

Pension Sharing Estimate

Report ID: 8124105

Percentage share of
total pension:

37.2%

Offsetting in Lieu of
a pension share:

£176,100

The tables below show different combinations of pension shares that would achieve an equalised retirement outcome.

Share	1	2	3
Aviva pension	50.2%	20.1%	100.0%
NHS 1995 pension	-	100.0%	5.4%
NHS 2015 pension	-	18.2%	5.4%

**These combinations are illustrative and intended to help you consider practical ways of implementing the pension sharing estimate.*

Equalising Retirement Income – Methodology

To calculate the pension share needed to equalise retirement incomes between the two parties, we applied the following steps:

Fund Growth Projection:

Each pension fund was projected from its current value to the parties' State Pension Age, using standard investment growth assumptions.

Application of Pension Share:

We modelled the effect of transferring a pension debit from one party to the other, adjusting each individual's projected fund accordingly.

Annuity Conversion:

The projected fund values were converted into estimated lifetime annuity income at State Pension Age, assuming a 3.3% fixed annual escalation.

Incorporation of State Pension:

Each party's forecasted State Pension was added, both in nominal and revalued terms.

Real-Term Adjustment:

The total projected retirement income was discounted back to 2025 values using inflation assumptions, to express outcomes in today's money.

Income Equalisation:

The pension share was calibrated so that the estimated incomes, when combined with State Pensions, are equal in real terms

	Client	Spouse
Total Provided Fund Value	£650,156	£120,015
Total Estimated Fund Value at 8 May 2025, pre-share	£656,222	£120,015
Pension Debit Transferred	£220,111	£0
Total Estimated Fund Value at 8 May 2025, post-share	£423,126	£410,601
Total Estimated Fund Value accumulated to State Pension Age	£745,621	£647,123
3.3% fixed escalation annuity secured State Pension Age	£21,175	£20,056
State Pension at 8 May 2025	£12,045	£8,799
State Pension revalued to State Pension Age	£16,145	£12,123
Total Estimated Income at State Pension Age	£37,310	£32,179
Above pension income expressed in real 2025 money terms	£22,122	£22,122
Average rate of escalation of the above pension income	3.3%	3.3%



Which Pension to Share?

To calculate the pension share needed to equalise retirement incomes between the two parties, we applied the following steps:

Active Contributions and Timing Risk:

Avoid sharing pensions that are still being actively contributed to, where possible. If the pension continues to accrue while the sharing order is being implemented, those additional contributions may also be split – unintentionally benefiting the receiving party and complicating valuations.

Example:

If one party is still accruing benefits in the Local Government Pension Scheme, a delay in implementation could result in their most recent months of contributions being included in the share.

Pension Sharing Charges

Some pension providers charge fees to implement a pension sharing order. These charges can vary significantly – sometimes over £1,000 – and may be paid by one or both parties. Selecting a pension with lower or no charges may reduce overall costs.

Tip:

Defined contribution schemes often have simpler and lower-cost implementation than defined benefit schemes.

Defined Benefit vs Defined Contribution Schemes

Defined Benefit pensions offer guaranteed income but less flexibility in retirement.

Defined Contribution pensions provide investment-linked pots with greater flexibility, such as income drawdown or lump sums.

Sharing from one type may affect the balance of flexibility and security in each party's retirement plans. It's often advantageous for each party to retain a mix of both types where possible.

Example:

One option may involve sharing only the Aviva personal pension (DC), allowing the parties to retain all public sector defined benefit pensions intact, preserving guaranteed income.

Additional Benefits

In general Defined Contribution pensions such as the Aviva pension will be entitled to a 25% tax-free lump sum.

Some pensions offer enhanced benefits in the event of ill-health or early death. Sharing such pensions may dilute these protections, which could be significant depending on age or health history.


Offsetting in Lieu of Share

Pensions are typically subject to income tax when drawn. To reflect this, we adjust the value of any proposed pension debit to its real-world, after-tax equivalent.

Firstly we assume that the parties' State Pension will take up their personal allowance and that 25% of the pension can be taken tax-free, while the remaining 75% is taxed at the basic income tax rate of 20%. This results in an effective net value of **80p for every £1 of pension** – reflecting the after-tax amount that would realistically be accessible.

Example:

In this report, a pension debit of £220,000 is estimated to achieve equalised retirement incomes. To provide this value in cash or non-pension assets instead of sharing pensions, we apply the post-tax adjustment: $£220,000 \times 0.8 = \textbf{£176,000}$



Sensitivity Analysis

The figures presented in this report are based on standard assumptions for pension fund growth and inflation. However, small changes in these assumptions can influence the estimated pension share required to achieve income equality. The table below illustrates how the recommended pension share would vary under different scenarios.

Fund Growth Rate (PP):

This reflects the assumed annual investment return on the pension funds between the present day and State Pension Age. We typically assume a default growth rate of 5.0%.

Inflation Rate Assumption (CPI):

This is the assumed annual increase in the general cost of living, which affects the real purchasing power of retirement income. A default CPI inflation rate of 2.0% is used for discounting future income into real terms.

The sensitivity table shows the percentage of the pension to be shared that would result in equalised retirement incomes under a range of fund growth (PP) and inflation (CPI) assumptions.

		Fund Growth Rate						
		3.5%	4.0%	4.5%	5.0%	5.5%	6.0%	6.5%
Inflation Rate Assumption	1.4%	38.2%	37.9%	37.9%	37.6%	37.5%	37.4%	37.4%
	1.6%	37.7%	37.6%	37.5%	37.4%	37.5%	37.4%	37.3%
	1.8%	37.6%	37.5%	37.2%	37.2%	37.3%	37.1%	37.0%
	2.0%	37.6%	37.3%	37.2%	37.2%	37.2%	37.1%	36.9%
	2.2%	37.6%	37.2%	37.2%	37.2%	37.1%	37.1%	36.9%
	2.4%	37.5%	37.3%	37.2%	37.1%	37.1%	37.0%	36.7%
	2.6%	37.5%	37.2%	37.2%	37.1%	37.0%	36.5%	36.2%

Other Points to Note

Implementation Delays:

Pension sharing orders can take several months to implement. Values may change between report preparation and implementation, especially if markets fluctuate or further contributions are made.

Scheme-Specific Rules:

Some pension schemes impose restrictions on how benefits can be taken post-share. For example, public sector schemes often limit transfer options or flexible access features

Advice and Suitability:

This estimate is illustrative. Independent financial advice should be sought before implementing a pension share to ensure the option chosen aligns with both parties' retirement goals and personal circumstances.

Information Summary

Information	Client	Spouse
Fund Growth Rate	5.0%	5.0%
Inflation Rate Assumption	2.0%	2.0%
Year of Birth	1970	1985
Height (cm)	170	201
Weight (kg)	67	75
Waist (cm)	20	25
Smoking Start Date		1986
Smoking Stop Date		2024
Cigarettes per Day		5
Weekly Alcohol Units	4	3
Weekly State Pension	£221.20	£198.56
Pension Name	Aviva	Prudential
Pension CEV	£45,320	£15,254
Date of CEV	06/05/2025	06/05/2025
Pension Name	NHS 2015	Quilter SIPP
Pension CEV	£256,018	£650,117
Date of CEV	02/01/2025	17/03/2025
Pension Name	NHS 1995	
Pension CEV	£15,210	
Date of CEV	02/01/2025	
Pension Name	Quilter SIPP	
Pension CEV	£650,117	
Date of CEV	17/03/2025	
Pension Name	Local Government	
Pension CEV	£111,217	
Date of CEV	24/04/2025	