

Merchant Navy Ratings Pension Fund

Standard explanatory booklet

**A guide to what happens when
married members divorce
and
civil partnerships are dissolved**

Contents

Contents	2
Introduction	3
Purpose of this booklet.....	3
More information	3
How are pension rights treated?	4
Offsetting.....	4
Pension sharing	4
Attachment orders.....	5
The rest of this booklet	5
Valuing the member’s pension benefits (rights)	6
How is the member’s pension valued?	6
Requesting a cash equivalent transfer value.....	6
Charges.....	6
Information about how attachment orders work	7
Information about how a pension sharing order works	9
Appendix 1	13
Information members can request at any time	13
Appendix 2a	14
Information the Trustee must provide for divorce or dissolution	14
Appendix 2b	16
Information about the member and their benefits.....	16
Appendix 3	17
Information needed to implement an order	17
Appendix 4	18
The benefits provided by a pension credit.....	18
Appendix 5	19
Explanation of terms used.....	19
Appendix 6	21
Fees for work associated with attachment and pension sharing orders	21
<i>Introduction</i>	21
<i>Charges for attachment and pension sharing orders: active and deferred members</i>	21
<i>Charges for attachment and pension sharing orders: for pensioners</i>	23

Disclaimer

Mercer Ltd cannot accept any responsibility or liability whatsoever (whether in respect of negligence or otherwise) to any reader of this publication, wherever situate, as a result of anything contained in or omitted from this publication nor for the consequences of reliance or otherwise on the content of this publication.

Introduction

There are three ways in which pension scheme benefits can be treated in a financial settlement on divorce or the dissolution of a civil partnership in Great Britain. The procedures for each are different. Additionally the procedure will vary depending on which legal jurisdiction in Great Britain applies to the arrangements for a financial settlement. The jurisdictions in Great Britain are England and Wales, Scotland and Northern Ireland. The jurisdiction that applies to you will depend on where you live and in which country's courts you file your petition for divorce if you are married or dissolution if you are in a civil partnership.

In particular, Scotland has a different legal system from that of England and Wales, and in this booklet we show some of the areas where Scottish law differs.

What happens to pension rights as part of divorce and dissolution processes can be complicated.

Purpose of this booklet

This booklet gives a general summary of what may happen to a member's or pensioner member's pension benefits during and after a divorce or dissolution. Most of the information in this booklet is general information explaining what may happen if pension benefits form part of a financial settlement made on divorce or dissolution. However, you should speak to your solicitor for more detailed information about how the law applies to your particular circumstances.

Appendices 2a, 2b and 4 set out information specifically relevant to you (and your spouse or civil partner), and the Merchant Navy Ratings Pension Fund (the "Fund"), including:

- the information the Trustee of the Fund is legally required to give you and your husband or wife (spouse), or your civil partner;
- what will happen to the benefits if a pension sharing order or an attachment order (earmarking) is made;
- appendix 3 explains what information you and your spouse, or your civil partner are legally required to give to the Trustee;
- appendix 6 sets out the fees that will be charged for any work undertaken by the Trustee of the Fund.

You should give this information to any solicitor acting on your behalf.

More information

The trust deed and rules and the member's booklet explain how the Fund is run. If you are a member of the Fund, you will already have a copy of the booklet and any special conditions that may apply to you.

Mercer Ltd has been appointed by the Trustee of the Fund to administer the Fund and this booklet is issued by Mercer Ltd on their behalf.

If you have any queries which are not answered by this booklet or you need a copy of the Fund's trust deed and rules or the member's booklet, please contact Mercer Ltd. The address is shown on page 14. The email address is mnrpf@mercerc.com. Or you may contact Mercer Ltd by telephone using this number: 01372 200 385.

How are pension rights treated?

There are 3 ways in which pension benefits (often referred to as pension rights) may be treated in a divorce or dissolution settlement:

- offsetting;
- pension sharing; and
- attachment (earmarking) orders.

Offsetting

Offsetting has no effect on the member's benefits in the Fund. Essentially what happens is that the Court takes into account the value of the member's pension benefits and "offsets" their value against other matrimonial or partnership assets when dividing the total assets between the couple. This means that the member keeps their pension benefits in full and the former spouse or civil partner uses other assets to provide for their retirement.

Pension sharing

Pension sharing is known as the "clean break" approach. This is because when the Court makes a pension sharing order, it divides the cash equivalent transfer value (CETV) of the member's benefits in the Fund between the member and the former spouse or civil partner and transfers a proportion of the CETV from the member to the former spouse or civil partner. This reduces the member's benefits in the Fund and creates a separate pension entitlement for the former spouse or civil partner.

