[redacted]

Actuarial Report on Pensions on Divorce

The Family Court

13 March 2025

Report of

[redacted]

Tel: +44 (0) 333 034 9700
e-mail: [redacted]
www.excaliburactuaries.co.uk

Excalibur Actuaries Limited, Company Registration Number 10675004

1. INTRODUCTION

1.1 This report has been prepared on the joint instructions of [redacted], acting on behalf of their client [redacted] (the husband, H), and of [redacted] acting on behalf of their client [redacted] (the wife, W). It is intended for use by the parties and their representatives in the matter of divorce and ancillary relief proceedings. This report is addressed to the Family Court.

1.2 The purpose of my report is to give my opinion on pension sharing issues as set out in the instruction letter dated [redacted], as clarified in my email of [redacted] and subsequent correspondence. I have carried out my calculations as at a date of 28 February 2025.

1.3 The options for settlement of pensions issues are broadly:

- pension sharing
- pension attachment, or
- offset of pension differences by non-pension assets.

Please note pension attachment is rarely appropriate as it is not consistent with the clean-break principle. I have not been asked for calculations or comments on offsetting.

1.4 The key issues addressed in this report are:

- A summary of key findings (Section 2).
- A description of the benefits and my opinion on the value placed on the pensions by the schemes (Section 3 and Appendix A).
- Calculations and comments on pension sharing for equality of incomes at age 60 ("60") and equality of values (Section 4 and Appendix C).

1.5 I am a Fellow of the Institute and Faculty of Actuaries, and an actuary at Excalibur Actuaries Ltd, practising as actuaries and experts in the field of pensions on divorce within England and Wales. I attach a statement of my qualifications, showing that I am qualified and able to provide expert opinions on the issues covered (Appendix D). My declaration that I have complied with the obligations of an Expert is contained in Section 5 of this report.

1.6 This report complies with current professional standards appropriate to technical actuarial work, including TAS 100, and has regard to guidance in the publication "A Guide to the Treatment of Pensions on Divorce – 2nd Edition", which I refer to as "PAG2".

1.7 A short glossary of terms is included at the top of Appendix A.

2. SUMMARY OF KEY FINDINGS

2.1 **This summary should not be read in isolation and users should consider the entirety of this report.** Prior to agreeing a way forward, the parties should review all the pension information as set out in this report to ensure that it is correct. Any omissions or differences in understanding should be brought to my attention immediately.

2.2 I describe the pensions concerned in this matter in Section 3 and Appendix A of this report. The table in paragraph 3.3 shows that, without pension sharing, [redacted] retirement income starting from 60 is projected to be £20,258 a year more than [redacted] – and that his pensions have a current total Fair Actuarial Value ("FAV", as defined in Appendix B) of £319,388 more than hers.

2.3 I set out in Section 4 my calculations and comments on pension sharing. I calculate that sharing 20.47% of [redacted] NHSPS 1995 pension would equalise projected retirement incomes for the parties from 60, which changes to sharing 21.03% to equalise pension values.

2.4 I show other calculations and comments.

2.5 As set out in Appendix C, it is important that pension sharing is implemented without undue delay.

2.6 **The calculations in this report have been prepared for pension sharing purposes, and they should not be used for wider financial planning**. We are not experts in tax, health and its impact on retirement income, on state benefits (tax credits etc) or overseas pensions, and we are not regulated financial advisors.

3. INFORMATION AND ANALYSIS OF THE PENSION BENEFITS

3.1 I have been informed in my instructions that [redacted] was born on [redacted], and is therefore [redacted] old, and that [redacted] was born on [redacted], and is therefore [redacted] old, at the calculation date of this report. I treat both parties as having normal life expectancy.

3.2 I set out a description and analysis in Appendix A of the only pensions I have been informed about. I cannot provide any calculations or advice in connection with any other pension benefits of the parties, or any non-pension incomes (such as state benefits) or assets (such as ISAs). In particular, I have been instructed not to take into account state pensions.

3.3 For each of the parties' pensions, I summarise in the table below the type of benefit (defined-benefit ("DB"), defined-contribution ("DC") or "Other"), estimated current cash equivalent ("CE"), FAV and projected retirement income from 60.

