



Institute
and Faculty
of Actuaries

Thematic Review Report

Pensions on divorce: expert actuarial advice

by David Gordon

Contents

Foreword	3
Introduction	4
Executive summary	5
Report structure	6
Legislative background	8
Divorce expert market	11
Report style	12
Methodology and terminology	14
Compliance	18
Data	21
Ways of working	23
Findings	24
Appendix 1 – Scope and approach	28
Appendix 2 – Survey of family lawyers	30
Appendix 3 – References	31
Appendix 4 – Abbreviations	33

Foreword

Neil Buckley, Lay Chair of the IFoA Regulatory Board



I welcome the publication of the Actuarial Monitoring Scheme's (AMS) latest report, *Pensions on divorce: expert actuarial advice*. This continues the regulatory work of the Institute and Faculty of Actuaries (IFoA) in independently reviewing key areas of work in which actuaries have significant involvement and influence. I would like to thank all those IFoA members and organisations that took part, along with the family lawyers who completed the associated feedback survey.

It is critical that courts receive appropriate expert advice in relation to the often complex pension arrangements of divorcing parties. IFoA members, who benefit from extensive technical training and are subject to professional regulation, are particularly well placed for this type of work. The Board therefore welcomes the conclusion that the actuarial work reviewed was of good quality with sound levels of compliance with standards.

Advice in this field is provided by a small number of actuaries, who mostly work to guidance that has been agreed by the inter-disciplinary **Pensions Advisory Group (PAG)**¹, which is separate from the IFoA. Although the Board has no concerns with this approach, we note there is a range of technical methods being followed which may benefit from more standardisation, and is part of the reason for lengthy reports. Another key challenge raised by the actuaries working in this field is the collection of data from pension providers and schemes about the divorcing parties' pension arrangements, which can be a drawn-out process. We are discussing with wider pensions stakeholders how these issues, which are outside our remit, can be addressed.

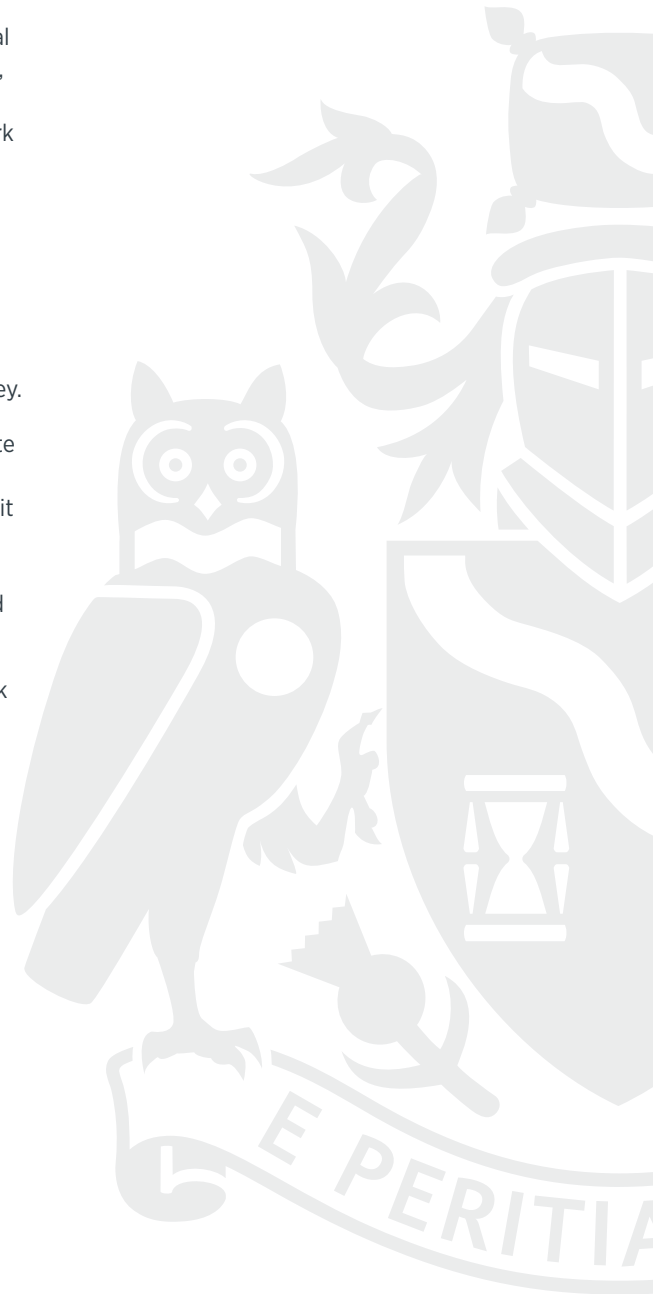
The Board encourages all actuaries with an interest in pensions on divorce to reflect on the review findings and examples of good practice to further enhance their work for clients and ensure continuing alignment to standards. Given the consumer-facing nature of this work, we would particularly endorse the PAG recommendation that actuaries should have a complaints process. This should be communicated clearly to the divorcing parties.

Neil Buckley

Lay Chair of the IFoA Regulatory Board

April 2024

1 | PAG: [Interdisciplinary working group on pensions on divorce \(PAG\) webpage](#)



Introduction

David Gordon, Senior Review Actuary



I am delighted to launch this eighth AMS report which covers advice given on pensions on divorce.

I would like to thank those actuaries from 12 organisations who agreed to take part in this review, which included scrutiny of 36 examples of expert reports and in-depth conversations with some of the actuaries involved. For the first time in our thematic review programme, we have also sought direct feedback from users of actuarial advice, in this case family lawyers, to hear their views on the advice they are seeing. We thank those completing the

survey along with the stakeholders who helped publicise the exercise among family lawyers.

Our key findings and conclusions are set out in the Executive summary. A challenge of this type of work is to explain actuarial concepts to consumers with little or no pensions knowledge clearly and succinctly, whilst keeping reports to a manageable length. We have highlighted examples of good practice which aim to help actuaries develop their advice.

I look forward to discussing this report and its findings with regulators and other stakeholders with an interest in pensions on divorce expert actuarial advice.

David Gordon
Review Actuary

April 2024



Executive summary

These headline findings and conclusions aim to help improve the quality of advice given by actuaries on pensions on divorce:

Good quality advice

Actuaries provide reports for the courts on how couples can treat their pensions on divorce. This is a valuable service for consumers provided by a small number of actuaries, explaining a labyrinth of rules in largely accessible language focussing on individual circumstances. We estimate such reports are provided for less than 1 in 20 of the divorcing couples in England & Wales each year. These are typically where there are significant defined benefit pensions to consider, but this percentage remains small in relation to the volumes of divorces where pensions are involved.

Involvement of actuaries

Despite the valuable and highly technical service being provided, there is no required qualification for an individual to provide pensions on divorce expert advice. In addition to the **Actuaries' Code (the Code)**² and general actuarial standards, actuaries follow court rules, the inter-disciplinary **PAG guidance**³ and actuarial standard **APS X3: The Actuary as an Expert in Legal Proceedings**.⁴

Complexity of reports

Actuarial reports often need to quote figures on a range of scenarios in line with the instructions received. This typically leads to lengthy and complex reports. The good practices being followed by some actuaries could be adopted by others to help make reports more user friendly across the board.

