

Pension Sharing Orders

For members and their ex-spouses or ex-civil partners

(For IPS Pension Builder SIPP only)



15 minute read

FEATURES

A: Important information

B: Statutory information



A: Important information

This factsheet is issued by us for use in connection with products provided by James Hay Partnership. James Hay Partnership does 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. The tax treatment depends on the individual circumstances and may be subject to change in the future.

Plan details

The IPS Pension Builder SIPP (SIPP) is a Self Invested Personal Pension which has been set up under trust and approved as a registered pension scheme by HM Revenue & Customs (HMRC). The HMRC Pension Scheme Tax Reference is 00605666RJ.

IPS Pensions Limited is the provider of the SIPP and has appointed Union Pension Trustees Limited as Trustee of the scheme and IPS Pensions Limited as the scheme administrator.

The SIPP is set up on a joint trustee basis and the member trustee (the member) is responsible for managing the investments within the member's SIPP pension plan.

The responsibility to arrange purchases and disinvestments lies solely with the member. Please be aware that without disinvestment instructions provided to us by the member, we will be unable to disinvest any scheme assets.

For both parties

We prefer to review a draft of the Pension Sharing Annex in advance. Following this review, we will confirm if we can comply with the requirements and may provide feedback regarding the practicality of arranging the transfer of pension money (the pension credit) to a new scheme or arrangement for the ex-spouse/civil partner. Any comments and feedback we may provide is not legal advice and should not be taken as such.

Please note that depending on the underlying assets of the scheme, the time frame for the arrangement of the pension credit transfer can vary greatly. We will not normally charge for providing this feedback.

In order to proceed with giving effect to a pension sharing order, we require the following court documents (or certified copies of them) before any action can be taken:

- the court stamped Final Order of Divorce;
- the Pension Sharing Annex and
- the sealed Consent Order.

We have four months to implement the transfer of the pension credit due 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,
- completed Pension Credit Transfer Request Form, which is available from our website jameshay.co.uk 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 pension plan(s) is/are 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. We must be advised within five business days of the date of our acknowledgement letter if another valuation date is to be considered.

Please bear in mind that we will charge for time spent on arranging the pension credit as allowed by applicable legislation.

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

The court may require the IPS Pension Builder SIPP to be valued on a cash equivalent transfer value basis (i.e the value of the plan if all the assets were sold). The transfer value will only be provided upon receipt of the court or member's authority. However, the latest annual valuation produced for the member may provide sufficient information to guide all the relevant parties.

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.

100% Pension Credit Order



In cases where the Court Order states that the member's ex-spouse/civil partner will receive 100% of the SIPP value:

- upon receipt of the court documents, we will immediately arrange to stop the payment of any income to the member, unless the Court Order provides otherwise. Please bear in mind that we may not be able to stop a pension payment within ten business days of the month end, as the payroll details will have already been sent to the bank for processing; and
- if the member wishes to keep the SIPP open after the pension credit payment has been made they must tell us this in writing. This confirmation will need to be received within 28 days from the date of us receiving the court documents.

In cases where the Court Order states that the member's ex-spouse/civil partner will receive 100% of the SIPP value, we shall require written confirmation from the member 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 receiving the court documents. Failure to do so could result in the SIPP attracting unnecessary charges which will be payable by the member.

For the member

If there are insufficient available funds to meet the value of the pension credit, we will require disinvestment instructions as soon as possible to ensure the payment of the pension credit can be made promptly. Please call our general enquiry number 03455 212 414 if in any doubt.

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

You may need to consider whether any investments may incur a surrender penalty or early redemption charge.

Please note that neither IPS Pensions Limited nor Union Pension Trustees Limited accepts responsibility for any charge or penalty in respect of disinvestments from a third party.

If we have not received any instructions to arrange that there are sufficient funds to meet the pension credit within the deadline instructed by the court, we will remind all parties that the responsibility to arrange disinvestments lies solely with the member. If the member does not comply with the instructions provided by the court, then they will be in breach of the Court Order and may be subject to sanctions accordingly.

For the member's ex-spouse/ex-civil partner



We will transfer the pension credit to your chosen provider when the funds in the IPS Pension Builder SIPP are available and we have received your completed Pension Credit Transfer Request Form and acceptance documentation from the chosen pension provider.