	Type	CE	FAV	Pension 60
Husband's pensions				
H - NHSPS 1995	DB	£925,452	£749,615	£48,530
H - NHSPS 2015	DB	£102,805	£80,397	£5,313
H - Aviva	DC	£77,039	£77,039	£4,944
Total		**£1,105,295**	**£907,051**	**£58,788**
Wife's pensions				
W - NHSPS 1995	DB	£587,168	£469,795	£30,791
W - NHSPS 2015	DB	£54,017	£41,728	£2,792
W - Aviva	DC	£76,140	£76,140	£4,947
Total		**£717,325**	**£587,663**	**£38,530**
Gap if no sharing		£387,970	£319,388	£20,258

Please note that:

- The pensions are shown before tax and in today's money terms, with provision for CPI inflation increases in payment.
- [redacted] NHSPS 1995 pensions include the income equivalent of the automatic lump sums.

3.4 The CEs of the public-sector NHSPS pensions are higher than FAV, although this does not impact pension sharing because NHSPS pensions are shared internally, based on actuarial equivalence. The CEs of the DC Aviva pensions are, by definition, equal to FAV.

3.5 The parties should note that the above CEs are estimates. Many CEs are subject to changes in market conditions which cannot be predicted and can exhibit substantial short-term volatility. However, I would not expect this to impact the CEs of the public-sector NHSPS pensions in the short term.

4. PENSION SHARING ANALYSIS & CALCULATIONS

4.1 The application of Pension Sharing Orders ("PSO") where available and the nature of the resulting pension credits is described in Appendix C.

It is financially advantageous for both parties to share the pensions that result in their highest projected retirement incomes after sharing. In this case, I report on the basis of sharing [redacted] NHSPS 1995 pension only, after taking into account the following considerations:

- The highest projected retirement incomes would be achieved by sharing [redacted] NHSPS pensions first, followed by his Aviva pension.
- Sharing either his NHSPS 1995 pension or his NHSPS 2015 pension would achieve a similar financial outcome for the parties.
- Sharing his NHSPS 1995 pension only would avoid the issue of any sharing also affecting his NHSPS 2015 pension accrual after the calculation date of this report up to when the PSO is implemented.
- Given the comparatively small size of his NHSPS 2015 and Aviva pensions, sharing these pensions is of limited value and adds complexity to the PSO.
- Sharing his Aviva pension would result in sharing any contributions made from the calculation date of this report up to when the PSO is implemented.

I assume that the PSO is implemented between 25 August 2025 and 21 March 2026, whilst [redacted] – my calculations may need to be updated if this is not the case.

4.2 <u>Pension sharing results</u>
I calculate that sharing 20.47% of [redacted] NHSPS 1995 pension would equalise retirement incomes for the parties starting from 60, which changes to sharing 21.03% to equalise pension values (which I interpret as equality of FAV). I illustrate the parties' projected retirement incomes after sharing in the table below.

Sharing for equal:	Income - Pension 60	Value - Pension 60
PSO on H - NHSPS 1995	20.47%	21.03%
<u>Husband's pensions</u>		
H - NHSPS 1995	£48,530	£48,530
H - NHSPS 2015	£5,313	£5,313
H - Aviva	£4,944	£4,944
Sharing H - NHSPS 1995	-£9,936	-£10,205
Total income H	**£48,852**	**£48,583**
<u>Wife's pensions</u>		
W - NHSPS 1995	£30,791	£30,791
W - NHSPS 2015	£2,792	£2,792
W - Aviva	£4,947	£4,947
Sharing H - NHSPS 1995	£10,322	£10,602
Total income W	**£48,852**	**£49,132**

Please note that the NHSPS 1995 pension debit and credit include the income equivalent of the automatic retirement lump sum.

4.3 The sharing required for equality of incomes is slightly lower than that required for equality of values. This is because [redacted] is 5 months younger than [redacted], so her pensions will come into payment later than his, have longer for investment growth before retirement and therefore have a lower value now than his for each £1 a year of pension. I comment that it is not an actuarial matter whether sharing for equality of incomes or equality of values is more appropriate for the parties, but rather a matter for the parties to agree or the court to determine.