The absence of defined methodology and specific technical standards means there is a range of justifiable approaches adopted by actuaries. This does however lead to inconsistencies between reports and contributes to the need for complex and lengthy explanations of preferred approaches.

Collection of data

Among the actuaries who took part in the review, we heard that the collection of data from pension schemes and providers is a major issue. In a connected survey of lawyers, we heard a consistent view, with the timely collection of data being a bigger issue now than five years ago.

Conclusions

The overall standard of the examples we reviewed was good with sound levels of compliance with standards. There are, however, examples where advice could be improved, to help divorcing parties understand the implications more clearly.

Having highlighted these findings, we look forward to discussing with the Regulatory Board and others the appropriateness of current standards in this area, and the merits of commissioning research on the technical matters to be considered. We also look forward to promoting this report among family lawyers and discussing with wider stakeholders whether there are steps that can be taken to streamline and standardise the information provided by pension schemes and providers to help actuaries carry out this important work.

2 | IFoA: **The Actuaries' Code (2023)**

3 | PAG: **A guide to the treatment of pensions on divorce – the report of the Pension Advisory Group (2019)**

4 | IFoA: **APS X3: The Actuary as an Expert in Legal Proceedings (2018)**

Report structure

How this report should be read

We have set out in this report the detailed results of our thematic review. The Executive summary sets out our key findings and conclusions; a full list can be found on **page 26**.

Purpose

The main purpose of this thematic review was to investigate the work of actuaries providing pensions on divorce advice.

To do this we analysed a selection of divorce reports and interviewed some of those actuaries. More information on the scope is set out in **Appendix 1**. We also carried out a survey of family lawyers who have commissioned divorce reports on behalf of their clients, which is described further in **Appendix 2**.



Findings

The main output of this review is a series of findings based on the examples submitted, conversations with actuaries and our survey for lawyers. Each of the findings is based on what we observed across a number of the examples reviewed, or heard during several conversations.

We have also set out conclusions highlighting where actuaries, regulators and other stakeholders might consider further work to follow up, in light of one or more of the findings.



Good practice examples

During this review we observed instances of what may be considered good practice. Each good practice example is based on one or more of the examples of advice we reviewed. Note that the appropriate wording will depend on the specific context so the same wording may not be appropriate in all scenarios. There will be other ways of conveying a particular point.

Quotations

We have included several quotations from conversations with actuaries or their written comments. We have also included quotes from our survey for lawyers. In some cases we have edited or paraphrased exactly what was said to aid clarity.

“Actuary quote.”

“Lawyer quote.”

References and abbreviations

Referenced documents or webpages are indicated by footnotes on the relevant page. A full list of documents is set out in **Appendix 3 – References**. Although abbreviations are defined when they first appear in this report, a full list is set out in **Appendix 4 – Abbreviations**.

Terminology

The following terminology is used throughout:

- ‘Divorce report’ refers to the expert advice provided by IFoA members with expertise on pensions on divorce. Divorce reports are the main subject of this thematic review.
- ‘Actuary’ refers to the IFoA member who prepared the divorce report. More generally, individuals, not necessarily IFoA members, who prepare divorce reports are sometimes known as ‘Pensions on Divorce Experts’ or ‘PODEs’.

Note on TAS compliance

We compared divorce reports prepared on or after 1 July 2023, with **version 2⁵** of Technical Actuarial Standard (TAS) 100 which took effect from that date. These formed the majority of the submissions to this review. Earlier reports were compared with **version 1⁶**.

5 | FRC: **TAS 100: General Actuarial Standards, Version 2.0 (2023)**

6 | FRC: **TAS 100 version 1 (2016)**

Status of report

This report has been prepared by the IFoA Review Team and is issued by the Regulatory Board of the IFoA. Its purpose is to report on findings of the thematic review on the pensions on divorce advice.

This report imposes no obligation upon members over and above those embodied in the Code or the **IFoA Standards Framework**⁷, which includes compliance with the TASs set by the Financial Reporting Council (FRC). It is intended to be helpful to the IFoA and other regulators when considering developments in regulation. It is also intended to assist actuaries in their work.

This report does not constitute legal advice. While care has been taken to ensure that it is accurate, up to date and useful, the IFoA does not accept any legal liability in relation to its content.

Review of this report

The report has been subject to review by a member with broad knowledge of this market who did not otherwise take part in the review. This is considered by the author to meet the Work Review requirements of **APS X2**.⁸

We wish to thank the reviewer for their comments, although the contents of this report, in particular the findings and recommendations, remain the responsibility of the IFoA Review Team.

Conflicts of interest

We are not aware of any conflicts of interest arising from the contents of this report in relation to the IFoA Review Team that carried out the work or the Regulatory Board that has commissioned the review work.

Questions about this report

We welcome questions about this report which should be sent to reviews@actuaries.org.uk.

7 | IFoA: Standard Setting at the IFoA (2020)

8 | IFoA: APS X2: Review of Actuarial Work (2015)

Legislative background

When couples divorce, pensions are considered along with the other financial assets of the marriage.

The pensions can be treated in three different ways as part of a divorce settlement:

- **Pension sharing** – where some or all of one spouse’s pension is effectively transferred so it becomes a pension in the name of the other spouse
- **Pension attachment** (or ‘earmarking’) – where some or all of one spouse’s pension is earmarked to the other when it is paid.
- **Offsetting** – where the appropriate value of the pension is offset against the value of other assets, for example one party keeps their pension in return for the other party keeping another asset of the marriage, for example property or savings.

Pension attachment, which has been available since 1997 is now rarely used since pension sharing – where ownership of the pension is fully transferred, rather than simply being earmarked – was introduced in 2000.

In some cases where the pensions accrued are of significant value, or have particular complexities, the parties seek advice on how their pension should be treated on divorce, covering the appropriate value to be used for offsetting and/or the proportion of pension to be shared. They commission a divorce report from a financial expert, often an actuary.

Relevant legal and regulatory requirements

The rules followed by actuaries in preparing their reports stem from a number of sources.

Family Procedure Rules

Divorce reports are covered by the Family Procedure Rules (FPR) for England & Wales, in particular **Part 25**.⁹ These govern how experts – including actuaries – prepare their reports and make them available to the courts. Consequently, this type of work has a number of features not seen in most other types of actuarial work:

- Reports are prepared on a ‘Single Joint Expert’ (SJE) basis and the expert has “*an overriding duty to the court*”. Reports are therefore provided jointly on behalf of both parties to the divorce (eg husband and wife), addressed to the court, for use in divorce proceedings, without bias towards or against either party.
- These reports are initiated by a ‘Letter of Instruction’, agreed by the parties to the divorce. The expert is not permitted to discuss the letter of instruction with the parties.
- Reports contain a ‘Statement of Truth’ attesting (among other things) the author’s credentials and the absence of conflicts of interest.
- Once the report has been issued, the expert may only respond to a limited number of queries in writing, copied to both parties.

Industry guidance

There are no legal requirements on how pensions should be valued in the divorce context. Pension sharing is implemented based on a cash equivalent transfer value (CETV) basis. However, divorce reports by different authors advocate a range of approaches (often distinct from the CETV) for other purposes, including for offsetting.

