

Pensions and divorce, dissolution or annulment

A brief guide for **classic**, **classic plus**,
nuvos and **premium** members



www.civilservice.gov.uk/pensions

This leaflet is published by Civil Service Pensions.



This booklet explains how we deal with your pension when it is subject to an earmarking or pension sharing order as a result of an annulment or dissolution of your marriage or civil partnership, and tells you what you need to do.

The booklet does not cover every aspect. Full details are contained in the rules, which are the legal basis of the scheme. Nothing in this booklet can override the rules. In the event of any difference, the rules will apply.

Where we have to use technical terms, we show them in bold and explain them in the back of the booklet.

The scheme managers produce this booklet. However, your pension record is held by an administrator on behalf of your employer. If you are a member and would like more information after you have read this booklet, please contact your **pensions administrator**. If you are a former member, pensioner or a former spouse or civil partner of a member or Civil Service pensioner you should contact the **pensions payroll provider**. You will find their details in Appendix A.

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Going through a divorce, dissolution or annulment - what happens?

If you are going through a divorce, dissolution or annulment, the Civil Service pension you are currently contributing to or - if you are a pensioner - receiving, could be subject to an earmarking order or a pension sharing order. This means that your spouse/civil partner may be awarded some of your pension and/or lump sum by the Court presiding over your divorce/dissolution settlement.

Earmarking

If your pension is subject to an earmarking order, the Court will instruct your **pensions administrator** or **pensions payroll provider** to pay a specified amount of your pension and/or lump sum to your former spouse/civil partner when you retire.

If the order is for a regular payment of a pension, the payments will stop if you should die before your former spouse/civil partner or if your former spouse/civil partner should marry or enter into a civil partnership in the future. (Note, your former spouse/civil partner's right to a lump sum under earmarking does not stop on

remarriage but the earmarking order will stop if your former spouse/civil partner dies before you.)

Pension sharing

If your pension is subject to a pension sharing order, your benefits will reduce by the percentage specified in the court order. In Scotland, the order will state a cash amount rather than a percentage. Pension sharing is a permanent transfer of your benefits and will not revert back to you on the death of your former spouse/civil partner.

Your former spouse/civil partner will get a **pension credit**. This is a percentage of the Cash Equivalent Transfer Value (**CETV**) of your pension which is then converted into benefits for your former spouse/civil partner. You should note that your former spouse or civil partner's share of the pension is worked out using factors appropriate to their age and gender; the pension paid to them could be higher or lower than the amount you are giving up.

Your legal adviser will be able to explain the full implications of earmarking and pension sharing orders.

Applying a court order to your pension

You (or your solicitor) must tell your **pensions administrator** (or **pensions payroll provider** if you are already retired), in writing, the likely terms of the court order when you know them.

The Court will need details of your pension benefits when deciding whether to grant an earmarking or pension sharing order. If you are still in service and need an estimate of the value of the pension you have built up, you can ask your **pensions administrator** for a **CETV** estimate when you tell them about the divorce/dissolution proceedings. If you are a pensioner or a former member and not yet getting your pension, ask the **pensions payroll provider** for an estimate.

If you are currently in service or a former member and not yet getting your pension, you can get a **CETV** estimate free of charge. However, you will have to pay for any subsequent **CETV** estimates you might need. Your **pensions administrator** (or **pensions payroll provider**) will charge for some of

the services and information they provide. The court order will normally state who is liable to pay any charges. See Appendix B for the list of charges.

You are likely to be asked to provide the Court with a copy of your pension scheme booklet to explain how it works. These are available from your **pensions administrator** (or **pensions payroll provider**). Alternatively, you can download booklets from www.civilservice.gov.uk/pensions.

You must send the actual court order to your **pensions administrator** (or to the **pensions payroll provider**) as soon as you receive it, along with the decree absolute and any other information you are asked to provide.

Retiring early and pension sharing

If you retire early taking your Civil Service pension under the Compensation Scheme arrangements, other than actuarially reduced retirement, and your Civil Service pension is subject to a pension sharing order, your pension will not be reduced or 'debited' until you reach your scheme's designated **pension age**.

Leaving on actuarially reduced or ill health retirement

If you are leaving on actuarially reduced or ill health retirement, the debit will be applied at the point the benefits begin to be paid; however, the debit will also be actuarially reduced.



Your questions answered

What is the process for transferring benefits under the pension sharing order?

The **pensions administrator** (or **pensions payroll provider**) works out the amount of benefits to be transferred, taking into account benefits up to the **effective date**. (In England and Wales, the **effective date** is 21 days after the court order is made or when the decree absolute is issued, if this is later. In Scotland, the court order takes effect from the date of the extract of the Decree of Divorce.)

The **pensions administrator** (or **pensions payroll provider**) will apply the percentage (or amount) stated in the order to the estimated value of your benefits at the **effective date**. They will then organise for this amount to be transferred, in the form of pension benefits, to your former spouse or civil partner. When dealing with orders under Scottish law, the **pensions administrator** (or **pensions payroll provider**) will transfer the amount of money quoted in the order.

