|  |  |
| --- | --- |
| **Resource Toolkit** | Single Scheme Administration Project (Phase 1)  **Death-in-Service Resources** |
| **Resource Name** | Death-in-Service (Death Gratuity) – Worked Examples |
| **Resource Reference** | SPS.DIS.U.WE.01 (Phase 1) |
| **Resource Description** | Additional worked examples showing how a Death Gratuity may be calculated where a member dies in service and the following scenarios apply; (A) a change to pensionable remuneration in the 12 months prior to death; (B) periods of employer approved unpaid leave in the 12 months prior to death; (C) scheme member dies while on Career Break; and (D) Scheme member dies while on career break and there have been changes to pensionable remuneration in the 12 months prior to death. |
| **Version** | V1.0 |

**Death in Service, Death Gratuity – Additional Examples**

This note is intended to supplement [DPER Circular 11/2017: Death in Service Payments and related Survivor’s and Children’s Pension issues under the Single Scheme](https://singlepensionscheme.gov.ie/wp-content/uploads/2017/05/circular_11_2017.pdf), and the example calculations that are appended to that Circular.

The purpose of these additional examples is to make explicit the approach that should be taken when calculating a Death Gratuity for a member who dies in service and to whom any of the following circumstances relate:

* **Scenario A:** Changes to pensionable remuneration in the 12 months prior to death
* **Scenario B:** Periods of employer approved unpaid leave in the 12 months prior to death
* **Scenario C:** Scheme member dies while on career break (or other employer approved unpaid leave)
* **Scenario D:** Scheme member dies while on career break (or other employer approved unpaid leave) and there have been changes to pensionable remuneration in the 12 months prior to death

*Section 30* of the [Public Service Pensions (Single Scheme and Other Provisions) Act 2012](http://singlepensionscheme.gov.ie/wp-content/uploads/2017/03/spsps_act_2012.pdf) provides that where a member dies in service, a lump sum benefit is payable equal to:

“*twice the Scheme member’s pensionable remuneration in the 12 months prior to his or her death less—*

*(a) any superannuation lump sum payable or already paid either from the Scheme or from a pre-existing public service pension scheme, and*

*(b) any other death gratuity payable or already paid from a pre-existing public service pension scheme.*”

In many cases changes in a member’s pensionable remuneration relating to arrears of increment, promotion, general pay increases or pensionable allowances may have occurred, or the member may have taken a period of approved unpaid leave in the 12 months prior to death. In these circumstances, the pensionable remuneration actually received by the member in the applicable 12 month period is affected. For this reason, the pensionable remuneration amount on which the Death Gratuity calculation is based will be a **notional figure** i.e. the annualised value of the pensionable remuneration (pensionable pay plus any pensionable allowances) attaching to the Scheme member’s post in the 12 months prior to death. It is not necessarily twice the pensionable remuneration they actually received in the 12 months prior to death.

**Scenario A: Changes to pensionable remuneration in the 12 months prior to death**

Summary

Changes to pensionable remuneration as a result of increments awarded, promotion, general pay increases etc. occurring in the 12 month period prior to a Scheme member’s death should in all cases be proportionately reflected in the pensionable remuneration figure that is used to calculate the Death Gratuity.

Example 1

12 months prior to death, a Scheme member’s pensionable remuneration is €50,000. 9 months prior to death, a general pay increase of 2% was applied to the member’s pensionable pay. 6 months prior to death, the member received an increment worth an additional €1,000. 3 months prior to death, the member was promoted to a new pensionable post and placed on point 1 of the relevant pay scale, at €70,000. The member’s pensionable remuneration in the 12 months prior to death is calculated as follows:

3 months @ €50,000 = €12,500

3 months @ €51,000 = €12,750

3 months @ €52,020 = €13,005

3 months @ €70,000 = €17,500

12 month pensionable remuneration figure =

*€12,500 + €12,750 + €13,005 + €17,500 = €55,755*

Death Gratuity = €55,755 x 2 = **€111,510**

Example 2

12 months prior to death, a Scheme member’s pensionable remuneration is €45,000. This comprises €40,000 pensionable pay plus €5,000 in pensionable allowances. There are no changes to pensionable pay in the 12 months prior to death. However, 50 days prior to death, the member was awarded an additional pensionable allowance with an annualised value of €3,000 on top of their existing pensionable allowances totalling €5,000. This brings their total pensionable remuneration to €48,000 in the 50 days prior to death.

The member’s pensionable remuneration in the 12 months prior to death is calculated as follows:

315 days @ €45,000 = €38,835.61

50 days @ €48,000 = €6,575.34

12 month (365 day) pensionable remuneration figure =

*€38,835.61 + €6,575.34 = €45,410.95*

Death Gratuity = €45,410.95 x 2 = **€90,821.90**

**Scenario B: Periods of approved unpaid leave in the 12 months prior to death**

Summary

Periods of approved unpaid leave do not affect the calculation of the Death Gratuity. For a scheme member who, in the 12 months prior to death, had a period of employer approved unpaid leave, the Death Gratuity is based on the full-time equivalent annual pensionable remuneration i.e. there is no pro-rating of the full-time equivalent annual pensionable remuneration to take account of the period of approved unpaid leave (this is consistent with treatment of members working part-time).

Example 3

Deceased member had pensionable remuneration of €35,000 in the 12 months prior to death (no changes to pensionable remuneration during this period). Deceased member availed of 10 weeks employer approved unpaid leave in the 12 months prior to death.

Death Gratuity = 2 x €35,000 = **€70,000**

**Note:** in the event that the deceased was a Scheme member for less than 12 months in total over the period prior to death, the pensionable remuneration must be pro-rated to reflect that shorter period. This is covered in Example 1 in Circular 11/2017.

**Scenario C: Scheme member dies while on career break (or other employer approved unpaid leave)**

Summary

A scheme member who avails of a career break is not a deferred (or preserved) Scheme member. Scheme members retain their status as a serving pensionable civil/public servant while on career break. Where a member dies while on career break, the death should be treated as a death in service.

Example 4

Member dies 1.5 years after commencing an approved career break. Immediately before commencing career break, the member was on point 3 of the relevant pensionable pay-scale, which at that point in time was €74,000 p.a. Six months after the member commenced their career break, there was a general pay increase which resulted in point 3 of the relevant pensionable pay-scale increasing by 2% to €75,480 p.a. There were no further changes to pensionable pay up to the date of death.

Pensionable remuneration in the 12 months prior to death: €75,480

Death Gratuity = 2 x €75,480 = **€150,960**

**Note:** there is no increment applied in this scenario, since periods on career break do not count as service for the purpose of awarding increments. This may not be the case for other types of unpaid leave.

**Scenario D: Scheme member dies while on career break (or other employer approved unpaid leave) and there have been changes to pensionable remuneration in the 12 months prior to death**

Summary

This scenario is a combination of Scenarios B & C above.

Example 5

Member commences career break while on the maximum point of the relevant pensionable pay scale which, on the date they commence career break, is €59,887p.a. The pensionable pay rate is subsequently increased by 1%, 3 months prior to the date of death to €60,486 p.a.

The member’s pensionable remuneration in the months prior to death is calculated as follows:

9 months @ €59,887 = €44,915.25

3 months @ €60,486 = €15,121.50

12 month pensionable remuneration figure =

*€44,915.25 + €15,121.50 = €60,036.75*

Death Gratuity = 2 x €60,036.75 = **€120,073.50**

**Note:** there is no increment applied in this scenario, since periods on career break do not count as service for the purpose of awarding increments. This may not be the case for other types of unpaid leave.