



HSC Pensions

Employer factsheet

Guidance for calculating the Death Benefit Lump Sum (DBLS) for partial retirement pensioners who die in pensionable employment

If after taking partial retirement the member was to die whilst in pensionable employment, their Death Benefit Lump Sum (DBLS) will be calculated differently.

When calculating the DBLS for members who have retired on partial retirement, we do not look at the benefits that have been drawn down. We instead look at the amount of service left, including any future service up to the member's date of death, to work out a fraction of the DBLS that becomes payable.

We are required to calculate the percentage of 2 times the pensionable earnings that are due, in addition to any DBLS that would be payable if the member died within 5 years of taking this type of retirement. This part does not impact the calculation that is required for a benefit statement. For more information, view our 'Partial retirement' section on our website for more information. <https://hscpensions.hscni.net/hsc-pension-scheme/hsc-pension-members-section/partial-retirement/>

We have a statutory obligation to provide the value of the DBLS on our benefit statements and need to ensure that we are following the correct guidance when calculating the death in service lump sum. If not, we are at risk of providing a value that is in excess of the amount payable.

General

It would be unequitable and unsustainable for the Scheme to pay a full death in service lump sum of 2 times the pensionable earnings for members that have already benefited from a pension and/or lump sum for some of their membership.

The DBLS calculation for partially retired members is designed to provide an appropriate fraction of 2 times the pensionable earnings from untaken membership.

In some cases, an additional DBLS may be paid in respect of partial retirement membership where death occurs within 5 years.

Partial retirement (1995/2008 and 2015)	Calculation
Pension benefits that the member has not claimed as part of partial retirement and any further benefits the member accrues	Twice the percentage of the pensionable earnings to the date of the estimate calculation. The percentage used will be the percentage of benefits not claimed when taking partial retirement

Formula

$$\frac{\text{Pensionable earnings} \times \text{total unclaimed service}}{\text{Total service (including partial retirement)}} = \text{unclaimed actual earnings}$$

$$\text{DBLS} = 2 \times \text{unclaimed actual earnings}$$

For calculating the membership for the DBLS the legacy (1995/2008) is based on reckonable membership, but for the 2015 Scheme this is based on calendar length membership.

Here are four examples of scenarios for partial retirement DBLS calculations.

Calculation 1: Partial retirement

- payable date 04/12/2023
- 100% 1995 benefits
- benefit statement required at 31/03/2024

1995 reckonable service at 31/03/2022	18 years 262 days (6832 days)
2015 calendar service from 01/04/2022 – 31/03/2024	2 years 000 days (730 days)
Total membership for the 1995 and 2015 Schemes	20 years 262 days (7562 days)
Actual pensionable earnings (2023/2024)	£22,095.21

$$\text{£22,095.21} \times (730 / 7562) = \text{£2,132.96} \times 2 = \text{£4,265.93 DBLS}$$

Calculation 2: Partial retirement

- payable date 04/12/2023
- 80% 1995 benefits

1995 reckonable membership at 31/03/2022	18 years 262 days (6832 days)
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$6832 / 100 \times 80 = 5465.60$ rounded up to 5466 (80% of membership claimed)

$6832 - 5466 = 1366$ (membership not included in partial retirement)

2015 calendar membership 01/04/2022 – 31/03/2024	2 years 000 days (730 days)
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$730 + 1366 = 2096$ (2015 and 20% 1995 membership not claimed)

Total membership for the 1995 and 2015 Schemes	20 years 262 days (7562 days)
Actual pensionable earnings (01/04/2023–31/03/2024)	£22,095.21

$£22,095.21 \times (2096/7562) = £6,124.25 \times 2 = £12,248.50$ death in service DBLS

Calculation 3: Partial retirement

- payable date 04/12/2023
- 100% 1995 benefits
- 50% 2015 benefits
- benefit statement required at 31/03/2024

1995 reckonable membership at 31/03/2022	18 years 262 days (6832 days)
2015 calendar membership 01/04/2022 – 31/03/2024	2 years 000 days (730 days)

$730 / 2 = 365$ (50% of membership claimed)

$730 - 365 = 365$ (membership not included in partial retirement)

Total membership for the 1995 and 2015 Schemes	20 years 262 days (7562 days)
Actual Pensionable Earnings 01/04/2023 – 31/03/2024	£22,095.21

$£22,095.21 \times 365 / 7562 = £1,066.48 \times 2 = £2,132.96$ DBLS

Calculation 4: Partial retirement

- payable date 04/12/2023
- 100% 1995
- 100% 2015 benefits
- benefit statement required at 31/03/2024

1995 reckonable membership at 31/03/2022	18 years 262 days (6832 days)
2015 calendar membership 01/04/2022 – 31/03/2024	2 years 000 days (730 days)

730 - 612 = 118 (membership not included in partial retirement: 04/12/2023 – 31/03/2024)

Total membership for the 1995 and 2015 Schemes	20 years 262 days (7562 days)
Actual pensionable earnings from 04/12/2023 – 31/03/2024	£19,745.88 (uprated)

Refer to the partial retirement supplementary form:

Employer confirmed earnings from 01/04/2023 – 03/12/2023	20 years 262 days (7562 days)
2023/2024 Pensionable earnings	£19,745.88 (uprated)

$£22,095.21 - £15,711.61 = £6,383.60 / 118 \times 365 = £19,745.88$ (earnings from 04/12/2023 – 31/03/2024, uprated to 365 days)

$£19,745.88 \times 118 / 7562 = £308.12 \times 2 = £616.24$ DBLS

Calculation four only applies if, in this scenario, the partial retirement payable date and benefit statement year-end date fall within the same financial year.

Important points to consider:

- if you are projecting membership for the 2015 scheme this will also need to be completed when calculating the DBLS
 - check for disallowed days that fall before and after the partial retirement event
 - DBLS is calculated from actual pay and not whole-time equivalent pay
 - pay should be for a period of 365 days
 - for calculating the service for the DBLS, 1995/2008 is based on reckonable membership. For the 2015 Scheme, this is based on calendar length membership
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