MATHER & MURRAY
FINANCIAL

# Pensions and divorce

## Understand your next steps

Plan for your retirement as well as your settlement.




**Important:** General information, not personal financial, tax or legal advice. Your jurisdiction, pension scheme and circumstances matter. Take advice before agreeing a settlement or changing a pension.

NOVEMBER 2026 EDITION

# Start with your future

A settlement needs to work for your life now and your income in retirement. Pensions deserve attention alongside your home and savings.

This guide is for people separating, divorcing or ending a civil partnership who want to understand the pension questions to discuss. It explains financial planning considerations, not how a court should divide your assets. There is no automatic rule that every pension must be split equally.

The main legal discussion concerns England and Wales. Scotland and Northern Ireland have different law and procedures; cross-border cases need specialist legal advice. References to divorce also include dissolution of a civil partnership unless stated otherwise. Unmarried separation has different rights.

## Use this guide at your own pace


| | |
|---|---|
| The main settlement options | 3 |
| Valuations and expert help | 4 |
| Pension sharing in practice | 5 |
| Keeping the home or pension | 6 |
| Attachment and survivor benefits | 7 |
| Current tax and State Pension | 8 |
| Legal timing and different schemes | 9 |
| Rebuilding your finances | 10 |
| Your preparation checklist | 11 |
| Contact and independent sources | 12 |


You can read and share the guide freely. When you want financial planning help, use the enquiry links. A financial adviser, solicitor and pensions-on-divorce expert perform different roles.

Sources: MoneyHelper - Splitting pensions on divorce or dissolution; Family Justice Council - Pensions on divorce and expert guidance; GOV.UK - Money and property when relationships end. Links on page 12.

# The main settlement options

Pension sharing, offsetting and attachment have different effects. More than one approach may be used within a wider settlement.

## Pension sharing

Part of one person's pension rights is allocated to the other, creating a pension debit for the member and a pension credit for the recipient. This can establish separate pension rights, rather than relying on payments from an ex-partner. The receiving scheme and the benefits available must be checked.

## Pension offsetting

One person keeps pension rights while the other receives more of a different asset, such as housing equity. The pension itself is not shared. The challenge is deciding a fair comparison between future pension income and assets available today.

## Pension attachment or earmarking

An order directs some pension benefits to the former spouse or civil partner when paid. The pension remains linked to the member, so retirement decisions, death and remarriage can affect the outcome. Scottish earmarking differs from the arrangements in other UK jurisdictions.

| Question | What to establish |
|---|---|
| Independent pension rights? | How sharing would be implemented and what the credit provides |
| Keeping the family home? | Housing needs now and retirement income later |
| Future payments linked to an ex-partner? | Timing, tax and the order's treatment of death or remarriage |

No option is automatically best. Ask your solicitor and financial adviser to compare the practical outcomes before you negotiate around a headline pension value.

Sources: MoneyHelper - Splitting pensions on divorce or dissolution; GOV.UK - Money and property when relationships end; HMRC - Divorce and pension benefits. Links on page 12.

# Valuations and expert help

Two pensions with the same cash equivalent value may provide very different retirement benefits.

## List every pension

Include current and former workplace schemes, personal pensions, SIPPs, preserved benefits, pensions already in payment and any overseas arrangements. Ask providers what information they require to produce a valuation for divorce and what charges apply. Keep the valuation date and assumptions with the figures.

## Defined contribution and defined benefit

A defined contribution pension has an invested fund, whose value can change. Guarantees, protected tax-free cash, charges and restrictions may still matter. A defined benefit scheme promises benefits under its rules, commonly linked to salary and service. Its cash equivalent is not a freely spendable bank balance.

Equal percentages or equal cash equivalents do not necessarily produce equal retirement incomes. Age, retirement date, inflation increases, survivor benefits and access terms can change the comparison. A valuation for divorce should not be confused with an instruction to transfer the pension.

