

armed forces pension scheme 75

AFPS75

05  
Armed Forces Pension Scheme

Reserve  
Forces Pension Scheme

# Pension Benefits on Divorce and Dissolution of Civil Partnerships



There are two Armed Forces Pension Schemes (AFPS) for members of the Regular Armed Forces: Armed Forces Pension Scheme 75 (AFPS 75) and Armed Forces Pension Scheme 05 (AFPS 05).

AFPS 75 was introduced in 1975 and was closed to new entrants from 6 April 2005.

AFPS 05 is the scheme applicable to those joining the Regular Armed Forces from 6 April 2005. Serving members of AFPS 75 were given an opportunity to transfer to AFPS 05 by 6 April 2006.

There are two Reserve Forces Pension Schemes for members of the Reserve Armed Forces: Full Time Reserve Forces Pension Scheme 97 (FTRSPS 97) and Reserve Forces Pension Scheme 05 (RFPS 05).

FTRSPS 97 is the scheme applicable to those who gave Full Time Reserve Service as a member of the Reserve Forces before 6th April 2005.

RFPS 05 is the scheme applicable for those starting or renewing a Full Time Reserve Service (FTRS) commitment/contract and for those who are mobilised, from 6 April 2005. Serving members of FTRSPS 97 were given an opportunity to transfer to RFPS 05 by 6 April 2006.

This booklet does not provide legal or financial advice. It is intended to assist members of AFPS 75, FTRSPS 97, AFPS 05, RFPS 05 and spouses or civil partners of members who are currently going through the process of divorce or dissolution of a civil partnership or may do so in the future. It will also help solicitors who are advising clients who are members of the Armed Forces to understand some of the unusual features of the schemes.

**IMPORTANT: This booklet does not give a full explanation of the relevant pension scheme rules or the law in relation to pensions on divorce/dissolution. If there are any differences between the pension scheme rules and an explanation in this booklet, the rules will take precedence.**

**Unit administrative or personnel staffs can only provide information and an explanation of benefits under the schemes; they cannot provide advice in relation to your pension's decisions or divorce/dissolution. Your best options will depend on your particular personal circumstances and you should seek independent legal or financial advice as required.**

**Unit administrative or personnel staff can give you a list of Services Insurance and Investment Advisory Panel (SIIAP) approved independent financial advisers, although you are free to use any independent financial adviser that you wish.**

The Civil Partnership Act (CPA) 2004 makes provision for same sex partners to register their partnership. Where this booklet refers to "divorce" and "marriage", this should also be read to include "dissolution" and "civil partnership".

There are some special terms that you need to know: you can find them on pages 2 to 6 and refer to them as you go along. They appear in bold italics throughout this booklet.

# FINDING YOUR WAY ABOUT THIS BOOKLET

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# TERMS YOU NEED TO UNDERSTAND

Here is a list which explains the meaning of some special terms used in this booklet.

## **AFPS 75 – Armed Forces Pension Scheme 1975**

This is the pension scheme for Regular Service personnel which was introduced in 1975 and closed to new entrants from 6 April 2005.

## **AFPS 05 – Armed Forces Pension Scheme 2005**

This pension scheme was introduced for new entrants to the Regular Armed Forces from 6 April 2005. Members of AFPS 75 who were already in service on this date and were still in service on 6 April 2006 were given an opportunity to transfer to AFPS 05. Even though members who had a pension debit under AFPS 75 may have transferred to AFPS 05, their former spouse or civil partner (the Pension Credit Member) did not transfer and they remain a member of AFPS 75.

## **AO - Attachment Order**

This is a Court Order made as part of a divorce or dissolution settlement instructing the pension scheme administrator to pay all or part of a member's pension benefits as periodical payments or one or more lump sums to the member's former spouse or civil partner when these benefits become payable. The Order may specify that the pension scheme member shall or shall not exercise the right to commute any part of their pension benefit to a lump sum.

## **Attributable Benefits**

Armed Forces Attributable Benefits are paid under the Armed Forces Attributable Benefits Scheme 2010 (AFAB 2010) where an injury, illness or death was caused by service before 6 April 2005. If an injury, illness or death was caused by service after 6 April 2005, Attributable Benefits are paid under the Armed Forces Compensation Scheme 2005 (AFCS 2005). Attributable benefits are not shareable.

## **AVCs - Additional Voluntary Contributions**

Payments made by a scheme member to enhance his/her pension or death benefits. These cannot be excluded in divorce or dissolution settlements.

## **CEV – Cash Equivalent Value**

This is a valuation of the scheme member's benefits for divorce or dissolution purposes.

## **Civil Partner**

A scheme member who has formed a legally recognised partnership with another person of the same sex under the procedure provided by the Civil Partnership Act 2004 (CPA). If the Civil Partnership is legally dissolved, the Court can consider pension sharing in the same way as when a married couple divorce.

## **Consumer Price Index (CPI)**

This is published monthly to measure the change in price levels in the UK. It is used to increase the value of pensions in April every year. See definition for "index linking".

## **Credit or Pension Credit**

A former spouse or civil partner's share of the value of a scheme member's pension benefits as a result of a Pension Sharing Order.

## **Debit or Pension Debit**

The reduction to the value of a scheme member's pension benefits applied following a Pension Sharing Order.

## **Dependants**

A scheme member's spouse, civil partner, eligible partner or eligible children.

## **EDP - Early Departure Payments**

Payments to scheme member's who leave service before age 55 after a minimum of 18 years' service AND who are at least age 40 but not scheme members of AFPS 75, FTRSPS 97 or RFPS 05. EDP is not a pension and so cannot be included in Court Orders for sharing or attachment, although it can be considered as a matrimonial asset and offset against the pension fund value.

### Effective Date

The date when a Pension Sharing Order (PSO) can take effect.

In England, Wales and Northern Ireland, the Effective Date is the date on which the decree of divorce or dissolution is made absolute or if later, 21 days from the date of the PSO (unless an appeal is lodged).

In Scotland, the PSO takes effect from the date of the extract of the Decree of Divorce.

If the scheme member's pension is already in payment there will be an unavoidable overpayment of the scheme member's pension between the Effective Date of the Order and the date when the pension is physically reduced. The overpayment must be recovered by the MOD's Paying Agent from the Pension Debit Member (PDM).

### EO - Earmarking Order

A Court Order under Scottish law made as part of a divorce or dissolution settlement, instructing a pension scheme to pay all or part of a scheme member's lump sum to the scheme member's former spouse or civil partner when it becomes payable to the scheme member.

### Former Spouse

A scheme member's former husband or former wife after they have divorced or their marriage has been annulled.

### FTRSPS 97 - Full Time Reserve Service Pension Scheme 97

This is the pension scheme for Reserve Service personnel which was introduced in 1997 and was closed to FTRS personnel starting or re-starting commitments from 6 April 2005.

