



Divorce & Dissolution of a Civil Partnership

Since the 1970's courts have had to take account of the value of pension rights in divorce and nullity of marriage settlements so that these could be offset against other assets in financial settlements.

Pension Regulations have, since 1995, contained provisions whereby maintenance (known as earmarking) can be paid from a member's pension to their ex-spouse under a Court order.

From 1 December 2000, new "Pensions Sharing" regulations came into force with respect to divorce or annulment (but not judicial separation) proceedings which commenced on or after that date.

You and your partner will need to consider how to treat your pension rights as part of any divorce/dissolution settlement. You can divide your pension by offsetting your pension rights, earmarking orders or take advantage of pension sharing orders.

More Information can be found in our brief guide on Offsetting Pension Rights on our website.

You will need specific information about your LGPS benefits for divorce/dissolution purposes, including judicial separation or nullity. You or your solicitor should contact Wiltshire Pension Fund for specific information including an estimate of the cash equivalent value (CEV) of your pension rights.

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.

In the event of divorce or dissolution of a Civil Partnership, you may wish to get legal advice from your solicitor on how to deal with your LGPS benefits.

Cash Equivalent Value (CEV)

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

Life cover

As a member of the LGPS you have valuable life cover in the form of a lump sum. If you have previously nominated your ex-spouse or ex-civil partner to receive this, you may want to fill in a new Expression of Wish form.

Pension Credit Members

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Your pension credit benefits provide an annual pension for the rest of your life. At the same time, you will receive a **tax-free lump sum** (three times your pension) as long as your ex-spouse or ex-civil partner had not already retired and received a lump sum when the order was issued. You also have valuable life cover.

These benefits are held in your ex-spouse/ex-civil partner's pension fund where they increase in value every year in line with the cost of living, until payment. Your pension will continue to receive cost of living increases every year, as it is paid to you.

Your ex-spouse/ex-civil partner's pension fund administrator will have provided you with details of the value of your pension credit benefits at the point of divorce/dissolution. They will also provide you with an annual statement of your benefits so you can see how their value increases every year.

If the pension is very small, it may be possible for it to be paid as a one-off lump sum payment at age 65.

Your ex-spouse/ex-civil partner's pension fund administrator will contact you when your benefits are due.

When paid, the pension will be taxed (if appropriate). As your pension credit benefits are independent of your ex-spouse/ex-civil partner's LGPS benefits, a pension sharing order does not lapse if you remarry or enter into a new civil partnership or upon the death of your ex-spouse/ex-civil partner.

If you remarry or enter into a new civil partnership and that ends in divorce/dissolution, the pension credit could itself be subject to another pension sharing order.

When can you receive payment of your benefits?

Pension credits awarded pre-April 2014

Benefits are usually paid from age 65 or later if the pension sharing order is issued after then. You can elect to draw your pension credit benefits on or after age 60 and before age 65 with a reduction for early payment.

Pension credits awarded from April 2014 onwards

A pension credit awarded under the 2014 Scheme is payable when the credit member attains Normal Pension Age (NPA) under the 2014 Scheme, unless the credit member makes an election to defer payment (to age 75 at the latest) or to draw benefits on or after age 55 and before NPA. Benefits drawn after NPA will be subject to an actuarial increase and benefits drawn before NPA will be subject to an actuarial reduction

Serious Ill Health

However, if before your pension credit benefits are paid, you suffer from serious ill health where life expectancy is less than one year, a one-off lump sum payment equal to eight times the annual rate of the pension credit will be paid if the order was made before your ex-spouse/ex-civil partner retired, or five times the annual rate of the pension credit if the order was made afterwards. This can be paid at any age. You will need to contact your Pension Fund Administrator in writing if you feel that you may qualify for your pension credit to be paid on the grounds of serious ill health. The Pensions Office will then provide you with further information.

The Pension Fund must obtain a certificate from an Independent registered medical practitioner. The Pension Fund can refer you to an independent medical practitioner who will need to complete the relevant certificate. Alternatively, you can consult a medical practitioner of your choice but the Pension Fund must be in receipt of the certificate. If a certificate is received it is then at the discretion of the Fund as to whether we will pay out your pension credit on the grounds of serious ill health.

More information

For more information or if you have a problem or question about your LGPS benefits, please contact us via the details below.

Wiltshire Pension Fund, County Hall, Trowbridge, Wiltshire, BA14 8JN

Tel: 01225 713 613

Email: pensionenquiries@wiltshire.gov.uk

Web: www.wiltshirepensionfund.org.uk