Housing briefing, June 2024
SHPS and life assurance

Employers that participate in the Defined Contribution (DC) section of the Social Housing Pension Scheme (SHPS) can choose whether to provide life assurance to active scheme members who are still in service.

To receive life cover, members must be below the age of 75. Employers choose the amount payable on the death of a member. This level can be changed annually but TPT must be informed by **31 August** for it to take effect from **1 October** – the scheme renewal date.

Life cover pricing

TPT life assurance premiums for SHPS are currently priced at the rate of £1.30 for each £1,000 of member benefit. For example, a member has a benefit of 3x salary and earns £35,000. The lump sum death benefit would be £105,000 and the associated premium, £136.50 per annum. This rate is guaranteed for employers for two years. For employers not in SHPS but using the TPT life assurance arrangement on a standalone basis, a different premium rate is applied.

Employers may be able to secure a better premium rate and more value for money by exploring the wider insurance market.

Getting life cover from the wider market may offer more value by also improving terms of cover – for example, the cover may not be limited to a free cover level and may include additional wellbeing services (although it should be noted that a funeral concierge service is included in the SHPS cover).

Conducting a full market review will typically take two to three months (sometimes less) so there's still time to carry one out before the August deadline.

Types of group life trust

Employers relying on TPT to provide group life assurance benefits should be aware that benefits are within the master trust, which is a registered arrangement rather than an excepted one.

Registered life assurance lump sum benefit counts towards the lump sum death benefit allowance (LSDBA) of £1,073,100 recently announced. Benefit above the allowance is subject to taxation at the beneficiaries' marginal tax rate.

Excepted life trusts are not subject to pension scheme tax rules, and lump sum payments made to beneficiaries are tax-free.

Excepted life cover may be more appropriate for members impacted by the LSDBA.

Additional wellbeing services

One good reason to explore the wider market for life cover is that group protection policies go beyond traditional insurance.

As most employers are aware, employee wellbeing involves more than simply knowing financial protection is in place. And that's why group protection insurers include complimentary wellbeing services.

These services are designed to deliver support to you and your employees in times of need. They also promote overall wellbeing and encourage employees to take active steps to maintain a healthy, happy work-life balance.

These wellbeing services usually come at no additional cost and can range from bereavement counselling and probate services to mental health support and more. They aim to provide holistic support and empower employees to thrive both personally and professionally.

In today's competitive landscape, attracting and retaining top talent is more challenging than ever. Offering comprehensive wellbeing support can help you demonstrate your long-term commitment to employee success and satisfaction.

Get in touch

First Actuarial group protection services can help employers in SHPS assess the options for life assurance and other group protection services. Get in touch with our specialist team

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