

## Information for scheme members and their spouses

### Introduction

Divorce courts have powers to make two types of order that impact upon an individual's pension benefits. They are known as *earmarking* orders and *pension sharing* orders. The courts make either type of order, but not both in respect of the same pension benefits.

### Earmarking

Earmarking orders are special attachment orders, which the courts can make against benefits under a pension scheme in the course of divorce, nullity, and judicial separation proceedings. Where an earmarking order is made, the pension still remains that of the scheme member, but the scheme is required to make payments (in much the same way as it might make payments under other sorts of attachment order) to the ex-spouse.

### Pension Sharing

For cases of divorce and nullity (but NOT judicial separation) where legal proceedings begin on or after 1 December 2000, the courts also have the option of making a pension sharing order. Unlike earmarking, the shared part of the pension benefits belong to the ex-spouse in his/her own right and entitlement does not lapse if the member dies or the ex-spouse remarries.

This leaflet outlines the way in which the pension scheme deals with these provisions.

Any queries and requests for information must in the first instance be sent to the scheme administrator at:

Equiniti  
UKAEA Pensions  
PO Box 5130  
Lancing  
BN99 9AP  
**Email:** [ukaeapensions@equiniti.com](mailto:ukaeapensions@equiniti.com)

### How does the process work?

There are three stages:

- Stage 1 - getting information
- Stage 2 - the court order
- Stage 3 - paying the earmarked/shared pension

#### Stage 1: Getting the information

In deciding whether an application for an earmarking order, pension sharing order or neither may be appropriate, information may be needed by the court about the United Kingdom Atomic Energy Authority pension scheme benefits due to the scheme member. Detailed information can be disclosed only to a United Kingdom Atomic Energy Authority pension scheme member or their solicitor.

We are able to provide only basic information (such as scheme booklets) about the United Kingdom Atomic Energy Authority pension scheme to the member's spouse (or their solicitor). A scheme booklet explaining the United Kingdom Atomic Energy Authority pension arrangements is available on request from the scheme administrator.

Scheme members are entitled to receive information about their benefits under the United Kingdom Atomic Energy Authority pension scheme, including an estimate of their cash equivalent transfer value (CETV). Where the scheme administrator receives a request for the United Kingdom Atomic Energy Authority scheme CETV and the member concerned has a benefit in the United Kingdom Atomic Energy Authority Group AVC or Shift Pay Plan arrangement, separate CETVs of these funds will also be provided. The CETV is the capitalised value of the pension benefits and provides a convenient way of assessing the value of the pension in relation to other assets of the marriage. When requesting a CETV, members must confirm that the request is in connection with divorce proceedings.

The scheme administrator will respond to requests for information (from members and solicitors) by providing details of the member's accrued benefits to date, death benefits, a CETV and a summary sheet giving details of the main provisions of the scheme.

Members are entitled to one CETV of their United Kingdom Atomic Energy Authority scheme benefits per year without charge. Members will be charged for any additional CETV calculations, and payment will be required in advance (details of the charges are set out at the end of this leaflet).

## **Stage 2: The court order**

NOTE: When applying to the court for an order, a person must serve notice of the application on the United Kingdom Atomic Energy Authority pension scheme, in writing to

Equiniti  
UKAEA Pensions  
PO Box 5130  
Lancing  
BN99 9AP

**Email:** [ukaeapensions@equiniti.com](mailto:ukaeapensions@equiniti.com)

## **Earmarking**

Under the earmarking regulations, the court can order that the ex-spouse receives:

- all or part of the United Kingdom Atomic Energy Authority pension
- all or part of the pension lump sum
- all or part of the lump sum paid if the scheme member dies in service
- all or part of the member's AVC benefits
- all or part of the member's Shift Pay Pension Plan benefits

## ***What happens next?***

The court order containing details of the earmarking or sharing provisions for the United Kingdom Atomic Energy Authority scheme and, if appropriate the AVC or Shift Pay Plan arrangement, should be sent to Aon Hewitt, Brims House who will acknowledge the order and ensure that it is acted upon.

Bearing in mind that it may be many years between the divorce and the pension coming into payment, the ex-spouse must make sure that the scheme administrator is kept informed of any changes of address.

The scheme administrator must also be informed if the ex-spouse remarries. Earmarking orders against periodical pension payments (but not lump sums) will then lapse automatically.