4.4 The results of my calculations are not particularly sensitive to my FAV assumptions (e.g. the interest rate before retirement) because the sharing is carried out based on factors provided by the Government Actuary's Department and the parties have broadly equal amounts of DC pension.

4.5 As mentioned in paragraph 3.5, many pensions are subject to changes to market conditions and can exhibit substantial short-term volatility. However, an illustrative 10% increase or decrease in the DC Aviva funds would not have a material impact on my results, because the parties have broadly equal amounts of DC pension.

4.6 Any administration charges for pension sharing should be split appropriately between the parties.

5. VARIATIONS, UNCERTAINTIES & DECLARATIONS

5.1 I have highlighted in this report including the Appendices the difference between my assumptions and other possible assumptions. The actual pensions payable will depend on many factors such as inflation and investment returns. My calculations have been made, as described, on what are in my opinion appropriate methods and assumptions.

5.2 There is timing uncertainty, since pension sharing will be calculated by the scheme administrator based on a re-calculation of the CE at the time the order is implemented, which may well be different from the values at the calculation date of this report – but I am unable to predict this and have based my calculations on reasonable estimates as described. There are also some uncertainties in the information, with some estimates and assumptions having been made as set out in the report and appendices.

5.3 I hereby confirm that:

a. I self-certify that I believe I have the competencies set out in Appendix D of PAG2 relevant to the circumstances of this case.

b. I am aware that my duty as an Expert is as set out in Practice Direction 25A of the Family Procedure Rules 2010, and is to provide independent assistance to the court by way of objective, unbiased opinion in relation to matters within my expertise and that my evidence, as an Expert, presented to the Court must be, and must be seen to be, independently produced by myself, uninfluenced by the instructing parties.

c. I have complied with my duty noted in b above.

d. I have considered whether there are any conflicts of interest in giving the opinions expressed in this report, and I declare that I do not believe that there are any such conflicts.

e. I confirm that I have made clear which facts and matters referred to in this report are within my own knowledge and which are not. Those that are within my knowledge, I confirm to be true. The opinions I have expressed represent my true and complete professional opinions on the matters to which they refer.

f. I understand that proceedings for contempt of court may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.

g. I have not, without forming an independent view, included or excluded anything which has been suggested to me by others – in particular by my instructing parties.

h. I will notify my instructing parties immediately if, for any reason, my report requires correction or qualification.

i. I have not entered into any arrangement where either the amount or payment of my fees is in any way dependent on the outcome of the case.

Yours faithfully

[redacted]

EXCALIBUR ACTUARIES

Appendix A

PENSION BENEFITS

All pensions, unless otherwise specified, are before tax, expressed in today's money terms, in other words stripping out the effect of future CPI inflation, and where appropriate are adjusted to the actuarial equivalent of a retirement income with CPI inflation increases in payment.

Glossary of terms:

CE	Cash Equivalent (or fund values for most DC pensions)
CPI/RPI	Consumer/Retail Prices Index measures of inflation
DB	Defined-benefit pension, linked to salary and service (or similar)
DC	Defined-contribution (or money-purchase) pension, linked to contributions
FAV	Fair Actuarial Value – see Appendix B
PSO	Pension Sharing Order
SPA	State Pension Age

A1 [redacted]

NHSPS 1995: [redacted] has a DB pension preserved in the 1995 Section of the NHS Pension Scheme (NHSPS 1995), relating to [redacted] pensionable service between [redacted] (when he was originally moved into the NHS Pension Scheme 2015 – see below) together with his "remediable service" under the McCloud Remedy between 1 April 2015 and 31 March 2022 (see: McCloud Remedy).

The pension was £34,514.08 a year, plus an automatic lump sum of £103,542.24, at 31 March 2024, according to the statements from the scheme administrator dated 24 June 2024. This is payable from a normal retirement age of 60.

Whilst he remains in pensionable service, the benefits increase with changes to his pensionable pay. The benefits increase each April in line with CPI inflation in payment (and before retirement if he leaves pensionable service before retiring).

[redacted] will have a choice as to the benefits he receives in respect of his remediable service ("remedy benefits"). He can choose between "NHSPS 1995-style" benefits, as described above, or "NHSPS 2015-style" pension, as described in the "NHSPS 2015" section below.

