

## Case Study Assignment Module 8

### Scenario – Stage 1

Mr Johnson, an active member of the ABC Pension Scheme contacts you to advise that he is getting divorced and has been asked to provide information about his pension. He asks what information will be provided. You note that Mr Johnson is resident in England and that his divorce will be subject to the law of England and Wales.

**Question 1: How should you respond to Mr Johnson? (8 marks)**

**Question 2: What are the timings of which Mr Johnson should also be made aware and the rights of his spouse at this stage? (3 marks)**

### Scenario – Stage 2

Many months later you receive a call from Mr Thomas, an Independent Financial Adviser, who is representing Mrs Johnson, the ex-spouse of a member, and they want to know if the Trustees would allow the ex-spouse a separate category of membership to remain in the scheme rather than take an external transfer. Mr Thomas cannot understand why it has taken so long to implement this pension sharing order as they were divorced over a year ago.

**Question 3: How should you respond to Mr Thomas at this point? (4 marks)**

### Scenario – Stage 3

Mr Thomas subsequently provides the letter of authority together with a photocopy of the Pension Sharing Annex under [section 24B of the Matrimonial Causes Act 1973], stating that the specified percentage of the member's Cash Equivalent Transfer Value to be awarded to Mrs Johnson is 34.88% and noting the pension sharing charges are to be apportioned equally between each party. This Annex is undated and not stamped by the Court. Mr Thomas has a meeting with Mrs Johnson in two days' time to discuss the options regarding her portion of the accrued pension and he needs to know the approximate value of her portion.

**Question 4: What should you advise Mr Thomas of and what personal data will need to be confirmed? (8 marks)**

### Scenario – Stage 4

The requested information is received and is complete, Mrs Johnson has confirmed that she wishes to take an external transfer of her Pension Credit; the only outstanding information is the receiving arrangement's details. This information has been requested on numerous occasions and another IFA has now provided you with Mrs Johnson's solicitor's details to follow up and a new letter of authority enabling you to deal with him on Mrs Johnson's behalf. The formal Pension Sharing Order was received over 3 months ago and you are concerned with the time it is taking to implement this order.

**Question 5: based on the above information, what else should you bring to the attention of Mrs Johnson's representatives in relation to any continuing delays? (6 marks)**

**Question 6: What terms might it be helpful to define for Mrs Johnson in relation to timescales? (5 marks)**

**Transfer Day (1 mark)**

**Valuation Day (1 mark)**

**Valuation Date (1 mark)**

**Implementation Period (2 marks)**

### **Scenario – Stage 5**

You receive confirmation of the receiving qualifying arrangement from Mrs Johnson's solicitor and you get a call from Mrs Johnson herself asking you pay the transfer value immediately. Mrs Johnson presses you for a date by which the payment will be made.

**Question 7: Other than paying the Pension Credit to the receiving qualifying scheme, what else do the Trustees need to action to complete this final stage of implementation and how should you respond to Mrs Johnson's anxiety? (5 marks)**

### **Scenario – Stage 6**

Mrs Johnson begins to call you every other day to find out if you can pay the Pension Credit. In your mind, you start to question her motives for this. You notice that she changed her IFA mid process.

**Question 8: What could you ask Mrs Johnson about the new arrangement at this point? (2 marks)**

**Question 9: What risks should you make Mrs Johnson of aware and why? (6 marks)**

### **Scenario – Stage 7**

Mrs Johnson is now clearly nervous and decides that she might ask her original IFA for help but she believes that he was planning to take an extended holiday. She asks what will happen if she cannot get help quickly to make a decision on the new arrangement.

**Question 10: How should you respond to Mrs Johnson? (3 marks)**

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**Total 50 Marks**

## **APPENDIX**

### **1.1 Divorce**

1.1.1 If a Pension Sharing Order is made in respect of a Member such that his Ex-Spouse becomes entitled to a Pension Credit in relation to the Scheme, the Trustees shall discharge their liability in respect of that Pension Credit in one of the following ways:

(a) using their absolute discretion, by conferring on the Ex-Spouse rights under the Scheme which are equal in value to the Pension Credit; or

(b) by making a payment equal in value to the Pension Credit to a Receiving Scheme which is:

(i) a "qualifying arrangement" within the meaning of paragraph 6 of Schedule 5 to the 1999 Act;

(ii) not disqualified as a destination for Pension Credits by virtue of paragraph 7 of Schedule 5 to the 1999 Act; and

(iii) able and willing to accept a payment from the Scheme in respect of the Pension Credit,

with a view to acquiring rights thereunder for the Ex-Spouse,

PROVIDED THAT, in each case, the Trustees may deduct from the Ex-Spouse's Pension Credit and/or add to the Member's Pension Debit an amount in respect of charges determined in accordance with the 1999 Act.

1.1.2 The Trustees shall exercise their powers under Clause 7.3.1 in accordance with the requirements of the 1999 Act. In particular, notice shall be given to the Ex-Spouse and his consent sought and obtained as prescribed by the 1999 Act.