Industry guidance has been developed by PAG, which is a multi-disciplinary group of family law judges, barristers, and solicitors, along with actuaries and other financial advisers with an interest on pensions on divorce. The first PAG report was published in 2019 and an updated second **version**¹⁰ (known as PAG2) was published in December 2023. This guidance aimed to improve and harmonise the treatment of pensions on divorce. The reports analysed in this thematic review were prepared in the context of the first PAG report. We comment on the consistency of approaches followed **later in this report**.

In addition to the PAG reports, there is a textbook for practitioners¹¹ which also describes various valuation methods.

9 | Ministry of Justice (MoJ): **Part 25 of the Family Procedure Rules (2022)**

10 | PAG: **A guide to the treatment of pensions on divorce (Second edition) – the report of the Pension Advisory Group (2024)**

11 | **Pensions on Divorce – A Practitioners Handbook (Third edition)**, Hay, Hess, Lockett & Taylor (2018)

Actuarial standards

In addition to the Code, as with any other type of technical actuarial work, actuaries who prepare divorce reports must follow TAS 100.

As actuaries are being instructed as an expert, the specific actuarial standard APS X3 applies. Among other things, this requires members to follow the FPR described above. There is **guidance**¹² published alongside APS X3 which provides assistance on its application.

APS X2 Review of Actuarial work also applies, and **APS X5 Compensation for Professional Shortcomings**¹³ may also be relevant.

More specific pensions standards (for example **APS P1**¹⁴ or **TAS 300**¹⁵) do not apply to this type of work.



Finding 1

In carrying out divorce work, in addition to the Actuaries' Code and general actuarial standards, actuaries follow court rules, the inter-disciplinary PAG guidance, and actuarial standard APS X3 (*"The Actuary as an Expert in legal proceedings"*).

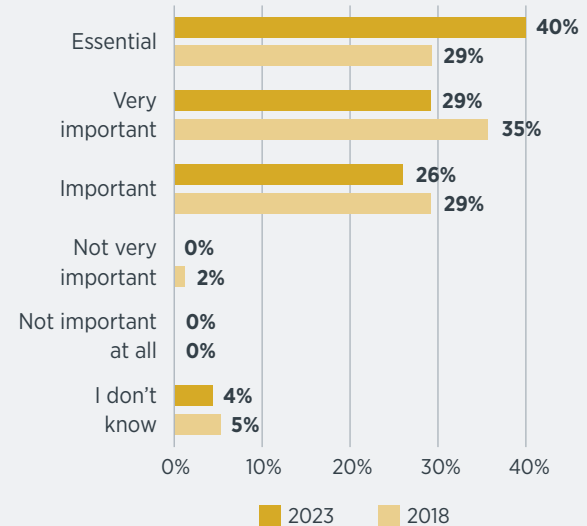
Reports by non IFoA members

There is no specific requirement for divorce reports to be prepared by actuaries. In discussions with actuaries we heard about individuals who are not IFoA members and who may not be actuarially qualified preparing this type of advice. By definition, they are outside the scope of this review.

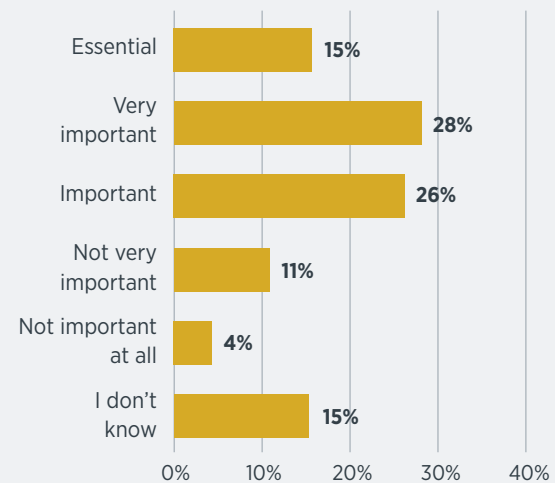
We asked about this in our survey for lawyers. This indicated that lawyers believed it was very important that the expert was the member of a professional body, but showed a degree of uncertainty that they had to be an actuary who is an IFoA member.

Views of lawyers on the qualifications of the divorce expert

How important is it to you that a PoD expert instructed in the case belongs to a professional body that regulates their professional conduct?



Specifically, how important is it to you that a PoD expert instructed in the case is an actuary belonging to the IFoA?



This indicates that 98% thought it was at least important (ie: essential, very important or important) that the divorce expert was a *"member of a professional body that regulated their professional conduct"* (up from 93% five years earlier). When asked specifically whether this was an actuary belonging to the IFoA, the figure reduced to 69%, with 15% saying they didn't know.

12 | IFoA: APS X3: Providing expert opinion in legal proceedings: A guide for actuaries (2018)

13 | IFoA: APS X5: Compensation for Professional Shortcomings (2020)

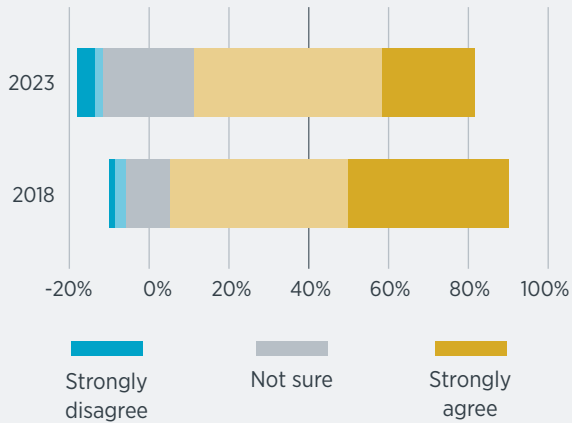
14 | IFoA: APS P1: Duties and Responsibilities of Members Undertaking Work in Relation to Pension Schemes (2022)

15 | FRC: TAS 300: Pensions, Version 2.0 (2023)

Lawyers also believed it would be helpful to have some form of certification for those providing divorce reports.

Certification of competence

It would be helpful for there to be some form of certification indicating the competence of pensions on divorce experts.



This indicates that 75% agreed or strongly agreed that a “it would be helpful for there to be some form of certification indicating the competence of experts to undertake valuations of pensions for divorce cases” with only 5% disagreeing or strongly disagreeing. Five years earlier the feeling was even stronger with 85% either agreeing or strongly agreeing with the statement.

The combination of these survey responses suggests lawyers believe it is important for pensions on divorce experts to belong to a professional body that regulates their conduct, and for them to be shown to be competent in providing divorce reports.



Finding 2

Despite the valuable and highly technical service being provided, there is no required qualification for an individual to provide pensions on divorce expert advice.

Pensions on divorce in Scotland

Although pensions law is the same throughout the UK, family law and consequently the treatment of pensions on divorce, differs in Scotland.¹⁶ In particular, it is long established in Scotland that pensions are treated as matrimonial property according to the CETV, apportioned for the period of marriage. Consequently, there is less actuarial advice provided on pensions on divorce since couples and their solicitors are typically able to derive the appropriate figures without actuarial input. The only advice now provided relates to more complex apportionment situations, following a Supreme Court judgement, and verifying high cash equivalent values.