## When a pensions on divorce expert may help

Your solicitor may recommend a pensions-on-divorce expert (PODE), often where there are defined benefit or public-sector schemes, a large age difference, pensions in payment or an offset against property. Agree the report's questions, scope, assumptions and costs before work starts.

A PODE report supports the legal settlement analysis. It is different from regulated personal financial advice about investments, receiving a pension credit or a proposed transfer. Do not assume one appointment provides every type of advice required.

Ask: are we comparing capital values, retirement income or both? What could make the figures change before implementation?

Sources: Family Justice Council - Pensions on divorce and expert guidance; HMRC - Divorce and pension benefits. Links on page 12.

# Pension sharing in practice

A pension share normally creates pension rights. It is not an immediate cash payment to spend.

## Find out what the pension credit can provide

Depending on the scheme and order, the recipient may receive rights within the original scheme or may need an external pension arrangement. Do not assume either route is available. Check retirement age, benefits, charges, investment choices, survivor benefits and any restrictions on tax-free cash.

## Understand the implementation costs

Ask the provider about valuation and implementation charges, who will pay them, what documents are needed and when the implementation period begins. The percentage or amount specified by the order does not necessarily produce the cash figure seen on an earlier statement.

## Keep legal and pension steps aligned

In England and Wales, a pension sharing order needs to meet the relevant court and scheme requirements. In Scotland, qualifying agreements can also be relevant. The solicitor should manage the legal route and timing; the scheme should confirm the information and fees needed to act.

Do not assume the pension has been shared because the divorce has been finalised. Obtain implementation confirmation, check the debit or credit against the instructions and keep the new pension documents.

## If you are receiving or giving up benefits

• Receiving a pension credit: understand the benefits and receiving arrangement before choosing how to invest or access it.

• Giving up benefits: obtain an updated retirement-income picture and consider whether your future contributions or plans need to change.

• For either person: check nominations and what would happen on death. Do not assume the financial order settles every beneficiary question.

Sources: MoneyHelper - Splitting pensions on divorce or dissolution; HMRC - Divorce and pension benefits; SPPA - Scottish pension and divorce guidance. Links on page 12.

# Keeping the home or pension

An asset that meets your housing needs today may not meet your income needs in retirement.

Offsetting can be useful, but a pound of pension value is not automatically equivalent to a pound of housing equity or cash. Tax, access age, future income, guarantees and the costs of maintaining or selling the property all matter.

## An example of the questions to ask

Alex and Morgan are considering an arrangement in which Alex keeps more pension rights and Morgan keeps more equity in the home. Both the quoted pension value and the home equity happen to be £300,000. Those matching numbers do not establish a fair exchange. This is an illustration, not a proposed settlement.

Morgan needs to consider running costs, any mortgage and the income available later. Alex needs to consider housing after separation and what pension income would actually be payable. Each may face different tax, borrowing and retirement circumstances.

## Compare outcomes rather than matching totals

• How would each person meet living costs before and after retirement?

• What access restrictions, guarantees or tax apply to each asset?

• Could either person fund the mortgage, maintenance and an emergency reserve?

• Would a move, downsizing or another housing arrangement be needed later?

• What happens if investments disappoint or one person lives longer than assumed?

A cashflow assessment can help make the choices visible, but it cannot determine legal fairness. Your solicitor should advise on settlement terms, drawing on pension expertise where needed. Do not sign away pension claims on the strength of a simple house-versus-pension calculation.

Sources: Family Justice Council - Pensions on divorce and expert guidance; GOV.UK - Money and property when relationships end. Links on page 12.

# Attachment and survivor benefits

An ongoing financial link to an ex-partner can carry risks that need to be understood before an order is agreed.

## Pension attachment is not pension sharing

With attachment, the pension remains in the member's name. Benefits directed to the former partner depend on the terms of the order and when the scheme pays them. It may not provide the same independence as having a pension credit in your own name.

Ask what happens if retirement is delayed, the member changes the way benefits are taken, either person dies or the recipient remarries. The answer can differ for income, lump sums and death benefits. Do not assume every payment continues, or that every form of attachment ends in the same circumstances.

