

Compensation and divorce

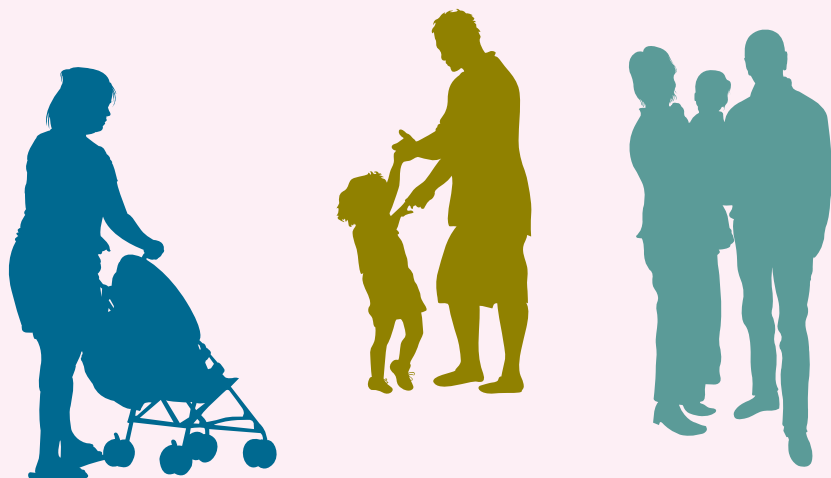
Pension
Protection
Fund



Protecting **People's** Futures

This booklet is for guidance only. It is not a definitive statement of law or entitlement. Information in the booklet is based upon current understanding of the legislation in force in England and Wales at the time of writing. Please note that divorce and dissolution proceedings in Scotland differ from those in England and Wales and there may be different requirements than those set out in this booklet.

This booklet is not tailored to take into account any specific individual circumstances. You should contact the Pension Protection Fund if you wish to discuss any query you may have about how any of the issues raised in this booklet may apply to your own personal circumstances. Our contact details are set out at the end of this booklet. The Pension Protection Fund cannot provide advice on your personal or financial circumstances.



What this booklet covers

- What you need to tell us if you get divorced or your civil partnership is dissolved, and what information the Pension Protection Fund (PPF) will provide for the purposes of any divorce or dissolution proceedings.
- What happens in respect of your compensation where your former pension scheme has transferred to the PPF and you are getting divorced.
- What happens in respect of your compensation where prior to your former pension scheme transferring to the PPF a court order was made against your pension rights in your former pension scheme.
- What happens where the PPF is required to implement a court order made against your pension rights in your former pension scheme during the assessment period.

What do I need to tell the PPF if I am getting divorced or dissolving my civil partnership?

Please let us know as soon as possible. If our records are out of date this may cause difficulties with paying compensation.

For security purposes, some details will require written confirmation and may require you to provide supporting documents; for example, your decree absolute or dissolution certificate.

Forms to complete are available on the member's website www.ppfonline.org.uk, or by contacting us directly. Our contact details are set out at the end of this booklet.

I've been asked to provide details of my compensation to the court. What do I need to do?

You need to write to the PPF explaining that you are involved in or contemplating matrimonial or civil partnership proceedings and ask for information about your compensation.

The PPF will then issue a statement of compensation in accordance with the statutory requirements. The PPF will issue the statement within the timeframe required by the court to comply with its order.

If I divorce after my former pension scheme transfers to the PPF, can the court make an order that my compensation is shared with my former spouse/ former civil partner?

Yes.

From 6 April 2011, regulations enable pension compensation to be shared when a person seeks a divorce, dissolution or annulment. This will mean that if the court makes a compensation sharing order, your former spouse or former civil partner will receive a share of your PPF compensation.

When I divorced, prior to my former pension scheme transferring to the PPF, part of my pension was earmarked for my ex-spouse, what does this mean for my compensation?

The PPF will be required to implement any earmarking order (also known as an Attachment Order) previously made against your accrued rights in your former pension scheme against your compensation payments.

This means that when your compensation payments start, a part of those payments will be paid to your ex-spouse in accordance with the order made by the court when you got divorced.

Your Statement of Deferred Compensation will record the fact that an Attachment Order has been made.

When I divorced, prior to my former pension scheme transferring to the PPF, a Pension Sharing Order was made, what does this mean for my compensation?

If you were receiving a pension prior to the PPF assuming responsibility for your former pension scheme, there should be no further impact on your compensation.

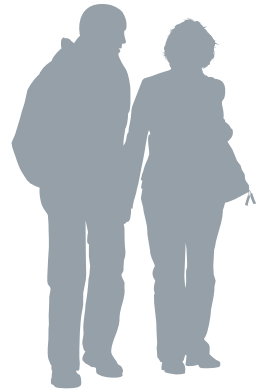
Where you start to receive compensation after your former pension scheme transfers to the PPF, your compensation will be reduced to take into account the fact that a Pension Sharing Order has previously been made. Your Statement of Compensation Entitlement will show details of the Pension Sharing Order and explain how this has been treated. The manner in which the PPF is required to take the Pension Sharing Order into account can be complicated, and if you would like further information about how compensation is calculated following a Pension Sharing Order, please contact us. Our contact details are set out at the end of this booklet.

I am a pension credit compensation member. What compensation do I get?

Please refer to our booklet, 'A guide to your Pension Protection Fund compensation', which is available on the PPF's member website www.ppfonline.org.uk, or by contacting us directly. Our contact details are set out at the end of this booklet.

A Pension Sharing Order was made during the assessment period but the trustees did not implement the order prior to my former pension scheme transferring to the PPF, what happens now?

The PPF is required to implement the order in accordance with statutory provision. It will contact the member and the ex-spouse to explain how the order will be implemented and what that means for both parties.



Glossary

Assessment period

The time during which the PPF assesses if the PPF is required to assume responsibility for a scheme.

Attachment Order

An order made by the court as part of a financial settlement on divorce to earmark part of the member's future pension rights for the benefit of his/her ex-spouse.

Board of the Pension Protection Fund (PPF)

This is a statutory body established under the provisions of the Pensions Act 2004. The PPF became operational on 6 April 2005.

Civil partnership

A relationship between two individuals registered under the Civil Partnership Act 2004.

Compensation

The sum payable to an individual in accordance with the Pensions Act 2004 instead of the scheme benefits following assumption of responsibility by the PPF.

Compensation payments

Payments of compensation made by the Board.

Ex-spouse

An individual who was previously married to a member.

Former civil partner

An individual who was previously in a civil partnership with the member.

Former pension scheme

The member's pension scheme for which the PPF assumed responsibility.

Pension credit compensation member

A member in the former pension scheme whose membership derives from the implementation of a Pension Sharing Order on divorce.

Pension Protection Fund (PPF)

The statutory fund administered by the Board of the PPF.

Pension Sharing Order

An order made by the court as part of a financial settlement on divorce in accordance with the Welfare Reform and Pensions Act 1999.

Statement of Deferred Compensation

This is the document sent to deferred compensation members with the Welcome Pack letters.

Further information

If you have any queries or would like further information about compensation and divorce, please contact us using the details set out below.

You can contact us by:

Email: members@ppfonline.org.uk

Telephone: **0845 603 7224**

Fax: **0870 169 9711**

Or write to us at:

Operations Team

Pension Protection Fund

PO Box 128

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