

This document has been prepared to assist individuals who were married or in a common-law partnership and who are experiencing a legal separation or divorce and have questions on how this could impact their pension. It should be noted that a member's pension is only one of the assets available for division as part of a marital breakdown and it does not necessarily have to be included in the final settlement between the parties.

## 1 What pension plans are subject to marriage breakdown provisions?

- NB Public Service Pension Plan
- NB Teachers' Pension Plan
- Shared Risk Plan for Certain Bargaining Employees of NB Hospitals
- Shared Risk Plan for CUPE Employees of NB Hospitals
- Pension Plan for General Labour, Trades and Services Employees of NB School Districts (CUPE GLT&S Plan)
- Pension Plan for Secretarial and Clerical Employees of NB School Districts (CUPE 2745 Plan)
- *Provincial Court Act and Provincial Court Judges' Pension Act*
- *Members' Pension Act and Members' Superannuation Act*

## 2 How can a marriage breakdown impact my pension?

Up to 50% of the benefit earned in the pension plan while you were married / cohabitating can be included in the division of marital assets.

## 3 How is the amount that can be available to my spouse calculated?

First, a calculation is performed that establishes both the lump sum value of your pension at the date of marriage breakdown and the monthly pension benefit earned at that date. For example:

At date of marriage breakdown:	Example A	Example B
Service earned in the pension plan	25 years	25 years
Value of the pension	\$200,000	\$200,000
Monthly pension earned at the date of marriage breakdown	\$2,500	\$2,500

Second, a calculation is performed to determine the benefit earned in the pension plan while you were married or cohabitating with your spouse. Up to 50% of the benefit can be included in the division of marital assets. For example:

At date of marriage breakdown:	Example A	Example B
Service earned in the pension plan	25 years	25 years
Service earned in the pension plan while you were married/cohabitating	25 years	20 years
Value of the pension	\$200,000	\$200,000
Maximum benefit that will be subject to the division of marital assets	\$100,000 (\$200,000 X 25/25 X 50%)	\$80,000 (\$200,000 X 20/25 X 50%)

#### 4 How does a transfer to my spouse impact my pension?

The portion of the benefit that is transferred to your spouse (up to 50%) will directly reduce the benefit that you have earned. For example:

At date of marriage breakdown:	Example A	Example B
Service earned in the pension plan	25 years	25 years
Service earned in the pension plan while you were married/cohabitating	25 years	20 years
Monthly pension earned	\$2,500	\$2,500
Benefit <u>remaining</u> if maximum benefit (50%) is transferred to spouse	\$1,250 (\$2,500 X 25/25 X 50%)	\$1,500 (\$2,500 X 20/25 X 50%)

#### 5 What if I am already retired and receiving my pension?

The portion of the benefit that is transferred to your spouse will directly reduce your monthly pension benefit on a go forward basis.

It is important to note that a portion of any monthly pension payments made to you, between the date of marriage breakdown and the date that the actual payment is made to the spouse, will reduce the amount that is available to the spouse.

#### 6 If I purchased service, is it included in the calculation?

If you paid for your purchase of service during your marriage or period of cohabitation it will be included in calculating the value of your pension available for division.

#### 7 If I transferred in service from another pension plan, is it included in the calculation?

If the service with the other pension plan was earned during your marriage or period of cohabitation it will be included in calculating the value of your pension available for division.

#### 8 What determines how much of my pension, if any, is transferred to my spouse?

An agreement, court order or judgement (dated after December 31, 1996) will outline how much of your pension (subject to the 50% maximum) will be transferred to your spouse.

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## What are the steps in the marriage breakdown process as it relates to my pension?

1. Complete a [marriage breakdown application](#) form which can be found online at [Vestcor.org](#) or by contacting Vestcor.
2. Forward the application form to Vestcor for processing. **Please allow up to 6 week for processing.**
3. Vestcor will calculate the maximum value and the information will be provided to you and any other authorized party (e.g., your lawyer).
4. **A copy of the agreement or court order is to be provided to Vestcor.**
5. If there is a payout to your spouse, they are to provide a prescribed form to Vestcor and the locked-in transfer is then processed. These forms are available from their financial institution. Vestcor will make an adjustment to your pension to reflect the transfer to your spouse.

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## What needs to be included in the agreement or court order?

The legal document must include the following:

- name of the pension plan
- start and end date of marriage / period of cohabitation
- amount to be transferred as a lump sum or percentage (if a lump sum transfer is identified, the document must also address whether interest is to be added)

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## What if my spouse and I are in the same pension plan?

If you and your spouse are both in the same pension plan and there is a division of marital assets, the pension benefit for both spouses will be adjusted as per the agreement or court order and no actual payout will occur to either party.

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## What transfer options are available to my spouse?

Your spouse can transfer the payment to a locked-in retirement savings plan.

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## Can I repurchase the benefit that was transferred to my spouse following a marriage breakdown payout?

No, you are unable to purchase the period of service that was transferred to your spouse.



## Still have questions?

**We can help!** Contact a Pensions and Benefits Specialist at Vestcor by calling **1 (800) 561-4012** or by emailing [info@vestcor.org](mailto:info@vestcor.org)

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