

# Factsheet D

## Divorce and dissolution of Civil Partnership

This factsheet is designed to provide you with information about the impact on your pension benefits under the University of Exeter Retirement Benefits Scheme (the "Scheme") if you divorce or your Civil Partnership is dissolved. The law in this area is subject to change, and therefore we recommend that you contact the Scheme administrators, BBS Consultants and Actuaries Limited, for up to date information if you are contemplating a divorce or dissolution of your Civil Partnership.

Words and terms beginning with capital letters in this factsheet are defined in the appendix to factsheet A.

The University of Exeter Retirement Benefits Scheme (the "Scheme") provides valuable benefits for members and their families. The rights you have built up can form one of your largest financial assets. This factsheet has been prepared to help you understand how your pension might be affected if you divorce or your Civil Partnership is dissolved.

### **How do I know how much my pension is worth?**

Your pension benefits may be worth a considerable amount of money. You can request a cash equivalent transfer value (CETV) for divorce purposes from the Scheme administrators, BBS, which will tell you the capital value of your benefits. Please note that in some circumstances a charge may be made for this service, but BBS will let you know about this when you first request a CETV. It may take around four weeks to calculate your CETV.

### **How could my pension benefits be taken into account if I get divorced or dissolve my Civil Partnership?**

There are three ways that your pension benefits could be taken into account when you get divorced or dissolve your Civil Partnership:

#### Offsetting

A financial settlement is reached (often out of Court) which allows for a clean break between the parties. The settlement takes account of your pension benefits by offsetting their value against other assets of the marriage or Civil Partnership, such as the family home or other investments. Your ex-spouse or Civil Partner would not receive any rights to your pension benefits under the Scheme, and your pension will continue as normal.

#### Earmarking

This involves a Court order which "earmarks" part of your pension and requires it to be paid to your former Spouse or Civil Partner on your retirement or death. This means that

your ex-spouse or Civil Partner must wait until your benefits come into payment before they can receive their share. At this point, the Trustees must pay them the portion of your pension (or death benefit) specified in the order. In the meantime, they must keep in touch with the Scheme and tell the Trustees about any re-marriage or new Civil Partnership. The Trustees must also tell your ex-spouse or Civil Partner if there is any change in the benefits, for example if your pension is reduced for early payment or if it is transferred to another pension scheme.

Earmarking is not suitable for all couples, as it does not allow for a clean break. This option is rarely used in practice.

#### Pension sharing

Under this arrangement, the Court makes a pension sharing order which requires your pension benefits to be shared with your ex-spouse or Civil Partner. The order allocates a percentage of your benefits to your ex-spouse or Civil Partner, and your benefits are reduced accordingly. It means that your ex-spouse or Civil Partner will hold pension benefits in his/her own right, independent of you, and a clean break can occur.

### **How does pension sharing work?**

Once it has all the information about your benefits and the Scheme, the Court decides on the share of your Scheme pension rights that must be allocated to your ex-spouse or Civil Partner and serves a pension sharing order on the Scheme.

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## What will a pension sharing order mean for me?

A percentage of your pension rights must be allocated to your ex-spouse or Civil Partner. This is called their pension credit. The benefits you have built up in the Scheme will be reduced by this amount. This is known as a "pension debit". If you have already retired, the pension you are receiving at the date of your pension sharing order will be reduced by the percentage allocated by the Court to your ex-spouse or Civil Partner. The legislation provides for the costs you may be charged if the Trustees are required to comply with a pension sharing order.

## What will a pension sharing order mean for my former Spouse or Civil Partner?

If your ex-spouse or Civil Partner is a member of the Scheme in his or her own right, the pension credit can be added to their benefits in the Scheme. If not, they will be entitled to a transfer from the Scheme equal to their pension credit. This lump sum amount will need to be transferred to a pension arrangement of their choice. If they do not provide the Trustees with details of a suitable pension arrangement, the Trustees may buy a policy for them with an insurance company. Your ex-spouse or Civil Partner will not have to wait until you draw your pension benefits in order to draw their pension benefits, and there is no need for the Scheme and your ex-spouse or Civil Partner to stay in touch.

## Providing information to the Court

Your spouse or Civil Partner cannot ask for a valuation of your benefits without your consent. However, the Court can order the Trustee to provide this information. If we are sending information to the Court or your spouse or Civil Partner, we will send you the same information. The first stage is to send details about the value of your benefits. If the Court is considering making a pension sharing order, it will ask the Trustee for more details about the Scheme.

In order to recover the cost of any extra calculations and the administration involved in earmarking or pension sharing, the Trustees have decided to make a charge for this service. The charges will not be more than those set out in guidelines produced for the pensions industry by the National Association of Pension Funds. BBS will be able to provide information about the charges to any member who is going through a divorce.

## Contact Points

If you have any questions about your benefits or wish to notify change of personal details, please contact the Scheme administrators:

### The ERBS Administration Team BBS Consultants & Actuaries Ltd

Canard Court  
23-25 St George's Road  
Bristol  
BS1 5UU  
Tel: 0117 9378700  
Email: [erbs@bbs-actuaries.co.uk](mailto:erbs@bbs-actuaries.co.uk)

For general queries about the Scheme or to obtain formal documents relating to funding, investments or the annual accounts please contact:

### Secretary to the Trustee Directors

Anne Shrubshall  
131 Crediton Road, Okehampton EX20 1NZ  
Email: [anne.shrubshall@gmail.com](mailto:anne.shrubshall@gmail.com)  
Telephone: 01837 658948

We have prepared a series of factsheets to give you additional information about key topics:

- Factsheet A** – General Scheme Information
- Factsheet B** – Benefits of deferred members
- Factsheet C** – Death benefits
- Factsheet D** – Divorce and Dissolution of Civil Partnership
- Factsheet E** – State Pension Benefits and Contracting-out
- Factsheet F** – Disputes and Complaints

*Please note that these factsheets are intended as a guide and are not legal documents. Full details of the benefits provided on retirement can be found in the formal Rules of the Scheme. The Rules, together with statutory provisions, take full precedence over any information contained in this factsheet. If there is any conflict between this factsheet and the Rules, the Rules will prevail.*