

PENSIONS ON DIVORCE



LOCAL GOVERNMENT PENSION SCHEME

Pension Planning

Tyne and Wear Pension Fund - administered by South Tyneside MBC



2002

Most Frequently Asked Questions and Answers

- Q. What is Pension Sharing?**
Pension Sharing is a 'clean break' split of a person's pension rights upon divorce.
- Q. When does Pensions Sharing Apply?**
Pensions Sharing can apply to any couple that commence their divorce proceedings on or after 1st December 2000. If your divorce proceedings commenced prior to 1st December 2000, you can still apply to have some of your ex-spouse's pension 'earmarked' for your benefit.
- Q. Does my pension have to be shared?**
Your pension does not have to be shared, but you may wish to consult your legal representative and/or financial advisor.
- Q. How can I get information about my pension value?**
Your first point of contact is the Pensions Helpline. If you ask for figures regarding your pension rights on divorce, we will supply you with a form to put your request in writing.
- Q. What Charges apply to the Pension Sharing Process?**
Most cases will not incur any charges for the provision of information. However, some cases will incur a charge of £60.00 plus VAT, if you have less than 2 years' service, if you are already in receipt of a pension, or if you have already had the same information within the last 12 months. If the Courts make a Pensions Sharing Order, a further charge of £400.00 plus VAT will apply.
- Q. Who decides how much of my pension is shared?**
The Courts will decide how much of your pension rights go to your ex-spouse when taking all other assets of the marriage into account.
- Q. What happens if I then remarry?**
If you were to remarry, any Pensions Sharing Order made in favour of your ex-spouse will continue to remain in force. Any subsequent pension rights that accrue could then be subject to a further Pensions Sharing Order if you were to divorce again.
- Q. If I get a Pension Share, when will it be paid?**
A pension share is not normally payable before age 65.
- Q. How do I get further information?**
Further information regarding your pension rights is available from the Pensions Helpline. If you require more information regarding your rights during divorce proceedings it may be advisable to contact your solicitor and/or legal advisor.

We hope you have enjoyed reading your newsletter. Please let us know if you have any suggestions for improvement. Our contact details are shown on the front cover.

Welcome to the first pensions newsletter for preserved members.

We have included features which will be of special interest to you, such as when you can receive payment of your preserved benefits and what effect divorce may have upon your preserved pension rights.

We have also included a feature covering the Pension Fund's new website, which includes a section especially for preserved scheme members.

Please now read on to find out all the latest information about the LGPS.

Launch of Tyne and Wear Pension Fund Website...

We recognize that you want access to information as it happens and when it is convenient. Consequently, we are always looking at ways of improving our service to you.

We are pleased to announce that our website is now up and running. Through this website you can access pension information 24 hours a day, 365 days a year.



The Tyne and Wear Pension Fund's website can be found at www.twpf.info.

The site currently includes the following:-

- Latest news
- Information for current and preserved members
- Scheme booklets
- Useful addresses and links to other sites

Future developments will include:-

- On line application forms
- Requests for information
- The ability to change some of your personal details
- Secure access to your personal record

Your comments on the site are welcome. If there is anything you would like to see included, please let us know.

Don't forget you can also call our Pension Helpline on 0191 4244141, where a dedicated team of staff are available during normal working hours to deal with your enquiries. If you call outside of normal working hours or during busy times, you can leave a message on our answer service and we'll get back to you as soon as possible.



Moving House

Please remember to inform the Pensions Office of your new address

Special Needs

If you have any special needs and would like to receive information in an alternative way, please let us know. We have access to an interpretation service, audio aids and to documents in other formats, for example Braille, large print and electronic.

For further information regarding the LGPS, please contact us at:



The Pensions Office

Tyne and Wear Pension Fund
Hebburn Civic Centre
Campbell Park Road
Hebburn
Tyne and Wear
NE31 2SW



Pensions Helpline

0191 4244141



Fax

0191 4244171



Email

pensions@s-tyneside-mbc.gov.uk



Website

www.twpf.info

Please quote your **National Insurance** number so we can quickly trace your records.