### IDRP – Internal Dispute Resolution Procedures

All occupational pension schemes are required to

have an internal dispute resolution procedure in place to resolve pension disputes. Please see the booklet "MMP/130 Armed Forces Pension Schemes – Dispute Resolution Procedures" for further information and details on the procedures.

### Implementation Period

The implementation period is the four month period beginning with the later of

- the day on which the Pension Sharing Order takes effect (the Effective Date); or
- the first day on which **SPVA** (Glasgow) receives all the relevant pension sharing documentation including payment of any administrative charges.

### Index linking

Annual increase in pension value in line with movements in the Consumer Price Index (CPI). Changes are made in April, using the previous September's annual headline rate of inflation.

### Invaliding Pension

Any AFPS75 /05 or FTRSPS 97/RFPS 05 pension that is payable as a result of a medical discharge irrespective of its cause. An Invaliding Pension can be subject to a Court Order on divorce or dissolution. An invaliding pension is not to be confused with benefits paid under the Armed Forces Attributable Benefits Scheme 2010 (AFAB 2010), Armed Forces Compensation Scheme (AFCS) or the War Pension Scheme (WPS). These benefits do not form part of an Armed Forces Pension or Reserve Forces Pension.

### IPP – Immediate Pension Point

For AFPS 75 scheme members only – this is the earliest a scheme member can receive their pension, which is after 16 years reckonable service from age 21 as an Officer or 22 years reckonable service from age 18 as an Other Rank.



## Life Commutation

Life Commutation is the giving up, for the remainder of the scheme member's life, a part of the scheme member's pension in return for an additional tax-free lump sum.

For AFPS 75 scheme members only – those who leave the Armed Forces with an entitlement to an Immediate Pension (IP), other than invaliding benefits, may be eligible to apply for Life Commutation prior to retirement if they served on or before 1 March 1978 in respect of service up to 6 April 1980 only. A Court Order can stipulate the PDM takes full Life Commutation available to him or her.

## Matrimonial Property

A Scottish legal term for the property accrued during the marriage or civil partnership and belonging to the couple jointly or separately on the relevant date (i.e. the date on which the couple cease to live together as husband and wife or civil partners or if they continue living together at the date when divorce or dissolution proceedings were started).

For pension purposes, Matrimonial Property includes the portion of any rights under a pension scheme earned during the period of marriage or civil partnership before the relevant date.

## Member

A person who:

- has joined one of the Armed or Reserve Forces Pension Schemes and who is earning pension benefits under one of these schemes (active member), or
- has a preserved pension under one of the schemes (deferred member), or
- is receiving a pension under one of the schemes (pensioner member).

## Offsetting

This is where couples who are going through a divorce or dissolution of a civil partnership offset the pension fund value against other assets such as the

family home. It is sometimes used as an alternative to pension sharing.

## PCM - Pension Credit Member

Once a Pension Sharing Order has been implemented, the former spouse or civil partner of the serviceman or woman becomes a Pension Credit Member (PCM) and a member of the pension scheme in their own right.

## PDM - Pension Debit Member

Once a Pension Sharing Order has been implemented, and the AFPS/RFPS member's pension is reduced, the member is referred to as a Pension Debit Member (PDM).

## Pension Lump Sum

A one-off lump sum equal to three times the annual pension awarded. It is automatically paid at the same time as the pension first comes into payment.

## Preserved Pension

A pension which is kept for a member leaving the Armed Forces for payment at a later date. The age at which a preserved pension can be paid differs depending upon the pension scheme.

For AFPS 75 members who have not reached the Immediate Pension Point (IPP) with a minimum of two years reckonable service or a transfer in from another pension scheme the Preserved Pension is payable from age 60 for service built up before 6 April 2006 and from age 65 for service built up from 6 April 2006.

For FTRSPS 97 members who leave service with a minimum of two years reckonable service or a transfer in from another pension scheme the Preserved Pension is payable from age 60 for service built up before 6 April 2006 and from age 65 for service built up after 6 April 2006.

For AFPS 05 members who leave service before the age 55, with a minimum of two years reckonable

service or a transfer in from another pension scheme the Preserved Pension is payable from age 65. AFPS 05 members who leave the service before age 55 may be entitled to Early Departure Payments (EDP) up to age 65.

For RFPS 05 members who leave service before age 60, the Preserved Pension is payable from age 65. There is no minimum reckonable service requirement for a Preserved Pension for RFPS 05 members.

### PSO - Pension Sharing Order

An Order made by a Court on divorce or dissolution of a civil partnership creating pension benefits for a former spouse or civil partner out of the benefits that the member has built up in the scheme.

The former spouse or civil partner becomes a member of the scheme in their own right and this achieves what is known as a clean break settlement. The PSO will specify the percentage (or monetary amount for Scottish cases) that is to be deducted from the member's benefits.

### Resettlement Commutation

Resettlement Commutation (RC) is the giving up of part of the member's Immediate Pension (eligible AFPS 75 members only) in return for an additional tax-free lump sum. At age 55, the pension is restored in full and attracts Pension Increases. A Court Order can stipulate that the member takes the full RC available to him or her.

### Reckonable Service

Reckonable service is the service which is used to calculate a member's pension.

For AFPS 75 and FTRSPS 97 members – for Officers, this starts at age 21 for a maximum of 34 years, and for Other Ranks, this starts at age 18 for a maximum of 37 years.

**Note:** In AFPS 75, only actual paid service counts towards an Immediate Pension (IP). Transferred-in benefits and credits resulting from the purchase of Added Years **do not** count towards qualifying service for an IP but will count towards the value of the pension.

For AFPS 05 and RFPS 05 members – this starts from the first day of paid service in the Armed Forces, but may not exceed 40 years. The value of any pension benefits transferred in from another scheme increases the service which counts towards the value of the pension, as does a credit resulting from the purchase of added years. For those who transferred to AFPS 05 or RFPS 05 as a result of the Offer To Transfer, their service under AFPS 75/ FTRSPS 97 will count towards reckonable service. Transferred-in benefits and credits resulting from the purchase of Added Years do not count towards relevant service for an Early Departure Payment (EDP).

### Relevant Date

In Scottish law, this is the agreed date that the marriage or civil partnership ended. It is either the date the couple ceased to live together, or if still living together, the date on which the divorce or dissolution proceedings were started.

### RFPS 05 – Reserve Forces Pension Scheme 05

The pension scheme is applicable to those who serve on Full Time Reserve Service (FTRS) terms, including Additional Duties Commitment (ADC) terms and those who are mobilised on or after 6 April 2005. Only personnel who are entitled to an Immediate Pension or a Preserved Pension under AFPS 75 and are called out for a national emergency or mobilised service under sections 32,43,52,54 or 56 of the Reserve Forces Act 1996 (or corresponding sections of the Reserve Forces Act 1980) can choose to count that further service under AFPS 75. There is no option to join or rejoin FTRSPS 97.

