

For customers

Our new  
platform

**nucleus**<sup>o</sup>  
platform

## Pension sharing orders

For customers and their ex-spouses/civil partners

 5 minute read

## Important information

### For both parties

In order for us to take action in respect of a pension sharing order, we require court stamped copies of the:

- Final Order of Divorce
- Pension Sharing Annex, and
- Consent Order

Ideally, we prefer to see a draft of the Pension Sharing Annex and Consent Order in advance.

Following our review, we will confirm if we can comply with the requirements. Please note that any comments and feedback we provide on the practicalities of Nucleus complying with the requirements should not be taken as legal advice.

It is important to note that the pension sharing order takes effect from the later of:

- seven days after the period for filing notice of appeal against the order has expired; and
- the date of the Final Order of Divorce.

This is typically 28 days after the date of the order. Any contributions, transfers-in, transfers-out or withdrawals made after the effective date of the order are ignored in calculating the value for pension sharing purposes.

We have up to four months to implement the transfer of the pension credit owed to the ex-spouse's/civil partner's chosen pension provider. This period starts from the date we have received all of:

- the above documents,
- a completed Pension Credit Transfer Request Form, which is available from our website [literature.nucleusfinancial.com](https://literature.nucleusfinancial.com) or on request, and
- any other documentation that we have informed you is required before the order can be implemented.

On receipt of the court documents, we will inform both parties that the SIPP is subject to the Pension Sharing Order. The pension will be valued for pension sharing purposes on the tenth business day after the start of the four month implementation period, unless both parties agree to a different date within the implementation period.

Please let us know within five business days of the date of our acknowledgement letter, if another valuation date is to be considered.

If the SIPP customer has not taken benefits from all arrangements under the pension at the time of the pension sharing order, the ex-spouse/civil partner may be entitled to a pension commencement lump sum when they come to draw benefits from their pension credit with their chosen provider.

Please note, we must implement any pension sharing order across all benefits in the pension plan. This means that if the pension plan contains both uncrystallised and crystallised benefits, the pension sharing percentage (or value, if the order is made under Scots law) will be applied to both parts in their respective proportions.

When a pension sharing order is in contemplation, before it is made, our customer or the court may require us to provide a transfer valuation of the SIPP. We will provide this in accordance with our statutory obligations. The transfer value will only be provided upon receipt of the court's or customer's authority. It should be noted that this valuation may be substantially different from the later valuation that we are required to use in implementing the pension sharing order.

### 100% Pension sharing order

Upon receipt of a final stamped Pension Sharing Annex that allocates 100% of the fund to the member's ex-spouse/civil partner, we shall immediately arrange to stop any income payments to the member, unless the Court Order provides otherwise.

Please consider that we may not be able to stop a pension payment within ten business days of the next payment date, as the payroll details will have already been sent to the bank for processing.

In cases where the Court Order states that the customer's ex-spouse/civil partner will receive 100% of the pension value, and the customer is either taking partial benefits or has not started to take benefits, we require written confirmation from the customer if they wish to keep the SIPP open after the pension credit payment has been made.

This confirmation will need to be received within 28 days from the date of us acknowledging receipt of the court documents. Failure to do so could result in the SIPP attracting unnecessary charges, which will remain payable by the customer.

If we do not receive confirmation from the customer that they wish to keep their SIPP open, once the pension credit payment has been made, the SIPP will automatically be closed.

## For the customer

Where necessary, we require any disinvestment instructions to be placed as soon as possible to ensure that the payment of the pension credit can be made promptly. Instructions must be received by us at the latest ten business days after the date of the letters in which we confirm the value of the pension credit to the parties. If instructions are received before this, we will hold them on file until we need to make the disinvestment to implement the pension sharing order. If we do not receive disinvestment instructions, we will disinvest proportionately across the assets in your SIPP (to the extent possible) in order to realise enough funds to pay the pension credit. At our discretion, we may exclude illiquid assets (for example property or suspended investment funds) from any disinvestment process, meaning other assets in your SIPP may be sold at a greater proportion.

The amount of the pension credit is fixed at the valuation date and, subject to funds being available, will not change. However, due to fluctuations in the underlying value of the assets, when this pension credit is paid it may equate to a higher or lower percentage of the customer's pension fund.

You may need to consider whether any investments may incur a surrender penalty or early redemption charge. Please note that we cannot accept responsibility for any charge or penalty in respect of disinvestments from a third party. Please also take into account any potential delays when disinvesting from assets that are difficult to sell or illiquid.

If we have not received any disinvestment instructions to make sufficient funds available to meet the required pension credit transfer within the deadline instructed by the Court, we will issue a reminder to the customer. If there are insufficient funds to make the pension credit payment, we will obtain the necessary amount, as far as we are able, from selling proportionately across all funds held.

