

# Pensions On Divorce or the Dissolution of a Civil Partnership

## Charging Regime

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## **ARMED FORCES AND RESERVE FORCES PENSION SCHEMES**

### **SCHEDULE OF CHARGES FOR PENSION BENEFITS ON DIVORCE OR THE DISSOLUTION OF A CIVIL PARTNERSHIP**

This leaflet sets out the Charging Regime policy for members of the Armed Forces Pension Schemes (AFPS) and the Reserve Forces Pension Schemes (RFPS/NRPS) who are in the process of going through a divorce or dissolution of a civil partnership.

#### **BACKGROUND**

Pension sharing provisions came into force on 1 December 2000 following the Welfare Reform and Pensions Act 1999. Pension Sharing is also available to those scheme members who have formed a legally recognised partnership with another person of the same sex under the procedure provided by the Civil Partnership Act 2004 (CPA) and are about to go through a dissolution settlement. The pension sharing provisions provide an alternative to offsetting matrimonial assets and marking of pension benefits and is designed to create a clean financial break between the couple at the time of divorce or dissolution.

It is Government policy that the costs of a divorce/dissolution shall be borne by the divorcing/dissolution parties, not the tax payer. Consequently, no additional public money was made available to implement the changes. However, legislation was put in place to allow pension schemes including the Armed Forces and Reserve Forces Pension Schemes to levy charges associated with the administration costs of work carried out in connection with divorce/dissolution proceedings. The law, therefore, provides for the Scheme's reasonable administrative costs to be met directly by scheme members who use these services. The relevant legislation is the Pensions on Divorce etc (Charging) Regulations 2000 - Statutory Instrument 2000 No 1049.

Once a Pension Sharing Order (PSO) has been implemented then the Scheme member becomes known as the Pension Debit Member (PDM) and their former spouse or former civil partner becomes known as the Pension Credit Member (PCM). Any charges levied must reflect the reasonable costs with the case in question. The court decides who is responsible for paying the service charges.

No charges are to be raised for any service which the PDM already has a right to receive free under other legislation. The Scheme has an obligation to inform the PDM that a charge will be made before providing any additional service(s). Under the Disclosure of Information regulations PDM's are allowed a free valuation of their pension benefits once every 12 months, therefore, in most cases there will be no charge for providing the initial information. There are exceptions to this statement, for example where the PDM has already retired or is within 12 months of retirement age.

## **SERVICES AVAILABLE AND CHARGES**

Listed at Annex A are the services that the Scheme provides and the charges that will be incurred by either the PDM or PCM. In some cases the Court Order will make provision for the pension Scheme's charges for its administration costs to be apportioned between the two divorcing parties. In these cases the Scheme's administrators (Veterans UK) will raise charges against both the PDM and the PCM according to the percentages stipulated in the Court Order. In cases where no such provision has been made, the scheme administrators (Veterans UK) will recover the charges listed at Annex A from the PDM, except where otherwise indicated. The charges shown will be subject to periodic review at the discretion of the Scheme Managers.

## Schedule of charges for the Services Provided

Serial	Service to be Provided	Provided To or For	Charges
1	Provision of Scheme Information booklets and leaflets as required.	All general enquiries from scheme members, their spouses and former spouses, civil partners and former civil partners, legal and financial advisers.	Free
2	Assessment of pension benefits held for a scheme member up to a current date. To be provided together with relevant Scheme Information.	<p>a. Serving AFPS 75 regulars with less reckonable service than 16 yrs (officers) or 22 yrs (other ranks), or serving AFPS 05 regulars, under the age of 55 or serving RFPS/NRPS members under the age of 60.</p> <p>b. Discharged Preserved Pensioners.</p>	<p>Basic Information provided free of charge which will include a Transfer Value not designed for divorce.</p> <p>Statements including valuation specifically designed for divorce purposes.</p> <p>£150 each (plus VAT)</p>
3	Assessment of pension benefits, including a valuation of pension benefits designed for divorce proceedings held for a scheme member up to a current date. To be provided together with relevant Scheme Information.	a. Serving AFPS 75 regulars who already qualify for immediate benefits as soon as they retire; ie those regulars with more reckonable service than 16 yrs (officers) or 22 yrs (other ranks) serving AFPS 05 regulars over the age of 55 or serving RFPS/NRPS members over the age of 60.	£150 per statement (plus VAT)

