



Pension Schemes and Divorce

The Main Aim of this Unit is:

To provide occupational scheme administrators with an overview of divorce legislation, the current options available for divorcing couples and the rules and procedures for processing a divorce case.

The learner will need to know and understand:

The impact of divorce on a member's pension benefits

The legislation impacting on pensions and divorce

- Matrimonial Causes Act 1973
- The Family Law Act 1985
- The Pensions Act 1995
- The Welfare Reform and Pension Act 1999
- The Civil Partnership Act 2004

The principles of "Offsetting" in divorce and why couples/civil partners might wish to choose this option and the scheme administrator's role.

The impact of Pension Attachment Orders (also known as Earmarking orders) for pension scheme members and their ex-spouse/civil partners

- What is earmarking
- The disadvantages of earmarking
- Understanding the importance of receiving a correctly completed Court Order and legal forms used in connection with earmarking.
- Tax issues with splitting the benefits as set out on the court order (i.e. net annuity or gross annuity).
- Differences with Scottish Earmarking cases

<p>The impact of Pension Sharing Court orders for pension scheme members and their ex-spouse/civil partners</p> <ul style="list-style-type: none"> • What is Pensions sharing and the information that must be given to a member and their spouse/civil partner should they request information regarding divorce. • What is a Pension Credit and Pension Debit • Know the difference between internal and external credits. • Understanding the importance of receiving a correctly completed Court Order and legal forms used in connection with pension sharing. • Know how a decree absolute is important to the pension sharing process. • The different approaches for both Defined Benefits and Defined Contributions schemes when: <ul style="list-style-type: none"> (a) Calculating the initial Cash Equivalent Transfer Value (CETV) in the information only process and the final CETV in the implementation process, Also the reasons why these two valuations are different. (b) The process for implementing, paying and discharging the CETV to the ex-spouses/civil partners preferred arrangement (c) Discharging the liabilities for both member and ex-spouse/civil partner (d) Recording the members and ex-spouses/civil partners benefits on the system • Understand the terms “Transfer day” and “Valuation day” and their importance in the implementation process. • Differences with Scottish Pension Sharing cases • Disclosure requirements. • Administrative processes, timescales and penalties. • How pension sharing can go wrong.
<p>HM Revenue and Customs Rules (past and present) including:</p> <ul style="list-style-type: none"> • the issues to be aware of for members with Primary and Enhanced Protection and how it can affect divorce and pension benefits..

The Learning Outcomes for this unit:

On successful completion of this unit the learner will:

1. Know why the pensions and divorce legislation was introduced and identify the main Acts that

make up the Pensions & Divorce legislation

2. Know the concept of “offsetting” with regards to pensions and divorce.
3. Understand the term “Earmarking / attachment orders” and identify the problems that can occur when dealing with an earmarking case and the benefits available for ex-spouse/civil partner following an earmarking court order
4. Know the impact of “pension sharing” for pension scheme members and their ex-spouse/civil partners and how this differs from Earmarking
5. Explain the differences between a Pension Credit and Pension Debit
6. Know the administrative timescales for dealing with divorce cases including the disclosure requirements when dealing with a divorce case; understand the implications of the Implementation period to divorcing parties and the process for finalising the implementation of the pension share..
7. Explain the basic process to follow when dealing with a pension sharing case
8. Know the basic administration process to follow when dealing with an earmarking case and identify common problems with forms and court orders received by the court

Assessment Method

Assessment is via examination compiled, carried out and marked in-house (PMI recognised centre).
Assessment is to cover all learning outcomes and the topics for study in order to pass the unit.