



SOCPF

Pensions on Divorce

Who is this factsheet for?

This factsheet is for Shell Overseas Pension Fund (SOCPF) members who are going through the process of a divorce it provides information on how SOCPF benefits are treated if a Court order requires a benefit to be paid to an ex-spouse.

Pensions and Divorce

In September 2013, the SOCPF regulations were amended to allow a Court order issued either by a UK or overseas court to be implemented against a member's SOCPF pension. Before September 2013, any Court order, including orders relating to divorce, would have resulted in anti-charging provisions taking effect and subsequently moving a member's pension into a separate discretionary trust.

There are three main options that can be applied to your pension:

1. 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 name, or they receive a benefit directly from the pension scheme.
2. 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.
3. 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.

Court orders directing the treatment of pension rights will differ in each case. This summary cannot cover every possible order or circumstance. However, a few points are worth noting in the SOCPF context to avoid misunderstanding and unrealistic expectations:

- No sharing or earmarking of SOCPF benefits can be implemented until an appropriate 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 SOCPF. 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 SOCPF. 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.

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 SOCPF 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 SOCPF 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 debit amount. 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 SOCPF 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 as described above. 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.

Additionally, the CETV provided on request is an estimated value only. A CETV is calculated as the present value of accrued benefits using appropriate actuarial assumptions. The assumptions are updated monthly using the financial conditions at an appropriate term on the last working day of the preceding month. Please note, the factors can go up or down each month which means, in turn, the transfer value can increase or decrease.

The final value will be determined based on the date of calculation of the divorce, and relevant monthly factors applicable on that date. The calculation date is determined by the date the Court Order takes effect and by which we have received all information to enable us to proceed.

The SOCPF Trustee does not currently apply charges to divorcing parties. However, the Trustee is 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 SOCPF Trustee will provide your ex-spouse with a Cash Equivalent Transfer Value (CETV). This amount must be transferred to another pension arrangement in their name.

However, the arrangement must be willing and able to accept the credit from the SOCPF; please note that the SOCPF is not a Qualifying Recognised Overseas Pension Scheme, so some UK pension schemes will not be able to accept a transfer from the SOCPF.

What do I need to do?

If you are 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.

If your divorce is going to take place in a non-UK court, please let the Pension Administration Team know as soon as possible. The Pension Administration Team will be able to guide you through the process and let you know if a Court order can be applied

to your SOCPF benefit. Please note the Trustee cannot implement any order unless it is satisfied that the divorce is legally effective.

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

Contact details

If you have any questions regarding the information in this factsheet, please contact the pensions administration team.

E-mail: UK-PensionsAdmin@shell.com

Telephone: 020 7934 1190

Write to: Pensions Administration Team, Trustee Services Unit, Shell International Limited, Shell Centre, London, SE1 7NA.