## Spouse

A legally married (including separated, but not divorced) husband or wife. A spouse is entitled to widow's/widower's benefits until they are legally divorced, even if they are separated from the member.

## SPVA – Service Personnel and Veterans Agency

SPVA is part of the MOD with day-to-day responsibility for the administration and certain management responsibilities for all Armed Forces Pension Schemes (AFPS), Reserve Forces Pension Schemes (RFPS), the Armed Forces Attributable Benefits (AFAB) Scheme, The Early Departure Payment (EDP) scheme, the Armed Forces Compensation Scheme (AFCS), the War Pension Scheme (WPS) and the authority for payments under these schemes.

SPVA (Glasgow) are the Administrator's of the AFPS, RFPS, EDP, AFAB and SPVA (Norcross) are the Administrator's of the AFCS and WPS.

## Transfer Day

The Transfer Day is the day on which a PSO is implemented. If the member is still serving, the benefits are those benefits or future benefits to which the member would be entitled had the member's pensionable service terminated the day before the Transfer Day. If the member is no longer serving the relevant benefits to be taken into account are the benefits to which the member is entitled to, as at the day before the Transfer Day.

## Valuation Day

Having identified the benefits to be valued the valuation takes place on the Valuation Day.

The Valuation Day can be any day of the scheme's choosing within a four month period which begins with the day on which SPVA receives all the relevant pension sharing documentation including payment of any administrative charges.



# BACKGROUND

The courts have powers to take account of pension assets in divorce or dissolution settlements.

Options available to the court include:

- **Offsetting** the value of the pension against other assets belonging to the couple going through divorce or dissolution.
- Making a **Pension Sharing Order (PSO)** so that a share of the value of the **member's** pension is transferred to the **former spouse** or **civil partner** who will become a member of the pension scheme in their own right;
- In England, Wales and Northern Ireland:

Making a pension **Attachment Order (AO)** so that one of the parties in the divorce or dissolution settlement receives payment out of the member's pension (both a retirement lump sum and a periodical pension payment may be subject to an **AO**);

- In Scotland: Making a pension **Earmarking Order (EO)** which has the effect of a lump sum payment being made to the **former spouse** or **civil partner** from the **member's** pension.

Care should be taken not to confuse **PSOs** with **AOs** and **EOs** as there are some major differences which are summarised below:

	Pension Sharing Orders(PSO)	Attachment Orders(AO)	Earmarking Orders (EO)
<b>Does the former spouse or civil partner become a member of the pension scheme in their own right?</b>	YES	NO	NO
<b>Will the former spouse or civil partner receive periodical payments/pension payment benefits?</b>	YES	This will depend on the terms of the order.	NO
<b>Will the former spouse or civil partner receive a lump sum?</b>	A pension credit may include a <b>Pension lump sum</b> where the lump sum has not been paid (but not if payment should have been made) to the <b>PDM</b> before the <b>Transfer Day</b> .	This will depend on the terms of the order.	YES. <b>Former spouse</b> or <b>civil partner</b> can be allocated part or all of the member's <b>Pension lump sum</b> and/or Death in Service lump sum.

Continued overleaf

	Pension Sharing Orders(PSO)	Attachment Orders(AO)	Earmarking Orders (EO)
<b>Who bears the tax liability?</b>	<b>Former spouse</b> or <b>civil partner</b> liable for tax due on their share.	Scheme <b>member</b> is liable to pay tax on the whole pension.	No tax liability at date of publication.
<b>Will payment continue after a former spouse's remarriage or a civil partner's entry into a new civil partnership?</b>	YES	NO—periodical payments stop on remarriage of the <b>former spouse</b> or the <b>former civil-partner</b> enters into a new civil partnership.  YES—entitlement to the lump sum will continue unless changed by a further Court Order.	YES—the one-off lump sum payment continues to be payable upon the <b>member's</b> retirement
<b>When will former spouse or civil partner receive payment?</b>	Determined by scheme rules: at age 60 or 65 depending on the scheme. A <b>PCM</b> can opt to have their pension paid at age 55 but it will be actuarially reduced due to early payment.	On the <b>member's</b> retirement (when <b>member's</b> pension comes in to payment).	On the <b>member's</b> retirement (when <b>member's</b> pension comes in to payment).
<b>Will the pension paid to a new spouse or civil partner on the member's death be affected?</b>	YES. As the <b>PDM's</b> pension has been permanently reduced, it will affect the amount of pension paid to a new <b>spouse</b> or <b>civil partner</b> on the <b>PDM's</b> death.	NO. The <b>AO</b> does not affect the new <b>spouse</b> or <b>civil partner's</b> pension.	NO. The <b>EO</b> does not affect the new <b>spouse</b> or <b>civil partner's</b> pension.
<b>Will the former spouse or civil partner's entitlement be affected by the member's death?</b>	NO.	YES. When the <b>member</b> dies, the <b>AO</b> expires, except for death in service lump sum benefits where payable to the <b>former spouse</b> or <b>civil partner</b> .	YES. When the <b>member</b> dies, so does the <b>EO</b> , except for death in service lump sum benefit where payable to the <b>former spouse</b> or <b>civil partner</b> .

Continued overleaf

	Pension Sharing Orders(PSO)	Attachment Orders(AO)	Earmarking Orders (EO)
<b>What happens if the former spouse or civil partner dies before receiving the lump sum or periodical payments/pension benefits?</b>	<p>Lump sum paid to the <b>PCM's</b> estate to the value of three times the annual rate of the <b>PCM's</b> pension.</p> <p>The pension payable to the <b>PCM</b> is <u>not</u> restored to the <b>PDM</b>.</p>	<p>Lump sum normally paid to the <b>former spouse</b> or <b>civil partner's</b> estate unless the scheme <b>member</b> applies to the Court to have the <b>AO</b> discharged.</p> <p><b>AO</b> does not take effect in respect of periodical payments. The <b>member's</b> pension is fully restored.</p>	<p>Lump sum will normally be paid to the <b>former spouse</b> or <b>civil partner's</b> estate.</p>
<b>What happens if the former spouse or civil partner dies after he/she starts receiving periodical payments /pension benefits?</b>	<p>A lump sum may be payable to their estate:</p> <p>For <b>AFPS 05/RFPS 05</b> the balance of five years pension minus any lump sum and pension paid.</p> <p>For <b>AFPS 75/FTRSPS 97</b> the balance of three years pension minus any lump sum and pension paid.</p>	<p>No further periodical payments are made to the <b>former spouse</b> or <b>civil partner's</b> estate.</p> <p>The <b>member's</b> pension is fully restored.</p>	N/A
<b>Can the order be set aside or varied by the Court?</b>	NO—Generally, a <b>PSO</b> cannot be cancelled, set aside or varied once it has been implemented.	YES	YES

**There are some differences in pensions on divorce legislation in Scotland. Please refer to the section "Scottish Law".**