The choice will be available to [redacted] shortly before he puts the benefits into payment, which is referred to as the "deferred choice underpin" (DCU). As CEs are based on benefits built up to date, the CE reflects the DCU by being based on the choice of remedy benefits that gives the higher CE at the CE date.

The CE was £769,338.86 as at [redacted] according to the statement from the scheme administrator of the same date. This is based on all of [redacted] benefits within NHSPS 1995.

I estimate the benefits in respect of service up to 31 March 2015 and their CE to be:

Pre-2015 benefit	Pension	Lump sum	Paid from	CE
NHSPS 1995	£23,845	£71,534	60	£522,912

I estimate the choice of remedy benefits (in respect of service between 1 April 2015 and 31 March 2022) and their CEs as at the CE date of [redacted] to be:

Remedy benefit style	Pension	Lump sum	Paid from	Remedy CE
NHSPS 1995	£10,670	£32,009	60	£233,982
NHSPS 2015	£17,913	-	SPA	£246,428

My analysis shows the NHSPS 2015-style remedy benefits provided the higher CE at [redacted]

I estimate the total CE is £769,339, which agrees with the CE shown on the administrator's statement. So, I confirm the CE appears to have been calculated correctly using the scheme's current actuarial factors.

However, the CE seems to have been based on the administrator's calculation of the pension using salary data for the year ended 31 March 2024. [redacted] pensionable pay appears to have increased significantly since 31 March 2024, according to his payslip for December 2024. As a result, I estimate that his total NHSPS 1995 pension now amounts to £42,200 a year, plus an automatic lump sum of £126,601, and that NHSPS 1995-style benefits would now have the higher CE for his remediable service.

I therefore report on the basis of [redacted] having NHSPS 1995-style remedy benefits.

I treat the NHSPS 1995 benefits as a retirement income of £48,530 a year from age 60, including the income equivalent of the automatic lump sum.

I calculate that the FAV of the pension is £749,615.

As mentioned above, the CE was £769,338.86 as at [redacted]. I estimate that the CE is £925,452 now, allowing for his estimated pension now.

The CE is about 23% higher than FAV, as the assumptions used by public sector schemes are different to my FAV assumptions.

NHSPS 2015: [redacted] is accruing a DB pension in the NHS Pension Scheme 2015 (NHSPS 2015), relating to pensionable service since 1 April 2022. He was originally moved into the NHSPS 2015 on 1 April 2015 but his pensionable service up to 31 March 2022 has been rolled back into NHSPS 1995 under the McCloud Remedy (see above).

The pension was £4,887.42 a year at [redacted], according to the statement from the scheme administrator of the same date. This is payable from state pension age (currently 67 for [redacted]).

Whilst he remains in pensionable service, the pension accrues on a career-average revalued earnings (CARE) basis, with the pension built up to April each year being increased in line with CPI inflation plus 1.5%. I estimate that the pension is £7,473 a year now, allowing for further pension accrual. The pension increases each April in line with CPI inflation in payment (and before retirement if he leaves pensionable service before retiring).

In my calculations for retirement at age 60, I have allowed for the scheme's current 7-year early retirement factor of 0.711.

I calculate that the FAV of the pension is £80,397.

The CE was £67,237.45 as at [redacted], according to the statement from the scheme administrator of the same date. I confirm this appears to have been calculated correctly using the scheme's current actuarial factors. I estimate that the CE is £102,805 now, allowing for his estimated pension now.

The CE is about 28% higher than FAV, as the assumptions used by public sector schemes are different to my FAV assumptions.

Aviva: [redacted] has a DC pension with Aviva (policy number: 8584456UL) relating to contributions which began on 1 December 2001.

There are regular contributions of £128.21 a month (including tax relief) as shown in the documents provided to me.

The CE was £73,949.89 as at [redacted] according to the statement from the scheme administrator of the same date. I estimate that it might be £77,039 now allowing for general movements in investment market values since the CE date and for contributions to have continued at the same rate up to the calculation date of this report.

I project the estimated CE to the retirement income starting from 60 as shown in paragraph 3.3 of this report, using my FAV assumptions.