Pensioners do not normally have a right to a cash equivalent transfer value, so their benefits are valued and a cash equivalent of the benefits (CEB) is calculated.

Some other members may not have a right to a CETV. For example if they were only in the Fund for a short time or are very close to their retirement age. In these cases a transfer value, representing the value of their benefits may be provided.

The procedures are mainly the same whichever applies. In this booklet the term cash equivalent transfer value or CETV has been used to cover all three values, except where they need to be treated differently.

The Trustee can choose whether the former spouse's or civil partner's share of the benefit is kept in the Fund or transferred to another pension scheme chosen by the former spouse or civil partner. In some situations, where they consider it reasonable, the Trustee may transfer the entitlement to another suitable pension scheme themselves: for example where they consider there is an undue delay in choosing a scheme to transfer to.

The cash equivalent transfer value, cash equivalent of benefits and transfer value, cannot be taken as cash.

In England and Wales or Northern Ireland the pension sharing order must specify a percentage of the cash equivalent transfer value, cash equivalent of the benefits or transfer value to be transferred for the former spouse or civil partner. It must not state a fixed amount. This percentage will be based on the valuation of the member's benefits at the beginning of the process. The benefits will be valued again after the pension sharing order is received and the actual amount shared may not be the same as the initial value supplied.

In Scotland the pension sharing order may state a fixed amount or a percentage to be shared.

We will not implement a Court order stating a fixed monetary amount, or any formula attempting to achieve a fixed amount, unless it is issued by a Scottish Court.

Attachment orders

Attachment orders were previously known as earmarking orders and are sometimes still referred to as earmarking orders.

An attachment order does not create a clean break between the couple and does not create a separate entitlement under the Fund for the former spouse or civil partner. An attachment order simply “earmarks” a part of the member’s benefits (pension payments or lump sum benefits) for payment to the former spouse or civil partner. All the benefits remain in the member’s name when an attachment order is made.

An attachment order only takes effect when the member becomes entitled to payment of their benefits from the Fund. An attachment order might, for example;

- order a member to give up part of their pension for a cash lump sum at retirement, and require that all or a specified proportion of it is paid to the former spouse or civil partner; or
- order that the former spouse or civil partner is paid a percentage of the member’s monthly instalments of pension (this does not apply in Scotland).

Attachment orders made in Scotland do not earmark pensions. They only earmark cash lump sums.

The rest of this booklet

The rest of this booklet explains how members’ benefits are valued, answers questions often asked about pension sharing and attachment orders as well as setting out the information the Trustee is legally required to provide.

Valuing the member's pension benefits (rights)

Both the member and their spouse or civil partner will be asked to provide financial information when a financial settlement is being arranged on divorce or dissolution. This information will include the value of any pension benefits.

How is the member's pension valued?

For an Active Deferred or Deferred benefit member of the Fund the value of the pension rights will be the amount of the cash equivalent transfer value available.

In Scotland only the benefits the member earned during the marriage or civil partnership are included in a financial settlement. The Fund will provide a cash equivalent transfer value based on the benefits to the date the couple separated. It will use the date notified to it. The court will proportion this cash equivalent transfer value to exclude any benefits earned before the marriage or civil partnership.

The member's benefits at the date on which any statement is issued is an estimated amount and is not guaranteed. The value may fall or rise during the divorce or dissolution procedure.

A valuation of the member's benefits at any date within the last 12 months is acceptable to the Court in assessing the financial situation of a couple. A final valuation will be calculated when a pension sharing order or attachment has been made and is being implemented.

Requesting a cash equivalent transfer value

A member may request a CETV. Alternatively the Court may order that one is provided to it for divorce or dissolution proceedings. Statements of the value of the member's benefits will only be provided to the member when they request it, and will only be provided to the member or to the Court. If a member wants their solicitor to deal with all matters for them, Mercer Ltd will need written authority from the member before we can issue any information.

Charges

Members are entitled to certain information about their scheme and benefits for free: and most members are entitled to a cash equivalent transfer value free of charge once in every 12 months. There is a fee for providing any other information. A fee will be charged:

- for a cash equivalent of benefits when the member's pension is already in payment;
- if the member is not entitled to a cash equivalent transfer value because they are within 12 months of their normal pension age or were only a member of the Fund for a short time;
- if the member has asked for a cash equivalent transfer value to be provided within a period of less than 3 months;
- if the member has already been given a cash equivalent transfer value in the last 12 months;
- if the valuation of the member's pension benefits is not at a current date (For example, in Scotland the valuation will often be requested at a past date).

Full details of the range of fees that will be charged for providing information and other work associated with divorce and dissolution proceedings involving the member's pension benefits are set out in appendix 6 of this booklet.