# INFORMATION FOR THE PENSION SCHEME MEMBER

## Stage 1 – What are my pension benefits worth?

The first thing you need to do when considering your pension benefits in your divorce or dissolution settlement is to ask **Service Personnel and Veterans Agency (SPVA)** Glasgow to provide you with a valuation of your benefits. You must do this in writing or by telephone (contact details on page 23). You will be sent an application form which explains which information the various groups of members are entitled to receive and which asks you to confirm the precise details you require. You should make clear that your request for a valuation is in relation to divorce or dissolution. A copy of the form is available on the MOD website:

<http://defenceintranet.diiweb.r.mil.uk/DefenceIntranet/Library/CivilianAndJointService/BrowseDocumentCategories/Personnel/PensionsAndCompensationSchemes/Afpsdivorce2.htm>

<http://www.mod.uk/DefenceInternet/AboutDefence/CorporatePublications/PersonnelPublications/SPVA/SpvaPensionsForms.htm>

**SPVA** (Glasgow) will provide you with valuations for divorce or dissolution however where charges are applicable they must be paid before the information is provided. Valuations are normally provided within 6 weeks of request.

Your pension valuation – The **Cash Equivalent Value (CEV)** is generally valid for one year (although the court may require another within that time) and is valued on the day the **CEV** is produced. It should be noted, however, that when a **PSO** is made, the Order will be implemented against the benefits the **member** is entitled to on the day before the **Transfer Day**, as valued on the **Valuation**

**Day**. Therefore, there may be a difference between the **CEV** used to implement an order and the assessment provided earlier.

For **AFPS 75 Members**, the date on which the valuation is prepared is particularly important as, if the value of your benefits is assessed before the **Immediate Pension Point (IPP)**, it will be significantly lower than a valuation made after the **IPP**. This is because it cannot be guaranteed that you will reach the **IPP**, so it assumes you would leave with a **Preserved Pension**. If the valuation is done after the **IPP**, it is made on the basis you would leave with an Immediate Pension.

If you have multiple periods of service a **CEV** will be produced for each separate period of service (SPVA will charge for each different pension valuation provided i.e **AFPS 75**, **FTRSPS 97**, **AFPS 05** or **RFPS 05**).

## Stage 2 – The Court Order

The Court Order could specify a share with your former **spouse** or **civil partner** of anything from 1% to 100% of the pension benefits whether by **AO**, **EO** or **PSO**. Payments received under the **Early Departure Payment (EDP) Scheme**, the **Armed Forces Attributable Benefits (AFAB) Scheme**, the **War Pension Scheme (WPS)** or the **Armed Forces Compensation Scheme (AFCS)** are excluded from being shared or attached as they are not pension benefits but compensation benefits however these benefits may be taken into consideration by the Court as part of **Offsetting**.

Great care must be taken when deciding whether to agree on an **AO**, **EO** or **PSO** (see comparison table (page 7 to 9) which summarises some of the key differences). Changes to Orders can only be made by the Court, but note that it is generally

not possible to change or cancel a **PSO** after the decree has been made absolute, particularly after implementation of the **PSO**.

**SPVA** (Glasgow) can only implement an Order that complies with the relevant legislation.

**SPVA** (Glasgow) cannot offer you advice on which option you should take. You should seek independent legal and/or financial advice. Your solicitor should be able to explain your options.

**SPVA** (Glasgow) will charge you for any requests for additional information that you make in relation to divorce or dissolution. See the charging leaflet which is available on the Internet and Defence Intranet (see page 23 for address) for further details of the charges imposed.

### Stage 3 – Implementing the Court Order

#### Pension Sharing Orders

Once **SPVA** (Glasgow) receive the Court Order and all the related documentation (including any fee), they will revalue your pension benefits and implement the Order. Neither you nor the Court can specify the date on which the pension benefits is revalued.

By applying the percentage set out in the Court Order to the value of the pension benefits at the **Valuation Day SPVA** (Glasgow), calculates the pension credit it must make to give pension benefits to your **former spouse** or **civil partner** and makes a **debit** to reduce your pension benefits.

If you remain in service after the **PSO** is made, when you retire the **debit** will be recalculated and adjusted in line with **Consumer Price Index (CPI)** to reflect the impact of the earlier transfer of

benefits to the **PCM** at the actual date of retirement.

Following the implementation of the **PSO**, you will become a **PDM** and your **former spouse** or **civil partner** will become a **PCM** of the pension scheme.

#### Pensions in Payment

If you are already in receipt of your pension, your pension is reduced from the **Effective Date** of the Order by the appropriate percentage. There will be an unavoidable over payment (often several months) of the **member's** pension between the **Effective Date** of the Order and the date when the pension is physically reduced. The overpayment will be recovered by the MOD's Paying Agent from the **PDM**. Any payments you pay to your **former spouse** or **civil partner**, either voluntarily or by Order of the Court before implementation of the Order, are outside the pension sharing arrangement and are therefore a private matter between you and your **former spouse** or **civil partner**. Such payments cannot be taken into account when repayment is sought.

Your **former spouse** or **civil partner** becomes a **PCM** but will not be able to claim his or her pension benefits until age 60 or 65 depending on the rules of the scheme. **PCM's** may now claim their pension benefits at age 55 or current age if over 55, rather than age 60 or 65, but their pension benefits will be actuarially reduced due to early payment.

#### AFPS 75 MEMBERS

**Members** of **AFPS 75** are entitled to retire with an Immediate Pension after 16 years reckonable service as an Officer or 22 years reckonable service as an Other Rank. This is known as the **Immediate Pension Point (IPP)**.



### Effect of timing on pension valuation

- If the value of your benefits is assessed before the **Immediate Pension Point (IPP)**, you should note that it will be significantly lower than a valuation made after the **IPP**.
- If the valuation is made before the **IPP**, the valuation is made on the basis that you leave service on the day before the **Transfer Day** and before reaching the **IPP** and are entitled only to a **Preserved Pension**.
- If the valuation is made after the **IPP**, the valuation is made on the basis that you would leave service on the day before the **Transfer Day** with an **Immediate Pension**.

### Effect of timing on pension at retirement

For the reasons explained above it is necessary for the debit to be adjusted when you actually retire to reflect the real impact of the transfer of pension benefits from you to the **PCM** at the actual date of your retirement. There are two scenarios for this and they are explained below.

#### PSO Implemented On or After IPP

When your **PSO** is implemented, the law requires that we value and share your pension as if you had left service the day before the **Transfer Day**, when you would have been entitled to an **Immediate Pension**.

If you then remain in service, when you actually retire, because you will be taking your pension later than assumed, the scheme will have a shorter time to recover the value of the benefits transferred to the **PCM**. So, in addition to the **CPI** uplift, your debit is adjusted to reflect the later retirement

date. **The amount of the debit will therefore increase. In some cases this may result in a substantial reduction in the pension to which you are entitled.**

**AFPS 75 members whose PSO will be implemented on or after the IPP are advised to seek legal and/or financial advice.**

Your pension will however benefit from any increases due to the accrual of further service, promotions, increase in rates of pay and pension etc.

