



# PENSIONS ON DIVORCE

## WHO IS THIS FACTSHEET FOR?

This factsheet is for SCPF members undergoing a divorce. It provides details on the treatment of your SCPF benefit if a UK Court order mandates payment to an ex-spouse.

## PENSIONS AND DIVORCE

There are three main options - Pension Sharing, Attachment (Earmarking) and Offsetting. Court orders directing the treatment of pension rights will be different in each case. This summary cannot cover every possible order or circumstance. However, a few points are worth noting in the SCPF context to avoid misunderstanding and unrealistic expectations:

- No sharing or earmarking of SCPF benefits can be implemented until an appropriate UK Court order is received by the Trustee Services Unit.
- The Trustee cannot act upon informal agreements.
- You may need to engage a solicitor to deal with the divorce and will need to deal with the Trustee Services Unit directly.

During the divorce proceedings, assumptions may be made about what can be paid in the future by the SCPF. These assumptions would not form part of a Pension Sharing Order itself but might raise the expectations of the parties involved. For example, a Court might suggest that you should nominate your ex-spouse for an adult dependant's pension on your death. This is not permitted under the Trust deed and regulations governing the SCPF. An adult dependant's pension may not even be payable under the deed and rules if for example you remarry and are survived by your new legal spouse (who would receive a pension). It should also be noted that even where an adult dependant's pension is potentially payable it is only payable where there is evidence of financial dependency of the ex-spouse upon you at the time of your death.

## JARGON

### Pension sharing

The Pension is split at the time of divorce. A percentage share is either transferred into a pension in the ex-spouse's own name, or, they receive a benefit directly from the pension scheme.

### Attachment (Earmarking)

The ex-spouse receives an agreed amount of pension income or lump sum (or both) when it starts being paid to the member. The ex-spouse cannot receive pension payments before the member has started taking their pension. In Scotland, this is called a pensions lump sum order.

### Pension offsetting

The member would keep their pension and the ex-spouse would receive other assets of similar value to compensate, for example, the matrimonial home.

This factsheet provides a summary of the benefits available from the SCPF. Benefits can only be paid in accordance with the Trust Deed and Regulations and relevant law at that time.

## HOW IS A PENSION SHARING ORDER CALCULATED?

A Pension Sharing Order is usually expressed as a percentage of the member's 'cash equivalent' pension rights.

### Active member

- If you are an active SCPF member, the pension debit is, essentially, a negative deferred pension calculated at the time of divorce but applied when your employed membership ceases. In deferment, your pension debit is re-valued up to retirement in line with increases in the Retail Prices Index (RPI) up to 7% each year if you joined the SCPF before 1 January 2009 or up to 5% if you joined on or after 1 January 2009. When your pension comes into payment, it is reduced by the re-valued amount of the debit. The principle underlying the statutory revaluation is that it takes account of inflation but avoids linking the pension debit to future increases in your pensionable salary.

### Deferred member

- If you are a deferred SCPF member your pension is reduced by the amount of the pension debit as part of implementing the sharing order. In deferment, the pension debit is re-valued up to retirement in line with statutory revaluation. When your pension comes into payment, it is reduced by the re-valued amount of the debit.

### Pensioner member

- If you are already receiving your pension any debit will be valued using the cash equivalent value of your pension in payment.

The SCPF Trustee does not currently apply charges to divorcing parties. However Trustees are allowed to charge for additional costs incurred; this would either be in cash form or a deduction from your pension entitlement. We will inform you of any charges in advance.

**Once a Pension Sharing Order has been implemented, the SCPF Trustee will provide your ex-spouse with a Cash Equivalent Transfer Value (CETV). This amount must be transferred to another pension arrangement in their own name.**

## WHAT DO I NEED TO DO?

If you are in the process of starting divorce proceedings you should request a Cash Equivalent Transfer Value (CETV) from the Pension Administration Team at the address below to provide to your solicitor.

You can find further general information about UK [pensions and divorce](#) at Money Helper, the guidance service for all, backed by government.

## CONTACT DETAILS

If you have any queries about the information in this factsheet, please contact the Pensions Administration Team

**Telephone:** 020 7934 1190

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