

*These notes refer to the Welfare Reform and Pensions Act
1999 (c.30) which received Royal Assent on 11 November 1999*

WELFARE REFORM AND PENSIONS ACT 1999

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

The pension sharing sections

The main purpose of the pension sharing sections is to introduce the option of pension sharing on divorce or nullity of marriage. This will allow pension rights to be treated like other assets and a proportion, or the whole, of their value to be transferred from one spouse to the other as part of the financial settlement. Pension sharing will not be compulsory — it will still be possible to offset pension rights against other assets or to use the current earmarking arrangements.

Pension sharing will be open to couples where the pension rights exist under an occupational pension scheme, a personal pension scheme, the State Earnings Related Pension Scheme (SERPS), or other pension arrangements. Pension sharing will not apply to the basic state pension, where one partner may already substitute their former partner's contribution record for their own in the event of divorce.

The rights created from the value transferred will belong to the person for whom they are created. The eventual payment of the pension will be direct to them and will no longer depend on the circumstances of their ex-spouse.

Pension sharing will apply only in relation to proceedings for divorce or annulment that begin after the new arrangements come into force. The costs of pension sharing will be recoverable from the couple.