Information about how attachment orders work

<p>When is an attachment order available?</p>	<p>An attachment order may be made in proceedings for</p> <ul style="list-style-type: none"> ▪ divorce; ▪ separation; ▪ annulment; and ▪ dissolution if the proceedings started on or after 1 August 1996 (or 1 July 1996 in certain cases) or 19 August 1996 in Scotland. <p>It can be made for any member with benefits in a pension scheme in their own right.</p>
<p>What benefits can be included in an attachment order?</p>	<ul style="list-style-type: none"> ▪ Lump sum benefits payable on the retirement or death of the member; and ▪ Pension, whether it is already being paid to the member or not. However, attachment orders made by Scottish courts cannot apply to pension. <p>Benefits already subject to an attachment order or a pension sharing order in respect of the same marriage cannot be included again. Benefits that cannot be included in an attachment order are usually called non-shareable rights.</p> <p>Information about your benefits in the Fund are shown in appendix 2b.</p>
<p>When are attached benefits paid?</p>	<p>Payments to the former spouse or civil partner do not start until the member retires.</p> <p>If the member's pension is already being paid, payments from it to their former spouse or civil partner will start as soon as possible after the date determined by the order, or if later, when we receive all the information needed to implement it. If there is a delay between this date and the payroll arrangements being made to implement it, the member and their former spouse or civil partner will need to make their own arrangements for any adjustments. The Trustee will not backdate the payments to the former spouse or civil partner or make any other similar adjustments.</p> <p>Members paying maintenance to their former spouse or civil partner, before the earmarking order is implemented, may wish to discuss with their solicitor how this will interact with the timing of the order.</p> <p>If death benefits are included in the attachment order, payments are not made until the member dies.</p>
<p>Does an attachment order make the former spouse or civil partner a member of the Fund?</p>	<p>No. The former spouse or civil partner does not become a member of the Fund. However the Trustee will need some personal details about them to pay any benefits they become entitled to.</p>
<p>What happens if the member dies?</p>	<p>If the attachment order provided for a lump sum payable on the member's death, this will be paid.</p> <p>But, if it provided for payment of benefits when the member retired, the arrangement will end when the member dies. If the member is a pensioner when they died, any pension being paid to their former spouse or civil partner will stop.</p>

Information about how attachment orders work cont'd

<p>What happens if the former spouse or civil partner dies?</p>	<p>The attachment order normally ends and the benefits are treated as though no order was ever made.</p>
<p>What happens on remarriage or a new civil partnership?</p>	<ul style="list-style-type: none"> ▪ If the former spouse or civil partner remarries or forms another civil partnership, the attachment order normally ends. If the attachment order does end: <ul style="list-style-type: none"> - any pension being paid to the former spouse or civil partner normally stops, and the member is then paid their full pension; - if the member hasn't retired, when they do, they will receive all their benefits in the same way as if no attachment order has ever been made. <p>If the attachment order included a lump sum, this will still be payable to the former spouse or civil partner on the member's retirement or death, unless the order specifically stated it would not be.</p> <ul style="list-style-type: none"> ▪ If the member remarries or forms another civil partnership, the attachment order is unaffected.
<p>What happens if the parties' financial circumstances change?</p>	<p>If financial circumstances change, the member or their former spouse or civil partner may apply to the court to have the attachment order varied.</p>
<p>Are there any tax implications?</p>	<p>The benefits are treated as being the member's benefits. So the member is liable for any tax due on any part of the benefits. For example, if part of the member's pension is paid to their former spouse or civil partner, the member is taxed as though they received all the pension.</p>
<p>How much does the attachment cost?</p>	<p>The fees that will be charged will vary depending on the amount of work involved. The range of fees applicable is set out in appendix 6. They represent the reasonable costs of providing information and valuations of benefits for an attachment order and for record keeping and later implementation of the order.</p>
<p>Can I build up my pension benefits again?</p>	<p>No. Because the Fund closed to future accrual on 31 May 2001 you will not earn any more pension in future. Your benefits earned up to 31 May 2001 will however increase until your retirement. The MNRPF member website contains further details of how your benefits increase in line with your membership status as an Active Deferred or Deferred member.</p>

