

# Pensions on divorce or the dissolution of civil partnership

*This leaflet explains what happens to your pension should you become divorced or have your civil partnership dissolved.*

Your pension rights under the Local Government Pension Scheme (LGPS) form part of your assets when it comes to divorce settlements, and the Court has to take them into account. The rules are the same when it comes to the formal dissolution of a civil partnership.

Through the court, you and your ex-spouse or ex-civil partner can choose to use:

- Pension offsetting
- Pension earmarking
- Pension sharing

## Pension offsetting

You can offset the value of your pension rights against the value of other financial assets in your divorce/dissolution settlement. For example, you could keep your pension, and your ex-spouse or ex-civil partner could get a larger share of the value of the house.

## Pension earmarking

If the Court makes an Earmarking Order, your LGPS benefits still belong to you, but some are earmarked for your ex-spouse or ex-civil partner. The earmarked benefits will be paid to your ex-spouse or ex-civil partner when your benefits are paid, reducing the amount paid to you.

The Order can require that your ex-spouse or ex-civil partner receive one or a combination of the following:

- all or part of your LGPS pension
- all or part of any lump sum payable to you, and
- all or part of any lump sum payable on your death.

When earmarked benefits become payable, we will contact your ex-spouse or ex-civil partner to check that the Earmarking Order is still valid and arrange payment of the earmarked benefits.

## Pension sharing

If the Court makes a Pension Sharing Order, a percentage (as set out in the Order) of your **benefits are transferred into your ex-spouses or ex-civil partner's possession**. They will keep that share even if your or their circumstances change.

Your ex-spouse or ex-civil partner will hold those benefits in his / her own right of which are referred to as a Pension Credit. They can be left in the scheme or moved to another qualifying pension scheme. Payment of these benefits will not be tied to when you receive your benefits.

At the effective date of the Order, a pension debit and lump sum debit will be worked out. The pension debit and lump sum debit will be equal to the percentage (as set out in the Order) of, respectively, your annual pension and lump sum built up to that point. Those debits will then go up in line with the rise in the cost of living. When your benefits are paid, the re valued amount of the debits will be deducted from your benefits.

## The Process

As already noted, the court will consider your LGPS benefits in any divorce or dissolution of civil partnership settlement. Therefore, you or your solicitor will need to contact us to ask for information on the value of your benefits.

If the Court makes an earmarking or pension sharing Order, we will need to be told of this so that we may apply it accordingly.

There is a great deal of administration involved in dealing with these cases, so the law allows us to charge for providing information or complying with a Court Order, which will be payable by you and/or your ex-spouse or ex-civil partner. Please contact us if you would like more details of these charges.

## Divorce under Scottish Law

The above information assumes that the divorce or dissolution is carried out under English law. If it is carried out under Scottish law, the above information may not apply in the same way.

**More information is available on request. Additionally, you may find Chapter 10 (Pensions and Divorce or Dissolution of a Civil Partnership) of the Employee Full Guide helpful, which is available from our website: [lppapensions.co.uk](http://lppapensions.co.uk)**

This sheet is for general use and cannot cover every personal circumstance as its contents are based on our understanding of the legislation and events at the time. In the event of any dispute over your pension benefits, the appropriate legislation will prevail as this sheet does not confer any contractual or statutory rights and is provided for information purposes only.