We have received a small number of examples which were prepared for Scottish divorces as part of this review. Due to confidentiality, we have not commented on these in this report which should be seen as only applying to pensions on divorce in the rest of the UK. As with other submissions, however, we provided specific individual feedback on these cases.

We understand the position in Northern Ireland is very similar to England & Wales.

16 | Weightmans: Pension Sharing: the differences between England & Wales and Scotland (blog post 2023)

Divorce expert market

We asked several factual questions about each participating organisation.

Small and micro firms

The firms providing divorce advice are very small, either sole practitioners or micro firms with a handful of IFoA members and other employees. The 12 organisations taking part in the review reported a total of 36 IFoA members and 37 others engaged in divorce work.



Finding 3

Fewer than 40 IFoA members currently provide reports to couples on how to treat their pensions on divorce.

Report volumes

We also asked organisations about the number of divorce reports they prepare annually. These ranged from a handful, to several hundred each, with the larger organisations reporting the highest volumes. In total across all the organisations, we were told of around 2,400 reports being prepared in England & Wales a year. These reports clearly relate to only a very small proportion of the total number of divorces. The latest Office for National Statistics (ONS) figures¹⁷ reported 80,000 divorces in 2022, down from 113,000 in 2021. There has been significant fluctuation in these divorce numbers in recent years for a number of reasons. However, taking the latest year as a base, this means divorce reports from actuaries are prepared in well under 1 in 20 divorce cases. This figure assumes that any organisations not taking part in this review do not prepare a material number of divorce reports each year, and excludes any divorce reports provided by non IFoA members.

We note a **recent blog post**¹⁸ citing research that 11% of divorces included a pension sharing order. This suggests that significant numbers of couples are taking action in relation to their pensions without actuarial advice, and this figure does not include the many cases where offsetting takes place, also without such advice. Although the cost of preparing a divorce report will be a factor in the low numbers of reports, only a certain percentage of marriages will have significant Defined Benefit (DB) pensions wealth, or other complications. Couples with comparatively small pensions, or where they are entirely

Defined Contribution (DC) in nature may not feel it is worth commissioning an independent divorce report.



Finding 4

Actuaries provide reports to couples on how to treat their pensions on divorce. This is a valuable service to consumers provided by a small number of actuaries, explaining a labyrinth of rules in largely accessible language focussing on their individual circumstances.



Finding 5

We estimate such reports are provided to less than 1 in 20 of the divorcing couples in England & Wales each year. These are typically where there are significant defined benefit pensions to consider, but this percentage remains small in relation to the volumes of divorces where pensions are involved.

Market concentration

Six organisations each prepare over 100 reports a year; in fact between them they prepare over 90% of the reports prepared by participating organisations. Most of these organisations focus entirely on divorce reports.

For the other organisations taking part, divorce advice work tends to make up a much smaller proportion of revenues.



Finding 6

There is a concentrated market with a large proportion of divorce reports being prepared by half a dozen small firms specialising in this area.

17 | ONS: Divorces in England and Wales: 2022 (2024)

18 | Hilary Woodward: The Practice of Pensions on Divorce: How to Make it Better (2024)

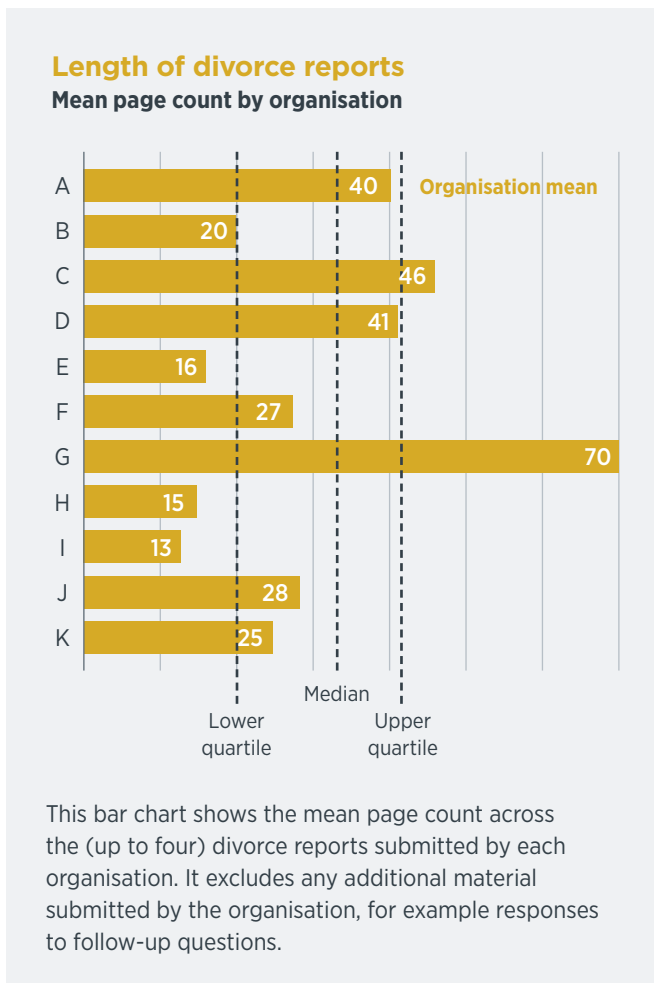
Report style

Good practices

The readers of divorce reports are the divorcing parties themselves, their legal advisers and the court. They are not generally pensions experts and, in particular, the divorcing parties may have limited understanding of pensions. The divorce reports that we reviewed all sought to explain pensions and how they may be treated on divorce in lay terms. There is a balance between explanations that are succinct, but potentially incomplete, and more complete explanations that may lead to more lengthy reports.

Report length

The median length of reports submitted to us was 33 pages. The length of report varied by organisation with the typical report provided by organisations ranging from 13 pages up to 70 pages, as shown in the bar chart:



We heard that the report length depends on the instructions received, with the divorce actuary needing to quote figures on a range of scenarios. There is a risk however that lengthy reports are challenging for readers to interpret and may obscure key information.



Finding 7

The median length of reports submitted to us was 33 pages, with reports varying in length from 13 pages to over 70.

Report style

We saw a range of good stylistic practices in preparing reports. In some cases these helped reduce the length of the report, or sought to help readers navigate lengthy documents. Many of these points are of course not specific to divorce reports.

Good practices seen across reports from several organisations included:



Good practice examples

1. The key conclusions are set out on the very first page (after the title page) addressing the key points of the instructions
2. The report is broken up into relatively short sections and appendices
3. The document used internal links to help readers accessing the report electronically to navigate from one section to another
4. The Letter of Instruction is repeated, with explicit cross-reference to sections of the report where each aspect of the instructions is addressed
5. Cross references are made to explanations set out in the PAG guidance, rather than including large volumes of generic text in each report.