Information about how a pension sharing order works

<p>When is a pension sharing order available?</p>	<p>A pension sharing order may be made in proceedings for</p> <ul style="list-style-type: none"> ▪ divorce; ▪ dissolution of a civil partnership; and ▪ annulment of a marriage or civil partnership. <p>It can be made for any member with benefits in a pension scheme in their own right, or for any pensioner member in receipt of a pension from the scheme.</p>
<p>What benefits can be included in a pension sharing order?</p>	<p>The pension sharing order awards a part of the value of the member’s benefits to the former spouse or civil partner. For most Active Deferred or Deferred benefit members the award will be based on the value of all the benefits the member has earned in the Fund at the transfer day.</p> <p>For a pensioner member the award will be based on the value of their pension at that time.</p> <p>A pension sharing order made by a Scottish court will only share the benefits earned by the member during the marriage or civil partnership.</p> <p>Benefits already subject to a pension sharing order or an attachment order in respect of the same marriage cannot be included. Benefits that cannot be included in a pension sharing order are usually called non-shareable rights.</p> <p>Information about your benefits in the Fund are shown in appendix 2b.</p>
<p>How does a pension sharing order work?</p>	<p>A pension sharing order specifies a percentage of the value of the member’s benefits to be transferred to the former spouse or civil partner. In Scotland an order may specify either a percentage or a fixed amount, which must be transferred. This then becomes the former spouse’s or civil partner’s own benefit.</p> <p>The former spouse's or civil partner's benefit is called a “pension credit”. The member’s benefits are reduced by this percentage. This is called a “pension debit”.</p>
<p>When is the percentage decided?</p>	<p>The court decides the percentage (or amount in Scotland) to be transferred to the former spouse or civil partner based on the value of the member’s benefits when the member or the court requested a cash equivalent transfer value. The cash equivalent transfer value is recalculated after the pension sharing order is made. This means the percentages or amounts the court decided earlier are applied to the value of the benefits at the time the pension sharing order is implemented.</p> <p>The same applies for a cash equivalent of benefits or a transfer value.</p> <p>The recalculation date is known as the valuation day. Mercer Ltd set the valuation day as 14 days from the start of the implementation period.</p>

Information about how a pension sharing order works cont'd

<p>When is the pension sharing order implemented?</p>	<p>The Trustee has 4 months, from the later of the date the order takes effect (this is stated in the pension sharing annex for more recent cases) and the date they have all the information needed to implement it. The Trustee will notify you when this 4 month period starts. It is known as the implementation period. The Trustee may delay the start of the implementation period if it has not received payment of the relevant fees set out in appendix 6.</p>
<p>What happens to member's pension rights after a pension sharing order is implemented?</p>	<p>Active Deferred and Deferred benefit members</p> <p>This depends on whether the benefits are money purchase or salary related. If the benefits are money purchase the pension credit is deducted from the member's funds (their pot of investments). If the benefits are salary related, the pension debit is revalued from the transfer day to the date of the member's retirement. The member's benefits at retirement are calculated in the normal way and then reduced by the revalued debit.</p> <p>Some members may have a combination of money purchase and salary related benefits. If so, each part of their benefits is treated separately as outlined above.</p> <p>Pensioners</p> <p>As the member has already retired, the member's pension is reduced by the amount of the pension debit. It will continue to be paid, but at this lower amount.</p>
<p>What happens to the pension being paid to a member after a pension sharing order is implemented?</p>	<p>The member's pension will continue to be paid in full until implementation of the pension sharing order is completed. The reduction in the member's pension takes effect on the transfer day. However, the actual amount of the reduction will not be made until the order has actually been implemented. Until then, the member's pension will continue to be paid at the full (pre sharing order) level. This means that any instalments paid between the transfer day and the date of implementation will be higher than they should be. In other words the member's pension will be overpaid. If this happens, any overpayment will be recovered from the reduced instalments of pension payable after the implementation has taken place. It can take some time to implement an order, and the implementation will not start until all the complete relevant documents, information and charges have been received from the member and their former spouse/civil partner.</p> <p>Any pensioner affected in this way will be notified at the time and advised of the amount being reclaimed, how it will affect their pension instalments and for how long.</p> <p>Members paying any maintenance to their former spouse or civil partner eg on an interim basis before the pension order is implemented will need to bear this in mind and may wish to discuss, with their solicitor, how this will interact with the timing of the implementation.</p> <p>We will continue to apply the member's current tax code to the reduced pension. So the member may wish to contact Her Majesty's Revenue and Customs (HMRC) to discuss whether this needs to be changed.</p>

