**Refund of Additional Voluntary Contributions**

In a defined benefit scheme, any Additional Voluntary Contributions (AVCs) are usually refunded (either the ‘actual’ AVCs paid or the ‘current value’ of AVCs, 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 member`s policy account is usually paid out to include AVCs in the event of death in service (before or after normal pension date) or death in deferment.

For the RST Pension Scheme the actual AVCs paid are refunded on death regardless of age provided the member dies in pensionable service or dies in deferment.

For the XYZ Pension and Life Assurance Scheme the current value of AVCs is refunded on death in service provided the member dies before normal pension date or dies in deferment.

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

For defined benefit schemes, it is common for there to be no provision in the scheme rules for a refund of AVCs 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.

Since 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.