The order may also state that you must transfer a percentage (or amount, as appropriate) of your benefits built up in the Civil Service Additional Voluntary Contribution Scheme (CSAVCS) to your former spouse or civil partner. If so, a percentage (worked out up to the **effective date**) or amount is transferred from your CSAVCS fund to an appropriate pension arrangement of their choice.

When do I have to pay the service charges?

The Court decides who is responsible for paying the service charges. It can decide that you or your former spouse or civil partner must pay the costs; alternatively, it may decide that the costs are split between you. If you do have to pay costs, you must send a payment as soon as the **pensions administrator** or **pensions payroll provider** asks for it. They will not be able to proceed with implementing the court order without payment.

I am retired and a pension sharing order has been issued on my pension – what happens?

If you are already getting your Civil Service pension, there is likely to be an overpayment of your pension, which you will have to pay back. The overpayment is because the start of your new lower rate of pension is backdated to the **effective date**, and the **pensions payroll provider** cannot reduce your pension until they have received all the paperwork and associated payments for providing the service.

What happens about payment under an earmarking order when I retire?

When your employer tells your **pensions administrator** of your retirement date they will contact you and your former spouse or civil partner to check that the earmarking order is still valid, and to get bank details so that the **pensions payroll provider** can make the necessary payments.

Do I need to change my death benefit nomination?

Yes. If you nominated your former spouse or civil partner to receive your death benefit lump sum, the nomination will be cancelled when you are divorced or your civil partnership is dissolved. You must therefore complete a new death benefit nomination form and either nominate someone new or re-nominate your former spouse or civil partner to receive your death benefit lump sum after your divorce or dissolution. You can find a death benefit nomination form on the Civil Service Pensions website www.civilservice.gov.uk/pensions or you can get one from your **pensions administrator**.

Information for your former spouse/civil partner

This section gives more information on the pension benefits your former spouse/civil partner might be entitled to.

We have worded the questions as if your former spouse/civil partner is asking them.

What do I get under an earmarking order?

You will receive an amount of pension and/or lump sum, as specified in the court order. If the order is for a regular payment of a pension, the payments will stop if your former spouse/civil partner dies or gets married/enters into a civil partnership in the future.

What pension benefits will I get, and when?

Under a pension sharing order, the **CETV** of the member's pension converts into a pension and, in certain circumstances, a lump sum. The pension will not provide dependant benefits but may pay a death benefit lump sum in certain circumstances.

The **pension credit** is worked out using **actuarial factors** and is paid

from your 60th birthday or, if you are already aged 60 or over, from the **effective date**.

We will increase your pension annually in line with the cost of living increases. (This will apply from the **effective date**).

You can claim your pension from 55 onwards but be aware that, if you take it before 60, your pension will be significantly reduced because of early payment.

If you have an illness where your life expectancy is less than 12 months, we will convert your pension into a lump sum payment.

How will I know when the court order has been implemented?

The member's **pensions administrator** (or **pensions payroll provider**, if they are already getting their Civil Service pension) will write, confirming that they have set up a pension record for you.

If the order states that you are responsible for paying some or all of the charges associated with the divorce/dissolution, the **pensions administrator** (or **pensions payroll**

provider) will ask you to pay your share of the service charges. They will not implement the court order until they have received payment from you and, if applicable, the member.

How do I claim my pension credit?

You must contact the **pensions payroll provider** three months before your 60th birthday. See Appendix A for their contact details. If you wish to take your pension before age 60, please remember you will still need to give the **pensions payroll provider** three months' notice.

The **pensions payroll provider** will send you a Personal Details Form to complete. They may already hold a lot of the information which will have been included on the court order (for example, your address). However, you will need to confirm that the details have remained the same, and to provide bank account details and other essential information.

What pension scheme will I be put into?

There are several schemes within the Civil Service pension arrangements; you will be put into the same scheme as your former spouse/civil partner.

I have been put in the classic scheme. Do I get an automatic lump sum?

If your former spouse or civil partner has not already taken the lump sum, then yes.



Can I convert some of the pension into a cash lump sum?

Yes. For every £1 of the annual pension amount you give up, you will get £12 in return. If you are in the **classic** scheme, you can convert pension into an additional cash lump sum if:

- you become a **pension credit** member after 30 September 2007 and
- your former spouse or civil partner was working for an organisation covered by the Civil Service pensions arrangements after that date.

There is a limit to what you are allowed to convert; the **pensions payroll provider** will tell you more about this when you claim your pension.

Does the pension credit include death benefits?

Yes. The benefits are worked out according to the rules of each scheme. See Appendix C for details.

When the **pensions administrator** sends you a statement of your **pension credit**, you should complete and return the death benefit nomination form that will be enclosed with the statement to nominate the person you want as beneficiary. You are allowed to nominate more than one person if you are in the **classic plus, nuvos** or **premium** scheme.



