can still be an active member if no contributions are being paid due to a valid temporary absence (such as ill health or maternity), provided that the contributions restart within a set period as defined by the scheme rules.

Life assurance cover will cease when a member reaches the age of 75.

Tax treatment

There is a limit on the lump sum benefits that can be paid from pension schemes in respect of any member before there is liability for tax. This limit is called the Lump Sum and Death Benefit Allowance and is currently £1,073,100. We recommend that you inform your employees of this limit before enrolling them. For more information [click here](#).

Temporary Absences

A temporary absence occurs where an active member is away from work and either stops receiving pay or receives reduced pay from their employer.

Where a member is absent from work as a result of illness, injury, maternity or other parental leave, and for any other form of temporary absence provided for in the rules of their scheme, they will remain on cover for any death in service benefits. This applies whether or not the member is paying pension contributions during their absence.

Employers must ensure that they submit accurate salary information throughout the temporary absence period and should continue to pay any premiums required in respect of members who are absent.

The period for which a temporary absence can last varies between Schemes within The Pensions Trust. The standard period is up to one year but can be greater in some Schemes or, with the agreement of the Trustee, may be extended (but not beyond the member's 'Normal Pension Age'). Where such an extension is agreed the Trustee will determine the member and employer contributions due, including (where applicable) any arrears for the first year of absence.

Please note that cover will cease immediately where a member's service with the employer is terminated, irrespective of the period of temporary absence permitted under the Scheme's Rules (as the member would no longer be considered to be temporarily absent).

Definition of salary

Where the level of life assurance cover is provided as a multiple of salary, this refers to the Annual Pensionable Salary provided by the employer in the monthly contribution submissions. For members where a fluctuating or an inconsistent salary has been submitted, such as variable workers, evidence of the actual earnings (e.g. payslips) may be requested in the event of a claim.

Nominated beneficiaries

Active members of the pension scheme must keep their nominated beneficiaries up to date via their online member portal. We strongly recommend our members review this information on a regular basis, even to confirm the same information is still valid. Out of date or inconsistent data can lead to delays or queries when it comes to settlement. Where this is not possible, they can complete and return a Nomination Form, which is available from the TPT website.

The Trustee may pay any lump sum death benefit to one or more of:

- The person or persons or organisations nominated by the Member;
- The Member's legal personal representatives ("executors" in Scotland); or
- Any qualifying beneficiary or beneficiaries under the Scheme's rules.

Payment of lump sum death benefits are at the discretion of the Trustee. The Trustee has discretion over who is to receive the benefit and, in exceptional circumstances (for example, where no information is available), reserves the right to retain all or part of the value of the benefit within the assets of the Scheme.

Calculation of Contributions

For background information, the amount TPT collects in respect of monthly life assurance cover through the pension trustee is calculated based on the annual pensionable salary figure given for a member on the contributions file the employer submits each month, with the exception of variable workers* whose calculation is based on their monthly pensionable earnings (MPEs) figure.

In the calculation, TPT will take into account:

- the annual pensionable salary (or MPEs) figure you provide on the contributions file
- the level of cover chosen by your organisation; and
- the charges for the scheme.

The calculated figure for each member is then combined and added to the total overall payment due that month.

It is extremely important that the annual pensionable earnings (or MPEs for variable workers) submitted to us each month are correct, as these provide the basis for the calculation of the cost of life assurance for each member every month. If you give us the wrong earnings figure for a member, you could end up paying more, or less, than you need to in life assurance amounts. Ultimately, incorrect data could also have an impact on the level of cover paid out for a member. In addition, the provision of inaccurate data could mean that you are not paying enough charges to cover the life cover and could be faced with an additional bill at the end of each year.

*To check if you have someone listed as a variable worker, you can log onto the Employer Portal and go to the eBusiness application. Go to 'Manage Variable Workers' and within that you can see anyone who we have listed as a variable worker. You can amend this (add an end date) if they're no longer a variable worker, or you can add a new variable worker. Please note that anyone who isn't listed as a variable worker will have their charges calculated on their annual pensionable salary.

Cover for eligible non-active members is currently calculated separately on an annual basis, and you will be asked to review data each year and will be provided with an invoice to pay.



Contact us

For general enquiries, please contact us using the details below:



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