Serial	Service to be Provided	Provided To or For	Charges
3 (Contd)		b. Discharged members with benefits in payment.	£150 per statement (plus VAT)
4	Scottish cases only. Assessments as per Serial 3, but using a "relevant date" in place of a current date.	Any category of scheme member as per serial 3 whose divorce is to be heard in a Scottish court and requires a valuation at a relevant date of separation.	£150 per statement (plus VAT)
5	Additional requests for information or explanation.	Any category of scheme member where the requirement falls short of a reassessment statement.	Administration cost of £75 (plus VAT) for each written non-standard reply.
6	Setting up PDM's debit record following receipt of a Pension Sharing Order, including notification to the member of the effect on future benefits and flagging computer records.	Any category of PDM, against whose pension benefits a Pension Sharing Order is served on the Scheme Administrator.	Set charge of £300 (plus VAT) per pension account <sup>1</sup>
7	Setting up a new preserved pension record for a PCM by making an internal transfer arrangement. This includes notification to the new PCM of the value and terms of his/her membership.	The PCM of any category of PDM who is awarded by Order a share of that PDM's pension benefits in the divorce court. Only one account would be created for the PCM even where the PDM had multiple accounts.	

<sup>1</sup> A PDM may have more than one account, eg Regular Service, FTRS/NRPS, These different types of pension benefits cannot be aggregated together under AFPS rules and will be treated as individual accounts.

Serial	Service to be Provided	Provided To or For	Charges
8	Maintaining the new PCM's preserved pension account following a Sharing Order	Maintaining the PCM's record until the pension matures and is claimed for payment. Recording changes of address and producing assessments on request.	No Charge  Pension Scheme member's are allowed one free valuation within a 12 month period.
9	Putting PCM's pension into payment when claimed at age 55; 60 or 65. If claiming the pension at age 55 the pension will be actuarially reduced. Or Payment of 3 year guarantee on earlier notification of death of PCM.	Receiving from <b>PCM</b> a correctly completed claim. Checking proof of identity and age. Calculating current entitlement to Pension and Lump Sum, where applicable. Passing authority to paying agency as necessary for immediate payment of any lump sum and monthly pension. Receiving death certificate and other proof of entitlement. Arranging payment of lump sum benefit to <b>PCM's</b> estate.	No Charge
10	Ongoing payment and maintenance PCM's pension.	Normal ongoing payment functions to be undertaken by paying agent for PCM, who is a non-MOD customer.	No Charge

**Services for Pension Attachment Orders (AO) Cases/Pension Earmarking Orders (EO) Scottish cases only**

Serial	Service to be Provided	Provided To or For	Charges
11	Setting up and maintaining an AO or EO against the scheme member's benefits	<p>a. Setting up flags/markers on the scheme member's computer records.</p> <p>b. Maintaining paper records of the AO or EO benefit(s).</p> <p>c. Giving a forecast of value of the AO or EO as and when requested by the Former Spouse or Former Civil Partner.</p> <p>d. Receiving (from Former Spouse or Former Civil Partner) and recording information following certain notifiable events and taking any necessary action (eg change of address, name, bank details, remarriage etc).</p>	<p>Set charge of £150 (plus VAT)</p> <p>No Charge</p> <p>Pension Scheme member's are allowed one free valuation within a 12 month period</p> <p>No Charge</p>
12	Arranging payment of maturing AO or EO to <b>Former Spouse</b> or <b>Former Civil Partner</b>	Reassessment of entitlement. Receiving and/or checking Former Spouse's or Former Civil Partner's payment instructions. Arranging payment through paying agents.	No Charge

## **INVOICING PROCEDURE**

Before a chargeable service is delivered, an invoice will be raised and sent to the scheme member or to the person designated in the Court Order. Payment is to be made to the Authority as shown on the invoice. Payment may be made by UK Cheque (crossed A/C Payee only), Postal Order or Banker's draft made payable to "Accounting Officer MOD". Unpaid charges will be recovered from a scheme member's pension or lump sum payments, or from a former spouse or civil partner pension credit benefits as appropriate.

All charges are subject to VAT at the standard rate.

Payment terms are strictly 30 days from the invoice date. AFPS/RFPS/NRPS Pensions reserve the right to charge interest on late payments in accordance with Section 6 of the Pensions on Divorce (Charging) Regulations 2000 and any subsequent amendments to those Regulations.