Punter Southall
Governance Services

Group life master trust.

Relieving the burden of difficult death in service decisions

Many employers use a life cover only trust to provide death in service benefits to employees, particularly those who are not members of a trust-based pension scheme.

These life cover only trusts are not difficult to manage, until the need to administer a claim and make a discretionary decision arises.

The benefits of our service.

Reaching an appropriate decision when exercising a trustee discretion can be fraught with pitfalls. You just have to take a look at the Pensions Ombudsman rulings on death complaint cases to see how this area can be a complex and emotional minefield.

The PSGS Group Life Master Trust offers employers:

Peace of mind that these difficult, and often complex, decisions are being handled by an experienced, independent professional.

Certainty that your trust's claims management process follows best practice guidelines within an effective governance structure.

Removal of the need to re-establish your group life trust whenever you change insurer.

Confidence that rational and non-conflicted decision are being made.

We can help you navigate a safe and cost effective path.

Case study

The difficulty with discretionary decisions: Mrs S Earle v Michelin Pension.

Background.

This case arose from the death of Mr Earle, an active member of the Michelin Pension and Life Assurance Plan. It centred on Mr Earle's expression of wish form, which had been made some time before his death and before his personal circumstances had changed.

The trustees decided to pay Mr Earle's lump sum death benefit to his daughters from a previous marriage in accordance with his expression of wish form. However, Mr Earle had met and married his current wife since completing this form.

The complaint.

Mrs Earle was concerned that, as she had not been listed on the expression of wish form, the trustees had not considered her as a possible dependant. The Pensions Ombudsman upheld her complaint, determined there had been maladministration and referred the matter back to the trustees.

The trustees went away to seek additional information and eventually concluded their original decision was correct. They felt, as Mrs Earle was receiving a spouse's pension and Mr Earle's estate would be passed to her, Mr Earle might have wanted the lump sum to be paid to his daughters. Believing it would be an invasion of personal privacy, the trustees did not actually investigate the financial situation and the extent of the dependency of any of Mr Earle's potential beneficiaries.

Mrs Earle went back to the Ombudsman who, in his second ruling, stated:

> "In reaching their decision, the Trustee Board needed to ask the right questions, construe the rules correctly and take into account all relevant matters but no irrelevant matters.
>
> They were required not to come to a perverse decision, ie a decision which no other reasonable decision maker faced with the same evidence would come to."

The Ombudsman felt it was wrong for the trustees to try and guess what Mr Earle's wishes would have been and did not agree that investigating the financial circumstances of potential beneficiaries would have been an invasion of privacy.

This is a clear example of where things can go wrong if the correct procedure is not followed and trustees rely solely on the wishes expressed in a member's expression of wish form.

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Group life master trust.

Our effective and efficient service.

By taking on responsibility for your trust's claims and discretion processes, we will:

Take the right steps at the right time.

Ask the right questions of the right people and gather all relevant information

Effectively liaise with all parties including the individual's relatives, the insurance company and you as an employer.

Promptly and professionally handle all claims administration and communication.

Simple set up.

Your policy under the PSGS Group Life Master Trust can usually be **set up in just a few days**.

To deliver cost certainty, there is a **fixed annual fee.** Only particularly complex discretionary death cases may incur an extra charge.

Speak with us to find out how you can benefit from our Group Life Master Trust.

Where can I find out more?

Find out more by contacting:

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For more information about our other services please call us on 0845 313 0024 or email info@psgovernance.com

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