

DIVORCE AND YOUR PENSION – HOW TO GUIDE

Did you know that your pension should be taken into consideration when agreeing any divorce settlement?

This applies equally to divorce or the dissolution of a civil partnership. Any separation leading to divorce is an emotional time and we know there is a lot that you have to sort out. Hopefully our new guide, on the steps you will need to take in relation to your pension, is helpful. You will find it in the Guides section of this website.

The divorce rate for older people has been on the increase since 2005 with an increase in number of divorces of 23% for men, and 35% for women, over 65. This can have a major impact on your immediate and future income as you (and any ex-partner) will have much less time to build up new retirement savings.

LSC Pension Considerations

As well as the reallocation of your pension as part of the divorce settlement Court Order - explained in our guide, there are two other important considerations. Our scheme pays benefits to the surviving spouse on the death of the scheme member; this ends on divorce. It is also key that you update your personal details on divorce, either online or email the administration team, or your future benefits could end up being passed to the wrong person.

State Pension Impacts

It is also worth noting that since April 2016, the state pension no longer makes provision for couples to share national insurance (NI) contributions to build up state pension entitlements. Each partner has to claim their state pension on the basis of their own contributions.

If you are already divorced but have yet to retire, you might want to think about this. Divorce settlements agreed before April 2016 will typically have been made on the assumption that partners could share NI contributions. It is therefore possible, typically for women, that the state pension you will receive is less than you were expecting. This is because it will not be based on your former partner's NI contributions, even though you may have received a slightly less generous divorce settlement because the court expected otherwise.