

A guide for members on divorce and dissolution

Going through a divorce or dissolution of a civil partnership can be a difficult time, including the inevitable discussions around the division of money and possessions.

If you are living with your partner but are not married or in a civil partnership, they will not be entitled to any of your pension benefits if you separate.

If you are married or in a civil partnership, your pension will be taken into account along with your other assets when working out a financial settlement if you get divorced or there is a dissolution of the civil partnership. If you and your ex-partner agree to share your pension as part of the settlement, then you will both need to agree whether this is done using a Pension Attachment Order or a Pension Sharing Order, both of which are granted by the Court.

Here we answer some of the questions that you might have at this time, such as:

- What is the difference between a Pension Attachment Order and a Pension Sharing Order?
- What information is needed to make a decision?
- Who can request this information?
- What happens to my Scheme benefits?
- Are my BRASS and AVC Extra benefits included in the calculations?
- Is there an administration charge?
- Where can I get more information?

What is the difference between a Pension Attachment Order and a Pension Sharing Order?

Pension Attachment Order

This will allocate an amount of pension specified by the Court to your ex-partner but this is held in the Scheme and paid at the same time as you take your scheme benefits. This arrangement could also include a portion of your lump sum death benefit and/or your retirement lump sum. Your ex-partner cannot receive their benefits in respect of the attachment order until you have taken your benefits. Their entitlement would cease on your death and, in most cases, if they remarried. If your ex-partner dies before you, their entitlement would cease and your pension would revert to its full amount.

Pension Sharing Order

This will allocate a one off payment, specified by the Court, from your pension benefits to your ex-partner at the time of the divorce. This will either be a percentage of the cash value of your benefits or a set amount. The payment amount is known as a 'pension credit' and is used to buy pension benefits for your ex-partner. Once the payment has been made, your pension and (if you are not already retired) any lump sum benefit you are entitled to will be reduced by amounts reflecting the value of the pension credit and your ex-partner will have no further claim to your benefits. These reductions are known as your 'pension debit'.

The pension benefits provided to your ex-partner by the pension credit can either be bought in the Railways Pension Scheme (in which case they will be payable from age 60, or immediately if your ex-partner is over age 60) or their share can be transferred to another pension provider of their choice. As these pension benefits are completely separate to yours, your ex-partner does not have to take their benefits at the same time you do. They could also continue to be paid after your death or if your ex-partner remarried.

What information is needed to make a decision?

The Court will require details of your pension benefits and some of the information you may need is:

- A CETV (Cash Equivalent Transfer Value) for divorce purpose
- The amount of lump sum death benefit payable if you died in service
- Details of any dependant's pension
- Your period of membership

A non-guaranteed free transfer out value quotation can be obtained online through your secure myRPS account at railwayspensions.co.uk. Please contact Railpen Limited (Railpen) if your solicitor requires a guaranteed CETV for divorce purpose.

The CETV is worked out using instructions from the scheme actuary and takes into account:

- The value of your pension and lump-sum benefits
- The value of your ex-partner's dependant pension; and
- The value of your death in service lump sum.

Who can request this information?

We will only provide information to you, a solicitor acting with your written authority, or the Court.

What happens to my Scheme benefits?

Pension Attachment Order

Your pension will only be divided when you start to receive your pension. However, any estimate you receive from Railpen will take the Order into account.

Pension Sharing Order

The pension debit, equivalent to the amount of pension credit that is allocated to your ex-partner, will be deducted from your benefits which, if you are not already retired, we assume will be paid at your normal Pension Age.

We will let you know when this has been done and what your basic scheme pension and lump sum has been reduced by. All future estimates of your benefits that you receive from Railpen will take this into account and reflect the reduction.

It is only when you take your benefits that the cost of the pension credit provided to your ex-partner, from the Scheme, starts to be repaid to the Scheme by way of the reduction to any lump sum paid on retirement and reductions to your regular pension payments. Therefore, if you retire later than expected (i.e. after your normal Pension Age), your pension debit will be increased to reflect the fact that the Scheme will recover its costs from your lump sum and pension payments later and, in the case of the pension payments, for a shorter period of time than anticipated. This has no impact on your ex-partner's benefits.

Are my BRASS and AVC Extra benefits included in the calculations?

Yes, all pension benefits will be included in the calculations.

A percentage reduction will be applied equally across your scheme benefits and any BRASS/AVC Extra personal retirement account.

The way that your benefits are reduced will not affect the pension credit that is paid to your ex-partner.

Is there an administration charge?

Yes. There will be a charge for both a CETV quote and the implementation of any Order.

- CETV quote – there may be a charge of up to £250. Railpen will notify you how to pay the charge and this will need to be made before the quote can be produced.
- Implementation of Order - due to the lengthy manual calculation required, the charge is £1000 and this will usually be deducted from your benefits.
- There is also an additional administration charge, which is payable by your ex-partner, if they wish to keep their benefits in the Railways Pension Scheme. Railpen will notify them what this charge is.

Where can I get more information?

You can find more information by:

- Visiting railwayspensions.co.uk
- Phoning the Helpline on 0800 012 1117
- Contacting your employer

You may also find the following contacts useful:

relate.org.uk

Relate offers advice, relationship counselling, sex therapy, workshops, mediation, consultations, and support face to face, by phone and through the website.

citizensadvice.org.uk

The Citizens Advice service helps people resolve their legal, money and other problems by providing free information and advice from over 3,000 locations.

gov.uk

Gov.uk brings together a range of public service information and services online.

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Although every effort has been made to ensure that the information given in this leaflet is accurate, none of the information given can give you legal rights to benefits that differ from those provided in the pension trust and rules.
