



Media Q&A

Consumer question:

I'm considering switching jobs and I see that some companies are offering a Death in Service benefit as part of their compensation package. What is it and is it valuable?

Answer from Karen Gallagher, Interim Head of Proposition at Royal London Ireland

Death in Service is an employment benefit that pays out a lump sum to your nominated beneficiaries if you pass away while you are working for your employer. The cause of death doesn't have to be work-related or take place at work – you simply need to be on the company's payroll at the time of death. Though sometimes you'll also need to be signed up to your employer's pension scheme to qualify.

The sum paid out varies, but it is typically two to four times your annual salary. So, for example, if you are earning €50,000 a year, €100,000 to €200,000 could be paid out to your beneficiaries.

You can nominate who you want the payout to go to. If you pass away and the benefit is triggered, the money will normally be paid to the nominee or, if you didn't nominate anyone, to your estate.

While Death in Service is hugely valuable, it shouldn't be seen as a replacement for life insurance cover for a number of reasons. Importantly, it cannot be assigned to cover your mortgage. As well as this, you don't get to choose the amount of cover – it's set by your employer – so the payment may not be sufficient to help your dependents cope financially if you pass away. Furthermore, if you leave the company, you will lose the benefit.

ENDS

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