



Pensions

Where a relationship ends and a financial settlement needs to be reached, at some point the issue of pensions will rear its head. For many people a pension can be the biggest asset after the family home, therefore it is important that they are dealt with correctly and split fairly.

Any pensions or pension rights that you or your ex-spouse or former spouse/civil partner have will need to be considered in a financial settlement. This can be state pensions, workplace pensions, personal pensions, or a combination of them all.

On divorce or dissolution the Basic State Pension cannot be split or shared but you may be able to 'top-up' your own national insurance record using your ex-partner's national insurance record. This may mean that you get a higher basic state pension without affecting your ex-partner's basic state pension entitlement.

In order to decide how best to deal with pensions, you will need to know what they are worth. A valuation for each pension fund, including Additional State Pension, will need to be obtained. This is known as the 'transfer value' of the pension fund. Depending upon the type of pension that you have you may receive an annual statement containing the transfer value. For some types of pension fund, working out the value of the fund is more complicated and an expert report may be needed from an actuary.

Once the values of the pensions are known then advice can be given about how much each party should receive and how best to deal with the pensions. There are three main options:

- **Pension sharing** – you receive a percentage of your ex-partner's pension. The share you receive is

transferred into a new pension in your own name or into an existing pension fund if you already have one. Sometimes you are able to join your ex-partner's pension scheme.

- **Pension attachment** – you receive an agreed amount of your ex-partner's pension income or lump sum when it starts to be paid to them. You cannot receive this amount until your ex-partner starts taking their pension. This can mean a delay in you being able to receive your share of the pension if for instance they are younger than you and have some time until they can take their pension.

- **Pension offsetting** – once the value of the pension is known, instead of receiving a share of the pension you receive a share of other assets instead to 'offset' your pension claims. So for instance, your ex-partner may keep their pension in full but you would receive a greater share of the family home or another asset instead.

You can only have pension sharing or pension attachment with a Court order. It forms part of the financial agreement reached upon divorce or dissolution and has to be registered with the trustees of the pension fund for you to receive the pension.

Pensions can seem a daunting area as they do need to be looked at carefully and valued correctly to ensure a fair outcome. There are lots of rules and regulations that apply to pensions and this is something that we can guide you through when dealing with your divorce or dissolution.

For more information on pensions please follow the link wards.uk.com/service/family-and-divorce.