



Can I pass on the savings in my pension if I die?

Yes. But it's important to make sure your beneficiaries are up to date



What are Pension Death Benefits?

If you were to die, the full value of your pension can be passed on to one or more beneficiaries. These benefits can be paid out to your spouse, children, or any other beneficiary, either as a lump sum or as an income with fixed or flexible payments.



Lump sum and death benefit allowance

An income tax charge may apply when death benefits are drawn if the value of your pension pot is greater than the Lump sum and death benefit allowance (LSDBA) – which is £1,073,100 in 2025/26. If you think that your pension benefits might exceed this limit then you should speak to a financial adviser. Note that there is usually a fee for this service.

What does this mean for you?



If you die under age 75, the total amount of tax-free death benefits that can be paid from your pension plans will normally be capped at the Lump Sum and Death Benefit Allowance (LSDBA), currently £1,073,100.

If you die over age 75 any death benefits paid to your beneficiaries will be subject to tax at their marginal rate of income tax. If a lump sum death benefit is paid to your estate or to a trust it will be taxed at 45%.

The lump sum option

Where death benefits are paid out as a cash lump sum, your pension provider will pay out the full value of your pension benefits all at once. Your beneficiary is then free to spend or invest the lump sum as they choose. This is in addition to any lump sum 'death in service' cover that your employer may provide. Some employers offer cover of up to four times your salary, which is paid out to your beneficiaries should you die while still working. Please check with your employer if you're unsure if this applies to you.

The income options

Beneficiary drawdown

With this option, a beneficiary can choose a flexible income or leave the funds invested until a later date. Your pension pot is transferred to the beneficiary, who can then access it as and when they wish. Any funds that are left on the death of your beneficiary can in turn be passed on to their own nominated beneficiary. For example, you can leave your pension pot to your spouse, who can then pass on any remaining funds to their children.

Annuity

To ensure a guaranteed income for life, your beneficiary can choose a beneficiary's annuity. Various options are available – for example, your beneficiary can choose an income that varies each year in line with inflation. The level of income available will depend on a number of factors, such as the age at which the beneficiary starts to receive benefits.

What's next?



You can not only nominate more than one beneficiary, you can also say what proportion of the benefits you want each to receive. You can update your nomination form easily online at any time. It's important to review your nomination regularly, especially if you marry, have children or divorce. Keeping it up to date ensures that your pension provider is fully aware of your wishes as they currently stand. Making a nomination also ensures that the full range of options is available to your beneficiary.

There are some restrictions on the type of benefits we can pay to an individual who is not a nominated

beneficiary. While the pension provider will always take note of your nomination form, in order to ensure the funds are not subject to inheritance tax, the nomination can't be binding. Although pension funds are generally not subject to inheritance tax, sometimes the value of death benefits may be subject to tax charges. From 6 April 2027, unused pension funds and death benefits payable from a pension will be brought into a person's estate for inheritance tax purposes. As this is a complex area you should contact your adviser or tax office if you need further guidance.



Things to keep in mind

- You can nominate one or more beneficiaries to receive your unused pension benefits in full on your death.
- If you die before the age of 75, your benefits will normally be paid out tax free.
- Regular review is important, and you can update your nomination form anytime online.

Tax treatment depends on your individual circumstances.
Your circumstances and tax rules may change in the future.



How do I manage my beneficiaries?

The easiest way to nominate, manage and change your beneficiaries at any time is with the Scottish Widows app.

- 1 Log in to the Scottish Widows app
- 2 Tap **'Save'** at the bottom of the screen, then **'Choose a beneficiary'**
- 3 Tap **'Update your choices'**
- 4 Follow the onscreen instructions to add details of your chosen beneficiaries and how you want your savings to be shared
- 5 Remember to keep your beneficiaries up-to-date if anything changes in the future

See your future with the Scottish Widows app



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