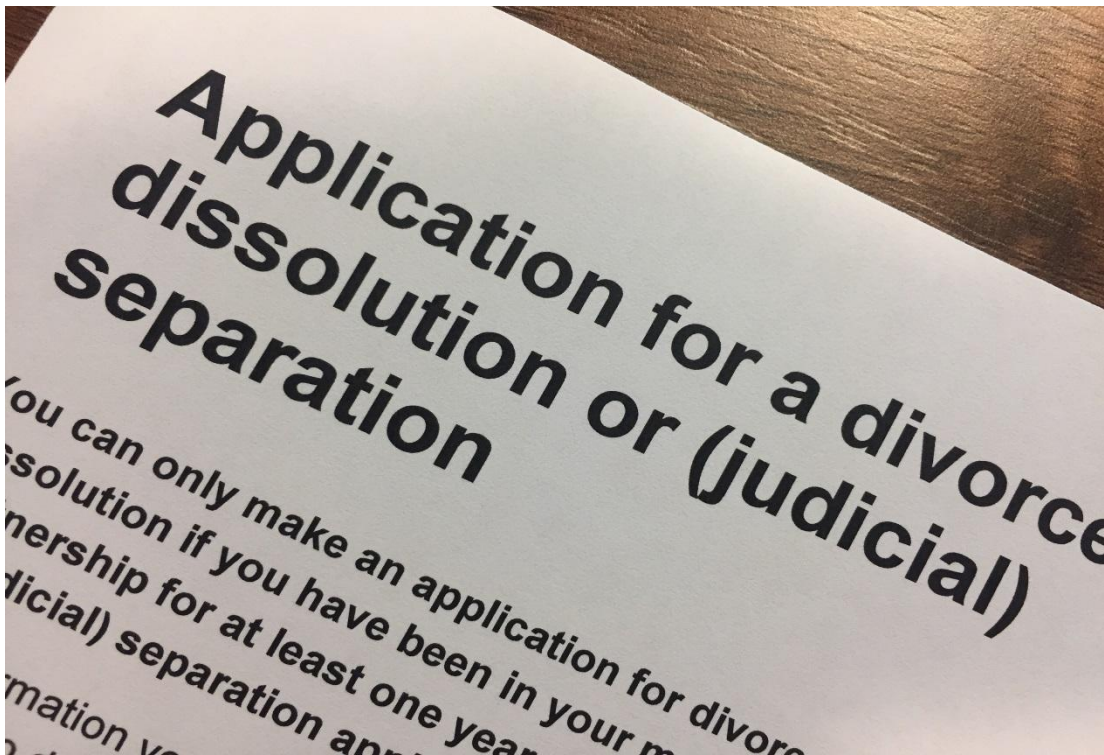


**LONDON BOROUGH OF HACKNEY
PENSION FUND**

**PENSIONS & DIVORCE
or the DISSOLUTION of a
CIVIL PARTNERSHIP**

A guide for members of the Local Government
Pension Scheme (LGPS)



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Introduction

This guide tells you about the process and procedures in the Local Government Pension Scheme (LGPS) in regard to Pensions & Divorce, or the Dissolution of a Civil Partnership.

We hope you find this guide helpful, and if you require further information, you are welcome to contact the Pensions Team (see **Further Information** section).

What happens to your benefits if you get divorced or your civil partnership is dissolved?

If you get divorced, or dissolve a civil partnership, the Court will take your pension assets into account when determining any settlement.

You and your ex-spouse or partner will each need to tell the Court the value of your pension pot(s) and/or the value of the benefits you have built up. You don't have the automatic right to know the value of your ex-spouse's or partner's benefits, and vice versa but you can each decide to tell each other. Your **pension fund** will be able to give you the information you need.

If you live in England, Wales or Northern Ireland, it is the value of your pension benefits at the date of divorce or dissolution of the civil partnership that is counted. If you live in Scotland, it's the increase in the value of your pension benefits over the course of the marriage or civil partnership that is counted. This means that pensions should be valued at the date of separation.

When you go to Court, you and your ex-spouse or partner can decide how any pension benefits are split. You can decide to accept:

- **Pension sharing** - the pension is split at the time of divorce or dissolution so that you each receive a separate pension pot and can continue to build pension benefits for the future
- **Pension offsetting** - you each keep your own pension benefits but adjust the proportion of other assets to take account of the value of the pension benefits. 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 earmarking** - arranging that when one person's pension benefits start to be drawn down, part of them will be paid to the other person

You may wish to get legal advice from your solicitor on how to deal with your LGPS benefits during any divorce or dissolution of a civil partnership.

