



Pensions and Divorce or Dissolution of a Civil Partnership

In this leaflet we look at what happens to your LGPS benefits if you get divorced or your *civil partnership* is dissolved.

Where pension terms are used, they appear in ***bold italic*** type. These terms are defined at the back of this leaflet.

You may wish to get legal advice from your solicitor on how to deal with your LGPS benefits and you and your partner will need to consider how to treat your pension rights as part of any divorce/dissolution settlement.

What happens to my benefits if I get divorced or my civil partnership is dissolved?

- Your ex-wife, ex-husband or ex-civil partner will cease to be entitled to a widow's, widower's or ***civil partner's*** pension should you die before them.
- Any children's pension paid to an ***eligible child*** in the event of your death will not be affected by your divorce or dissolution.
- If you have nominated your ex-wife, ex-husband or ex-civil partner to receive any lump sum death grant payable on your death, your nomination will not normally remain in place unless you specifically request it. If you wish to change your death grant nomination contact Pension Services for a form or you can get a copy from our web pages, www.kingston.gov.uk/pensions . The Court may, however, issue an Earmarking Order stating that all or part of any lump sum death grant is payable to your ex-spouse or ex-civil partner.

What is the process to be followed?

You will need specific information about your LGPS benefits as part of the proceedings for a divorce, judicial separation or nullity of marriage, or for dissolution, separation or nullity of a ***civil partnership***. You or your solicitor should contact Pension Services for this information, including an estimate of the ***cash equivalent value (CEV)*** of your pension rights. The Court will take this value into account in your settlement. In Scotland, only the pension rights built up during your marriage/***civil partnership*** are taken into account.

You usually get one free ***CEV*** estimate each year. Any other costs for supplying information or complying with a Court Order will be recovered from you and/or your ex-spouse or ex-civil partner in accordance with a schedule of charges available from Pension Services.

All correspondence received by Pension Services in connection with divorce or dissolution proceedings will be acknowledged in writing. If no acknowledgement is received, you should contact Pension Services to ensure that your correspondence has been received.

The Court may offset the value of your pension rights against your other assets in the divorce/dissolution settlement or it may issue a Pension Sharing Order (qualifying agreements in Scotland) or an Earmarking Order against your pension.

Offsetting pension rights

You can offset the value of your pension rights against the value of other financial assets in your divorce/dissolution settlement. For example, you could keep your pension, and your ex-spouse or ex-civil partner could get a larger share of the value of the house.

Pension Sharing Order

If the Court issues a Pension Sharing Order, or your benefits are subject to a qualifying agreement in Scotland, part of your benefits are transferred into your ex-spouse's or ex-civil partner's possession. They will keep that share even if your or their circumstances change.

Your ex-spouse or ex-civil partner will hold those benefits in his/her own right. They can be left in the Scheme and are normally paid from age 65 or can be transferred to another qualifying pension scheme.

Your pension and any lump sum will be reduced by the amount allocated to your ex-spouse or ex-civil partner at the point of divorce/dissolution.

The reduction to your benefits is known as a Pension Debit. The amount of the Pension Debit will be increased in line with the rise in the **Retail Prices Index** between the date it was first calculated and the date your benefits are paid. When your benefits are paid, the revalued amount of the Pension Debit will be deducted from your retirement benefits.

You may be able to top up your benefits by buying extra Scheme pension, paying Additional Voluntary Contributions (AVCs), or by paying into a concurrent personal pension plan or stakeholder pension scheme in order to make up for the benefits 'lost' following a Pension Share. You can find information on paying extra to increase your benefits from the leaflet on **Increasing your benefits**.

You can still transfer your remaining benefits to another pension arrangement on leaving the LGPS. If you transfer within the LGPS, your new fund will reduce your benefits by the Pension Debit at retirement.

In assessing the value of your benefits against the value of all the pension savings you are allowed before you become subject to a tax charge (lifetime allowance), the reduced value of your benefits after the Pension Debit has been deducted will be used. The lifetime allowance for 2008/2009 is £1.65 million. Most scheme members' pension savings will be significantly less than the lifetime allowance. If you are a high earner affected by the introduction of the lifetime allowance from 6 April 2006, a Pension Debit may affect any lifetime allowance protection you may have. You can find out about this from the leaflet **Tax controls and your LGPS benefits**.

Earmarking Order

If the Court makes an Earmarking Order, your LGPS benefits still belong to you, but some are earmarked for your ex-spouse or ex-civil partner. The earmarked benefits will be paid to your ex-spouse or ex-civil partner when your benefits are paid, reducing the amount paid to you.