#### PSO Implemented Before IPP

When your **PSO** is implemented, the law requires that we assume you leave service the day before the **Transfer Day**, when you would have been entitled to a deferred pension payable at age 60/65. If you then remain in service and later retire with an **Immediate Pension**, it will be necessary for the scheme to debit your pension, but because you have taken your pension earlier than assumed, the scheme will have a longer time to recover the debt. So in addition to the **CPI** uplift on retirement your debit is adjusted to reflect the fact that the date you drew your pension is earlier than assumed. The amount of the debit is therefore likely to decrease.

#### Pension Attachment Orders (AOs)

The Court Order may specify that **SPVA** (Glasgow) pay your **former spouse** or **civil partner**:

- a percentage of your pension (1% to 100%);
- a percentage of your **Pension lump sum** (1% to 100%);
- a percentage of the Death-in-service, or Death-in-deferment lump sum, if you die (even if you have nominated somebody else to receive it).

- A percentage of any sum raised through **Life Commutation** or **Resettlement Commutation**.

**AOs** are not like **PSOs**. Your **former spouse** or **civil partner** does not become a **member** of the scheme in his or her own right. Their payment is linked to your pension.

If your former spouse remarries or your civil partner enters into a new civil partnership their periodical payments under the **AO** would be stopped (the lump sum payment would continue to be made unless changed by a further Court Order). If **SPVA** (Glasgow) are not notified and there is an overpayment to the **former spouse** or **civil partner** it is your responsibility to reclaim any periodical payments back from them directly; **SPVA** (Glasgow) will not get involved in any dispute on this matter.

When received, **SPVA** (Glasgow) places the Court Order on your pension file. If you are still in service, **SPVA** (Glasgow) will make the necessary arrangements when the benefits are due for payment. If you are already in receipt of your pension, **SPVA** (Glasgow), through their Paying Agent will make arrangements from the next available payment date once they have received all the necessary information they require to implement the Order.

**SPVA** (Glasgow) will charge the member to implement an **AO** unless the court states otherwise. **SPVA** (Glasgow) require all charges to be paid before they implement the Order.

## Frequently Asked Questions

### Would a pension share affect my future spouse's pension?

Yes. Any pension debit you have is also applied to a

future **spouse's** pension.

### Would a pension share affect my children's pensions?

Yes. Children's pensions are reduced by the percentage specified in the Court Order.

### How is the CEV calculated?

The valuation method is prescribed by legislation and the Government Actuary's Department supply **SPVA** (Glasgow) with tables of actuarial factors. **SPVA** (Glasgow) use these factor tables to determine the amount of reckonable service to be credited. These factors are found in JSP 764, Part 4, Chapter 4 which is available on the Ministry of Defence - Armed Forces Pensions website. The link is given below:

<http://www.mod.uk/DefenceInternet/AboutDefence/CorporatePublications/PersonnelPublications/Pensions/AFPS05/ArmedForcesPensionScheme2005Regulations.htm>

### What happens to my pension if my former spouse dies before my pension benefits come into payment?

A lump sum would normally be paid to your **former spouse** or **civil partner's** estate unless the scheme member applies to the Court to have the **AO** discharged. For a **PSO**, once it has been implemented by the pension scheme administrator, it cannot be changed or cancelled, so there would be no restoration of the original pension.

### Can my former spouse/civil partner have a PSO and an AO or EO?

Your **former spouse** or **civil partner** cannot obtain both a **PSO** and an **AO** or **EO**. Nor can a **PSO** be made if an **AO** or **EO** is already in force in relation to the pension arrangement, even for a different divorce or dissolution settlement.

**Can a PSO be made in relation to a pension which is already the subject of a PSO?**

No.

**I am not getting divorced in England. How does this affect pension sharing?**

Legislation in Wales and Northern Ireland is predominantly the same as English law, but Scottish law is different (see section on Scottish law).

If your divorce or dissolution proceedings are taking place outside the UK, the pension sharing legislation cannot apply and **SPVA** (Glasgow) would not be able to implement any Court Order made in a Court outside of the UK. In these circumstances, independent legal advice should be sought.

**Can SPVA (Glasgow) tell me what my former spouse may be entitled to from my pension?**

No. The role of Pension Scheme Administrators in divorce or dissolution cases is limited to providing information about the **member's** pension benefits and implementing any Order the Court may make. This question should be referred to a suitably qualified solicitor.

**A Pension Attachment Order has been made against my monthly pension. How is the pension treated for taxation purposes?**

The pension remains your property and you remain liable for income tax on the whole of the pension. You should refer any tax enquiries to Her Majesty's Revenue and Customs (HMRC).

**Can I simply request that you make payments to my former spouse or a third party?**

The pension scheme rules do not allow you to assign your pension benefits to anyone else. **SPVA** (Glasgow) will therefore not accept such a request.

**Is there a complaints procedure if I am unhappy with the service provided by SPVA?**

Yes. **SPVA** (Glasgow) make every effort to get things right. However, occasionally things do go wrong and you may wish to complain. In the first instance you should write to the address given below:

SPVA JPA Complaints  
Mail Point 600  
Kentigern House  
65 Brown Street  
Glasgow  
G2 8EX

Internal email address: [SPVA-JPA-COMPLAINTS](mailto:SPVA-JPA-COMPLAINTS)

External email address: [jpa-complaints@SPVA.mod.uk](mailto:jpa-complaints@SPVA.mod.uk)

Fax (Civ): 0141 224 2605

Fax (Mil): 94561 2605

**SPVA** (Glasgow) will aim to acknowledge your complaint within two working days of receipt and respond within 10 working days where possible. If you are still unhappy with the outcome of your complaint, the **Internal Disputes Resolution Procedure (IDRP)** can be invoked by putting your complaint in writing to **SPVA** (Glasgow). See booklet MMP/130 "Armed Forces Pension Schemes – Dispute Resolution Procedures" for further information.

**If, after a PSO has been implemented against my pension, can I rebuild my benefits using Additional Voluntary Contributions (AVCs)?**

No. A **PSO** does not increase your scope to purchase **AVCs** beyond what it was prior to the **PSO** being implemented.

# INFORMATION FOR THE SPOUSE AND CIVIL PARTNER

## Stage 1 – Valuation of the Member's pension benefits

If pension benefits are being considered in your divorce or dissolution settlement, your **spouse** or **civil partner** should request a valuation of their pension benefits from **SPVA** (Glasgow).