WHAT HAPPENS TO YOUR PENSION RIGHTS IF YOU DIE?

Do you know what will happen to your pension rights if you die?

Do you know what your dependants will receive if you die?

How long will your children receive pension payments if you die?

Whilst some people consider death to be a morbid subject, others are reassured by the knowledge that they have made provision for their loved ones.

As a preserved member of the LGPS, you automatically have death cover as part of your benefit package. This means that if you die before receiving payment of your deferred benefits, death benefits are automatically due to your estate and pensions may be payable to any of your dependants, as outlined below.

- A death grant is payable to your estate if you die before retirement or very soon afterwards. If you die before receiving payment of your deferred benefits, the death grant is equivalent to the value of your preserved lump sum at the date of your death. If you die once you are in receipt of your preserved pension then the rules are a little more complex. However, a death grant may still be payable if you die within the first few years of retirement.
- If you are married when you die, a pension may be payable to your spouse for the rest of their life. In most cases, your husband or wife will receive a pension of half of your pension for the rest of their life. However, if you marry after leaving local government employment, your spouse's pension may be lower than this.
- If you have any dependant children when you die, they would also receive a pension for as long as they remain a dependant child. The definition of a dependant child is a child up to age 17, over 17 but still in full time education, or permanently physically or mentally handicapped of any age.

PAYMENT OF PRESERVED PENSION BENEFITS

Do you know when your preserved pension benefits are due for payment?

When your preserved benefits were calculated, we wrote to you telling you when they become payable. If your benefits are payable after your 60th birthday, we will write to you around the time of your 60th birthday to offer you your preserved benefits early at a reduced value.

Preserved benefits can be paid earlier than this if you are permanently suffering from a medical condition that would prevent you from doing the job you used to do. Your former employer would arrange for an independent medical practitioner to medically assess you.

However, anyone over 50 can apply to their previous employer to ask them to consider releasing their preserved benefits early. Your former employer has the

discretion to consider your application but is not obliged to grant it.

Once your preserved benefits come into payment, you can vary the balance of your benefit package between your pension and lump sum. If you would like to, you may be able to convert part of your lump sum to increase your pension, or vice versa.

These conversions to your benefits package can only be made when you retire and are permanent conversions, both to your own benefit package and to any subsequent spouse or dependant's benefits.



Inflation Proofing

Do you know that your preserved benefits are increased in line with the Retail Prices Index during every year that they remain within the Tyne and Wear Pension Fund? The Retail Prices Index shows the changes in the cost of living. It reflects the movement of prices of a range of goods and services over time.

So when your benefits become payable, they will have increased. Once in payment, your pension will rise every year.

Any spouse's or children's pensions that become payable would also increase similarly.

Have you nominated someone to receive your death grant payment?

The LGPS rules allow you to nominate or choose the person or persons or organisations that you want to receive the death grant payment. This allows the payment to be processed and despatched to your nominee without having to wait for your estate to be settled. Also, payment to a nominee usually means that no inheritance tax needs to be paid on the death grant.

