

How do we deal with pensions in our divorce?



It's understandable that, for many people, the primary focus when getting divorced is what will happen to their home and how they will meet their needs or those of their children. But, it's very important not to lose sight of pensions. We're all going to have to work longer to access our state pensions so it's essential that private or work pensions accrued during a marriage are shared in a fair way and neither party misses out.

There are two common ways to share pensions on divorce – through a pension share, or by offsetting the value of the pension against other assets.

If you are going to receive a pension share, part of your spouse's pension is carved out and you will receive a pension credit to invest yourself. You won't be able to access the funds until you reach pensionable age and will likely need to take independent financial advice to set up your own pension. If it's your pension which is going to be shared, then your pension scheme provider will be asked to allocate a certain percentage of your pension to your spouse for them to take and re-invest. The two pensions, after the share has been implemented, are entirely separate.

Alternatively, you may decide to offset the value of the pensions against other assets, say against your house. Caution must be exercised here. It's natural to want to retain your home but pensions can be very valuable, more so than the numbers on the page may indicate, and specialist advice must be sought to ensure the arrangement you or your spouse propose will be fair to you both. Unfortunately, it is often the financially weaker party who often loses out here, as they prioritise retaining the family home and don't realise until retirement age that they should have asked about the true value of their spouse's pension on divorce.

Advicenow has recently launched a "Survival guide to pensions on divorce" which you can download [here](#). It summarises all of your options on divorce and what questions you should ask. It also highlights the situations



where you should obtain legal and financial advice.

We can advise on the information you need to obtain in relation to pensions, obtain independent reports as to the fairest way to share them, and draft the necessary documents to implement a pension share. Do access advice early as if you leave sorting out the pensions until later, this could delay the conclusion of your divorce.

If you have any questions arising from the above, please contact [Helen Fisher](#) on helen.fisher@cripps.co.uk or on 01892 506 258. Helen has experience dealing with technical and complex pension cases within the context of divorce.

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