We will send a reminder if this information has not been provided within 28 days of us receiving the court documents. Legally, 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, the member is entitled to manage their remaining pension portfolio without having to account for the element that is due.

Other information to consider

Property

If a commercial property is an asset of the SIPP, thought should be given as early as possible in the divorce proceedings as to whether it is practical for the court to agree to a pension sharing order because of potential liquidity considerations.

Where the SIPP owns only part of the property, and the property is the subject of the pension sharing order, the co-operation of the other part owners will be required in any buy out to provide the necessary liquidity for the pension credit.

It may not be possible to arrange the sale of the property without the consent of the other part owners.

General charges



Where a valuation is required for an asset of the SIPP, any relevant fees which are due will be paid from the scheme bank account held for the member. Where applicable and in line with the Court Order, a proportion of these charges will be deducted from the pension credit.

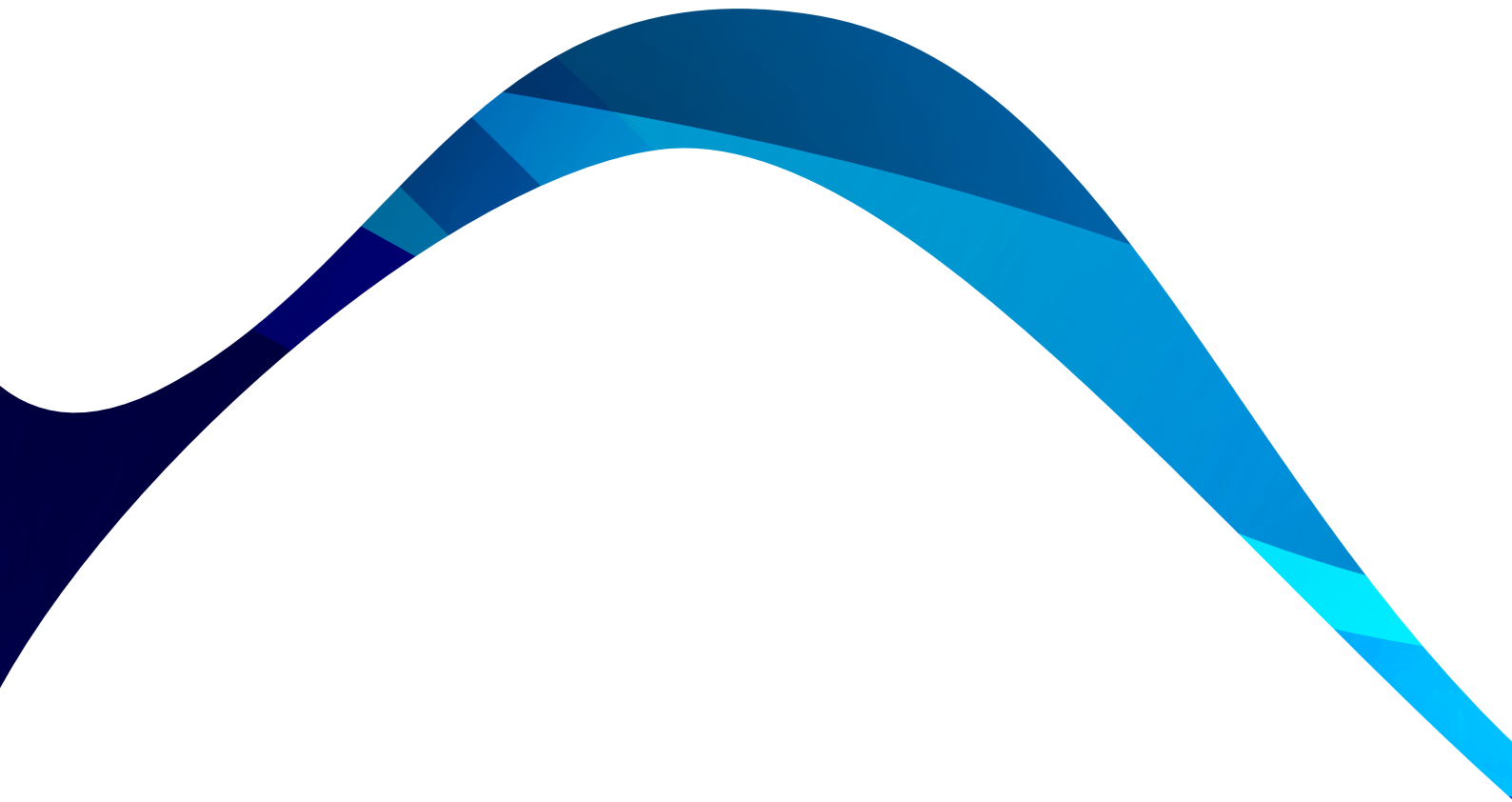
B: Statutory information

<p>Pension options for pension credit</p>	<p>The ex-spouse/civil partner is entitled to:</p> <ul style="list-style-type: none"> • Open a separate SIPP with us if required (our standard charges will apply), or • Transfer out to another Registered Pension Scheme or to a Qualifying Recognised Overseas Pension Scheme.
<p>Benefits available for pension credit</p>	<p>If the ex-spouse/civil partner opens a SIPP plan with us, the benefits available are detailed in the relevant Technical Guide. A copy can be obtained from our website jameshay.co.uk, or on request.</p> <p>If the ex-spouse/civil partner transfers to another pension scheme, they will need to contact the appropriate pension provider for further details.</p>
<p>Transfer out of pension credit</p>	<p>Upon receipt of clear written instructions from the ex-spouse/civil partner, with full details of the receiving scheme, we will transfer the funds representing the pension credit, provided the receiving pension scheme is able to accept the transfer.</p>
<p>Death benefits for pension credit</p>	<p>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 survived and opened a plan with us, and that the pension credit had been completed prior to death.</p>
