

Hybrid Section

Factsheet 18– Divorce

Under UK law, the courts are required to take pension benefits into account when assessing and distributing marital assets on divorce. As a result, your benefits in the University’s pension arrangements will be taken into account if you get divorced.

Pension benefits can be dealt with by the courts in a number of ways and this factsheet provides information on the different options that exist and how they work.

The information in this factsheet applies to both your Career Revalued Benefit (CRB) pension from the CUACPS and your Defined Contribution (DC) pension from the CUADCPS.

This factsheet is intended as a guide for members, their spouses and any other interested parties on how a divorce would affect your pension benefits. The factsheet does not provide any form of legal or financial advice with respect to pensions and divorce.

You and your ex-spouse should obtain your own advice when agreeing on how to deal with your pension benefits in the divorce settlement.

For the purposes of this factsheet, the term divorce also includes annulment of marriage, nullity proceedings and the dissolution of civil partnerships. In addition, the term spouse includes civil partners.

WHAT OPTIONS ARE AVAILABLE IF I GET DIVORCED?

If you get divorced, the following options are available to the courts for dealing with pension assets, including your University pension. However, it is up to you and your ex-spouse to obtain advice and agree which option you wish to take. You will need to contact the Pensions Section to confirm what information can be provided. When requesting information in respect of matrimonial proceedings please tell the Pensions Office this is why you require the information so that the correct information can be provided.

1. Offsetting

In an offsetting arrangement, a value is placed on your former spouse’s share of your pension benefits. This value is then offset against other matrimonial assets such as property or cash.

The advantages of an offsetting arrangement are that it achieves a clean break and it does not require the pension benefit to be split.

2. Earmarking

Under an earmarking arrangement, the pension would remain in your name but the Scheme would be required to make an agreed form of payment to your former spouse when you retire or when you die.

Earmarking is enforced using a court order which would require that a specified part of your pension and death benefits are paid to your former spouse when you retire or die. The court order, which would be agreed between you and your former spouse, is sent to the Trustee and it is their responsibility to implement the order.

The **key features** of an earmarking arrangement are:

- On your retirement, an agreed part of your pension is paid to your former spouse;
- On your retirement, an agreed part of your retirement lump sum is paid to your former spouse;
- On your death an agreed part of your death benefit is paid to your former spouse;
- On your death any pension payments to your former spouse will cease;
- If your former spouse remarries, the earmarking order lapses and your full pension will be restored to you.

3. Pension Sharing

Pension sharing was introduced in December 2000 and can be better described as pension splitting. Under a pension sharing arrangement, your pension benefits would be split between you and your former spouse in a once-and-for-all clean break arrangement.

The Pension Sharing option is only available at the discretion of the Trustee.

The offsetting and earmarking arrangements do not require any changes to your pension benefits although an earmarking arrangement would mean that some of your CRB benefits and/or your DC

benefits are paid to your ex-spouse. However, a pension sharing arrangement means that your benefits would be split.

WHAT ABOUT STATE BENEFITS?

The treatment of your State pension benefits depends on the date of your divorce and the date you reach State Pension Age.

For more information on the treatment of State pension benefits on divorce please use the following link:

<https://www.pensionsadvisoryservice.org.uk/about-pensions/the-state-pension/state-pension-and-divorce-dissolution>

IMPORTANT NOTE

This factsheet provides a summary of how your benefits can be treated on divorce. However, your legal rights are governed by the Trust Deed and Rules of the CUACPS and the CUADCPS. If there are any differences between the Scheme Rules and this factsheet, the Rules will override the factsheet. A copy of the CUACPS rules can be found using the following link:

<http://www.pensions.admin.cam.ac.uk/cps>

More details on SEI can be found on www.seic.com or by contacting the SEI Master Trust administrator at seic@capita.co.uk.

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