A2 [redacted]

NHSPS 1995: [redacted] has a DB pension preserved in the 1995 Section of the NHS Pension Scheme (NHSPS 1995), relating to [redacted] of pensionable service between [redacted] (when she was originally moved into the NHS Pension Scheme 2015 – see below) together with her "remediable service" under the McCloud Remedy between 1 April 2015 and 31 March 2022 (see: McCloud Remedy).

The pension was £26,774.65 a year, plus an automatic lump sum of £80,323.95, at [redacted], according to the statement from the scheme administrator dated [redacted]. This is payable from a normal retirement age of 60.

It appears that [redacted] NHSPS 1995 benefits are calculated at least partially on the "Practitioner" (career-average revalued earnings) basis, although some of them might be on the "Officer" (final-salary) basis. While she remains in service, the Practitioner benefits increase each April with CPI inflation plus 1.5%, while any Officer benefits would increase with changes in her pensionable pay. The benefits increase each April in line with CPI inflation in payment (and before retirement if she leaves pensionable service before retiring).

[redacted] will have a choice as to the benefits she receives in respect of her remediable service ("remedy benefits"). She can choose between "NHSPS 1995-style" benefits as described above, or "NHSPS 2015-style" pension as described in the "NHSPS 2015" section below.

The choice will be available to [redacted] shortly before she puts the benefits into payment, which is referred to as the "deferred choice underpin" (DCU). As CEs are based on benefits built up to date, the CE reflects the DCU by being based on the choice of remedy benefits that gives the higher CE at the CE date.

The CE statement dated [redacted] confirms that the CE was based on NHSPS 1995-style remedy benefits.

I treat the overall NHSPS 1995 benefits as a retirement income of £30,791 a year, including the income equivalent of the automatic lump sum.

I calculate that the FAV of the pension is £469,975.

The CE was £587,168.09 as at [redacted] according to the statement from the scheme administrator of the same date. I confirm this appears to have been calculated correctly using the scheme's current actuarial factors, using the pension data shown on the statement (which reflects NHSPS 1995-style benefits for the Remedy Period). I estimate that the CE is similar now.

The CE is about 25% higher than FAV, as the assumptions used by public sector schemes are different to my FAV assumptions.

NHSPS 2015: [redacted] is accruing a DB pension in the NHS Pension Scheme 2015 (NHSPS 2015), relating to pensionable service since 1 April 2022. She was originally moved into the NHSPS 2015 on 1 April 2015 but her pensionable service up to 31 March 2022 has been rolled back into NHSPS 1995 under the McCloud Remedy (see above).

The pension was £2,893.46 a year at [redacted] according to the statement from the scheme administrator dated [redacted]. This is payable from state pension age (currently 67 for [redacted]).

Whilst she remains in pensionable service, the pension accrues on a career-average revalued earnings (CARE) basis, with the pension built up to April each year being increased in line with CPI inflation plus 1.5%. I estimate that the pension is £3,926 a year now, allowing for further pension accrual. The pension increases each April in line with CPI inflation in payment (and before retirement if she leaves pensionable service before retiring).

In my calculations for retirement at age 60, I have allowed for the scheme's current 7-year early retirement factor of 0.711.

I calculate that the FAV of the pension is £41,728.

The CE was £39,806.05 as at [redacted], according to the statement from the scheme administrator of the same date. I confirm this appears to have been calculated correctly using the scheme's current actuarial factors. I estimate that the CE is £54,017 now, allowing for her estimated pension now.

The CE is about 29% higher than FAV, as the assumptions used by public sector schemes are different to my FAV assumptions.

Aviva: [redacted] has a DC pension with Aviva (policy number: 8584456UL) relating to contributions which began on 1 December 2001.

There are regular contributions of £128.21 a month (including tax relief) as shown in the documents provided to me.

The CE was £73,085.78 as at [redacted] according to the statement from the scheme administrator of the same date. I estimate that it might be £76,140 now allowing for general movements in investment market values since the CE date and for contributions to have continued at the same rate up to the calculation date of this report.

I project the estimated CE to the retirement income starting from 60 as shown in paragraph 3.3 of this report, using my FAV assumptions.

A3 [redacted] – State Pensions

The parties will have state pensions payable from their state pension age, currently 67 for both [redacted] *NB: There is a government proposal for the state pension age for individuals born between 6 April 1970 and 5 April 1978 to be increased to between 67 years & 1 month and 68 years (depending on date of birth). Both parties' state pension age may change if this proposal is accepted.*

I have been asked not to take state pensions into account in this report.