Information about how a pension sharing order works cont'd

What happens to the rights given to the former spouse or civil partner after a pension sharing order is implemented?	<p>The former spouse or civil partner will either have a pension credit held in the Fund or a transfer to another suitable pension scheme.</p> <p>The Trustee of the Fund offers the former spouse or civil partner the choice of leaving the pension credit in the Fund or choosing another suitable scheme to transfer it to. If they leave it in the Fund they will be entitled to a deferred pension. They will be advised of how the pension credit will be treated and the benefits that would be provided in more detail at the time they choose to leave the pension credit in the Fund.</p>
What happens to the pension credit on remarriage or a new civil partnership?	<p>The pension credit is not affected if the former spouse or civil partner remarries or forms another civil partnership.</p> <p>A pension sharing order is irrevocable. It provides a 'clean break' and neither party is affected by events in the life of their former spouse or civil partner.</p>
What happens to the pension credit if the former spouse or civil partner dies after the pension credit has been discharged?	<p>It will not affect the member's own benefits in any way. A pension sharing order is irrevocable. It provides a 'clean break' and neither party is affected by events in the life of their former spouse or civil partner.</p>
Can a pension sharing order be changed later?	<p>No, provided that the pension sharing order has taken effect. If the pension sharing order has not taken effect, the parties may apply to the court for it to be varied.</p> <p>Once it has taken effect, a pension sharing order is irrevocable. It provides a 'clean break' and provides that neither party is affected by events in the life of their former spouse or civil partner.</p>

Information about how a pension sharing order works cont'd

<p>Are there any tax implications?</p>	<p>Pension sharing divides the pension benefits between the member and the former spouse or civil partner. Each party is liable to pay any tax only on the benefits paid to them.</p>
<p>What if a foreign court makes an order for a divorce settlement in respect of my pension from a scheme in Great Britain?</p>	<p>Divorce legislation is different in overseas jurisdictions and a foreign court may have different powers with regard to dealing with pension assets on a divorce. An order from a foreign court in respect of a pension scheme in Great Britain is not enforceable. The same applies for orders from the Republic of Ireland, the Isle of Man and Channel Islands. Please contact us to discuss the requirements.</p>
<p>Does Mercer Ltd need to see the draft order?</p>	<p>The Trustee can only implement an order if it meets all the legal requirements.</p> <p>We need to see a draft attachment or pension sharing order before it is finalised. If we receive an incorrect draft order this can be corrected quite easily by the court during the financial settlement process.</p> <p>Correcting final orders is more complicated and expensive and can cause delays in implementing the order. Members or their former spouse or civil partner will normally have to go back to the court to correct an incorrect order.</p> <p>We always need the final pension sharing order before we can implement it.</p> <p>Mercer Ltd will charge the member or pensioner member for any work involved as a result of either a draft or a final order requiring correction. The charges are set out in appendix 6.</p>
<p>Can I build up my pension benefits again?</p>	<p>No. Because the Fund closed to future accrual on 31 May 2001 you will not earn any more pension in future. Your benefits earned up to 31 May 2001 will however increase until your retirement. The MNRPF member website contains further details of how your benefits increase in line with your membership status as an Active Deferred or Deferred member.</p>
<p>How much does a pension share cost?</p>	<p>The fees that will be charged will vary depending on the amount of work involved. The range of charges applicable is set out in appendix 6. They will vary depending on the complexity of the pension benefits that may be covered by the pension sharing order and the procedures that the Trustee may need to undertake in respect of that order. They represent the reasonable costs of providing information and valuing of benefits for a pension sharing order and for later implementation of the order.</p>

Appendix 1

Information members can request at any time

The Trustee is required by law to provide certain information to a member, if they request it. This section explains the general information they must provide.

Can I have a statement about my benefits in the Fund?	Yes. Members are entitled to a statement of the benefits they have already earned in the Fund and what will be paid when they retire or die once every 12 months. There is no fee for providing this.
Can I find out the value of my benefits?	Most members are legally entitled to a statement of the cash equivalent transfer value of their benefits once every 12 months. There is no fee for providing this. The Trustee will still give this information to members without a legal entitlement to it, but they may charge for providing it.
Which members can the Trustee charge for a cash equivalent transfer value?	<ul style="list-style-type: none"> ▪ members who have less than 12 months to their normal pension age; ▪ members who are already pensioners; and ▪ members who have already been sent the information in the last 12 months.
I need to know what happens on divorce – what information can I have?	<p>Members are entitled to specific information during divorce and dissolution proceedings. This is set out in appendix 2a of this explanatory booklet. The booklet also provides other information you will need.</p> <p>If you have any other questions you may contact us. However, we are not able to give you any advice. You should contact your solicitor and financial adviser if you need advice.</p>
What other information can I have?	<p>All members are entitled to a copy of the Fund booklet once every 12 months without charge.</p> <p>They are also allowed to see their Fund's trust deed and rules. However the Trustee may charge for the costs of copying and sending this to you.</p>
I am not a member – what information can I have?	<p>Spouses and civil partners are only entitled to very limited information about the Fund unless or until they become entitled to any benefits from the Fund. In particular, they are not entitled to be told the cash equivalent transfer value of the member's benefits.</p> <p>However, the Trustee has agreed to provide a copy of this explanatory booklet to you without any charge. It includes the information you are entitled to by law, if the member's benefits may be included in a financial settlement made on divorce or dissolution (see appendix 2a and 2b). It also provides general information about the procedures on divorce and dissolution. We cannot provide spouses or civil partners with details of the amounts of the member's benefits or their value. This information may only be provided to the member and the court on request.</p>

Appendix 2a

Information the Trustee must provide for divorce or dissolution

This Appendix sets out information about the Fund, the member and their benefits that the Trustee is legally required to provide. Additional information must be provided at various stages of the divorce and dissolution procedures involving the member's pension benefits. This information will be provided by letter, at those times.