What happens to your LGPS benefits once your divorce or dissolution is completed?

- Your ex-spouse or ex-civil partner will cease to be entitled to a spouse'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 said that you would like your ex-spouse or ex-civil partner to receive any lump sum death grant payable on your death by completing and returning an

expression of wish form, this will remain in place unless you change it. If your wishes change, you should contact Equiniti, the pension scheme administrators, to update your expression of wish form.

- It is possible, however, that the Court could 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 if you 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 into a cohabiting partnership, any spouse's pension, civil partner's pension or eligible cohabiting 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.

Divorce or dissolution - what is the process?

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 your [pension fund](#) 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. (Please refer to our **Charging Schedule** that accompanies this booklet).

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. They will keep that share even if your or their circumstances change.

The Pension Sharing Order must be sent to Equiniti, the pension scheme administrators, who will implement it as directed. A copy of the decree or declaratory of divorce, nullity of marriage, judicial separation or dissolution of the civil partnership including, in the first two cases, confirmation that the decree has been made absolute, should also be sent to Equiniti.

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 their Normal Pension Age (NPA), or can be drawn earlier with a reduction for early payment, or can be transferred to another qualifying pension scheme. Your ex-spouse or ex-civil partner must draw their benefits before their 75th birthday.

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.

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 sum payable to you, and
- all or part of any lump sum payable on your death

When earmarked benefits become payable, your **pension fund** 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.

Pension Debit

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 cost of living 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 and will be adjusted if your benefits are paid before or after your Normal Pension Age (NPA).

You may be able to top up your benefits by buying extra scheme pension, through Additional Pension Contributions (APCs), paying Additional Voluntary Contributions (AVCs) or Free Standing AVCs (FSAVCs), or by paying into a concurrent personal pension plan or stakeholder pension scheme in order to make up for some the benefits 'lost' following a Pension Share.

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 when you draw them 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. 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. Also, in assessing the amount by which the value of your pension benefits may increase in any one year without you having to pay a tax charge (the Annual Allowance), the reduction in your benefits due to the Pension Debit is ignored in the scheme year that the Pension Sharing Order or qualifying agreement is applied to your benefits.

Pension Credits in the LGPS

If you get divorced and your ex-spouse has built up pension benefits in the LGPS you could be awarded a share of those benefits if a pension sharing order is issued by the Court, or the benefits are subject to a qualifying agreement in Scotland, known as a **Pension Credit**.

When the pension sharing order is implemented you will be given the choice of having a 'pension credit' in the LGPS or having your share transferred to another appropriate pension scheme. Your ex-spouse's pension fund will inform you of the pension benefits that would be provided if you were to take a pension credit in the LGPS and of the cash equivalent value of your share should you wish to transfer it to another appropriate pension scheme (see **Transferring Rights** section). If you fail to make a decision within the specified timescale you will be awarded a pension credit in the LGPS automatically.

If you are awarded a pension credit in the LGPS the benefits awarded to you are personal benefits, they are held in your own right and are completely separate to those of your ex-spouse. There is no provision for a partner's pension to be paid if you were to re-marry and die before the new spouse, nor will any children's pensions be payable upon your death. Children's pensions remain "attached" in full to your ex-spouse's benefits in the Local Government Pension Scheme.

If you have a Pension Credit you will **NOT** be able to make Additional Voluntary Contributions (AVCs) to the LGPS or purchase additional pension in the LGPS in order to increase the Pension Credit benefits.

Payable date

The date you can choose to take payment of your pension credit without a reduction for early payment depends on two factors:

- whether the "transfer day" was on or after 1 April 2014
- whether your ex-spouse was an active member of the LGPS on or after 1 April 2014

The "transfer day" is the date the pension sharing order takes effect.

General information about pension credits in the LGPS

The pension payable to you from the LGPS is payable for life and will increase in line with the cost of living.

If you die before the pension credit has been brought into payment, an amount equal to 3 years pension, as increased in line with inflation, will be payable as a lump sum death grant. If you die within 5 years of the pension credit being brought into payment, the

balance of 5 years' worth of pension will be paid as a lump sum death grant, less an adjustment for any pension converted to lump sum, if applicable.