The **CEV** is generally valid for one year and is valued on the day the **CEV** is produced. It should be noted, however, that when a **PSO** is made, the Order will be implemented against the benefits the **member** is entitled to on the day before the **Transfer Day**, as valued on the **Valuation Day**. Therefore, the value will have changed between the original information stage valuation and the valuation the Order is being implemented against. If the **member** has multiple periods of service, aggregation will not be assumed. Instead a **CEV** will be produced for each period.

## Stage 2 – The Court Order

The Court Order could specify a share with your **former spouse** or **civil partner** of anything from 1% to 100% whether by **AO**, **EO** or **PSO** of your **former spouse** or **civil partner's** pension benefits. Payments received under the **Early Departure Payment Scheme (EDP)**, the **Armed Forces Attributable Benefits Scheme (AFAB)**, the **War Pension scheme (WPS)** or **Armed Forces Compensation Scheme (AFCS)** are excluded from being shared or attached as they are not pension benefits but compensation benefits, although these benefits may be taken into consideration by the Court as part of **Offsetting**, a process used as an alternative to pension sharing.

Great care must be taken when deciding whether to agree on an **AO**, **EO** or **PSO** (see comparison table (page 7 to 9) which summarises some of the

key differences). Changes to Orders can only be made by the Court, but note that it is generally not possible to change or cancel a **PSO** after the decree has been made absolute, particularly after implementation of the **PSO**.

**SPVA** (Glasgow) can only implement an Order that complies with the relevant legislation.

**SPVA** (Glasgow) can only provide you with general information about the scheme; they cannot provide you with a valuation. **SPVA** (Glasgow) are unable to offer you advice on which option you should take. You should seek independent financial and legal advice. Your solicitor should be able to provide you with a full explanation of your options. **SPVA** (Glasgow) will charge you for any requests for additional information that you make in relation to divorce or dissolution. See their charging leaflet which is available on the Internet and Defence Intranet (see page 23 for address) for further details of the charges imposed.

## Stage 3 – Implementing the Court Order

### Pension Sharing Orders

Once **SPVA** (Glasgow) receive the Court Order and all the related documentation (including any fee), they will revalue the pension benefits and implement the Order. Neither you nor the Court can specify the date the pension benefits are valued. **SPVA** (Glasgow) will then share the pension benefits between you and your **former spouse** or **civil partner** on the **Transfer Day**.

**SPVA** (Glasgow) transfer a percentage of your **former spouse** or **civil partner's** benefits to you as a pension credit, and you will become a **Pension Credit Member (PCM)** of the

pension scheme. **SPVA** (Glasgow) then calculate how much your pension will be and write to you confirming the figures. Your pension would only include a lump sum if the **Pension Debit Member (PDM)** had not yet drawn his or her pension. The onus is on the **PCM** to claim their benefits when they are due for payment.

#### **PCM** Specific Rules:

- The earliest age you can claim your pension is age 60 or 65 depending on the rules of the scheme. **PCMs** may now claim their benefits at age 55 or current age if over 55, rather than age 60 or 65, but your pension benefits will be actuarially reduced due to early payment. You can write to **SPVA** (Glasgow) requesting a forecast of how much your pension would be worth following adjustment if you were to draw it from age 55 (or older if you are already over age 55). If you are content with the figures, you can request **SPVA** (Glasgow) to pay your pension at the earlier age.
- Your pension will be uplifted in line with **CPI** from the date the **PSO** was implemented. You need to write to **SPVA** (Glasgow) at least three months before your pension is due to claim your benefits. **SPVA** (Glasgow) will then send you the appropriate form to enable payment.
- In **AFPS 05/RFPS 05**, if you are not yet in receipt of your pension and have a life expectancy of less than 12 months you can apply to **SPVA** (Glasgow) to exchange your entire pension for a lump sum. **SPVA** (Glasgow) will consider your application on the medical evidence provided.
- In **AFPS 75/FTRSPS 97**, if you die before any **pension credit** benefits have been drawn, a

tax-free lump sum will be paid to your estate worth three times your annual pension.

- In **AFPS 05/RFPS 05**, if you die before any **pension credits** have been drawn, a tax-free lump sum will be paid to your estate worth three times your annual pension.
- In **AFPS 75/FTRSPS 97**, if you die within three years of your pension coming into payment, the balance of three years worth of pension will be paid to your estate, less the value of any benefits already received (including any lump sum paid) from the **AFPS 75** and **FTRSPS 97**.
- In **AFPS 05/RFPS 05**, if you die within five years of your pension coming into payment, the balance of five years worth of pension will be paid to your estate, less the value of any benefits already received from the **AFPS 05/RFPS 05**.
- Your pension is payable for life, even if you remarry or enter into a new civil partnership, and will be increased annually in April using the previous September's annual headline rate of inflation.
- You cannot transfer out any pension benefits in the Armed Forces Pension Schemes which arise from a **PSO**. Nor can you add to them.
- On your death, no **AFPS 75, FTRSPS 97, AFPS 05** and **RFPS 05 PCM** pensions are paid to any surviving children, **spouse** or **civil partner**.
- If you were to remarry or enter into a new civil partnership and that marriage or civil partnership ended in divorce or dissolution, your pension credit could itself be subject to a **PSO**.



- Pension credits cannot be aggregated with any other pension benefit earned as a result of service in the Armed Forces. Should you have a Service pension and a pension credit, they will not be aggregated. They will be paid separately.

### Pension Attachment Orders (AOs)

The Court Order may specify that **SPVA** (Glasgow) pay you:

- a percentage of your **former spouse** or **civil partner's** pension (1% to 100%);
- a percentage of your **former spouse** or **civil partner's Pension lump sum** (1% to 100%);
- a percentage of the Death-in-service, or Death-in-deferment lump sum, if your **spouse** or **civil partner** dies (even if they have nominated somebody else to receive it);
- a percentage of any sum raised through **Life Commutation** or **Resettlement Commutation**.

**AOs** are not like **PSOs**. You do not become a **member** of the scheme in your own right. Your payment is linked to your **former spouse** or **civil partner's** pension.

There are circumstances when your pension under the **AO** would be stopped. These are:

- if the **member** should die;
- if you remarry or enter into a new civil partnership.

If you remarry or enter into a new civil partnership, periodical payments would cease; lump sum payments would continue to be made unless changed by a further Court Order. It is your responsibility to inform **SPVA** (Glasgow) three

months in advance if you intend to remarry or enter into a new civil partnership. **SPVA** (Glasgow) will not become involved in any disputes regarding overpayments.

### Frequently Asked Questions

**What happens to the money that is taken from my former spouse's pension until I receive my pension credit through a PSO?**

The **PSO** has to be implemented at the time of the divorce. This means that, if the pension is in payment, that pension must be reduced by the percentage ordered by the court from the date the **PSO** takes effect. Pensions in public service pension schemes are paid from money drawn from the Treasury when they become payable.

