

PENSIONS SHARING ON DIVORCE

with the

NORTEL NETWORKS UK PENSION PLAN

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INTRODUCTION

This booklet tells you and your spouse what may happen to your pension benefits when you divorce. It may be issued to either or both of you.

Following changes to the law during 2000, a divorce court may direct that your pension is shared between you and your spouse. This only can only happen if divorce or annulment proceedings begin after 1 December 2000.

Pension sharing allows your pension rights to be treated in the same way as other assets. The whole, or a proportion, of their value can be transferred from you to your spouse as part of your financial settlement.

This booklet is issued by the Trustee (“the Trustee”) of the Nortel Networks UK Pension Plan (“the Plan”). It contains information that the Trustee is legally obliged to provide. It also contains other information that you may find helpful, for example, what information must be provided to the Trustee before it can process any pension sharing order.

If you have any questions about the information contained in this booklet then please contact the:

Pension Administration Manager
Nortel Networks UK Pension Plan
Oakleigh Road South
New Southgate
London
N11 1HB

Tel: 020 8945 2321

This booklet contains important information. Once the Trustee is in receipt of a pension sharing order further details will be supplied to you and your spouse relating to, amongst other things, further information that may be required.

THE VALUATION OF YOUR BENEFITS

As at 31 March each year we send each active member a benefit statement. Commencing 2002 this statement will include a ‘cash equivalent transfer value’ (CETV) quote. Where possible you should use this. (The CETV is the current cash value of the benefits you have earned to date.)

If you have not received a CETV on your benefit statement and you are an active or deferred member you are entitled to ask for one free CETV calculation a year.

If you or a court, ask us to calculate a CETV at any other time or to value a pension in payment (if you are a pensioner) we may charge you a fee (unless the court tells us otherwise).

For more information on fees, you should refer to the charging structure in the appendix to this booklet.

If we are asked by a court to calculate a CETV or to value a pension in payment, we will issue this to you unless a court instructs us otherwise. If we do issue a CETV to any other party we will send a copy to you.

Your benefits will be valued in accordance with legal requirements. All of your pension benefits will be included in the valuation except for:

- equivalent pension benefits and
- pension (and other rights) which you are receiving by virtue of being the survivor of another member of the Plan

WHAT HAPPENS TO THE BENEFITS AWARDED TO YOUR SPOUSE?

If a pension sharing order is made, your spouse becomes entitled to a 'pension credit' from the Plan.

As the Trustee will not allow your spouse to keep this in the Plan, its cash equivalent will be transferred to another approved pension arrangement.

Your spouse must nominate the new arrangement (which could be the pension plan of his or her employer or a suitable pension product).

If your spouse fails to nominate a new arrangement the Trustee may select one on their behalf. In making the selection, the Trustee will consult its investment advisers; however, there is no guarantee that the arrangement selected will be the most appropriate for your spouse.

The Trustee cannot give financial advice. You and your spouse are strongly recommended to seek such advice from an independent person with appropriate qualifications.

WHAT HAPPENS TO YOUR BENEFITS?

If a pension sharing order is made and a pension credit awarded to your ex-spouse, your benefits will be reduced by a corresponding amount. This reduction is called a 'pension debit'.

We will write to tell you what the pension debit is after receiving the pension sharing order.

CHARGES

The charges payable are detailed in the appendix to this booklet.

You will have to pay all of these charges unless the court tells the Trustee that your spouse should share them. If the charges are to be shared, the court will tell the Trustee how they are to be shared.

Charges will have to be paid at the times detailed in the appendix. They must be paid in full before we do any work and before the Trustee will implement a sharing order.

OTHER INFORMATION

Pension sharing orders should be sent to:

Pension Administration Manager
Nortel Networks UK Pension Plan
Oakleigh Road South
New Southgate
London
N11 1HB

1. The provisions in this booklet are subject to the Plan not being in the process of winding up.
2. The cash equivalent of the 'pension credit' may be reduced if the scheme actuary identifies that the Plan has fewer assets than liabilities in accordance with the provisions of Regulation 8(4)(b) or (12) of the Occupation Pension Schemes (Transfer Values) Regulations 1996 – (in other words, if the Plan is underfunded).
3. So far as the Trustee is aware, your rights under the Plan are not subject to:
 - a) An order or provision specified in Section 28(1) of the Welfare Reform and Pensions Act;
 - b) An order under Section 23 of the Matrimonial Causes Act 1973;
 - c) An order under Section 12A(2) or (3) of the Family Law (Scotland) Act 1985;
 - d) An order under Article 25 of the Matrimonial Causes (Northern Ireland) Order 1978;
 - e) A forfeiture order;
 - f) A bankruptcy order;
 - g) An award of sequestration on your estate or the making of the appointment on that estate of a judicial factor under Section 41 of the Solicitors (Scotland) Act 1980.

You should tell the Trustee if any of the above do apply to you.

4. All of your pensions benefits will be included in the valuation of accrued benefits except for:
 - equivalent pension benefits and
 - pension (and other rights) which you are receiving by virtue of being the survivor of another member of the Plan
5. The Trustee may request information about your or your spouse's state of health if a pension sharing order is made.
6. The Trustee will allow your spouse to nominate a person to receive the pension credit, including any lump sum which may be payable, if you should die before liability in respect of the pension credit has been transferred.

INFORMATION REQUIRED BY THE TRUSTEE

The Trustee must be supplied with:

- i. All the names by which you and your spouse have been known;
- ii. The date of birth, address and national insurance number of you and your spouse;
- iii. Your Plan membership number;
- iv. The name and address of the approved arrangement to which your spouse's pension credit should be transferred ("the receiving arrangement").
- v. Your spouse's membership number in the receiving arrangement;
- vi. The name, title, business address, telephone number, fax number and e-mail address of the person who may be contacted in relation to the transfer of the pension credit.

The Trustee must also be supplied with any additional information outlined in the letter that accompanies this booklet.

The above information must be supplied to the Trustee **before** the pension credit can be transferred and before any pension sharing order will be actioned.

APPENDIX

SCHEDULE OF CHARGES

Nortel Networks UK Pension Plan member not retired and about to divorce

Procedure	Comments	Estimated Cost
(i) Produce cash equivalent transfer value quotation	Standard annual entitlement under disclosure of information regulations	£0
(ii) Additional cash equivalent transfer value quotations		£150 per additional quotation
(iii) Provision of other information	If under disclosure of information regulations Otherwise, depending on nature of request	£0 From £15 to £75
(iv) Receipt of pension sharing order or consent order	To cover all administration costs from receipt of pension sharing order to completion of pension payments	Up to £750
(v) Objections to order by the Plan	Onus should be on the draftsman of the order to ensure that it is correctly drafted prior to issue	If the Plan incurs any costs for dealing with inoperable orders, they will be passed on.

Nortel Networks UK Pension Plan Member retired – Pensions in payment and about to divorce

Procedure	Comments	Estimated Cost
(i) Assess the value of the pension in payment, including any contingent benefits	Actual cost dependant on charges incurred for actuarial time	Up to £500
(ii) Administrative cost of collecting and interpreting medical evidence in respect of divorcing couple	It is assumed that the charges for supply of medical evidence will be met by the divorcing couple	Payment for supply of medical evidence will be the responsibility of the member
(iii) Establish a new pensioner record (this will not normally be allowed).	To cover all administration costs from receipt of pension sharing order to completion of pension payments	Up to £750
(iv) Assuming all documentation is in place, settle a transfer out (instead of iii above)		Up to £300
(v) Establish a new member scheme record (record keeping/tracing reasons etc)		From £25 to £100