As an alternative to a pension credit in the LGPS you are entitled, at any time up to 1 year before the normal pension age relating to your pension credit, to transfer the Cash Equivalent of your pension credit to another qualifying pension scheme. If you wish to investigate a transfer to another scheme you should contact Equiniti.

You may wish to note that the date that your own pension credit benefits in the LGPS are payable from is totally independent of the date that your ex-spouse may draw his / her benefits. Your ex-spouse's remaining pension rights and those granted to you are not detrimentally affected should either of you remarry. However, your pension credit rights could be subject to a Pension Share if any re-marriage ended by reason of divorce or annulment (as could your ex-spouse's remaining pension rights if he / she were to re-marry and the marriage were to end by reason of divorce or annulment).

Transferring benefits

A former spouse/civil partner can opt to transfer the value of the Pension Credit to another qualifying pension scheme, or arrangement, at any time up to 1 year before their normal retirement age (other than to another LGPS fund) if the new scheme will accept a transfer of a Pension Credit awarded within a defined benefit scheme.

If the transfer is to a scheme offering flexible benefits and the cash equivalent transfer value (CETV) of the Pension Credit benefits in the LGPS England & Wales (excluding AVCs) is £30,000 or more, a Credited member will need to take independent financial advice and confirmation must be returned before the transfer can be paid.

Pension credit benefits **cannot be aggregated** with any rights the former spouse/civil partner may have in the LGPS in his/her own right i.e. as a result of being a contributor to the Scheme.

A Credited member **cannot** ask for pension rights from other schemes to be transferred and added to the Pension Credit rights in the LGPS, as these benefits are ring-fenced and therefore stand alone.

Paying the shared pension

The Scheme administrators, Equiniti, will advise the former spouse how to apply for the Pension Credit benefits when the pension share is confirmed. The pension, when paid, will be taxed (if appropriate).

As the former spouse's/civil partner's 'pension credit' benefits are independent from the Scheme member's benefits, a pension sharing order does not lapse on the death of the Scheme member or the remarriage of the former spouse / civil partner.

If a former spouse/civil partner was to remarry and that marriage were to end in divorce or annulment, the 'pension credit' could itself be subject to a pension sharing order.

When the 'pension credit' benefits become payable they will be increased in line with the rise in the Consumer Prices Index (CPI) between the date the amount of the 'pension credit' was first granted and the date the 'pension credit' becomes payable. Once in

payment, the annual rate of the 'pension credit' will be increased each year in line with the rise in the Consumer Prices Index.

FURTHER INFORMATION

The administration of the London Borough of Hackney Pension fund is provided by **Equiniti**.

If you need more information, you can contact Equiniti at:

London Borough of Hackney Pension Fund
Equiniti
Russell Way
Crawley
West Sussex
RH10 1UH

The logo for Equiniti, featuring the word "EQUINITI" in a bold, sans-serif font. The letter "E" is red, and the remaining letters "QUINITI" are black.

Telephone: 03713 842369

E-mail: hackney.pensions@equiniti.com

Website – www.hackneypension.co.uk

London Borough of Hackney Pension Fund

Schedule of Charges for the Local Government Pension Scheme (LGPS)

A. Scheme member not yet retired – about to divorce

Procedure	Comments	Cost
1. Produce full CETV quotation (member or Court does not stipulate deadline for production)	1. Standard annual entitlement under PSA 1993 (to be provided within 3 months of relevant date).	No charge
2. Produce full CETV quotation (member or Court requires within 3 months)	2. Standard CETV under PSA 1993 (to be provided within deadline requested).	£271 *
3. Produce partial CETV quotation (for Scottish cases where the date ceased cohabiting/date of service of divorce summons was more than 12 months ago or the member married after joining the LGPS)	3. Partial CETV quote (to be provided within 3 months or deadline requested by the member or the Court).	£271 *
4. Additional CETV quotations - Based on same dates - Based on different dates		£271 *
5. Provision of other information	If under disclosure of information regulations	No charge
	Otherwise, depending on nature of request	Maximum £157 *
6. Receipt of pension sharing order whether by consent or by order	To cover all preliminary work prior to the setting up of all new records	£1,152
7. Receipt of an Attachment Order and implementation	To cover administration cost of receipt of Order to completion of pension payments	£658