**I cannot get my pension paid until I reach 65 whereas my former spouse will receive his pension a lot earlier than age 55. Why can I not draw my pension at the same time from a PSO?**

**AFPS 75** rules state that **members** are able to draw their pension after 16 years active service (Officers) and 22 years active service (Other Ranks). The earliest age from which a **PCM** can draw their pension is laid down in legislation.

A **PCM** may claim their pension benefits at age 60 or 65 depending on the pension scheme. Pension benefits may also be paid from the age of 55, rather than age 60 or 65, but these pension benefits will be actuarially reduced due to early payment. Therefore, if you apply for your pension at an earlier age from which it otherwise would be payable, it will need to be reduced to reflect the fact that it will be in payment for a longer period. You can either write to **SPVA** (Glasgow) requesting them to put your pension into payment from age 55, or at the earliest opportunity if you are already

over 55, or you can ask for a revised valuation before you make that decision.

**My former spouse is not keeping up maintenance payments. Can you pay me direct from their pension?**

No. **SPVA** (Glasgow) can only act upon Court Orders for **PSOs**, **AOs** and **EOs**.

**Can you tell me what I am entitled to from the member's pension?**

No. The role of Pension Scheme Administrators (**SPVA** (Glasgow)) in divorce or dissolution cases is limited to providing information about the member's pension benefits and implementing any Order the Court may make. This question should be referred to a suitably qualified solicitor.

**What if my former spouse refuses to ask for a CEV?**

Your solicitor would have to go back to Court and ask the Court to direct the Pension Scheme Administrators **SPVA** (Glasgow) to provide it.

**Is there a complaints procedure if I am unhappy with the service provided by SPVA (Glasgow)?**

Yes. **SPVA** (Glasgow) make every effort to get things right. However, occasionally things do go wrong and you may wish to complain. In the first instance you should write to the address given below:

SPVA JPA Complaints

Mail Point 600

Kentigern House

65 Brown Street

Glasgow G2 8EX

Internal email address: [SPVA-JPA-COMPLAINTS](mailto:SPVA-JPA-COMPLAINTS)

External email address: [jpa-complaints@SPVA.mod.uk](mailto:jpa-complaints@SPVA.mod.uk)

Fax (Civ): 0141 224 2605

Fax (Mil): 94561 2605

**SPVA** (Glasgow) will aim to acknowledge your complaint within two working days of receipt and respond within 10 working days where possible. If you are still unhappy with the outcome of your complaint, the **Internal Dispute Resolution Procedure (IDRP)** can be invoked by putting your complaint in writing to **SPVA** (Glasgow). See booklet MMP/130 "Armed Forces Pension Schemes – Dispute Resolution Procedures" for further information.

# INFORMATION FOR THE SOLICITORS

This information has been included as **SPVA's** experience has shown that there are common queries raised by solicitors. It is hoped that this information will clarify some of the areas that cause difficulty.

- **SPVA** (Glasgow) cannot accept **PSOs** which specify a period of deferment between the date they are made and the date they are to be implemented. Such an arrangement does not comply with the legislation. An alternative might be for the hearing of an application for a **PSO** to be postponed to a future date, so that the **PSO** is made on that future date. **SPVA** (Glasgow) could then implement the **PSO** within the usual timescale.
- **SPVA** (Glasgow) cannot implement **PSOs**, **AOs** or **EOs** that are not in accordance with pension sharing legislation.
- Only Scottish Law allows a **PSO** to be shared in monetary terms – rather than percentage terms.
- A Court Order cannot specify any dates that are to be used for valuation or implementation. (see **Effective Date**, **Transfer Day** and **Valuation Day** under “Terms you need to understand” section).
- It is not possible to exclude individual elements of the **CEV** from the pension sharing arrangement.
- Should the **member** refuse to ask for a **CEV**, you would have to go back to the Court and ask the Court to direct the pension scheme administrators to provide it.
- It is essential that the correct Annex is used in the Court Order for a **PSO** or an **AO**. The Pension Attachment Annex under Section 25B or 25C of the Matrimonial Causes Act 1973 or Paragraph 25 or 26 of Schedule 5 to the Civil Partnership Act 2004 (Form P2) are for an **AO**. The Pension Sharing Annex under section 24B of the Matrimonial Causes Act 1973 or Paragraph 15 of Schedule 5 to the Civil Partnership Act 2004 (Form P1) are for a **PSO**.
- The parties going through divorce or dissolution should be absolutely clear about the implications of agreeing a **PSO**, **AO** or **EO** and their differences.
- An **AO** cannot stipulate that it continues after remarriage or entry into a new civil partnership. The legislation does not allow this.
- For **AFPS 75 members** only - the **AO** and **PSO** should clearly state whether **Resettlement Commutation** must be taken by the **member**. This pension scheme will have a lump sum of three times the value of the annual pension. This sum is raised through automatic commutation (worth approximately 13% of the pension). **Resettlement Commutation** should only be referred to if the intention is to raise a further lump sum for disposition between the parties.
- The valuation of **AFPS 75 members'** pensions will vary greatly depending on whether the valuation is undertaken before or after the **Immediate Pension Point (IPP)**. Prior to reaching **IPP**, the assumption is that the pension will be in payment from either age 60 or 65, whereas when **IPP** is reached, the valuation assumes the pension will be paid immediately and over a considerably longer period. A valuation obtained immediately after **IPP** will therefore be considerably higher than one obtained immediately before **IPP**.

- If the **PSO** is implemented after the **IPP** and the **PDM** then continues in service, the pension debit will be adjusted to reflect the effect of the transfer of credit at the actual date of retirement. Note: In many cases this results in a substantial reduction to the overall value of the **PDM's** pension at the date of retirement.
- **SPVA** (Glasgow) must continue to comply with **AOs** until a further Court Order is issued cancelling the **AO**.
- A **PSO** can only be varied before the decree of divorce is made absolute. It is possible to appeal against an Order which has not taken effect. Where the Order has taken effect the appeal will be out of time and cannot be made without leave of the Court. Leave to appeal is unlikely to be granted once the **PSO** has been implemented because the Court will not vary or set aside a **PSO** if the pension administrators have acted to their detriment relying on the fact that the Order has come into effect.
- **SPVA** (Glasgow) cannot provide estimates of percentages required to achieve equal or specific incomes.
- Under no circumstances can any pension benefits be assigned to a solicitor or other third party even upon a written request from the member. Such an assignment is prohibited by the Armed Forces Act 2006. Payment can only be made to the former spouse and only upon receipt of a **PSO, AO** or **EO**.
- Periodical payments to a former spouse or civil partner as a result of an **AO** will start at the next available payment date and cannot be backdated to the date of the Order.

- **Resettlement Grants (RG), Early Departure Payments (EDP)** or any benefits paid out under the **Armed Forces Attributable Benefits (AFAB) Scheme, the Armed Forces Compensation Scheme (AFCS)** or the **War Pension Scheme (WPS)** are not pension benefits and therefore are excluded from being shared or attached under a **PSO, AO** or **EO**. **SPVA** (Glasgow) cannot be instructed to pay these sums to anyone other than the scheme member.