During the procedure the member and their former spouse or civil partner are also required to provide information to the Fund and **to settle any charges**. These requirements will be notified by letter at each stage, and will include the information set out in appendix 3.

More information

- The Fund is a registered contracted out salary related scheme.

- If you have any questions about this booklet, please contact:
The Trustee of the Merchant Navy Ratings Pension Fund
Mercer Ltd
Post Handling Centre U
St James's Tower
7 Charlotte Street
Manchester
M1 4DZ

- The Fund is closed and benefits ceased to accrue from 31 May 2001.

The value of the member's benefits includes an allowance for any discretionary benefits the Trustee may award in the future.

The policy of the Fund Trustee is to set the valuation day 14 days after the start of the implementation period. The member or pensioner and their former spouse or civil partner will be notified of the date the implementation period starts, the valuation day and the transfer day at that time.

Charges

The charges for providing information and other work associated with divorce and dissolution procedures are set out in the schedule of fees at appendix 6.

Processing of the Attachment (Earmarking) Order will be dependent upon the required charges being settled. Invoices will be issued at each stage of the procedure, and the Trustee will require payment in full at each stage and before any further work is started.

Processing of the Pension Sharing Order will be dependent upon the required charge being settled. The fee for implementing a Pension Sharing Order may be settled in one of the following ways:

1. By payment upfront in advance of the relevant activity. Invoices will be issued at each stage of the process. They must be paid in full when requested and before any work is undertaken or information provided and before the Trustee will implement a Pension Sharing Order; or
2. By deducting the fee from the proportion of the CETV/CEB that would otherwise be payable to the former spouse or civil partner, and from any pension of the member or pensioner member remaining in the Fund. This will result in a reduction in the benefit being granted to the member/pensioner and former spouse or civil partner, as advised by the Fund Actuary.

The member or pensioner member is responsible for paying **all** charges, unless the Pension Sharing Order specifies that the charges are to be apportioned between the parties and how they are to be shared. If the Pension Sharing Order states that the charges are to be split equally but one party agrees to pay the full amount, we must receive written confirmation that both parties have agreed to this.

We must receive written confirmation of your preferred method of recovery on receipt of the Pension Sharing Order.

We will not implement any court order until all charges are settled fully.

Appendix 2b

Information about the member and their benefits

- The member **is not** a trustee of the Merchant Navy Ratings Pension Fund.
- All the member's rights under the Merchant Navy Ratings Pension Fund are shareable
- Medical evidence **will not** be required in respect of the member if a pension sharing order is made.
- As far as the Trustee is aware, the member's rights are not subject to any of the orders detailed in regulation 4(2) (d) of the Pensions on Divorce etc (Provision of Information) Regulations 2000

Appendix 3

Information needed to implement an order

If a pension sharing order is made by the Court we will need information from the member or pensioner and their former spouse or civil partner to implement the order. The information we will need is set out below. Similar information will be needed if an attachment order is made.

There is no need to send us the information now. When a pension sharing order is made we will write to the member or pensioner and their former spouse or civil partner to tell them what information is outstanding. We will need the information promptly at that stage.

Information	needed from	
	Member or pensioner	former spouse or civil partner
Name (including all former names)	✓	✓
Date of birth	✓	✓
Address	✓	✓
National insurance (NI) number	✓	✓
Fund name	✓	-
Fund membership number	✓	✓ (if the former spouse or civil partner is already a member of the Fund in their own right)
The name and contact details of the pension scheme the spouse/civil partner will transfer their pension credit to, and details of their membership – eg membership number, policy number.		
If the spouse/civil partner wants to transfer their pension credit to another pension scheme, details about the receiving scheme and the spouse's/civil partner's membership of it eg membership number, policy number.	-	✓
Information about member or pensioner's health	✓ (if requested)	
Any additional information needed by the Fund to implement the order (including discharge forms)	✓ (where requested)	✓ (where requested)

Appendix 4

The benefits provided by a pension credit

When the pension credit is transferred to another pension scheme, the benefits payable for the former spouse/civil partner are those allowed under the rules of that scheme.

