

# PENSION SHARING ON DIVORCE

This guidance, produced by the Pensions and Lifetime Savings Association, was created to support private sector occupational pension schemes when providing information to scheme members on pension sharing orders. It includes a recommended range of charges for schemes as well as a flowchart outlining the circumstances when charges can be made. The guidance is meant to be used as a guide only, and charges may vary contingent on the specific circumstances of each member.



## SUGGESTED RANGE OF CHARGES

The table below details the suggested range of charges that private sector occupational pension schemes should consider charging when providing information to members related to pension sharing orders on divorce. The suggested ranges are indicative only, and schemes may find it appropriate to charge amounts higher or lower than those below, contingent on the circumstances of each member's unique request. Additional notes on the suggested ranges have been included within the table for further clarity. For specific details related to the regulatory requirements of schemes and any required actions regarding when orders need to be applied, see:

- ▶ *The Pensions on Divorce etc. (Provision of Information) Regulations 2000*, which detail the requirements for an individual responsible for a pension arrangement with respect to the supply of information to members and their spouses, or former spouses, relating to pensions on divorce, separation or nullity; and
- ▶ *The Pensions on Divorce etc. (Charging) Regulations 2000*, which detail the circumstances in which an individual responsible for a pension arrangement may recover charges in respect to the provision of information relating to pensions on divorce, separation or nullity, complying with an earmarking or attachment order, or in connection with pension sharing activity.

ACTION	SUGGESTED RANGE OF CHARGES	NOTES	WHEN CHARGEABLE
<b>PRODUCING A CETV QUOTATION</b>			
Pension Active or Deferred	£0-£500	Member can only be charged if they wouldn't otherwise be entitled to a CETV free of charge.	See flowchart.
Pension in Payment	£750-£1250		
<b>PROCESSING A PENSION SHARING ORDER</b>			
Pension in Payment	£0-£500	This charge is in addition to the amount to produce a CETV for a pension in payment. It includes allowance for recalculation of CETV and recovery of pension arrears if unreduced pension paid to member for a time after pension sharing order effective.	Chargeable at any time if previously disclosed to members in the schedule of charges issued at the initial information stage of the pension sharing process.
Internal Transfer – DB <sup>1</sup>	£3,000-£4,250	Includes allowance for future scheme admin costs of approximately £1,250.	
External Transfer – DB	£1,500-£2,500		
Internal Transfer – DC	£2,500-£3,750	Additional charge of approximately £500-£600 allowable if trustees customarily pay for annuity purchase advice upon retirement.	
External Transfer – DC	£1,500-£2,500		
<b>OTHER</b>			
Provision of Other Information	£0-£500	Information that does not have to be provided for free may be charged for and the cost will depend on the nature and complexity of the inquiry.	Chargeable at any time if previously disclosed to members in the schedule of charges issued at the initial information stage of the pension sharing process.

