

Pensions and divorce or dissolution of a civil partnership

In this booklet 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 in the **Some terms we use** booklet.

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*** 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-spouse or ex-civil partner will not 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 a Death Grant Nomination Form, this will remain in place unless you change it. If your wishes change, contact the Pensions Helpline for a new form or it can be found in the Publications sections of the website www.twpf.info. 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 the Pensions Office 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 the Pensions Office.

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

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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 their **Normal Pension Age**, or can be taken on or after age 55 with a reduction for early payment, or can be transferred to another qualifying pension scheme. Your ex-spouse or ex-civil partner must take 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.

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**.

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 the benefits 'lost' following a Pension Share. You can find information on paying extra to increase your benefits from the booklet on **Contribution flexibility**.

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 take 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. The lifetime allowance for 2019/20 is £1,055,000. 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

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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.

You can find out more about these matters in the booklet [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 receives 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, the Pensions Office 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 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

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)

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be issued if your pension benefits are already subject to a Pension Sharing Order in respect of the marriage / ***civil partnership***.

More information

For more information or if you have a problem or question about your LGPS benefits, please contact the Pensions Office. Contact details can be found at the back of this booklet.

The national website for members of the LGPS is www.lgpsmember.org

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 section **Help with pension problems**.

How to Contact Us

mypension Online Member Service

You can access your pension record online, securely change your personal details and raise a query with the Fund by registering for a **mypension** account.

Please register or login to use this service at:

<http://www.twpf.info/mypension>

When contacting the Pensions Office, you will need to provide three forms of identification before we can give you any personal details.

Pensions Helpline

Telephone - 0191 424 4141

We will not be able to provide information to anyone else on your behalf unless you are present during the call and authorise us to do so.

Office Hours

Monday to Thursday 8.30am to 5.00pm

Friday 8.30am to 4.30pm

Postal Address

Pensions Office
PO Box 212
South Shields
NE33 9ER

Full Address for recorded delivery

Pensions Office
Town hall and Civic Offices
Westoe Road
South Shields
NE33 2RL

Our information is available in other ways on request. Please let us know if we can help in any way.

Privacy Notices – How we use Your Personal Information

South Tyneside Council holds information for the Tyne and Wear Pension Fund and Northumberland County Council Pension Fund about you that is used for pension processing. Your information is treated as confidential; however, it may be shared with other organisations for the processing of benefits and, if we are required by law, for the detection and prevention of fraud.

If you would like to know more about what information we hold about you, or the way we use it please contact **the Pensions Helpline** on **0191 424 4141**, write to the Pensions Office,

PO Box 212, South Shields, NE33 9ER or view the website at

www.twpf.info/article/28815/Privacy-Notices