

Armed Forces Pension Scheme – Pension Benefits on Divorce- Recent Change in the Age when Pension Benefits can be claimed by former Spouses

Background

Since 2001, the Courts have been able to award a *pension credit* (the right to a certain percentage of the value of the pension at the time of the divorce) to the former spouse with an equivalent reduction in the member's pension. In 2004, these same arrangements were extended to cover the sharing of benefits when a civil partnership is legally dissolved. This procedure is known as pension sharing.

Pension Sharing Order (PSO)

This is an Order made by a Court on divorce or dissolution of a civil partnership creating pension rights for a former spouse or civil partner out of the benefits that the member has built up in the scheme at the time that the PSO is made. The PSO will specify the percentage (or a monetary amount if the Order was made in a Scottish Court) that is to be deducted from the member's benefits.

Once a PSO is made, the serving or former member of the Armed Forces becomes a *Pension Debit Member* (PDM) and their former spouse or civil partner becomes a *Pension Credit Member* (PCM).

Age when benefits can be claimed

From 6 April 2009, the earliest age when the PCM can claim their pension is 55. PCMs whose PSOs were made before 6 April 2009, and who were expecting to have to wait until either age 60 or 65 to claim their pension benefits, now have the option to have their pension actuarially reduced and paid from age 55, or immediately if already over age 55.

There is no change to the age when the PDM can draw his or her pension.

Procedure for claiming an Actuarially Reduced Pension

Should any PCMs wish to enquire about this option, please write to:

Service Personnel and Veterans Agency (SPVA)
Pensions Division
Pensions on Divorce Section
Mail Point 480
Kentigern House
65 Brown Street
Glasgow
G2 8EX

Q&A

I am recently divorced. My ex-husband is a serving member of the British Armed Forces and a member of their pension scheme. Does this change apply to me?

This will depend on whether, at the time of your divorce, the Court awarded you a Pension Share Order, and the date of that Order. If your Order was made after 6 April 09, you already have the right to claim your pension benefits from the age of 55. If your Order was made before 6 April 09, this change in legislation now gives you the right to claim your pension benefits from the age of 55, rather than having to wait until either 60 or 65. If you have not been awarded a Pension Sharing Order, this change does not apply to you.

The same arrangements also apply to a former civil partner as a result of a dissolution of a civil partnership. It does not affect the age when your ex-husband can draw his or her pension.

What is a Pension Share Order?

At the time of divorce or dissolution of a civil partnership, a Court can make an Order creating pension rights for a former spouse or civil partner out of the benefits in the scheme which the member has built up at the time the Order is made. The share of the pension benefits which the former spouse or civil partner will receive will depend on the percentage specified in the Order. In Scotland, a Court can specify a monetary amount as an alternative to a percentage. The Order which creates these pension rights is known as a Pension Sharing Order.

Will my pension be affected if I claim my pension early?

Yes. Your pension benefits are based on the assumption that you will receive your pension at either 60 or 65. If you claim your pension earlier, your benefits will be calculated in the normal way but will then be reduced to take account of the fact that your pension will be paid to you over a potentially longer period of time. This type of pension is known as an actuarially reduced pension. The amount by which your pension will be reduced can be significant. This is why you should always ask for a pension estimate before deciding to take your pension early.

How do I obtain an estimate?

If you are interested in having your pension paid at age 55, or immediately if you are already over age 55, you should write to:

Service Personnel and Veterans Agency (SPVA)
Pensions Division
Pensions on Divorce Section
Mail Point 480
Kentigern House
65 Brown Street
Glasgow
G2 8EX

SPVA will provide you with an estimate of the benefits you may receive. If the estimate is acceptable to you, SPVA will put your pension into payment if that is what you require. Unfortunately, there is currently a delay to this service caused by the requirement to update computer systems to reflect this recent change. We apologise for any inconvenience that this may cause, but your letter will be acknowledged and you will be advised when we expect to be in a position to provide you with an estimate.