Good practice example

The report summarised the couple's accrued pensions succinctly in a table (before describing each pension in more detail):

Summary of pension benefits table

Scheme/Provider	Type	NRA	Current Pension	Current Lump Sum	CETV	Date of CETV	Notes
[Party 1] (age 57)							
AB Pension Scheme	Defined Benefit	65	£13,500 pa	-	£180,000	22 Oct 23	(1)
BC Group Personal Pension	Defined Contribution	57+	-	-	£53,000	2 Jan 24	(2)
[Party 2] (age 55)							
NHS Pension Scheme 1995	Defined Benefit	60	£2,500 pa	£7,500	£42,000	10 Dec 23	(3)
NHS Pension Scheme 2015	Defined Benefit	67	£800 pa	-	£8,000	10 Dec 23	(4)
Standard Mutual	Defined Contribution	57+	-	-	£1,200	8 Jan 24	(5)



Good practice example

Report size reduced by referring to standard materials in a generic Q&A document posted on organisation's website, referenced by web-links.

We heard from both actuaries and lawyers about the style and complexity of reports. In particular, actuaries were acutely aware of the aspiration, and challenge, of explaining complex information in a relatively straightforward way.

"A challenge to us is communicating complex pension issues to clients in a straightforward way such that they feel placed in an informed enough position to be able to make decisions concerning how to agree their divorce settlement having received our report."

"Pension reports need to be simple for lawyers and clients to follow."



Finding 8

Actuarial reports often need to quote figures on a range of scenarios in line with the instructions received. This typically leads to lengthy and complex reports. The good practices being followed by some actuaries could be adopted by others to help make reports more user friendly across the board.

Methodology and terminology

Methodologies

The content of each divorce report depends on the Letter of Instruction that has been given to the actuary when the report was commissioned. This leads to a range of issues typically being considered in each report, as shown below.

Issues considered in divorce reports

General

- Summary of instructions
- Explanation of the types and amounts of the pensions that have been earned by the parties, sometimes including state pension benefits
- Confirmation of whether the cash equivalent transfer values quotations are accurate (or at least reasonable), and potential recalculation to a more recent and consistent date.

Pension sharing

- Which is the appropriate pension to share
- The appropriate proportion of pension to share, with the aim of equalising incomes at a particular age, or equalising capital values
- Discussion on issues with making comparisons based on incomes which depend on assumptions, and, by equalising from a particular payment age (There may be a gap in incomes for several years due to the age difference between the divorcing parties).

Offsetting

- Assessment of the values to be placed on each pension for the purposes of offsetting
- Explanation of valuation methodology and statement of assumptions used
- Commentary on treatment of contingent spouse's benefit and tax free cash sum
- Commentary on state pension benefits

- Commentary on potential adjustments to be made to offsetting figures for the impact of tax and 'utility' (the argument that a lifetime stream of income is worth less than an immediate cash sum, despite the latter being the actuarial present value of that income, since the cash sum is more flexible).

Apportionment

- Recalculation of some or all of the above figures, apportioned for period or marriage, potentially including additional scenarios to cover any period of earlier co-habitation
- Commentary on how the apportionment should be carried out – straight-line according to time elapsed, or otherwise.

The PAG reports provide extensive commentary on these issues and set out a suggested report structure, which we noted in many submissions.

However, we observed there is no single accepted methodology being followed. In particular, different organisations adopt different approaches to offsetting calculations and use different terminology to describe them. This is reflected in the PAG guidance, at paragraph 7.28, "*A helpful [approach] would be for an [expert] to select two or three of the [possible methodologies] and set out the calculations flowing from each option. The [expert] would highlight any caveats and perceived advantages or disadvantages of a particular option and state their preferred option on the facts of the information before them. The role of the [expert] is not to recommend an answer, which is for the parties, or ultimately the court. Note that FPR Practice Direction 25B 9.1(g)¹⁹ enjoins experts to state the range of opinion.*"

There is a risk that considering more than one valuation method lengthens reports whilst we have not heard from actuaries that the courts are using these arguments to settle on a particular method.

Differing terminology

Offsetting

Offsetting methods were given different names by organisations. Names used included:

- Best-estimate market-consistent capital value
- Defined contribution fund equivalent
- Fair actuarial value
- Full value
- Money purchase equivalent value
- Open market value
- Pension share declined
- Pension share denied
- Cash equivalent transfer value (ie use the 'base' figures from the pensions providers with no adjustment).

In many cases the methods appear to the review team to be quite similar. In some cases, the report used different terminology in different parts of the same report. There is a risk that readers of reports from different actuaries, or even of a single report, are unaware whether actuaries are using the same or differing valuation methods for offsetting.

In the clearest examples, the divorce report provided a succinct explanation, which would help the parties and their legal advisers to understand the methodology chosen:



Good practice example

The assumptions I have adopted which are consistent with my 'Capital Value' basis are designed to quantify the fund which would be required to secure broadly comparable net of tax benefits by purchase of an annuity at the assumed retirement age. The investment return assumed over the period to retirement is on the basis that a relatively prudent investment approach is adopted.



Good practice example

The 'Open Market Value' is the amount of money that is required to replicate the pension promise at retirement, based upon assumed annuity purchase in the open market.

In some examples, the author set out alternative methodologies, and quoted the financial impact of each. In other examples, the author used identical terminology and provided a cross reference to the PAG report.

We heard calls for actuaries to describe methodologies using the same terms. We also heard calls for actuaries to use the same methods. Finally we heard calls to adopt neutral language – for example, by using the term 'fair value' it could be inferred that other methods are in some way 'unfair'.

Description of CETV

Across the reports we reviewed, actuaries also used different terms for the CETV, sometimes within the same report. Unlike the offsetting methodology, the differences were minor.

Terms used included:

- Cash equivalent
- Cash equivalent value
- Cash equivalent transfer value
- Pension equivalent transfer value
- Transfer value
- Fund value

Although these terms may be interchangeable to actuaries and others familiar with pensions terminology, there is a risk of confusion among readers of divorce reports, of using different terms within a report.

We saw in a number of examples statements that the CETV, particularly for DB pension benefits, is not appropriate for divorce purposes, with an alternative methodology then being proposed (see previous section). There is a risk that this approach undermines confidence among divorcing parties of the CETV basis. We did not see explanations of how and why CETVs are calculated in the way they are, in terms of legislative requirements.

Other technical issues addressed in divorce reports

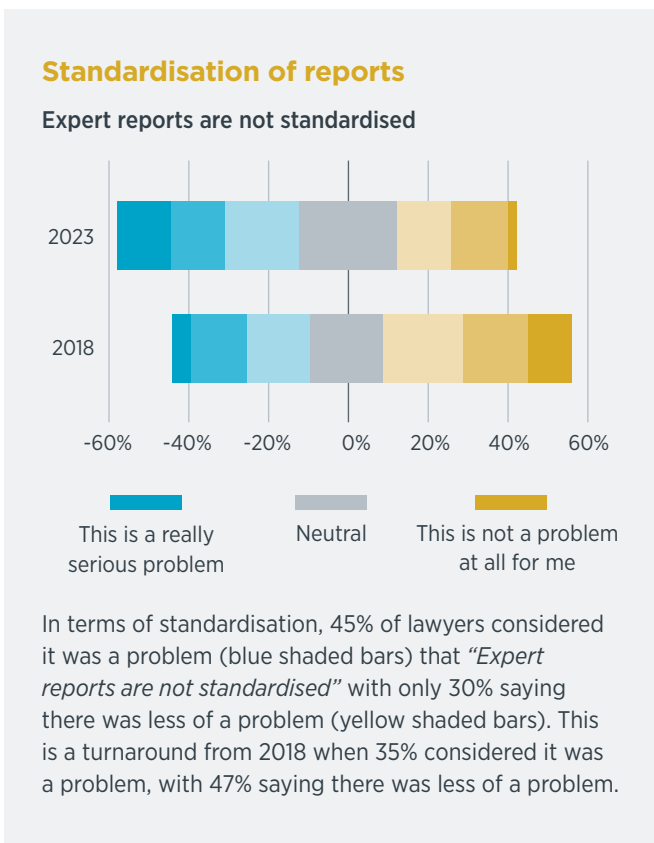
In line with previous thematic review reports, it is not our role to judge whether an actuarial method or assumptions is appropriate (beyond being reasonable). However, we note that across the examples submitted in this review, that a range of methods and assumptions have been used. The main difference, as noted above, is in the overall methodology used for the offsetting calculation. In addition, we saw differences in:

