

Section 03

Life events

Pension scheme membership usually spans many years, and from time to time your personal circumstances can change.

These changes could be anything from having a baby, to getting divorced, or having a break from employment and it is important to think about the impact these life events can have on your pension benefits. As well as providing for your retirement, alpha also includes benefits for your dependants.

This section of the guide explains how the various life events can affect your pension.

Section 03

Life events



This guide uses as little jargon as possible but where it has to use specific pensions or other technical terms, they have been explained in plain English.

It does not cover every aspect of the scheme. Full details are set out in the regulations, which are the legal basis of alpha.

Nothing in this guide can override the alpha regulations. Every effort has been made to make this guide as accurate as possible, but in the event of any difference, the regulations will apply. This guide is based on the alpha regulations current at the time of publication and there is no guarantee that any part of the regulations will not change in the future.

You should not take anything in this section as financial advice. You might want to consider contacting an Independent Financial Adviser (IFA) to discuss your retirement planning. You can find tips on finding an IFA by visiting the Financial Conduct Authority website: www.fca.org.uk

This section explains:

03A. Maternity, paternity and adoption leave

How taking time off work after a new arrival affects your pension.

03B. Divorce, dissolution, and annulment

Information on the ways your pension can be impacted during a divorce etc.

03C. Taking time off

Sickness and career breaks and how they affect your alpha pension.

Section 03A

Maternity, paternity and adoption leave



What is maternity and paternity leave?

Maternity and paternity leave allow a parent to take paid time off work when their child is born.

Is this a pension scheme benefit?

No. This is related mainly to employment law, and most employees have a right to some form of maternity or paternity leave. Your employer will be able to give you more information on your entitlement.

What if I adopt a child?

In most cases there is adoption leave. A paid break from employment when a newly adopted child moves into your home. You must check with your employer for details of your entitlement to this type of leave.

Am I still an alpha member when I am on maternity, paternity or adoption leave?

Yes. Unless you choose to leave alpha, opt out, or switch (see Section 01D - Your other options) you will remain an alpha member.

Would I still have to pay contributions?

If you take maternity, paternity or adoption leave, you would continue to pay the same percentage rate in contributions, but this would be based on the amount of pay you are actually receiving, rather than your usual pensionable earnings.

This includes when your pay drops to statutory pay.

If your leave is unpaid, you do not receive pay, so will not have to make contributions.

How much alpha pension do I build up?

While on paid maternity, paternity, or adoption leave your alpha pension will build up as if your pensionable earnings were at their usual level. Your usual level of pay is called 'assumed pay'.

If you stop receiving pay, by going on to unpaid leave, you will not build up any further alpha pension.

For example:

Lesley's usual pay is £1,750 per month (or £21,000 a year) and she pays a monthly contribution rate of 4.6%, around £80.50 per month.

During a period of adoption leave her monthly pay reduces to Statutory Maternity Pay (SMP) of approximately £560 per month.

While Lesley is getting SMP her contributions are based on the actual pay she receives of £560 per month. So Lesley's alpha contributions are 4.6% of £560, which is around £26 per month. Her employer continues to pay contributions too.

Lesley's alpha pension will be worked out as if she had been paid her usual salary of £1,750 for each month that she was getting SMP.

If Lesley had a period of unpaid leave, and both her and her employer's contributions stop, then this period does not count towards her pension.

Section 03B

Divorce, dissolution, and annulment



Does ending my marriage or civil partnership affect my alpha pension?

Changes to your marital status do not automatically affect your pension, but could affect what benefits could be paid out if you die. If you no longer had a spouse, for example, no spouses' pension would be paid. You should make sure you keep your death benefit nomination up to date if your personal circumstances change. It is worth noting that your pension may be included in any payment / settlement agreed as part of divorce or dissolution proceedings.

Can my pension be paid to my ex-spouse / ex-civil partner?

The courts can decide that your ex-spouse / ex-civil partner is entitled to some of the pension you have built up during your marriage or are receiving (if you are already a pensioner) as part of your divorce settlement; and this can take the form of either an earmarking order, a pension sharing order, or a pension attachment order.

Who can help me understand the effect it will have on my pension?

While you are going through a divorce or dissolution your legal advisor / lawyer will be able to explain the full implications of earmarking and / or pension sharing orders. Your scheme administrator will be able to provide the specific details that you will require.

Where can I find out more?

These orders are carried out using rules from the Welfare Reform Act.

You can find out further information on the Pension Advisory Service website:

www.pensionsadvisoryservice.org.uk

What is the process for applying an order?

You (or your solicitor) must tell the scheme administrators in writing, the terms (or what the terms are expected to be) of the court order when you know them.

The court will need the details of your pension benefits when deciding if it should include an order in the divorce or dissolution.

The court will usually need two things, a Cash Equivalent Transfer Value (CETV) estimate of your pension benefits and a copy of this pension scheme guide to explain how alpha works.