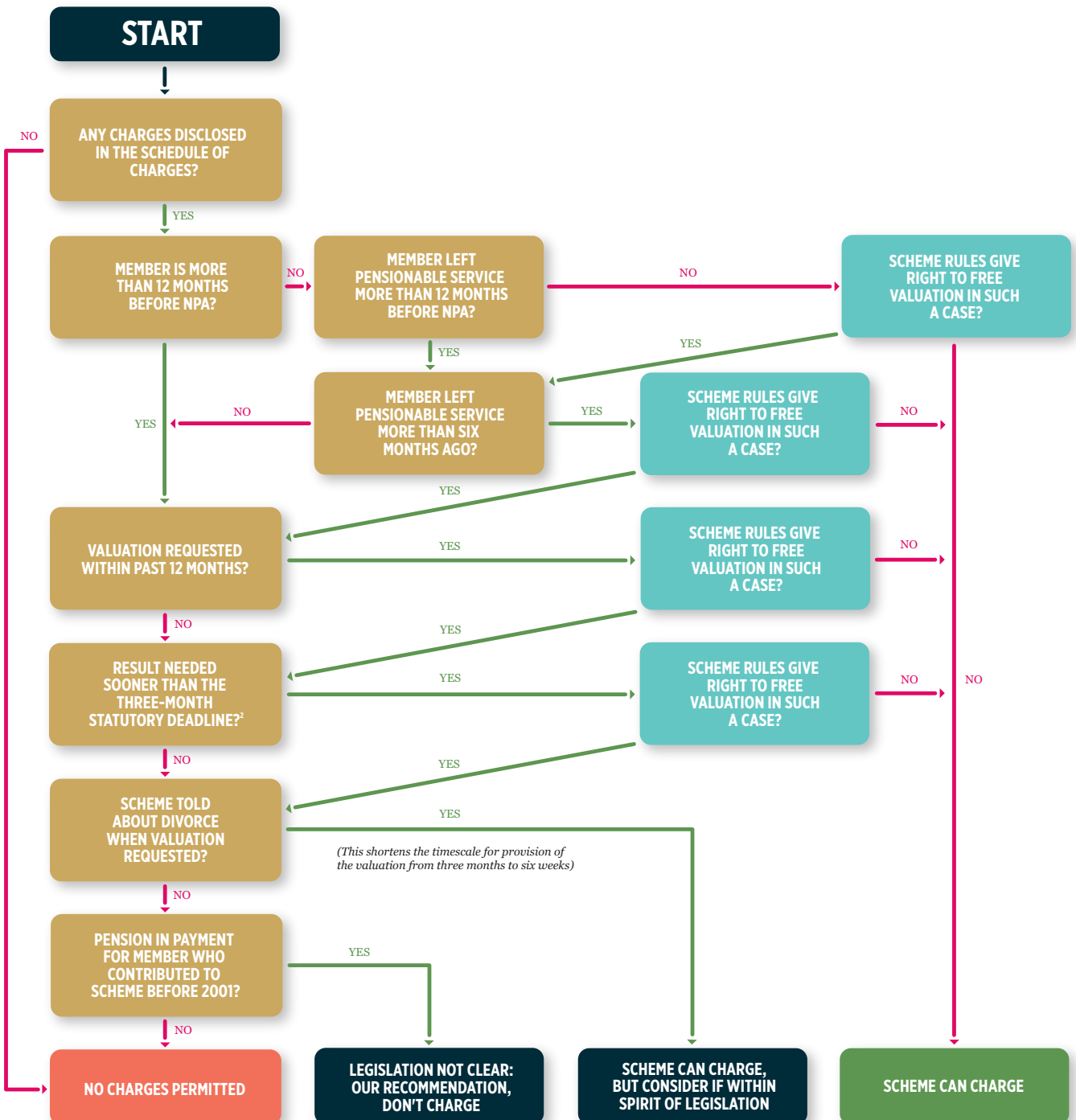
<sup>1</sup> The cost of an internal DB transfer is higher than the cost of an internal DC transfer, as the complex nature of the safeguarded rights of DB pensions can create challenges in administration. Learn more about DB to DC transfers and conversions using guidance from The Pensions Regulator.

**THE FLOWCHART BELOW INDICATES WHEN A TYPICAL OCCUPATIONAL PENSION SCHEME MAY CHARGE FOR PRODUCING A CETV QUOTATION, PROCESSING A PENSION SHARING ORDER OR THE PROVISION OF OTHER INFORMATION. IT IS BASED ON THE FUNDAMENTAL PRINCIPLE THAT MEMBERS CANNOT BE CHARGED FOR SOMETHING THEY WOULD OTHERWISE BE ENTITLED TO WITHOUT CHARGE.**

In the case of this flowchart, “member” applies to active members, deferred members or pensioners. “NPA” stands for Normal Pension Age and is the earliest age at which a member is entitled to their benefits, unreduced, from the scheme. “Pensionable service” refers to the period in which a person has been in active service, paid pension contributions to the scheme or in which they are assumed to have earned or received pensionable earnings.

Please note, this flowchart is a high-level overview of complex legislative provisions. It is meant to be used as a guide, and no responsibility is accepted by the PLSA and/or any third party involved in its formulation. Specialist legal advice should always be taken. This is especially important for personal pension schemes, retirement annuity contracts, the position under Scottish law, earmarking orders, hybrid pension schemes, those with an overseas element and situations in which the legislation applies differently to members with historical benefits (for example, those who left service prior to 1986 or who have a retirement age lower than 60).

Particular attention should also be paid to the scheme’s rules and to the content of members’ booklets, as either may indicate when charges may properly be levied for the provision of a valuation of members’ benefits.



2. Noting that the three-month statutory deadline might be longer than any agreed upon service-level agreement.

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