The Order can require that your ex-spouse or ex-civil partner receive one or a combination of the following:

- all or part of your LGPS pension (this doesn't apply to divorces/dissolutions in Scotland)
- all or part of any lump sum¹ payable to you, and
- all or part of any lump sum payable on your death.

When earmarked benefits become payable, Pension Services will contact your ex-spouse or ex-civil partner to check that the Earmarking Order is still valid and arrange payment of the earmarked benefits.

You can transfer your benefits to another pension arrangement on leaving the LGPS, as long as your new pension provider can accept the earmarking order.

Earmarking has limitations and is not widely used. As the pension rights remain with you, your ex-spouse or ex-civil partner must wait for you to retire or die to receive the earmarked benefits. If your former spouse or **civil partner** remarries or enters into a new **civil partnership**, an Earmarking Order against pension payments, but not lump sums (unless the Order directs otherwise), would cease and the full pension would be restored to you. Pension payments to your former spouse or **civil partner** would cease on your death, although any earmarked lump sum death grant would then become payable to your ex-spouse or ex-civil partner.

What if I remarry or enter into a new civil partnership?

If your LGPS benefits are subject to a Pension Sharing Order and you remarry, enter into a new **civil partnership** or **nominate a co-habiting partner** to receive a survivor's pension, any spouse's pension, **civil partner's pension** or **nominated co-habiting partner's** pension payable following your death will also be reduced.

If you remarry or enter into a new **civil partnership** and then divorce or dissolve your **civil partnership** again, your remaining pension rights can be subject to further division, although a Pension Sharing Order cannot be issued if an Earmarking Order has already been issued against your LGPS pension rights. Similarly, an Earmarking Order cannot be issued if your pension benefits are already subject to a Pension Sharing Order in respect of the marriage/**civil partnership**.

More information

¹ The Court can Order that you commute your pension, up to the maximum amount permitted, into a lump sum (but this power does not apply to divorces/dissolutions in Scotland)

For more information or if you have a problem or question about your LGPS membership or benefits, please contact:

Pension Services
Royal Borough of Kingston
Guildhall 2
Kingston upon Thames
KT1 1EU
Fax 020 8547 5611

www.kingston.gov.uk/pensions

pensions@rbk.kingston.gov.uk

You can speak to us or e-mail us as follows, according to the first letter of your surname:

1st Letter of your Surname	Pension Services Team Member	Telephone	E-mail
A to G	Gary Stephenson	020 8547 5615	Gary.Stephenson@rbk.kingston.gov.uk
H to R	Kathryn Derbyshire	020 8547 5610	Kathryn.Derbyshire@rbk.kingston.gov.uk
S to Z	Geraldine Wells	020 8547 5722	Geraldine.Wells@rbk.kingston.gov.uk

The national web site for members of the LGPS can be found at www.lgps.org.uk

You can find out about what you can do if you are not happy about a decision made about your LGPS pension position from the leaflet **Help with Pension Problems**.

Disclaimer

The information in this leaflet applies to individuals who were contributing members of the Local Government Pension Scheme on 1 April 2008 or who have since joined. This leaflet was up-to-date at the time of publication in September 2008. This leaflet is for general use and cannot cover every personal circumstance nor does it cover specific protected rights that apply to a very limited number of employees. In the event of any dispute over your pension benefits, the appropriate legislation will prevail as this leaflet does not confer any contractual or statutory rights and is provided for information purposes only.

Some terms we use

Cash Equivalent Value (CEV)

This is the cash value of your pension rights for the purposes of divorce or dissolution of a **civil partnership**.

Civil partnership

A Civil Partnership is a relationship between two people of the same sex (civil partners) which is formed when they register as civil partners of each other.

Eligible children

Eligible children are your children. They must, at the date of your death:

- be under 18 and be wholly or mainly dependent on you, or
- be aged 18 or over and under 23, be dependent on you, and be in full-time education or undertaking vocational training (although a dependant child who commences full-time education or vocational training after the date of your death may be treated as an eligible child up to age 23), or

in some cases, a dependant child of any age who is disabled may be classed as an eligible child.

In all cases, the children must have been born before or within a year of your death.

Nominated co-habiting partner

To be able to nominate a co-habiting partner, of either opposite or same sex, to receive a survivor's pension on your death, your relationship has to meet certain conditions laid down by the LGPS. Information on these conditions, and how to make a nomination, are set out in the leaflet on **Life cover – protection for your family**.

Retail Price Index (RPI)

This shows the changes in the cost of living. It reflects the movement of prices covering a range of goods and services over time.

The amount by which pensions are increased annually is based on the movement in the retail prices index during the 12 months to September.