## For the ex-spouse/ex-civil partner

We will transfer the pension credit to your chosen provider when your ex-spouse's/ex-civil partner's SIPP has the required funds available and we have received your completed **Pension Credit Transfer Request Form**. We will send you a reminder if you have not provided this information within 28 days of us receiving the Court documents.

By law, we must complete the pension credit process within four months of receipt of all relevant documentation. However, this is only possible with the co-operation of both parties. In addition, your ex-spouse/civil partner is entitled to manage their remaining pension portfolio without having to account for the element that is due to you.

For 100% pension credit orders, the date we receive your written request to transfer your pension credit to your chosen provider will be the date we will start the process of surrendering the assets.

## Other information to consider

### Commercial property (if applicable)

If a commercial property is an asset of the SIPP, it will often be necessary to sell the property in order to implement a pension sharing order. Thought should therefore be given as early as possible in the divorce proceedings as to whether a pension sharing order is practical or whether it is better to share other assets to achieve a similar result instead.

To ensure we are correctly valuing the SIPP for pension sharing purposes, we may require an up to date valuation of all commercial properties held in the SIPP. Any valuation fees will be paid initially from any cash held in the SIPP.

Where the SIPP owns only part of the property the co-operation of the other part-owners will be required in any buy-out to provide the necessary liquidity for the pension credit transfer. It may not be possible to arrange the sale of the property without the consent of the other part-owners.

### Illiquid assets (if applicable)

If there are illiquid assets held within the plan, please be aware that there are often limited options available to the sharing of these assets and thought should be given as to whether a pension sharing order awarded in relation to those funds is practical.

## Statutory information

### Legal structure

Nucleus SIPPs are provided through the James Hay Personal Pension Plan, a pension scheme established under trust and registered with HM Revenue and Customs (HMRC). The HMRC Pension Scheme Tax Reference is 00616231RE.

Nucleus Financial Services Limited (NFS) is the Scheme Administrator, and James Hay Pension Trustees Limited (JHPT) is the Scheme Trustee.

### Options for pension credit

The ex-spouse/civil partner is entitled to:

- Open a separate SIPP with Nucleus, (our standard charges will apply), subject to our normal SIPP eligibility criteria being met or
- Transfer the pension credit out to another registered pension scheme or a qualifying recognised overseas pension scheme.

### Benefits available for pension credit

If the ex-spouse/civil partner opens a SIPP with us, detailed information about the SIPP can be found in the relevant **Technical Guide**.

They should also read the relevant **Charges Schedule, Key Features Document, Permitted Investments List and Terms and Conditions** for the SIPP product. Copies of all of these documents can be obtained from [literature.nucleusfinancial.com](http://literature.nucleusfinancial.com) or on request.

If the ex-spouse/civil partner transfers the pension credit to another pension scheme, they will need to contact the appropriate pension provider for further details.

### Transfer out of pension credit

Upon receipt of the **Pension Credit Transfer Request Form** completed by the ex-spouse/civil partner and the receiving scheme, and sufficient monies to fulfil the terms of the pension sharing order, we will transfer the funds representing the pension credit, provided the receiving pension scheme is able to accept the transfer.

### Death benefits for pension credit

If the ex-spouse/civil partner dies after the Court Order has come into force but before the pension credit has been completed, we will act as if the ex-spouse/civil partner had opened a pension with us, and that the pension credit had been transferred prior to their death.

## Charges

### General charges

Under legislation, a scheme administrator can recover costs in relation to the implementation of a pension sharing order. This may include hourly charges calculated on a time/cost basis. The Court Order should confirm who is responsible for paying any costs incurred in implementing the order. Any charges must be paid by the relevant pension fund. In the case of 100% orders, some costs may need to be paid from sources outside of the SIPP. All costs are payable at the time of the transfer.

Our hourly charges are set out in our charges schedule which can be found at [literature.nucleusfinancial.com](https://literature.nucleusfinancial.com). We estimate that setting up a pension credit transfer will take five hours, but reserve the right to make further charges if the case is protracted.

If the transfer does not proceed but the process had begun (for example, an ad-hoc valuation was requested), our standard charges will still apply.

### How it works

The scheme administrator deducts the charges from the original SIPP customer's designated account, unless the Court Order provides otherwise.

If the pension credit is transferred to a new Nucleus SIPP product then our standard charges for administering the SIPP will apply, but any charges for setting up the SIPP will be waived.

## Please note

This factsheet is issued by us for use in connection with products provided by Nucleus. We do not accept any liability if the information provided in this document is used for any other purpose.

This factsheet is based on our understanding of current UK legislation and HMRC practice at the date this document was produced. Any tax treatment depends on the individual circumstances and may be subject to change in the future.

### We're here to help

We appreciate that this can be a difficult time for both of you. Therefore, to ensure a swift conclusion to the pension credit transfer for all parties, please contact us if you have questions about any aspect of the pension sharing order and transfer process.



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For literature in alternative formats, such as Braille, large print, audio or E-text, please call us on 03455 212 414, or via the Typetalk service on 18001 03455 212 414.

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