<p>Our pension sharing charges</p>	<p>Under government legislation, a scheme administrator can recover costs in relation to a pension sharing order. If the transfer does not proceed but an ad hoc valuation was requested, our standard fee for this service will be charged.</p> <p>If the pension credit is transferred to a new SIPP with us then our standard charges for administering the new plan will apply, but the charges for setting up the pension plan will be waived. However, we still reserve the right to make a charge if the case becomes very protracted.</p>

Finally



We appreciate that this can be a difficult time for both of you. Therefore, to ensure a swift conclusion to the pension credit transfer, please do not hesitate to contact us if you have questions about any aspect of the pension sharing order that we are dealing with.



We are able to provide literature in alternative formats. For a Braille, large print, audio or E-text version of this document call us on 03455 212 414 (or via the Typetalk service on 18001 03455 212 414).

“James Hay Partnership” is the trading name of Nucleus Group Services Limited (NGSL) (registered in England, number 02538532); James Hay Services Limited (JHS) (registered in Jersey, number 77318); IPS Pensions Limited (IPS) (registered in England, number 02601833); James Hay Administration Company Limited (JHAC) (registered in England, number 04068398); James Hay Pension Trustees Limited (JHPT) (registered in England, number 01435887); James Hay Wrap Managers Limited (JHWM) (registered in England, number 04773695); James Hay Wrap Nominee Company Limited (JHWNC) (registered in England, number 07259308); PAL Trustees Limited (PAL) (registered in England, number 01666419); Sarum Trustees Limited (SarumTL) (registered in England, number 01003681); The IPS Partnership Limited (IPSP) (registered in England, number 01458445); Union Pension Trustees Limited (UPT) (registered in England, number 02634371).

NGSL, IPS, JHAC, JHPT, JHWM, JHWNC, PAL, SarumTL, IPSP, UPT have their registered office at Suite B & C, First Floor, Milford House, 43-55 Milford Street, Salisbury, SP1 2BP. JHS has its registered office at Aztec Group House, IFC6, The Esplanade, St Helier, Jersey, JE4 0QH. JHAC, JHWM, IPS, IPSP, are authorised and regulated by the Financial Conduct Authority. NGSL, IPS, IPSP, PAL, UPT, JHWM, JHPT, JHAC, SarumTL and JHS are members of a VAT group with VAT registration number 514 0358 80. All companies are wholly owned subsidiaries of Nucleus Financial Platforms Limited (registered in England, number 06033126) whose registered office is at Suite B & C, First Floor, Milford House, 43-55 Milford Street, Salisbury, SP1 2BP, and are members of the Nucleus Group. Further details of the Nucleus Group can be found at nucleusfinancial.com (12/24)