

FT Adviser, 01 Feb 2012

## Separations hit by public sector pension disputes

Couples may have to delay getting divorced to prevent the value of their pensions from plummeting in the high-inflation environment, an adviser for Almary Green has warned.

Fiona Sharp, IFA for the Norwich-based firm, said the government and unions needed to come to a speedy agreement on the reform of public sector pensions to prevent many people being forced into unhappy situations because of their finances.

Ms Sharp added: "Any divorce where one partner has a public sector pension could be delayed until there is a final agreement on the value of the pension at retirement."

Her comments came in response to research published late in January by Buck Consultants that showed there could be 31,000 public sector workers filing for divorce this year.

Ms Sharp said that although most unions signed outline agreements on the reforms before Christmas, doctors, the two largest teaching unions and the biggest civil service union have rejected the current offer.

She added: "This means that couples may have to delay getting divorced, or commence divorce proceedings now and leave the issue of valuing and splitting the pension until the last minute. The risk in delaying is that with gilt yields at a record low, transfer values are currently high, but might be lower in the future."

Mel Kenny, adviser for London-based Radcliffe & Newlands, said: "Valuation problems are commonplace in defined contribution schemes where future fund values and annuity rates cannot be pre-determined.

"Clearly change is imminent and many couples with public sector pension decisions to make will be hesitant to make one right now as a result, albeit this is unlikely to be the last change."