

PCSPS(NI)

Principal Civil Service Pension
Scheme (Northern Ireland)



Department of
**Finance and
Personnel**

www.dfpni.gov.uk

Pensions and divorce, dissolution or annulment

This leaflet 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 leaflet does not cover every aspect. Full details are contained in the rules, which are the legal basis of the scheme. Nothing in this leaflet 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 Glossary Section on page 6 of the leaflet.

If you are a member, former member, pensioner or a former spouse or civil partner of a member or a PCSPS(NI) pensioner and would like more information after you have read this leaflet, please contact us. You will find our contact details at the back of the leaflet.

Civil Service Pensions



Contents

Going through a divorce, dissolution or annulment – what happens?	2
Your questions answered	4
Information for your former spouse/civil partner	5
Glossary	6
Appendix A - Payment process	7
Appendix B - Charges	8
Appendix C - Pension credit members' death benefits	9
Contacting us	9

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

If you are going through a divorce, dissolution or annulment, the PCSPS(NI) 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 us 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 us, 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 us for a **CETV** estimate when you tell us about the divorce/dissolution proceedings. If you are a pensioner or a former member and not yet getting your pension, ask us 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. We will charge for some of the services and information we 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 us. Alternatively, you can download booklets from:

www.civilservicepensions-ni.gov.uk

You must send the actual Court order to us 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 PCSPS(NI) pension under the Civil Service Compensation Scheme (Northern Ireland) arrangements, other than actuarially reduced retirement, and your PCSPS(NI) 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?

We work out the amount of benefits to be transferred, taking into account benefits up to the **effective date**. (The effective date is 21 days after the Court order is made or when the decree absolute is issued if this is later except in Scotland where the Court order takes effect from the date of the extract of the Decree of Divorce.)

We will apply the percentage (or amount) stated in the order to the estimated value of your benefits at the effective date. We 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, we 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 Northern Ireland Civil Service Additional Voluntary Contribution Scheme (NICSAVCS) to your former spouse or civil partner. If so, a percentage (worked out up to the effective date) or amount is transferred from your NICSAVCS 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 to us as soon as we ask for it. We 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 PCSPS(NI) 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 we cannot reduce your pension until we 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/HR Connect tells us of your retirement date we 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 we can make the necessary payments.

What can I do to increase my pension benefits after an earmarking or pension sharing order has been made?

An earmarking or pension sharing order will mean that your pension will be reduced. If you are still working, this may be a good time to think about topping up your pension. For further information about ways of topping up your pension, please contact us. Our details are at the back of this leaflet.

Do I need to change my death benefit nomination?

Yes. The nomination will be valid unless you change or cancel it, or if the person you nominated dies. The one exception to this is when you nominate your husband, wife or civil partner and the marriage/civil partnership comes to an end through divorce/dissolution (but not separation). The nomination is then no longer valid (unless you had nominated them **prior** to your marriage/civil partnership taking place) and you should make a new nomination.

You can find a death benefit nomination form on the PCSPS(NI) website:
www.civilservicepensions-ni.gov.uk
or you can get one from us.

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 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 cannot have the pension before the age of 60, even on a reduced basis. The only exception is if you have an illness where your life expectancy is less than 12 months. In this case, we convert the pension into a lump sum payment.

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

We will write to you, confirming that we 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, we will ask you to pay your share of the service charges. We will not implement the Court order until we have received payment from you and, if applicable, the member.

How do I claim my pension credit?

You must contact us three months before your 60th birthday. We will send you a Personal Details Form to complete - this is effectively your pension claim form. You should check the details, complete and sign the form and return it as quickly as possible. We 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, such as your NI Number and birth certificate.

What pension arrangement will I be put into?

There are several arrangements within the PCSPS(NI); you will be put into the same arrangement as your former spouse/civil partner.

I have been put in the classic arrangements. 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 arrangements, 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 PCSPS(NI) after that date.

There is a limit to what you are allowed to convert; we 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 arrangement. See Appendix C for details.

When we send 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.

Glossary

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

CETV Cash equivalent transfer value.

Effective Date The effective date is 21 days after the Court order is made, or when the decree absolute is issued if this is later except in Scotland where 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.

Other information

You can obtain more information about the PCSPS(NI) from the website:

www.civilservicepensions-ni.gov.uk

Appendix A

Payment process

We will pay your pension every month in arrears, directly into your bank or building society account on the last banking day of each month. When a payment date falls on a weekend or a 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.

We will send you a monthly payment advice note.

What about income tax?

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

We have no part in deciding your tax liability or code so you should direct any enquiry about your tax code to:

HM Revenue and Customs
Belfast 1
Beaufort House
31 Wellington Place
Belfast
BT1 6BH

We 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		Pensioners	
Providing information Providing a benefit statement (after you have received your one free benefit statement in any one year)	£118	Providing information Providing a CETV estimate (pensioner members are not entitled to a free CETV estimate)	£189
Providing a CETV estimate (after you have received your one free CETV estimate in any one year)	£189	Any further requests for information (depending on difficulty and work involved)	£35 to £95
Handling a pension sharing order Working out the benefits to be transferred	£296	Handling a pension sharing order Paying the transferred pension to your former spouse or civil partner	£177
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/civil partner is 60)	£3.50 a year
If appropriate, holding the transferred pension (for each full year until your former spouse or 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 setting up the transferred pension for your former spouse or civil partner	£841
Handling an earmarking order Making a note on your file	£35	If appropriate, commenting on, or correcting an incorrectly drafted order	£65
Changing records in line with changes to the court order or personal details	£18	Any further requests for information (depending on difficulty and work involved)	£35 to £95
Transferring the order to another scheme	£41	Handling an earmarking order Making a note on your file	£35
Paying an earmarked pension Setting up the lump sum payment (taken from the lump sum)	£95	Changing records in line with changes to the court order or personal details	£18
Setting up regular payments or regular payments and a lump sum (taken from the first payment)	£130	Transferring the order to another scheme	£41
Making regular payments (part of which is taken from each payment)	£73 a year	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

Pension Credit Member's Death Benefits

Arrangement	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 and premium	<p>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.</p> <p>If the pension credit member dies having received benefits, then the nominee/personal representative get the balance of 5 x initial pension and lump sum.</p>
nuvos	As classic plus and premium.

Contacting us:-

For more information about specific benefits, please contact us at the address below or visit our website at:-

www.civilservicepensions-ni.gov.uk

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