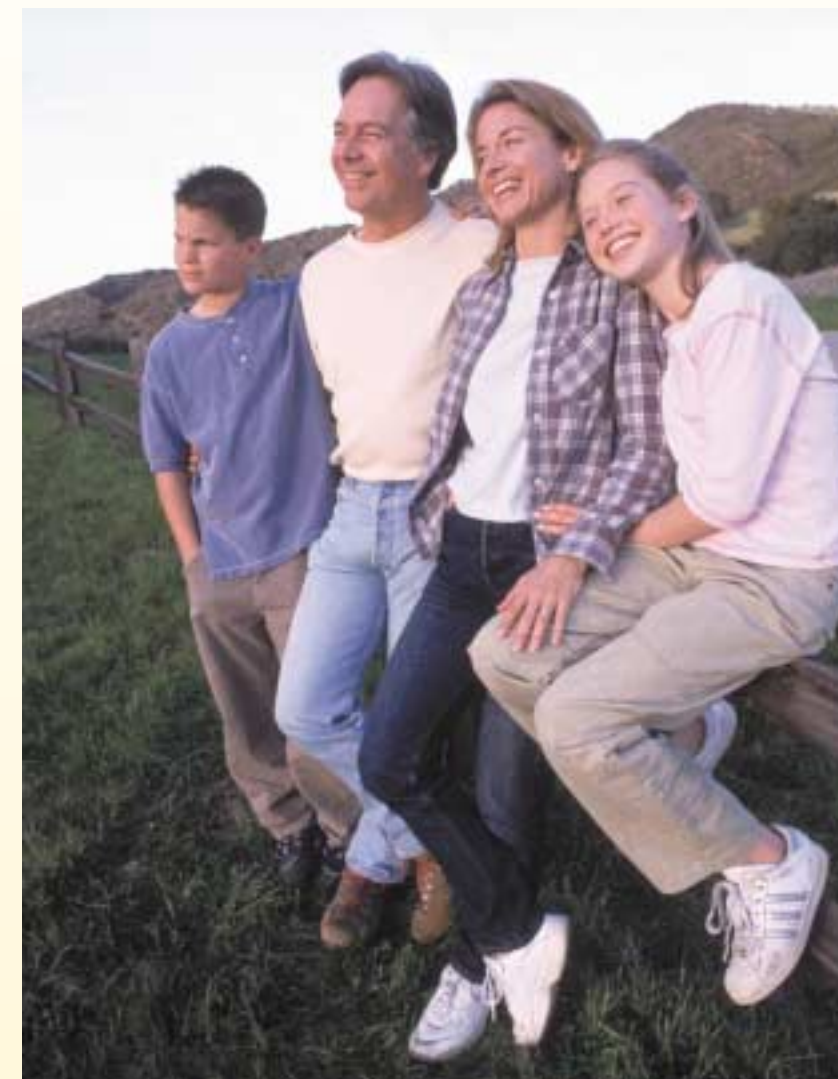
You can request a Death Grant Nomination Form by ringing the Pensions Helpline at any time. Once you have completed a Nomination Form you are responsible for keeping it up to date.

If you do not complete a Death Grant Nomination Form, the death grant is due to your estate and will be paid to whoever is legally entitled to receive payment. The Probate Office will decide who that is and will issue Grant of Probate or Letters of Administration depending on whether you have written a will or not. This process can take time and the death grant then forms part of your estate and may be liable for inheritance tax.

Keeping in Touch

As you have preserved pension benefits with the Tyne and Wear Pension Fund, our records will show your address at the time you left employment, unless you have given us your new address details. It is important that you keep us informed whenever you change address. Otherwise we may not be able to contact you to arrange payment of your benefits.

Also, if you want to receive annual updates of the value of your preserved pension benefits, it is vital that you keep us up to date with your changes of address as they occur.



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Beware of Pension Liberation Schemes

Certain organisations are offering Pension Liberation schemes, which claim to convert pension benefits into an immediate tax free lump sum. This practice is sometimes referred to as 'trust busting'.

The organisers of these liberation schemes use adverts to attract people who have yet to draw their pension benefits. However the people offering this service usually charge high commissions ranging from 20 to 30% of the value of your pension rights. You could also end up paying as much as 40% tax on the total

amount as well. Altogether this means you could lose up to 70% of your pension rights.

If a company offers to transfer your pension rights and pay you a large lump sum please be cautious. Some of these schemes are currently under investigation by the Inland Revenue and the Occupational Pensions Regulatory Authority. Both organisations have expressed concern about individuals losing their hard earned pension savings and then not having a decent income in retirement.