- Accumulation rates pre-retirement and allowance for inflationary pension increases
- Approach at retirement – whether to use annuity rates or to assume some form of income drawdown

- Treatments for tax
- Allowance for 'utility', although actuaries typically deferred to the Court on this
- Whether to allow for the tax-free lump sum
- Whether to allow for contingent spouse's pension
- How to value the state pension
- Approach to apportionment of benefits for the period of marriage or co-habitation
- Consideration of a simplified approach using the recently published **Galbraith tables**.²⁰

These issues are each discussed in the PAG report in some detail – in particular in Part 7 and the associated appendices. The PAG report encourages actuaries to follow a particular format in their reports but notes *“there is disagreement among experts as to appropriate financial, economic and demographic assumptions to be used in the preparation of expert reports”*.

In our survey for lawyers, there were mixed views, although the majority agree that it is a problem that reports are not standardised, and this view has strengthened over the last five years



We also heard from both actuaries and lawyers about the challenges here:

“Often a key consideration is around which pension to share. Balance between ‘theoretically correct’ versus most practical.”

“Anecdotal feedback from solicitors suggests that deriving ‘an answer’ and communicating it clearly and with confidence is of greater value than an in-depth consideration of ranges and sensitivities.”

“Clients often comment that the summary of findings showing the percentages is what they need and that the 20 pages or so of granular detail confuses and adds little. There needs to be a better balance... There must be a way of producing these reports in a standard format which will benefit everyone.”

“In most cases it also seems that when several calculations are provided by an actuary, the facts of the case somewhat go out of the window, with the lawyers simply choosing the highest or lowest percentage and basing their position on what percentage suits their client rather than what is appropriate for the case.”

We also heard calls for the IFoA to convene a working party for actuaries and other pension experts to discuss and agree the technical merits of these and other issues.

“There should be an interaction between a working party of the IFoA and family lawyers on this.”



Finding 9

The absence of defined methodology and specific technical standards mean there is a range of justifiable approaches adopted by actuaries. This does however lead to inconsistencies between reports and contributes to the need for complex and lengthy explanations of preferred approaches.

20 | Mathieson Consulting: The Galbraith Tables (2022)



Finding 10

Actuaries use different terminology to describe the same methodology.



Finding 11

There are mixed views among lawyers on the complexity of reports, although the majority believe there should be more standardisation and this view has strengthened over the last five years.

Compliance

Meeting actuarial and technical standards

We carried out a high-level compliance review of the reports submitted to us against TAS 100. The quality of compliance was good. As noted elsewhere, the challenge in providing divorce reports is the need to communicate a number of complex issues to a non-expert audience, while meeting the terms of actuarial standards and the PAG report. The nature of the reports is therefore very different to those submitted in previous thematic reviews where greater subject matter knowledge is assumed in the reader.

Our headline comments noted in the previous two sections setting out good practice examples of readable reports and describing the rationale for their terminology are strongly linked to the FRC's reliability objective. In relation to other aspects of the TASs we found appropriate levels of compliance. For example, data used and assumptions adopted were disclosed. In addition, as discussed above, the methodology for each scenario was explained, even though it was inconsistent across organisations.

We provided feedback to each organisation on their submissions drawing attention to areas of good practice or areas where we recommended amendments could be considered.



Finding 12

The overall standard of advice was good with sound levels of compliance with standards. There are, however, examples where advice could be improved, to help couples understand the implications more clearly.

Review of actuarial work

During the interview process, we also asked actuaries how their calculations were carried out and discussed how their work had been reviewed in terms of APS X2. Again this varied by organisation and we heard about a wide range of approaches, as envisaged by the standard.

"First actuary works the case, second actuary signs the case. The latter does the review of the work. The two actuaries agree the calculations. The report is produced from a template. First actuary customises the templates, and second actuary signs it. In some cases other actuaries may be referred to if things are technically not standard. Admin staff are also involved in grammar and style review."

"In addition to regular work review, our signing actuaries periodically independently peer review each other's reports on a random basis."

"When I review a report, I try to take a step back. If I was getting divorced, what would I want alluded to? Does it make sense in practice?"

"I have a small number of actuaries in other organisations who I ask to carry out independent review on an ad hoc basis. It can be a very useful exercise."

As noted below, some divorce reports referred to the report having been reviewed or independently peer reviewed, with a small number explicitly referencing APS X2.



Finding 13

Actuaries followed a wide range of approaches to work review, as envisaged by APS X2.

Compliance statements

TAS compliance statements were included in all the divorce reports we reviewed.

Many divorce reports referred to the report having been reviewed or peer reviewed, with a small number explicitly referencing APS X2. A small number also disclosed compliance with the Code and/or APS X3. These disclosures are voluntary, although may be useful in providing assurance to readers.

Many of the reports we reviewed were dated after 1 July 2023, when version 2 of TAS 100 came into effect. In several of those reports, the TAS compliance statements still referred to version 1, although in the view of the Review Team, the nature of the advice meant compliance requirements across the two versions was similar.



Good practice example

In carrying out the calculations producing this Report I have taken account of the relevant Actuarial Professional Standards (APSS) produced by the Institute & Faculty of Actuaries and Technical Actuarial Standards (TASs) produced by the Financial Reporting Council, in particular, APS X2 (Review of Actuarial Work), APS X3 (The Actuary as an Expert in Legal Proceedings), and TAS 100 (General Actuarial Standards).



Finding 14

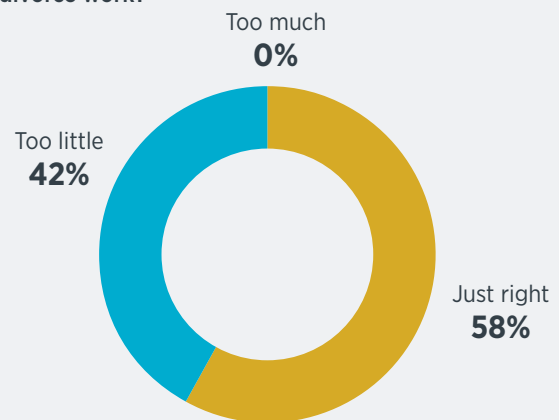
Actuaries mostly used appropriate compliance statements.

Views of actuaries

We first asked actuaries “How would you describe current actuarial standards and guidance (ethical and technical) for pensions on divorce work?”.

Views of current standards

How would you describe current actuarial standards and guidance (ethical and technical) for pensions on divorce work?



