

**NortelPensionsUK**

**Guide to  
Pension Sharing on Divorce**

## **Nortel Networks UK Pension Plan**

### **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.

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 Towers Watson, the Plan’s administrators, at the following address:

Nortel Networks UK Pension Plan  
PO Box 545  
Redhill  
Surrey  
RH1 1YX

Telephone: 01707 607601

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**

If you or a court asks us to calculate a Cash Equivalent Transfer Value (CETV) 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 Appendix 2 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 benefit will be valued in accordance with legal requirements. All of your pension benefits will be included in the valuation except for pension (and other rights) which you are receiving by virtue of being the survivor of another member of the Plan

Where your only benefits under the Plan are Equivalent Pension Benefits, they cannot be subject to a pension sharing order. You may have Equivalent Pension Benefits if you were contracted out of the state pension by your employer between 1961 and 1975. In this case, your Equivalent Pension Benefits will be equivalent to

the rights that you could have earned if you had not been contracted out of the state pension.

### **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.

Please refer to Appendix 1 for full details of the options available.

### **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 you to tell you what the pension debit is after receiving the pension sharing order.

### **Charges**

The charges payable are detailed in Appendix 2.

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:

Nortel Networks UK Pension Plan  
PO Box 545  
Redhill  
RH1 1YX

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 7D of the Occupational 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 of 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 apply to you.

- 4. All of your pension benefits will be included in the valuation of accrued benefits except for 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.

### **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 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 1

### **Sharing a pension after a divorce/dissolution Statement of the options available to an ex-spouse or ex-civil partner**

The Trustees offer membership to a person which is entitled to a pension credit. A pension credit is the share of the member's pension benefits that their ex-spouse or ex-civil partner is entitled to after a pension sharing order or agreement. Once we have carried out the pension sharing order or agreement, the ex-spouse or ex-civil partner has the following options. Please note that as the Plan is currently in an assessment period with the Pension Protection Fund, if a pension sharing order is made the availability of Option 1 to the ex-spouse or ex-civil partner may be restricted.

#### **Option 1**

To transfer the pension credit to another 'qualifying arrangement'. Qualifying arrangements include company pension schemes, personal pension schemes, annuity contracts, insurance policies and some overseas schemes where permitted by legislation. UK arrangements must be registered with HM Revenue & Customs, and must meet the contracting-out rules (if this applies). This transfer value would reflect any reduction to transfer values for underfunding that the Trustees are making at the time.

#### **Option 2**

A pension from the Nortel Networks UK Pension Plan from normal retirement age.

**With effect from 14 January 2009 the Nortel Networks UK Pension Plan was accepted into the Assessment process of the Pension Protection Fund (PPF). Therefore any pension payable from the Plan would currently be reduced to the level of PPF pension benefit (set out below).**

#### **PPF pension benefit**

This is dependent on whether or not the ex-spouse or ex-civil partner has reached the PPF definition of Normal Benefit Age (NBA) before commencement of Assessment on 14 January 2009.

If the ex-spouse or ex-civil partner has not reached NBA on or before 13 January 2009, the PPF pension benefit will be up to 90% of the entitlement under the Plan, but the maximum pension is also subject to an age-related cap.

The reduction will not be applied until the ex-spouse or ex-civil partner reaches retirement.

At retirement, the accrued pension as at 13 January 2009 will be adjusted by the same ratio as the change in Retail Prices Index (RPI) for two months before 13 January 2009 (November 2008) to two months before the date of retirement (subject to a maximum increase for the whole period calculated by assuming RPI rose by 5% each year). The reduction is then applied and, if applicable, the age-related cap.

The Government has introduced new rules which mean that since 31 March 2011 we have to use the Consumer Prices Index (CPI) – a measure the Government uses for its own inflation targets.

RPI and CPI both measure inflation by tracking changes in the costs of certain goods and services. But, because they do not track the same goods and services, they produce different rates of inflation.

### **Once the PPF pension benefit starts to be paid**

**The PPF pension benefit built up before 6 April 1997** will not increase.

**The PPF pension benefit built up after 5 April 1997** is increased in line with inflation up to a maximum of 2.5% each year.

The Government has introduced new rules which mean that since 1 January 2012 we now have to use the Consumer Prices Index (CPI) – a measure the Government uses for its own inflation targets.

RPI and CPI both measure inflation by tracking changes in the costs of certain goods and services. But, because they do not track the same goods and services, they produce different rates of inflation.

We will send details of the amount of the transfer payment or alternative benefits to the ex-spouse or ex-civil partner before we carry out the pension sharing order or agreement. This will include details of any charges we will take from the pension credit.

The ex-spouse or ex-civil partner will then need to decide which option they want to take. The ex-spouse or ex-civil partner should contact an independent financial adviser to help them make their decision.

Whichever option the ex-spouse or ex-civil partner chooses, if they die before we have carried out the pension sharing order, the Trustees will send details of how they will deal with the pension credit to their next of kin or a legal representative.

Normally the receiving plan will not pay a pension to the ex-spouse or ex-civil partner (other than in cases of ill health) before the age of 55.

## **Appendix 2**

### **Sharing a pension after a divorce/dissolution Statement of charges**

The Trustees will charge the following for providing information and carrying out a pension sharing order within the Nortel Networks UK Pension Plan.

#### **Initial request for information**

In line with legislation, the Trustees will charge for providing a cash equivalent valuation and other details if:

- the Trustees have provided the same information to the member, their spouse or civil partner or the court in the 12 months before the date of the initial request for information;
- the member has reached normal pension age;
- the member is within 12 months of normal pension age;
- the information is needed in less than three months of the date of the request; or
- the member would not normally be entitled to a cash equivalent valuation e.g. the pension is already in payment

The charge is £750 plus VAT.

The Plan administrators will send an invoice to the member.

#### **Carrying out a pension sharing order**

The charge for carrying out the pension sharing order or agreement will be £750 plus VAT. The member will have to pay this charge unless the pension sharing order says the ex-spouse or ex-civil partner should share the charge.

The Plan administrators will send an invoice to the member (and their ex-spouse or ex-civil partner if necessary). The member and the ex-spouse or ex-civil partner if they are sharing the charge must pay the invoice before the Trustees carry out a pension sharing order or agreement.

#### **Delays**

If more than 12 months have passed between the Trustees providing the initial information and carrying out the pension sharing order or agreement, the Trustees may increase any of the charges above by the increase in the Retail Prices Index.