EXCALIBUR ACTUARIES

Appendix B

BASIS OF CALCULATIONS

1 To project pensions from defined-benefit and defined-contribution pension plans, it is necessary to make assumptions for many years into the future about variables such as mortality, investment returns, inflation, interest rates and market annuity rates. A wide range of assumptions are possible, and can be justified in particular circumstances, and no one set of assumptions is definitely correct.

FAIR ACTUARIAL VALUE BASIS (FAV)

2 **I define fair actuarial value (FAV) as the amount of money now in a defined-contribution pension scheme which can reasonably be equated with an accrued defined-benefit pension in terms of a sustainable retirement income with reasonable provision for pension increases and taking reasonable account of the higher investment and other risks borne by defined-contribution scheme members compared with defined-benefit scheme members.** For the purposes of this report, I have come to an opinion on a set of assumptions which are reasonable in the circumstance of this matter, and which strike a fair balance between the parties.

3 I consider it reasonable to assume that individuals will consider a range of options at retirement, including drawdown – the effect is an increase generally around 10% above the income assuming purchase of only an annuity with fixed increases. The most significant assumptions are:

Interest rate in later retirement:	5.50% a year
Investment return before retirement:	6.75% a year (5.75% after charges)
CPI increases:	2.75% a year (RPI 3.25%)
Mortality (broadly):	Standard Table PMA92 less 2 years

4 In my calculations, I have allowed for equalisation of male and female annuity rates. On this basis, the value of a single-life pension at age 60 of £1 a year with CPI inflation increases in retirement (which I treat as equivalent to fixed increases 0.5% a year higher than shown above in order to allow for the inflation guarantee) is **£21.421**. I have used this value to convert defined-contribution funds into retirement income.

PRESENT MARKET ANNUITY RATE BASIS

5 Information obtained recently from the Hargreaves Lansdown website on present market annuity rates is that the annuity rate for a 60-year-old man or woman is **£22.863** for £1 a year initial pension with 3.25% a year increases. The rate for an annuity with guaranteed RPI inflation increases is higher at £23.942.

6 Thus annuities in the market with 3.25% a year increases were about 7% more expensive than values on my fair actuarial value basis as set out above.

TAKING BENEFITS IN RETIREMENT

7 Defined-contribution pension fund members have a wide range of choices in how to set up their retirement benefits – with a range of annuities and income drawdown policies available. Members would normally be strongly advised to take independent investment advice in making such choices.

8 On my fair value projections, a fund of £100,000 at retirement is converted to a pension of £4,668 a year with 3.25% a year increases in retirement from age 60. A lower income is obtained if an annuity is purchased at current market rates (see above) – the income would be £4,374 a year from an annuity with guaranteed 3.25% a year increases. A higher income of £6,481 a year is provided from an annuity with no increases, and a lower income of £4,177 a year is provided from an annuity with guaranteed RPI inflation increases.

9 If by the time the parties set up retirement income market interest rates increase, the income from annuity purchase is expected to be larger – if market interest rates fall, the income from annuity purchase is expected to fall.

10 Alternatively, income drawdown policies have a standard (GAD rate) drawing, at a rate obtained recently of 6.60% a year of the fund for a 60-year-old (based on gilt yields of 5.00% a year), thus an income of £6,600 a year from a fund of £100,000 now – so my basis implies drawing about 71% of the standard GAD rate, and would allow the fund to support future increases matching inflation over retirement if the underlying investment growth is as assumed in my basis.

11 Furthermore, pension freedoms have broadly removed the maximum drawing from drawdown pensions. This is a useful increase in the flexibility and therefore potential value of defined-contribution pensions, compared to defined-benefit pensions, but does not eliminate the need for pensioners to obtain some security of their lifetime income from their pension fund. Pensioners can consider options such as drawdown for some years into retirement, converting to annuities for a secure lifetime income at a later age, perhaps into their 70s. My fair actuarial value methods and assumptions reasonably allow for this.