58% of the participants said current actuarial standards are ‘just right’, with 42% stating ‘too little’. No one responded ‘too much’.

We also asked for participants to expand on the reasons for their response. The comments were mixed – from stating the standards, including the PAG guidance, are about right; to voicing a certain frustration that the IFoA has not led more on this. This is linked to the use of inconsistent methodology discussed in the **previous section**.

“IFoA standards cover the broad outline that is needed. The PAG guide is the fuller document and covers much more the technical information needed.”

“General actuarial principles currently apply (APS X1, APS X2, APS X3, APS X5 plus QA1 (not mandatory) and that is fine, since we also have to comply with court rules as well. The PAG report is considered to be ‘best practice’ guidance. We have lots of rules to follow in different places and don’t really need extra ones, unless significant problems are uncovered that are not covered in existing guidance.”

“We feel that Actuarial Standards provide a good checklist to ensure quality standards on the work that we carry out.”

“There is no guidance as such. Pension Sharing came into force on 1 December 2000. There has been no guidance or input from the IFoA as far as I can tell to assist actuaries like me to undertake such work. We have had to develop our methods and deal with the inadequacies of all of the underlying pensions on divorce legislation ... and the lack of understanding of the Courts and solicitors as to the data required in order to prepare a credible report.”



Finding 15

42% of actuaries described current actuarial standards and guidance (ethical and technical) for pensions on divorce work as ‘too little’, with the remainder describing them as ‘just right’.

Data

Challenges with data collection

Actuaries rely on pension schemes and providers to obtain complete and accurate information about the pensions earned by the divorcing parties. We heard that collection of such data can be a lengthy process. Different organisations follow different data collection models:

“Our office manager manages workflow. We don’t pick actuaries to work on a case until we have all the data. Getting the data is the main barrier, in terms of time. We can produce report within a couple of days once the data is available. We keep solicitors up to date if scheme has not provided data, and warn clients up front that we have little control over the timing of getting the data.”

“Our database generates letters and tasks for each case. We have an information exchange system for clients to upload information. This is analysed by one of the actuaries and where relevant further requests are made for any outstanding data.”

Data collection issues

When asked about their key challenges, actuaries consistently highlighted the difficulties of obtaining accurate information from pension schemes and providers in a timely manner.

We heard that the **Provision of Information Regulations**²¹, which requires the disclosure of information about individual pension benefits, is interpreted widely. Others commented specifically on the delays in late 2023, when the comments were gathered, in providing CETV and other pensions information affecting public sector schemes following the implementation of the McCloud judgement and changes to actuarial factors.

“Reliance on third party providers for data and scheme information while under time pressure from solicitors is a challenge.”

“Pensions on divorce legislation really does not prescribe in sufficient detail the information required in order to be able to prepare a credible pension sharing report. As such schemes provide limited information and then state that they have complied with the legislation. I see CETVs without underlying pensions information provided so no pension, no retirement age, no pension increases and so on.”

“The biggest problems I have experienced in the last 12 months are ... the length of time it can take pension providers to give CETVs.”

“The delays caused whenever public sector CETV bases are reviewed are significant and especially the uncertainties that have arisen as a result of the McCloud Judgement. This is making life very difficult at the moment.”

Some lawyers commented simply on the overall time for producing the report:

“It remains an enduring mystery why it takes from as little as 6 weeks to up to 25 for actuaries to produce reports.”

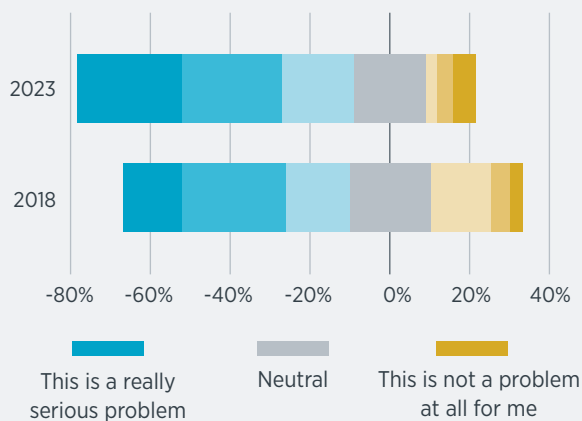
These comments are confirmed by our survey of lawyers, which shows that this was already an issue but it has worsened from 2018 to 2023:

21 | UK Statutory Instrument: **The Pensions on Divorce etc. (Provision of Information) Regulations 2000 (as amended)** (2000)

Gathering information from pension providers

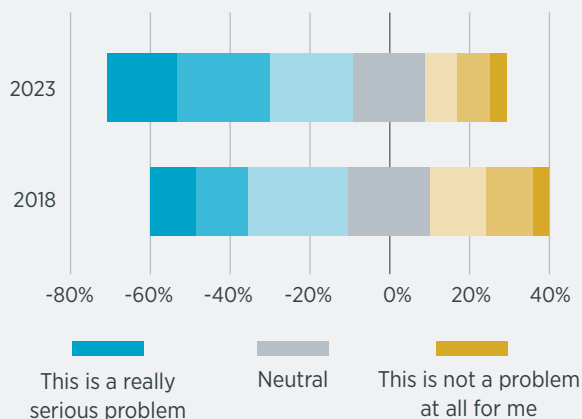
In our survey of lawyers, the responses showed the issues in obtaining information from pension providers, and this is more of a problem than five years ago. We asked several questions about dealing with pension providers, with similar results.

Pension providers are slow to provide information



For example, 68% of lawyers considered that “Pension providers are slow to provide information” with only 12% considered it was less of a problem. There has been a deterioration since 2018 when 57% considered it was a problem and 12% considered it was less of a problem.

It’s hard to get information from pensions providers



Additionally, 62% of lawyers considered that “It’s hard to get information from pensions providers” with only 21% considered it was less of a problem. There has been a deterioration since 2018 when 50% considered it was a problem and 30% considered it was less of a problem.

We also heard suggestions that a pensions industry group could be established to understand requirements of actuaries, with the goal of pension providers sharing information in a standardised way. For example this could build on the information set out in Financial Conduct Authority (FCA) guidance²² for DB transfers.



Finding 16

Among the actuaries who took part in the review, we heard that the collection of data from pension schemes and providers is a major issue.



Finding 17

In a connected survey of lawyers, we heard a consistent view, with the timely collection of data being a bigger issue now than five years ago.

22 | FCA: Finalised guidance on advising on pension transfers (2021)

Ways of working

Other aspects of expert work

We asked actuaries how they went about preparing their reports. For those with a small team, the approach tended to follow a series of stages:



Given the large number of live cases being handled at different stages, each organisation had its own case management arrangements to assist with workflow. In some organisations the signing actuary was involved in all stages. In others, colleagues who are not IFoA members will carry out the initial stage of the process in particular the collection of data from pension providers before handing over to the signing actuary. The process reflected the size of the organisation and the size of the caseload.

"We currently have several hundred cases going through the system, handled using a data base. Each case is given a target report date, based on when case booked in, hearing date: this helps with ordering cases in a fair way. We always ask to be kept informed on hearing dates well in advance if possible. Our work management database is key to keeping on top of things."