Technical terms

Actuarial factors Factors, based on mathematical assumptions, used to work out pension benefits.

CETV Cash equivalent transfer value.

Effective Date In England and Wales the effective date is 21 days after the court order is made or when the decree absolute is issued if this is later. In Scotland, the court order takes effect from the date of the extract of the Decree of Divorce.

Pension age The earliest age at which members can choose to leave and receive immediate payment of their pension without it being reduced.

Pension credit This is the pension and/or lump sum that is paid to the member's former spouse or civil partner.

Pensions payroll provider The agent that pays Civil Service pensions and lump sums.

Pensions administrator The pensions administrator holds your pension records and administers your pension on your employer's behalf. The pensions administrator authorises the pensions payroll provider to pay pension benefits.

Other information

You can obtain more information about the Civil Service pension arrangements from the website: www.civilservice.gov.uk/pensions

To find out who your **pensions administrator** is, ask your employer. Alternatively, see the 'Pensions helplines' page on the website.

Appendix A

Pensions payroll provider and payment process

Capita Hartshead is the agent that pays Civil Service pensions and lump sums.

Capita Hartshead will pay the pension monthly, on a designated payment date, in arrears. They will tell you what the monthly payment date will be, either before or with the first payment of the pension. When a payment date falls on a weekend or an English bank holiday, the payment date will be the preceding working day.

The amount due for part of a month is worked out proportionately according to the number of days in the full pension month.

Capita Hartshead will not send you a monthly payment advice note; they will only send you an advice note when the amount of your pension or your tax code changes. The note will show the monthly gross amount payable and the tax that will be deducted from next month's payment. The net amount may vary slightly due to the effect of the PAYE tax tables.

Capita Hartshead's contact details are:

Capita Hartshead
PO Box 215,
Mowden Hall,
Darlington,
Co. Durham
DL3 9GT.

Telephone 0870 1699 700
Email csp.enquiries@capita.co.uk

What about income tax?

Pensions are assessed as earned income. Capita Hartshead will deduct income tax using the tax code notified by HM Revenue and Customs. The deduction may be provisional until Capita Hartshead receives the proper code.

Capita Hartshead has no part in deciding your tax liability or code, so you should direct any enquiry about your tax code to:

HM Revenue and Customs
PD2
TY Glas
Cardiff
CF4 5YF

Capita Hartshead will send you a P60 form each year to show the amount of pension paid and tax deducted in the previous tax year.

Appendix B

Service charges (VAT will be added to the charges listed below.)

Active and deferred members	
Providing information Providing a benefit statement (after you have received your one free benefit statement in any one year)	£118
Providing a CETV estimate (after you have received your one free CETV estimate in any one year)	£189
Handling a pension sharing order Working out the benefits to be transferred	£296
Setting up and paying the transferred pension to your former spouse or civil partner	£355
If appropriate, holding the transferred pension (for each full year until your former spouse or civil partner is 60)	£3.50 a year
Handling an earmarking order Making a note on your file	£35
Changing records in line with changes to the court order or personal details	£18
Transferring the order to another scheme	£41
Paying an earmarked pension Setting up the lump sum payment (taken from the lump sum)	£95
Setting up regular payments or regular payments and a lump sum (taken from the first payment)	£130
Making regular payments (part of which is taken from each payment)	£73 a year

Appendix B cont.

Pensioners	
Providing information Providing a CETV estimate (pensioner members are not entitled to a free CETV estimate)	£189
Any further requests for information (depending on difficulty and work involved)	£35 to £95
Handling a pension sharing order Paying the transferred pension to your former spouse or civil partner	£177
If appropriate, holding the transferred pension (for each full year until your former spouse/civil partner is 60)	£3.50 a year
Other work involved following the receipt of a pension sharing order including working out the CETV at valuation date, working out the benefits to be transferred and setting up the transferred pension for your former spouse or civil partner	£841
If appropriate, commenting on, or correcting an incorrectly drafted order	£65
Any further requests for information (depending on difficulty and work involved)	£35 to £95
Handling an earmarking order Making a note on your file	£35
Changing records in line with changes to the court order or personal details	£18
Transferring the order to another scheme	£41
Paying an earmarked pension Setting up the lump sum payment and regular payments	£225
Making regular payments (part of which is taken from each payment)	£73 a year

Appendix C

Scheme	Benefits Available
classic	If the pension credit member dies before benefits become payable, 25% of the value of the pension credit will be paid, as a lump sum payment, to their nominee/personal representative.
classic plus, nuvos and premium	If the pension credit member dies before age 75 and before any benefits become payable, 25% of the value of the pension credit will be paid, as a lump sum payment, to their nominee/personal representative. If the pension credit member dies having received benefits, then the nominee/personal representative will get the balance of 5 x initial pension and lump sum.