If the pension credit is kept in the Merchant Navy Ratings Pension Fund the former spouse/civil partner benefits will be:

- Eg At retirement
 - A pension payable at age 62
 - An option to give up a part of this pension for a cash lump sum
- On death no benefits are payable

Appendix 5

Explanation of terms used

Active Deferred member:	a member who left pensionable service in the Fund on 31 May 2001 (when the Fund closed to future accrual) and has remained in seagoing employment with a participating employer since then.
Benefits:	these are the member's rights that may be included in a financial settlement, divorce or dissolution of a civil partnership, by way of an attachment or pension sharing order.
Cash equivalent transfer Value (CETV):	the value of an Active Deferred or Deferred benefit member's benefits. Most members are entitled to receive information about a CETV and to have their CETV transferred to another suitable pension scheme. (See also cash equivalent of benefits and transfer values.)
Cash equivalent of	this is the value of the benefits of a member who is already (CEB) being paid a pension by the Fund.
Charges:	these are the fees charged by the Fund for the information provided and work associated with the divorce, annulment or dissolution (or separation – attachment order only). Please refer to Appendix 2a for details of how the fees will be recovered and Appendix 6 for the schedule of charges.
Hybrid schemes:	schemes that provide a combination of salary related and money purchase benefits. Individual members may be entitled to just one type of benefit or a combination of both types in the same scheme.
Implementation period:	<p>The Fund has 4 months to implement a pension sharing order. The start of the implementation period is the later of:</p> <ul style="list-style-type: none">▪ the effective date determined by the order; and▪ the date when all the information and documents needed to implement the order are received. <p>Members and their spouse or civil partner are notified of the information and documents needed, during the process.</p>
Money purchase benefits:	the member's benefits in the Fund are based on the contributions they and their employer pay, and investment returns on them. Schemes providing money purchase benefits are often called defined contribution schemes. Benefits secured by Additional Voluntary Contributions (AVCs) paid by a member are usually also money purchase.
Non-shareable rights:	in most cases all the member's benefits earned in the Fund up to the transfer day may be included in an attachment or pension sharing order. However, some benefits may be excluded. These are usually only benefits already included in an order in respect of the same marriage.
Pensioner member:	a member who has retired and/or is receiving a pension from the Fund.

Deferred benefit member:	a member who has left the employer who provided the pension Fund and/or stopped contributing to the Fund or earning more benefits in it.
Rights:	the member's benefits that may be included in a financial settlement on divorce or the dissolution of a civil partnership, by way of an attachment or pension sharing order.
Salary related benefits:	<p>the member's benefits in the Fund are based on their pay and how long they have been an active member in the Fund.</p> <p>There are different types of salary related schemes. The scheme booklet will explain how the salary related benefits are calculated. These schemes are often called defined benefit schemes.</p>
Salary sacrifice:	an agreement between an employee and employer that the employee will give up some of their pay and that the employer will pay it into the pension Fund as a contribution.
Shareable rights:	<p>for most members their shareable rights are all the benefits they have earned in the Fund up to the date of the divorce or dissolution.</p> <p>In Scotland it is the benefits earned during the marriage up to the date of separation.</p> <p>However, some members may have non-shareable rights.</p>
Transfer day:	<p>this is the date the pension sharing order takes effect. It is the later of:</p> <ul style="list-style-type: none"> ▪ 28 days after the date of the pension sharing order; or where the court has specified a period for filing an appeal notice, 7 days after the end of that period; and ▪ the date of the decree absolute or dissolution. <p>The benefits earned by the member up to this date are the benefits included in the pension share.</p> <p>In Scotland the order takes effect on the date of the extract of decree or declarator of divorce, and only the member's benefits up to the date the parties separate are included in the pension share.</p>
Transfer value:	if a member is not entitled to a CETV and is not a pensioner the Fund may provide a transfer value or a cash transfer sum of their benefits.
Valuation day	the valuation day is the date the value of the member's benefits is fixed for sharing the benefits.

Appendix 6

Fees for work associated with attachment and pension sharing orders

Introduction

The PLSA provides an outline of costs for work associated with possible pension sharing orders, their subsequent implementation and the maintenance and payment of resulting benefits to the member or pensioner member and their former spouse or civil partner.

This schedule has been adopted by Mercer Ltd as the charging structure for work on attachment and pension sharing orders for all client schemes.

The schedule below sets out the range of fees applicable. These fees are charged to the member or pensioner member (unless the pension sharing order or the Trustee directs otherwise). Please refer to Appendix 2a for details of how the fees will be recovered.. **Cheques should be made payable to Mercer Ltd.**

Charges for attachment and pension sharing orders: active and deferred members

****Actuarial and other costs incurred from third parties are additional.**

	Transaction/work required	Minimum	Medium	Maximum	Notes
		VAT is charged in addition to the amounts shown below			
1	Produce and issue CETV quotation ¹	£0	£0	£0	<ul style="list-style-type: none"> This is a standard entitlement under regulations. CETV refers to “Cash Equivalent Transfer Values” – the value of pension rights for most members from the Fund.
2	¹ Transfer value or additional CETV quotations	£200	£225	£250	Any more than one CETV quotation a year can be charged for. Additionally if a member is not entitled to a CETV – eg they are within one year of normal pension age, any transfer value provided may be charged for.

