

50/50 SPLIT ON DIVORCE MAY NOT ACHIEVE EQUALITY

Another Christmas and New Year period has come to an end and unfortunately this period can cause additional stress within families and for some divorce may be on the cards. Discussions regarding the split of assets often assume a 50/50 split agreed for the marital home, cash accounts and investments. However, when it comes to pensions a 50/50 split may not achieve the equality both parties are looking for.

For example in a scenario where the husband is in receipt of state pension and final salary pension and the wife is only in receipt of state pension and a small annuity, achieving equality of income can be complicated. Some final salary arrangements will not allow the wife to become a member of the scheme forcing an annuity to be purchased elsewhere.

In this scenario it is possible that for every £1,000 gross annual income the husband gives up (depending on the annuity basis required)

the wife may only be able to achieve a gross annual income of £750. This could well result in the wife obtaining a pension sharing order of above 50% against the final salary scheme along with the total joint income being less following the divorce due to the difference between the husband's pension debit and the wife's pension credit.

These are only some of the many factors affecting the often desired goal of income equalisation and Independent Financial Advice should be sought before any pension sharing order receives court approval.

As Independent Financial Advisers Scrutton Bland can in circumstances such as these offer an impartial calculation for a fair and equal income division to be achieved; to provide greater explanation for the unequal pension split so both parties can more readily understand and accept this result; assistance with implementation of the pension sharing order; achieving a clean break and financial



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independence for both parties. Advice from Scrutton Bland can be provided by a Resolution accredited specialist adviser.

Without Independent Financial Advice in circumstances like the above it is often the case that one party may feel hard done by from the whole process. ■

INFORMATION

If you would like further information on how Scrutton Bland may be able to assist you with pensions in divorce or any other financial planning matter please contact us on ifa@scruttonbland.co.uk or on 01206 838400