You must send the actual court order to Civil Service Pensions as soon as you receive it, along with the decree absolute (or dissolution certificate) and any other information that you are asked to provide.

How does my former spouse / civil partner get paid?

Earmarking order

Payments start when you claim your pension (retire). If the earmarking order is for a regular payment, the payments will stop if you die before your former spouse / civil partner, or if they remarry or enter into a civil partnership in the future.

If the earmarking order includes a lump sum, these payments will still be made if they remarry or enter into a civil partnership in the future. But if they die before you, no payments will be made.

Pension sharing order

Your former spouse / civil partner will get a pension credit.

This is a pension that is based on a percentage of the CETV of your pension benefits.

The amount of pension they get will be worked out based on their age and gender. This can mean that the pension they get could be higher or lower than the amount you give up.

How do I get a Cash Equivalent Transfer Value (CETV) estimate?

If you are still in service and need an estimate of the value of the pension you have built up, you can ask your scheme administrator for a CETV estimate. You should tell them it is for use in divorce / dissolution proceedings.

If you are currently in service, or a former member and not yet receiving your pension, you can get a CETV estimate free of charge once a year.



Are there any other charges?

You are not charged for your first CETV estimate each year, but you will have to pay for any further CETV estimates that you ask for after that.

Civil Service Pensions charges for some of the services and information it provides. The charges are reviewed each year and this can be found on the Civil Service Pension Scheme website. The court order will normally state who is liable to pay any charges.

The courts can decide that the costs are to be paid by you or your former spouse / civil partner, or that the costs are split between you. You can decide to pay the costs directly or to have your pension benefits reduced to cover the charges that are due.

How are benefits transferred under a pension sharing order?

Once you have passed on details of the order, and payments have been made, Civil Service Pensions works out the amount of pension benefits to be transferred based on your benefits up to the 'effective date'.

The percentage (or amount) stated in the order is applied to the estimated value of your benefits at the effective date.

This amount is then transferred, in the form of pension benefits, to your former spouse or civil partner.

I am already getting my pension – what happens?

If you are already getting your pension, you may have to pay back some of the pension you have received.

This is because your pension will be reduced to take into account the court order. The start of your new lower rate of pension is backdated to the effective date stipulated in the court order.

What if I leave on ill-health grounds, or retire early?

If you are leaving on ill-health grounds or retire early, the pension sharing or earmarking order is applied at the point your pension starts being paid. The amount to be taken from your pension for the earmarking or sharing order is reduced to reflect the early payment of your pension.

What happens to an earmarking order when I retire?

Your scheme administrator will ask you and your former spouse / civil partner to confirm that the earmarking order is still valid, by checking the marital status of your former spouse or civil partner.

Any benefit statements you receive will indicate whether the pension debit has been deducted.

What happens to a pension sharing order when I retire?

The actions are taken to set up your former spouse's / civil partner's pension when the order is applied. Your percentage of your alpha payment will come into payment when you retire.

Section 03C

Taking time off



How does taking time off affect my alpha pension?

This depends on the type of break it is. There are two main types, paid and unpaid.

What sort of break is paid?

These are usually your annual leave, and some paid 'special leave'. This also includes time off work when you are sick; this can be either at full pay, or a reduced level. Your employer will be able to tell you more about what types of absence are paid.

How do these paid absences affect my pension?

Having paid time off work does not have any effect on your pension. Because you are still earning, you will still build up your alpha pension in the usual way.

What sort of break is unpaid?

This can be a career break, a day where you strike as part of a Union, or periods of sickness where you cannot get any pay (because you have been off for an extended period of time).

How do these unpaid absences affect my pension?

Having unpaid time off work does have an effect on your pension. Because you are not earning, you will not build up any alpha pension.

I am getting sick pay at pension rate (SPPR); do I build up any alpha pension?

If you are receiving SPPR even though you are being paid, you will not build up any alpha pension.

Your employer decides if you should receive SPPR instead of being on an unpaid absence.

What if I am off work for an extended period of time, what happens to my pension?

If you are on an extended break, your pension is not preserved, you are still an active member. Although you might not add any pension based on your earnings (if you are not getting paid) it is still eligible for the annual adjustments applied to active members' pensions.

How does my pension build up while I am getting sick pay?

You can usually only pay contributions and build up pension in alpha if you are actually working or if you are on paid leave. If you are on unpaid leave, you will generally not receive pensionable earnings for that period.

If you are on paid sick leave, you will build up alpha pension as usual. If your pay reduces to half rate, you will still build up pension as if your actual pensionable earnings were at the full rate.

However, if you are getting sick pay at pension rate this does not count as pensionable earnings.

What if I work somewhere else?

If you are on loan or secondment to another employer, they will work together to agree the terms before this period of loan starts. These terms will determine how you will continue to pay your alpha contributions.

If you take a career break and work somewhere else during this break, these two periods of employment will be treated separately.