Following the divorce, the scheme member may need to update his/her death benefit nomination; the nomination will however only apply to the part not affected by any earmarking order.

If the United Kingdom Atomic Energy Authority pension scheme member transfers to another scheme, the earmarking order will also transfer. The ex-spouse will be notified by the Pensions.

## **Pension Sharing**

Under the pension sharing regulations, the courts may order that a percentage of the member's benefits (valued at a specified date on or shortly after the date of the order) be transferred permanently to the ex-spouse. In Scotland, the courts will refer to a monetary amount, which is converted into a percentage by dividing it by the member's CETV at the valuation date.

This percentage is applied to the following elements of the member's benefits to create a pension debit:

- pension
- lump sum
- contingent spouse's pension
- contingent post-retirement spouse's pension
- guaranteed minimum pension (GMP) – if applicable
- National Insurance modification – if applicable

NOTE: whether or not the contingent children's pension is affected by the pension share is still being considered.

The percentage figure is then applied to the member's CETV at the valuation date to calculate the ex-spouse's pension credit. (In Scotland the monetary figure quoted in the order is used.) Using CETV factors appropriate to the ex-spouse's age and gender, the pension credit is converted into a pension and (provided the retirement lump sum has not already been paid to the member) a lump sum, payable to the ex-spouse from their 60th birthday. No dependant's pension is applicable to the ex-spouse's award. Where an ex-spouse dies **before** drawing their pension, a death benefit lump sum equal to 25% of the cash equivalent transfer value of their preserved pension credit award, calculated at the date of death, would be payable to their legal personal representative. Where an ex-spouse dies **after** drawing their pension, a death benefit lump sum would be paid if the total pension and lump sum paid in respect of the pension credit is less than five times the

annual rate of the pension in payment. In these circumstances, the death benefit lump sum is the difference between the amount already paid to the ex-spouse and five times the annual rate of pension.

The ex-spouse's pension credit award attracts full inflation proofing.

If the court orders that a percentage (or monetary amount as appropriate) of a member's AVC or Shift Pay Pension Plan fund can be awarded to their ex-spouse, then that percentage (calculated as at the valuation date) or amount is deducted from the member's AVC or Shift Pay Pension Plan fund and transferred to an appropriate pension arrangement of the ex-spouse's choice.

Alternatively, the ex-spouse can become an Ex-spouse Participant in the United Kingdom Atomic Energy Authority AVC Scheme or Shift Pay Pension Plan.

## **Stage 3: Paying the earmarked/shared pension**

### **Earmarking**

The scheme administrator will contact both the member and the ex-spouse 6 months before the member is due to retire, to check that the earmarking order is still valid and to obtain bank details for payment purposes. Payments will be deducted from the member's net pension after tax.

## Pension Sharing

It is the responsibility of the member and their ex-spouse to claim their respective pensions when they reach the retiring age.

First, the member's retirement award will be calculated provisionally as if the pension share had not taken place. Next, the various elements of the pension debit will be increased in line with inflation and deducted from the corresponding elements of the member's provisional award. The resulting award will then be brought into payment.

The ex-spouse's pension credit award is payable when they reach age 60 (or immediately if over that age at the valuation date). Before coming into payment, it will be increased in line with inflation since the valuation date.

## Charges

The following charges currently apply, although rates are subject to review and change. Payment is due to Aon Hewitt, and will be required in full on receipt of the court order. Payment for any additional CETV calculations required in processing the order must be received in advance. Payment should be sent to the scheme administrator. *Unless the court order specifies otherwise, all charges will be paid by the scheme member.*

