

## Pension Sharing on Divorce FAQs

Pension Sharing on Divorce was introduced in December 2000 under the powers of the Welfare Reform and Pensions Act 1999. As part of the divorce process the assets of a marriage are identified and agreement is reached about how these assets or their cash value, are to be shared. Pension rights accrued by either or both parties may now be shared.

- Q** What information is required to enable parties to decide whether pension sharing is for them?
- A** Under The Pensions on Divorce etc (Provision of Information) Regulations 2000, HSC Pensions will provide basic information about a member's shareable pension rights in the Scheme on request from the member, the spouse of a member, their legal representatives or in response to a Court Order. If the request is from a third party, for example, an independent financial advisor, the member must provide a signed mandate authorising release of information prior to any of the information being released. A Cash Equivalent Transfer Value (CETV) will be provided detailing the shareable pension rights available.
- Q** What is a CETV?
- A** CETV represents the capitalized value of a member's pension rights in the HSC Pension Scheme. For divorces all membership will be taken into account. The CETV is calculated using guidance and tables provided by the Scheme Actuary and in accordance with the HSC Pension Scheme regulations.
- Q** Can a member replace the share of their pension benefits that go to their former spouse if their benefits are subject to a Pension Sharing Order?
- A** No. They can only add to their pension up to the level they would have had if the divorce not taken place, and within the normal Scheme regulations.
- Q** Can a member transfer their pension benefits to another scheme?
- A** Yes, but their benefits will be reduced (this is called the pension debit) to take account of the provisions of any Pension Sharing Order. A copy of the Order will be forwarded to the new pension provider to allow them to take account of any effect on benefits payable from the new provider.

Q What about a member's former spouse?

A The former spouse will become a pension credit member and any pension benefits as a result of a Pension Sharing Order will remain in the HSC Pension Scheme. They will not be able to transfer these benefits out of the scheme, transfer any benefits from any other pension arrangement into the Scheme, or purchase additional benefits.

Q When does the former spouse get their share of the benefits awarded as a result of the Pension Sharing Order?

A The former spouse (or pension credit member) will receive their share of the pension benefits at normal benefit age – 60 if the Scheme member is a member of the 1995 section of the Scheme or 65 if the member is a member of the 2008 section of the Scheme and State Pension Age for membership of the 2015 Scheme. HSC Pensions advise the former spouse of their pension entitlement and their benefits are fully index-linked to protect their value.

The former spouse can only receive their pension benefits before normal benefit age if:

- (a) meets the ill-health condition specified in paragraph 1 of Schedule 28 to the Finance Act 2004; and
- (b) had previously been engaged in regular employment but is now permanently incapable of engaging in such employment due to mental or physical infirmity.
- they choose to claim the benefits early on actuarially reduced early retirement

Should they die before receiving their benefits, a lump sum will be payable to their estate.

If the former spouse re-marries, they will continue to be entitled to the benefits credited to them as a result of the Pension Sharing Order, however pension credit benefits do not provide survivor or dependent benefits.

Q What happens in the case of a pensioner whose benefits are subject to a Pension Sharing Order?

A A pensioner's current pension will be reduced within 30 working days of HSC Pension Service receiving all the information required to implement the Pension Sharing Order. If an overpayment of pension arises as a result of the Order it will be recover from any future pension payments.

Q What information is required by HSC Pension Service to implement a Pension Sharing Order?

A The following information is required:

- The decree absolute
- Pension Sharing Order and Pensions Sharing Annex including the information required by the Pensions on Divorce (Provision of information) Regulations 2000 Section 14.
- Payment of the administration charges for implementing the Order.

HSC Pension Service requests that a draft copy of the Order is forwarded prior to finalising the pension share. This can save considerable time and costs in the event that an Order cannot be implemented by the Scheme.

HSC Pension Service recommends that all divorcing couples consider taking independent legal and financial advice prior to seeking a Pension Sharing Order.