12 In recent years the availability of enhanced annuities has increased, where after individual underwriting based on a medical questionnaire (sometimes examination as well), an insurer will offer an annuity rate above "normal" rates. The health issues taken into account can appear relatively minor (e.g. high blood pressure), so these are widely available. In my opinion, the possibility of using enhanced annuities further supports not using present market annuity rates (for "ordinary" lives) in my calculations.

13 I consider that my fair value basis described above is a reasonable middle basis for estimating what the parties might do with defined-contribution pensions at retirement after taking advice – it allows reasonably for provision of future increases but not for guarantees.

EXCALIBUR ACTUARIES

Appendix C

PENSION SHARING

NB: It is important that pension sharing is implemented without undue delay. The parties and their representatives would be well-advised to review Appendix F of [PAG2](PAG2) which covers the practical implementation issues of PSOs.

NHS PENSION SCHEMES

Type of sharing offered

Under the present rules as available to me, pension sharing in the NHS Pension Schemes is implemented internally.

Implications for [redacted]

Sharing results in a debit from [redacted] pension of the percentage specified in the PSO. The debit will apply to the pension at the time the order is implemented and does not affect accrual after that point. The pension debit increases each April with CPI inflation (consistent with the pension credit, described below).

Implications for [redacted]

Sharing results in a credit for [redacted] set up within the scheme as a pension of equal value to the CE shared (see below). This increases each April with CPI inflation and is payable from the normal retirement age of:

- 60 from sharing the NHSPS 1995 pension
- her state pension age (currently 67) from sharing the NHSPS 2015 pension.

However, the pension credit(s) can be started by [redacted] at any age from 57, subject to the schemes' early retirement reductions. She will also have an automatic lump sum of three times the pension credit payable at age 60 from sharing the NHSPS 1995 pension and will have the option to exchange some of her pension credit for a lump sum from sharing the NHSPS 2015 pension.

How internal pension sharing operates

The CE of [redacted] benefits and [redacted] actuarially-equivalent pension credit are calculated on standard tables provided by the Government Actuary's Department (GAD), taking into account their ages. I assume that the PSO is implemented between 25 August 2025 and 21 March 2026, whilst [redacted] – my calculations may need to be updated if this is not the case.

I calculate using the current GAD tables that the CE of [redacted] NHSPS 1995 benefits at sharing will be about 22.30 times his pension, and that [redacted] actuarially-equivalent NHSPS 1995 pension credit from sharing would be the NHSPS 1995 CE share divided by 21.46. [redacted] pension credit from sharing will be about 4% higher than [redacted] pension debit mainly due to the lack of a spouse's pension attaching to pension sharing credits.

Sharing [redacted] NHSPS 2015 pension works on a similar basis, and I summarise the resulting credits expressed as a percentage of the corresponding debit based on retirement at age 60 in the table below:

	Credit as % of Debit
Sharing on:	60
NHSPS 1995	105%
NHSPS 2015	104%

Practicalities to consider
Separate pension sharing orders are required for sharing the NHSPS 1995 benefits and for sharing the NHSPS 2015 pension. **The PSO should be carefully worded to ensure the pensions are shared in the correct proportions.**

According to the scheme website, the current administration charge for implementation of a PSO is £1,693.56 including VAT at 20%.

AVIVA

Type of sharing offered
DC pensions are normally shared externally.

Implications for [redacted]
Pension sharing on [redacted] DC Aviva pension results in a debit on his CE of the percentage specified in the PSO.

Implications for [redacted]
Sharing results in a credit for [redacted] set by transferring the specified percentage of the CE (recalculated by the provider at the time the sharing order is implemented) into a pension chosen by [redacted] normally on a DC basis.

[redacted] can start to draw benefits at any age from 57, although the earlier she starts to draw income, the lower that income is likely to be with the shorter investment period and the longer life expectancy at younger ages.

I project the pension credit using my FAV assumptions.

[redacted] *will be well-advised to take independent financial advice on her choices in setting up and running a new pension arrangement from external pension sharing credits. As a single joint expert pensions-on-divorce report addressed to the Court, this report in no way provides individual or independent financial advice to her.*

Practicalities to consider
The Aviva documents provided to me state that they "don't currently charge for pension sharing".

Appendix D

STATEMENT OF QUALIFICATIONS

[redacted]

[redacted]