The scheme rules relating to **AFPS 75** are contained within the three Prerogative Instruments; Naval and Marine Pay and Pensions (Armed Forces Pension Scheme 1975 and Attributable Benefits Scheme) (Amendment) Order 2010, the Army Pensions (Armed Forces Pension Scheme 1975 and Attributable Benefits Scheme) (Amendment) Warrant 2010, Air Force (Armed Forces Pension Scheme 1975 and Attributable Benefits Scheme) (Amendment) Order 2010.

The scheme rules relating to **AFPS 05** and **RFPS 05** are contained in Statutory Instrument 2005 No. 438 and the Reserve Forces Pension Scheme Regulations 2005. Policy guidance to the scheme rules are contained in JSP 764.

There are also detailed pension scheme booklets available on the Internet at: [www.mod.uk](http://www.mod.uk). If you require more detailed information on pension on divorce issues, you can write to **SPVA** (Glasgow) (see page 23 for address). However, there may be a charge for information provided.

There are five main points of difference between English and Scottish law. This section should be read in conjunction with the more detailed explanations of the general pensions on divorce or dissolution rules in the rest of the booklet. The five main differences are:

- Scottish law sets out a definition of **Matrimonial Property** that needs to be quantified by the couple going through divorce or dissolution, or the Court.
- The pension rights to be shared on divorce will be that part of those rights earned or purchased during the marriage or civil partnership up to the date on which the couple ceased to cohabit as husband and wife or civil partners; or the date on which the summons was served in the action for divorce or dissolution, if the couple continue living together.
- If the parties agree that the marriage or civil partnership ended on a date more than 12 months before the divorce or dissolution, then **SPVA** (Glasgow) will supply a valuation of benefits as at that date. If the couple do not nominate a date, **SPVA** (Glasgow) will provide a current valuation.
- The Court Order can specify a monetary amount rather than a percentage.
- There is no equivalent in Scottish law of an **AO**. It is however possible to obtain an **EO** in Scotland which has the effect of attaching a pension lump sum.

## Cash Equivalent Valuation (CEV)

If applicable, **CEVs** provided for Scottish divorces or dissolutions can be based on the **member's**

pension benefits on the **relevant date** of separation. This is different to English law where **CEVs** can only be valued on a current date. This means that for **AFPS 75** and **FTRSPS 97 members'** the length of service and rank at the **relevant date** will be used, and for **AFPS 05/RFPS 05 members** the best consecutive 12 months final pensionable pay in the three years preceding the **relevant date** will be used in the valuation.

Scottish law specifies a formula to be used to value the matrimonial element of the pension. This is:

$A \times (B \div C)$  where:

A = the value of the **member's** pension benefits, calculated up to the **relevant date**.

B = period of Membership of the scheme before the **relevant date** within the period of the marriage or civil partnership; where there is no such period, the value of B is zero.

C = period of Membership of the scheme before the **relevant date**.

**SPVA** (Glasgow) will not perform this calculation as they are not required to do so by law. It is suggested that matters are discussed with a suitably qualified solicitor.

## Pension Sharing Orders (PSOs)

A **PSO** made under Scottish law can define a **former spouse** or **civil partner's** share as a monetary value, rather than as a percentage. However, **SPVA** (Glasgow) are obliged to calculate the reduction in the **member's** benefits by calculating the proportion (to the nearest full percentage) that is represented by the sum of the **former spouse** or **civil partner's** share (as



shown in the Court Order) in this way:

- If the whole value of the pension at the valuation date was £200,000 and
- The Court Order showed your **former spouse** or civil **partner's** share to be £50,000, then the proportion of the **member's** pension benefits represented by his or her share would be  $£50,000 \div 200,000 \times 100\% = 25\%$

The arrangement for giving a 25% pension share to the **former spouse** or **civil partner** would then be the same as under English law.

When implementing a **PSO**, the scheme will value the benefits accrued on the day before **Transfer Day**, as valued on the **Valuation Day**. The amount to be transferred will then be applied to the revised valuation.

## Earmarking Orders

There is no equivalent to an **AO** under Scottish law. It is however possible to obtain from the Scottish Courts an **EO** on divorce or dissolution. This Order has the effect of attaching a specified percentage or monetary amount of the **member's** pension lump sum. An **Earmarking Order** will require **SPVA** (Glasgow) to pay over that part of the **member's** lump sum directly to the **former spouse** or **civil partner**, at the time when it would otherwise have become payable to the member.

A Scottish **EO** can only be made in respect of a lump sum. It is not possible to earmark monthly pension payments.

## FURTHER INFORMATION

**SPVA** (Glasgow) cannot offer you advice on pension benefits on divorce or dissolution. You should speak to an independent financial advisor and/or a solicitor. **SPVA** (Glasgow) can, however, provide you with **CEVs** in preparation for a divorce or dissolution settlement. Correspondence in relation to divorce or dissolution should be clearly headed as such and sent to:

Pensions On Divorce Section  
SPVA JPA Pensions Division  
Mail Point 480  
Kentigern House  
65 Brown Street  
Glasgow  
G2 8EX

**Tel (Civ):** 0800 085 3600  
(or outside UK phone: 00 141 224 3600)  
**Tel (Mil):** 94560 3600

Monday to Friday: 0700 – 1900

**Fax (Civ):** 0141 224 3586  
**Fax (Mil):** 94561 3586

There is also further information on pensions and tax on the Internet/Defence Intranet at the following addresses:

**Internet:**  
[www.mod.uk](http://www.mod.uk)

**Defence Intranet:**  
<http://defenceintranet.diiweb.r.mil.uk/DefenceIntranet/Admin/FindOutAboutArmedForcesPensions>

### Other Booklets in this series:

There are other booklets available on pensions. Your unit administrator can obtain these booklets from Forms and Publication Section, Bicester Operation Centre, C16 Site, Ploughley Road, Arncott, Bicester, OX25 1LP by quoting the relevant MMP number. Alternatively, these booklets are all available on the Internet/Defence Intranet.

Relating to **AFPS 75**:

- **Your Pension Scheme Explained – MMP/106**

Relating to **AFPS 05**:

- **Your Pension Scheme Explained – MMP/124**
- **Family Pension Benefits – MMP/126**
- **Ill-health Benefits – MMP/127**

Relating to **RFPS 05**:

- **Reserve Forces Pension Scheme – Your Pension Scheme Explained – MMP/146**

Relating to **AFPS 75**, **FTRSPS 97**, **AFPS 05** and **RFPS**:

- **Re-employment – MMP/116**
- **Increasing Benefits – MMP/128**
- **Transferring Benefits – MMP/129**
- **Armed Forces Pension Schemes – Dispute Resolution Procedures – MMP/130**
- **Taxation of Pension Benefits – MMP/144**