### A. SCHEME MEMBER NOT YET RETIRED – ABOUT TO DIVORCE

| PROCEDURE  | COMMENTS   | COST                        |
|--|--|-----------------------------|
| 1. Produce full CETV quotation (member or Court does not stipulate deadline for production)  | 1. Standard annual entitlement under PSA 1993 (to be provided within 3 months of relevant date).         | No charge                   |
| 2. Produce full CETV quotation (member or Court requires within 3 months)  | 2. Standard CETV under PSA 1993 (to be provided within deadline requested).                              | £180 *                      |
| 3. Produce partial CETV quotation (for Scottish cases where the date ceased cohabiting/date of service of divorce summons was more than 12 months ago or the member married after joining the CPS) | 3. Partial CETV quote (to be provided within 3 months or deadline requested by the member or the Court). | £180 *                      |
| 4. Additional CETV quotations<br>- Based on same dates<br>- Based on different dates   |  | £180 *                      |
| 5. Provision of other information  | If under disclosure of information regulations<br>Otherwise, depending on nature of request              | No charge<br>Maximum £104 * |
| 6. Receipt of pension sharing order whether by consent or by order   | To cover all preliminary work prior to the setting up of all new records                                 | £765                        |
| 7. Receipt of an Attachment Order and implementation   | To cover administration cost of receipt of Order to completion of pension payments                       | £437                        |
| 8. Creation of a new record for the former spouse within the   | Includes all re-calculations of deferred benefits, correspondence with authorities and setting up new    | £1126                       |

|   |  |  |
|---|--|--|
| scheme before drawing their pension (pension sharing only)                      | computer records for the new member.   |  |
| 9. Assuming all documentation is in place, settle a Transfer Out (instead of 4) | This only applies if the credited member asks for a Transfer Out at the outset. Otherwise, the charges in 4 will apply and no additional charge will be levied if the Credited Member subsequently asks for a Transfer Out | £437   |
| 10. Objections to order by Scheme   | Onus should be on the draftsman of the Order to ensure that it is correctly drafted prior to issue   | Costs for dealing with inoperable Orders will be passed on |

**VAT will be added to the above charges. Any charges that are not paid within 12 months will be increased in line with RPI. Where medical evidence is requested, the costs will be met by the divorcing spouses.**

## **B. SCHEME MEMBER RETIRED – PENSION IN PAYMENT – ABOUT TO DIVORCE**

| <b>PROCEDURE</b>  | <b>COMMENTS</b>  | <b>COST</b>  |
|---|--|--|
| 1. Assess the value of the Pension in payment, including any contingent Benefits  |  | £546 *   |
| 2. Additional CETV quotations<br>- Based on same dates<br>- Based on different dates                                    |  | £546 *   |
| 3. Provision of other information   | If under disclosure of information regulations<br>Otherwise, depending on nature of request  | No charge<br>Maximum £104 *                                |
| 4. Receipt of pension sharing order whether by consent or by order  | To cover all preliminary work prior to the setting up of all new records   | £819   |
| 5. Creation of a new record for the former spouse within the scheme before drawing their pension (pension sharing only) | Includes all re-calculations of deferred benefits, correspondence with authorities and setting up new computer records for the new member.   | £1126  |
| 6. Assuming all documentation is in place, settle a Transfer Out (instead of 2, above)                                  | This only applies if the Credited Member asks for a Transfer Out at the outset. Otherwise, the charges in 2 will apply and no additional charge will be levied if the Credited Member subsequently asks for a Transfer Out | £929   |
| 7. Objections to order by Scheme  | Onus should be on the draftsman of the Order to ensure that it is correctly drafted prior to issue   | Costs for dealing with inoperable Orders will be passed on |

### **Notes:**

- Any additional costs arising if specialist actuarial, legal, etc advice is requested will be charged in full in addition to the figures quoted above.
- Where a Scheme member has an Additional Voluntary Contribution contract under the CPS, the insurance company, etc may charge for the provision of information. Any such charges will be charged in full in addition to the figures quoted above.

- 3 Any reasonable administrative costs incurred or likely to be incurred in complying with an "Earmarking Order" will be charged to the pensioner member.
- 4 Any costs incurred in relation to a "Pension Sharing Order" which is made the subject of an application for leave to appeal out of time will be recovered by the authority administering the pension fund.
- 5 VAT will be payable in addition to all the above charges.
- 6 All charges are correct at the time of production of this charging schedule (January 2009). The authority administering the pension fund will increase its charges each April by RPI (over the 12 months to the previous September).
- 7 The standard practice of the authority administering the pension fund is that the full amount of the charges marked with an "\*" must be paid, by either party to the divorce, before the relevant action is undertaken. All other charges can either be paid:
  - a) in full at the point of action, by either party to the divorce, or
  - b) by part payment at the point of action, by either party to the divorce, with the balance being deducted from either the cash value awarded to the ex-spouse (the credited member) under the Sharing Order or agreement before it is converted into an annual pension value under the CPS or, if the credit member wishes to immediately transfer the pension credit to another scheme, from the transfer value payable in respect of the credited member, or
  - c) by deduction in full from either the cash value awarded to the ex-spouse (the credited member) under the sharing order or agreement before it is converted into an annual pension value under the CPS or, if the credit member wishes to immediately transfer the pension credit to another scheme, from the transfer value payable in respect of the credited member, or
  - d) by deduction in full from any share of a Scheme member's Additional Voluntary Contribution 'pot' awarded to the ex-spouse (the credited member) under the Sharing Order or agreement.