## Tax and administration matter

Who is taxed on a payment and how the provider administers it depend on the arrangement. Ask for a clear explanation of the net income each person is expected to receive. The order needs careful legal drafting, with provider input where appropriate.

## Review death benefits separately

Divorce can change a former spouse's entitlement to a survivor pension. A nomination alone may not override scheme rules or preserve a spouse's pension. Ask the scheme to explain what would be payable before, during and after implementation of any order.

If the household relies on pension income or maintenance, discuss the financial effect of death or illness and whether protection is appropriate and available. Do not assume life insurance is required, affordable or guaranteed.

Your solicitor should advise on legal protections and the sequence of orders. A financial adviser can help assess the effect on your household income and wider plan.

Sources: HMRC - Divorce and pension benefits; GOV.UK - Money and property when relationships end. Links on page 12.

# Current tax and State Pension

Older guides can contain pension tax rules that no longer apply. Check the position for your own benefits and order.

## The Lifetime Allowance has been abolished

The Lifetime Allowance was abolished from 6 April 2024. This does not mean pension benefits or lump sums are now unlimited and tax-free. Lump sum allowances, protected rights, previous benefits and pension-credit rules can still affect the result.

A pension share involving benefits already taken can produce a disqualifying pension credit, with restrictions on tax-free lump sums from those rights. Ask for an assessment before assuming you will receive 25% tax-free cash from a pension credit.

## Do not withdraw a pension just to settle a negotiation

Taking pension money can create income tax, affect future contributions or benefits, and reduce retirement resources. Minimum access ages and protected ages also matter. A pension share and a personal withdrawal are different transactions.

## Check State Pension entitlements

Each person should obtain a State Pension forecast and review their National Insurance record. The basic and new State Pension are not shared in the same way as a private pension pot. Additional State Pension and protected payments can be shareable in qualifying cases; ask about a valuation where relevant.

## Tax is only part of the decision

Before implementing a settlement, understand how pension income, cash, investments, property and any ongoing maintenance would support your budget. Use current tax guidance and individual advice. Do not choose a settlement structure solely to chase an assumed tax advantage.

Tax treatment depends on individual circumstances and can change. Your adviser and legal team should identify where specialist tax input is needed.

Sources: HMRC - Divorce and pension benefits; GOV.UK - Abolition of the Lifetime Allowance; GOV.UK - New State Pension and divorce. Links on page 12.

# Legal timing and different schemes

Your jurisdiction, the type of scheme and the stage of your divorce can materially change what is possible.

## England and Wales

A private agreement does not necessarily make a financial settlement binding or close future claims. Ask your solicitor about a consent or financial order, the timing of the final divorce order, pension-sharing documents and any appeal or implementation requirements. Offsetting also needs appropriate legal treatment; it should not be assumed to remove future claims on its own.

## Scotland and Northern Ireland

Scotland generally focuses on pension rights attributable to the marriage or civil partnership up to the relevant date; the valuation and sharing route differ from England and Wales. Northern Ireland has its own court process and terminology. Obtain local legal advice rather than applying an English template.

## Already retired or in a public sector scheme

Pensions in payment can still be relevant in a divorce. Public-sector and final salary schemes have their own sharing rules and may provide pension-credit membership rather than an external fund. Check the benefits, access ages and implementation requirements with the administrator.

## Sharing is not the same as a voluntary DB transfer

Do not assume that a pension sharing order requires the member to transfer their entire final salary pension into an invested personal pension. A voluntary defined benefit transfer is a separate, high-risk decision. The FCA considers retaining DB benefits best for most people.

## Overseas pensions or international proceedings

Different courts and pension jurisdictions can complicate enforcement and the treatment of assets. Tell your solicitor and adviser about overseas schemes and residence early. Do not assume that a UK order can directly change every overseas pension.

Sources: GOV.UK - Money and property when relationships end; SPPA - Scottish pension and divorce guidance; FCA - Considering a defined benefit transfer. Links on page 12.