¹ CETVs are available in line with the standard disclosure provisions. Members not entitled to a CETV, or who request a second or further quote in a 12 month period, are charged.

	Transaction/work required	Minimum	Medium	Maximum	Notes
		VAT is charged in addition to the amounts shown below			
3	Provision of information	£0	£250	£500	Members are entitled to standard disclosure information. The divorce booklet is issued at the start of the process to member or pensioner member and spouse/ civil partner free of charge. It holds most information they and their solicitors will need. Information which does not have to be provided free may be charged for. The cost will depend upon the nature and complexity of the enquiry or request.
4	Reviewing a pre-order notification (draft order)	£100	£225	£350	This fee is only charged if the draft order is incorrect or unclear, and we need to seek clarification or notify it will need correction for the final order.
5	DB or hybrid scheme - processing an attachment order or pension sharing order (if spouse/civil partner may elect a pension credit in Fund)	Attachment order £750			The fees depend on whether it is an attachment order or a pension sharing order with the pension credit held in the Fund for the former spouse/civil partner. The fee for pension sharing orders includes allowance for future administration costs in the region of £1,250.
		Pension sharing order £2,500 £2,750 £3,000			
6	DC scheme - processing an attachment order or pension sharing order (if spouse/civil partner may elect a pension credit in Fund)	Attachment order £750			The fees depend on whether it is an attachment order or a pension sharing order with the pension credit held in the Fund for the former spouse/civil partner. The fee for pension sharing orders includes allowance for future administration costs in the region of £1,250. An additional £500-600 will be charged if the Fund provides advice at retirement about purchasing an annuity.
		Pension sharing order £2,250 £2,500 £2,750			

	Transaction work required	Minimum	Medium	Maximum	Notes
		VAT is charged in addition to the amounts shown below			
7	DB or hybrid scheme – processing a pension sharing order – external transfer	£1,350	£1,650	£1,950	This fee only applies for pension sharing orders.
8	DC scheme - processing a pensions sharing order - external transfer	£1,300	£1,575	£1,850	This fee only applies for pension sharing orders.
9	Inoperable orders, objections to orders, appeals against orders	Minimum charge of £250			Any cases will be evaluated by the technical and operational directors.

Charges for attachment and pension sharing orders: for pensioners

****Actuarial and other costs incurred from third parties are additional**

10	² Produce CEB quotation	£600	£800	£1000	This fee only applies for pension sharing orders There is no entitlement to this information under regulations.
11	Additional CEB quotations	£600	£800	£1000	This fee only applies for pension sharing orders. There is no entitlement to this information under regulations.

² Pensioners have a cash equivalent of benefits (CEB) they have no right to a CETV. Therefore calculations and quotes are charged for.

	Transaction work required	Minimum	Medium	Maximum	Notes
		VAT is charged in addition to the amounts shown below			
12	Provision of information	£0	£250	£500	This fee applies for attachment and pension sharing orders. Information which does not have to be provided free may be charged for. The charge will depend upon the nature and complexity of the enquiry or request. Pensioner members are entitled to standard disclosure information. The divorce booklet is issued at the start of the process to pensioner member and spouse/ civil partner free of charge. It holds most information they will need.
13	Reviewing a pre-order notification (draft order)	£100	£225	£350	This fee applies for attachment and pension sharing orders but is only charged if the draft order is incorrect or unclear, and we need to seek clarification or notify it will need correction for the final order.
14	DB or hybrid scheme - processing an attachment or pensions sharing order (if spouse/civil partner may elect to keep pension credit in Fund)	Attachment order £750			The fees depend on whether it is an attachment order or a pension sharing order with the pension credit held in the Fund for the former spouse/civil partner. They cover recovery of overpayments and adjustments for spouse/civil partner pensions.
		Pension sharing order £2,750 £3,125 £3,500			
15	Processing a pension sharing order – external transfer	£1,600	£2,025	£2,450	This fee only applies for pension sharing orders.
16	Inoperable orders, objections to orders, appeals against orders	Minimum charge of £250			Any cases will be evaluated by the technical and operational directors.

Third party costs: actuarial and other third party costs are excluded. If any such costs arise they will be charged in addition as determined on each case. VAT may apply to actuarial or other third party costs: where it does, the request for payment will state this and the charge shown will include it.

Revised March 2021