The authority administering the pension fund will, however, comply with the charging requirements specified in an order or agreement.

### **Equiniti Paymaster Administering Pensions on behalf of the UKAEA Pension Scheme**

*Note: this leaflet gives general guidance only, to assist scheme members and their spouses who may be involved in divorce proceedings. Individuals should seek further information from their solicitors about the relevance of the earmarking provisions to individual divorce petitions.*

For further information and advice about scheme benefits, contact

Equiniti  
UKAEA Pensions  
PO Box 5130  
Lancing  
BN99 9AP

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**Telephone:** 0333-207-5961

**Summary of Benefits payable from the Combined Pension Scheme of the UNITED KINGDOM ATOMIC ENERGY AUTHORITY [FINAL SALARY OCCUPATIONAL PENSION SCHEME]**

- |    |  |  |
|----|--|--|
| 1. | Normal Retirement Age (NRA)  | 60 Some longer serving members have a reserved right to retirement at age 65.  |
| 2. | Pensionable earnings (PE)  | For service up to 31.3.1997 either 100% or 93.5% depending on members' contract of employment. Members joining after 1.6.1989 will be subject to the maximum salary allowed under the earnings capping regulations.  |
| 3. | Pensionable Final Earnings (PFE)                                       | Best 12 months' pensionable earnings in the last three years of service.   |
| 4. | Member contributions   | 5% of pensionable earnings if pensionable earnings less than £15000<br>6.5% of pensionable earnings if pensionable earnings between £15000 and £20999<br>8.2% of pensionable earnings if pensionable earnings than £21000  |
| 5. | <u>Benefits on Retirement</u><br><b>On normal retirement</b>           | Assuming reckonable service of N years   |
|    | (1) Pension  | N/80 x PFE   |
|    | (2) Lump sum   | 3N/80xPFE  |
|    | <b>On ill health retirement</b><br>(after completing 2 years' service) | Benefits as per Normal Retirement but with enhancement to reckonable service (see Note 10)   |
| 6. | <u>Benefits on Death in Service</u>                                    |  |
|    | (1) Lump sum   | 2 Years' PFE   |
|    | (2) Spouse pension   | 1/160 <sup>th</sup> of member's pensionable final earnings (for service up to 31.3.1997) assuming ill health retirement had occurred on the day before the member died (see note 10 for enhanced service)<br>1/140 <sup>th</sup> of member's pensionable final earnings (for service from 1.4.1997) assuming ill health retirement had occurred on the day before the member died (see note 10 for enhanced service) |
| 7. | <u>Benefits on Death in Retirement</u>                                 |  |
|    | (1) Lump sum   | 5 years' pension less pension and lump sum already received by member  |
|    | (2) Spouse pension   | 1/160 <sup>th</sup> of member's pensionable final earnings (for service up to 31.3.1997) assuming ill health retirement had occurred on the day before the member died (see note 10 for enhanced service)  |

1/140<sup>th</sup> of member's pensionable final earnings (for service from 1.4.1997) assuming ill health retirement had occurred on the day before the member died (see note 10 for enhanced service)



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| 8.  | <u>Benefits on Withdrawal</u><br>Less than 2 years service<br><br>2 or more years service | Refund of 3.5% of members contribution plus interest less tax<br><br><br>Accrued benefits increased in deferment, payable from NRA |   |
| 9.  | <u>Increases to Pensions</u><br>In Payment<br><br>In deferment                            | In line with CPI on excess over GMP<br><br><br>Total pension and lump sum increased in line with CPI                               |   |
| 10. | Service enhancement on ill health retirement or death in service pension                  | 2-5 years<br>5-10 years<br>Over 10 years   | No enhancement<br>Service doubled<br>Service enhance to<br>(a) to 20 years or<br>(b) by 6/23 <sup>rd</sup> years<br>whichever gives the better result |

