**Refund of Contributions**

In a defined benefit scheme, any member contributions are usually refunded (either with or without interest, depending on the rules of the scheme) in the event of death in service before normal pension date or death in deferment. In a defined contribution scheme, the fund account balance is usually paid out to include the value of member and employer contributions in the event of death in service (before or after normal pension date) or death in deferment.

For the RST Pension Scheme member contributions are refunded without interest on death regardless of age provided the member dies in pensionable service or dies in deferment. With AVCs, it is the actual amount paid that is refunded.

For the XYZ Pension and Life Assurance Scheme member contributions are refunded without interest on death in service provided the member dies before normal pension date or dies in deferment. With AVCs, it is the current value that is refunded.

For the OPQ Retirement & Death Benefits Plan the value of the member`s policy account is refunded on death regardless of age provided the member dies in pensionable service or dies in deferment. This includes the value of any AVCs.

For defined benefit schemes it is common for there to be no provision in the scheme rules for a refund of contributions to be paid on death in service on / after normal pension date (the RST Pension Scheme is different – see above) or death in retirement. Similarly, for defined contribution schemes there is generally no provision in the scheme rules for a refund on death in retirement.

From 6 April 2006, the maximum authorised lump sum death benefit (which includes life assurance and refund payments) has been equal to the deceased member's remaining Individual Lifetime Allowance. Any payment over and above this amount has been deemed an unauthorised payment, with the recipient(s) being taxed on this excess amount accordingly.