8. Creation of a new record for the former spouse within the scheme before drawing their pension (pension sharing only)	Includes all re-calculations of deferred benefits, correspondence with authorities and setting up new computer records for the new member.	£1,695
9. Assuming all documentation is in place, settle a Transfer Out (instead of 4)	This only applies if the credited member asks for a Transfer Out at the outset. Otherwise, the charges in 4 will apply and no additional charge will be levied if the Credited Member subsequently asks for a Transfer Out	£658
10. Objections to order by Scheme	Onus should be on the draftsman of the Order to ensure that it is correctly drafted prior to issue	Costs for dealing with inoperable Orders will be passed on

VAT will be added to the above charges. Any charges that are not paid within 12 months will be increased in line with RPI. Where medical evidence is requested, the costs will be met by the divorcing spouses.

B. Scheme member retired – pension in payment – about to divorce

Procedure	Comments	Cost
1. Assess the value of the Pension in payment, including any contingent Benefits		£822 *
2. Additional CETV quotations - Based on same dates - Based on different dates		£822 *
3. Provision of other information	If under disclosure of information regulations	No charge
	Otherwise, depending on nature of request	Maximum £157 *
4. Receipt of pension sharing order whether by consent or by order	To cover all preliminary work prior to the setting up of all new records	£1,233
5. Creation of a new record for the former spouse within the scheme before	Includes all re-calculations of deferred benefits, correspondence with authorities and setting up new	£1,695

drawing their pension (pension sharing only)	computer records for the new member	
6. Assuming all documentation is in place, settle a Transfer Out (instead of 2, above)	This only applies if the Credited Member asks for a Transfer Out at the outset. Otherwise, the charges in 2 will apply and no additional charge will be levied if the Credited Member subsequently asks for a Transfer Out	£1,399
7. Objections to order by Scheme	Onus should be on the draftsman of the Order to ensure that it is correctly drafted prior to issue	Costs for dealing with inoperable Orders will be passed on

VAT will be added to the above charges. Any charges that are not paid within 12 months will be increased in line with RPI. Where medical evidence is requested, the costs will be met by the divorcing spouses.

Important Notes:

1. Any additional costs arising if specialist actuarial, legal, etc advice is requested will be charged in full in addition to the figures quoted above.
2. Where a Scheme member has an Additional Voluntary Contribution contract under the LGPS, the insurance company, etc may charge for the provision of information. Any such charges will be charged in full in addition to the figures quoted above.
- 3 Any reasonable administrative costs incurred or likely to be incurred in complying with an "Earmarking Order" will be charged to the pensioner member.
- 4 Any costs incurred in relation to a "Pension Sharing Order" which is made the subject of an application for leave to appeal out of time will be recovered by the authority administering the pension fund.
- 5 VAT will be payable in addition to all the above charges.
- 6 All charges are correct at the time of production of this charging schedule (July 2022). The authority administering of the pension fund will increase its charges each April by RPI (over the 12 months to the previous September).
- 7 The standard practice of the authority administering the pension fund is that the full amount of the charges marked with an "*" must be paid, by either party to the divorce, before the relevant action is undertaken. All other charges can either be paid:

- a) in full at the point of action, by either party to the divorce, or

- b) by part payment at the point of action, by either party to the divorce, with the balance being deducted from either the cash value awarded to the ex-spouse (the credited member) under the Sharing Order or agreement before it is converted into an annual pension value under the LGPS or, if the credit member wishes to immediately transfer the pension credit to another scheme, from the transfer value payable in respect of the credited member, or
- c) by deduction in full from either the cash value awarded to the ex-spouse (the credited member) under the sharing order or agreement before it is converted into an annual pension value under the LGPS or, if the credit member wishes to immediately transfer the pension credit to another scheme, from the transfer value payable in respect of the credited member, or
- d) by deduction in full from any share of a Scheme member's Additional Voluntary Contribution 'pot' awarded to the ex-spouse (the credited member) under the Sharing Order or agreement.

The authority administering the pension fund will, however, comply with the charging requirements specified in an order or agreement.

Equiniti, Administering Pensions on behalf of the London Borough of Hackney Pension Fund

Disclaimer

This booklet is up-to-date at the time of publication. This booklet 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 members. In the event of any dispute over your pension benefits, the appropriate legislation will prevail as this booklet does not confer any contractual or statutory rights, and is provided for information purposes only.