# Rebuilding your finances

Once the settlement is implemented, the next task is to build a workable plan in your own name.

## Start with your income and spending

Build a budget for housing, everyday costs, dependants, debt and an emergency reserve. Then map likely retirement income, including your updated pension rights and State Pension forecast. Check what changes if retirement is earlier or later than planned.

## Review pensions and investments

If you receive a pension credit or other assets, understand the investment options, risks, charges and access restrictions before making decisions. If you have a pension debit, update your expected income and consider affordable contributions within the rules.

Do not automatically combine every pension after divorce. Older plans can contain valuable benefits. Any proposed transfer should be assessed on its merits; final salary pensions need particular care.

## Update the practical arrangements

- Check pension nominations and the scheme's survivor-benefit rules.
- Review your will and powers of attorney with your legal adviser.
- Review personal and employer protection, beneficiaries and any joint-policy arrangements.
- Make sure contact details, document access and correspondence preferences are suitable.
- Keep implementation confirmations, fee records and the updated pension statements.

## Review when circumstances change

A new relationship, different work, caring responsibilities, a house move or approaching retirement may change the plan. Financial advice can help you assess those choices alongside the settlement terms. It should not assume a particular investment or pension transfer is needed.

Sources: MoneyHelper - Splitting pensions on divorce or dissolution; FCA - Considering a defined benefit transfer.
Links on page 12.

# Your preparation checklist

You do not need a finished settlement to ask about financial planning. Start with your question and where you are in the process.

## For your own preparation

• List pensions and providers, including schemes already paying income.

• Ask your solicitor which valuation dates and documents are needed.

• Note any known court, scheme or transfer-value deadline.

• List housing needs, other assets, debts and expected income.

• Write down what you most need to understand: retirement income, offsetting, a pension credit or rebuilding your plan.

## How we can help

Mather & Murray Financial provides independent financial advice on pensions, investments and retirement planning. We can discuss the financial effect of proposed arrangements and work alongside your legal adviser where appropriate. We do not decide your legal settlement or promise a particular outcome.

If a PODE report, actuarial calculations or specialist legal work is needed, establish who will provide it, how it is instructed and the separate costs. Do not assume these are included in a general financial review.

## A simple first enquiry

Tell us whether you are considering separation, negotiating a settlement, receiving a pension share or planning after divorce. Our new business team will explain how to arrange an adviser appointment and any fees for further advice. The initial conversation is free and without obligation.

Please do not send court papers, bank details, account numbers, identity documents or detailed personal information in the initial general enquiry. We will explain an appropriate route for any information needed later.

**Ask about pensions and divorce**

Or book a free initial phone conversation

# Contact and independent sources

Ask your question when you are ready. You can also use the independent guidance below to prepare.

**01793 261626**
info@matherandmurray.co.uk
The Old Police Station, 91 High Street
Cricklade, Swindon, SN6 6DF
Monday to Friday, 9am to 5pm

**Discuss your pension questions**

Read our pensions and divorce article

MoneyHelper - Splitting pensions on divorce or dissolution

Family Justice Council - Pensions on divorce and expert guidance

GOV.UK - Money and property when relationships end

HMRC - Divorce and pension benefits

GOV.UK - Abolition of the Lifetime Allowance

GOV.UK - New State Pension and divorce

SPPA - Scottish pension and divorce guidance

FCA - Considering a defined benefit transfer

MoneyHelper - Free pensions and divorce appointment

Mather & Murray Financial Ltd is authorised and regulated by the Financial Conduct Authority. FCA number 696226. Registered in England and Wales, company number 09444322. Registered office: The Old Police Station, 91 High Street, Cricklade, Swindon, SN6 6DF.

Reviewed November 2026. General information only, not personal financial, tax or legal advice. The main legal discussion concerns England and Wales; obtain advice for the relevant jurisdiction. Schemes, law and tax rules can change. Investment values can fall as well as rise. No particular settlement, pension transfer or investment outcome is promised.