Letter of instruction

As noted **earlier**, the FPR requires an SJE report to be initiated by a Letter of Instruction agreed between the divorcing parties. We heard from actuaries that in recent years there is increasing consistency in letters of instruction, following the inclusion of a template letter in the PAG report. On the other hand, we heard that there remain issues:

"We have some concerns around wide-ranging instructions leading to a large volume of different figures/percentages being produced, and the danger of spurious accuracy."

"There can be instances where instructions don't look fair. It's difficult to deviate from instructions provided. We have on rare occasions raised this with judge, although sometimes get feedback to just follow instructions."

Follow-up questions

Within the FPR, once the divorce report has been provided, the divorcing parties are allowed to raise limited queries with the actuary. In practice we heard that actuaries only have to respond to questions in a few cases. We saw a small number of such responses as part of our review.

"Some cases come back to us where too much time has passed since original report so it's now out-of-date. In such cases we have to prepare (and charge for) a fresh report."

Court appearances

Among all the actuaries, appearance in court is very rare with only a handful of instances being cited across all the organisations taking part. We understand this is due to the finances being agreed by the divorcing parties in most cases outside the courts. One implication of this is that few cases discussing the appropriate way to share pensions are ever reported publicly.



Finding 18

Actuaries very rarely appear in court to discuss their reports.

Client feedback

We also asked actuaries about any feedback they obtain from solicitors about the case. We were informed however that, despite it being an FPR requirement (at Rule 25.19(1)), actuaries rarely if ever find out about the outcome of the case.

"No follow-up, often not informed on outcome (despite FPR Part 25 implying expert witness should be informed)."

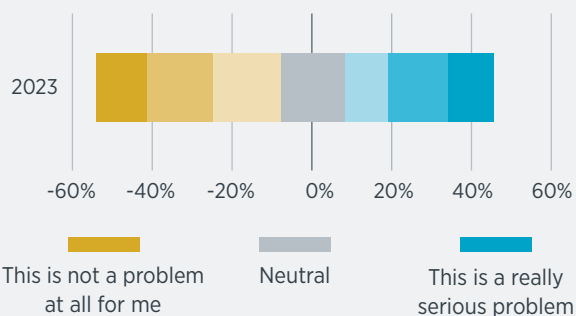
"It would be useful to get more feedback from solicitors."

There is a risk that the lack of feedback prevents actuaries from refining their reports, both stylistically or technically. In conversations with actuaries, they confirmed that they did not routinely ask for feedback.

Among lawyers, this did not appear to be a major concern. This perhaps reflects the current practice of lawyers typically neither being asked for feedback nor providing it.

Feedback

Experts don't ask for feedback so that they can take this into account in future reports



37% of lawyers considered that it was a problem that "Experts don't ask for feedback so that they can take this into account in future reports" while 47% considered it was less of a problem. This question was not asked in 2018.



Finding 19

Actuaries rarely receive feedback on their reports or on the outcome of the case.

Complaints

We asked actuaries about their complaints procedures. All said that complaints are very rare. For those that had received them the responses were mixed.

"When a case arises we will approach our Professional Indemnity (PI) insurer with relevant details before responding. We've had one significant case in 20 years, which was rebutted and there was no follow-up."

"Complaints may arise off the back of follow-up correspondence. They're mostly to do with timescales and dealt with by the admin team."

“The admin team will receive complaints from time to time. Our PI insurer and I will review it, and the signing actuary will respond. I have an overview of all complaints. We have a past catalogue of cases, so we log complaints, and this helps ensure things don’t come up again. I speak to the signing actuary about the background problem – often quite subtle issues.

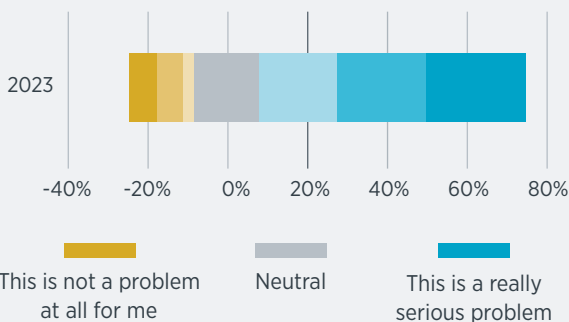
Complaints tend to be from litigants in person, rather than solicitors, perhaps because of knowledge of litigants. In terms of mitigation, we arrange a pre-report virtual call where the two clients where they are litigants in person (we are allowed to talk to both together if they agree) – making clear what report will and will not do for them.”

We note that the PAG report (at C.8(b)) advocates that experts should have a “meaningful and operational complaints system in place” and that “Sufficient details of how and where to apply should be included in the expert report”. None of the examples submitted to us included information on how to complain.

We note that among lawyers, they did not see the lack of information on how to complain as being a major concern. However, this may be a reflection of the very low complaints numbers seen in practice. This view may also not necessarily be shared by divorcing parties.

Feedback

Experts don’t explain how to complain about their services



Only 16% of lawyers considered that it was a problem that “Experts don’t explain how to complain about their services” while 67% considered it was less of a problem. This question was not asked in 2018.



Finding 20

Although complaints are very rare, actuaries do not set out in their reports how to complain about their services, which is contrary to a PAG recommendation.

Conflicts of interest

We asked actuaries about their procedures in relation to conflicts of interest. The responses fell into two types – working within the FPR; and preparing reports where one or other of the divorcing parties is known to the actuary.

We heard about the steps taken to avoid being seen to be biased towards one or other party:

“Often the solicitor asks about this. So long as we have no knowledge of the parties involved then it’s ok to proceed. As single joint expert there are clear guidelines to clients to ensure independence. We try to avoid communication with just one of the parties. It’s important to relay information to both parties.”

“We don’t generally find ourselves conflicted. There was one case when an IFA pushed for the report to come from a certain angle – we had to push back and remind them of the independent role of the expert.”

“This is rare, but has happened. We tend to become aware at an early stage. If one of the parties to the divorce is known to someone in our team, then they would not be involved in that case.”



Finding 21

Actuaries take appropriate steps to avoid conflicts of interest.

Findings

A full list of our findings is given in the table below.

These are set out in the order they appear in this report.

The asterisked findings also appear in the Executive Summary.



Findings

No	Finding
1*	In carrying out divorce work, in addition to the Actuaries' Code and general actuarial standards, actuaries follow court rules, the inter-disciplinary PAG guidance, and actuarial standard APS X3 (<i>"The Actuary as an Expert in legal proceedings"</i>).
2*	Despite the valuable and highly technical service being provided, there is no required qualification for an individual to provide pensions on divorce expert advice.
3	Fewer than 40 IFoA members currently provide reports to couples on how to treat their pensions on divorce.
4*	Actuaries provide reports to couples on how to treat their pensions on divorce. This is a valuable service to consumers provided by a small number of actuaries, explaining a labyrinth of rules in largely accessible language focussing on their individual circumstances.
5*	We estimate such reports are provided to less than 1 in 20 of the divorcing couples in England & Wales each year. These are typically where there are significant defined benefit pensions to consider, but this percentage remains small in relation to the volumes of divorces where pensions are involved.
6	There is a concentrated market with a large proportion of divorce reports being prepared by half a dozen small firms specialising in this area.
7	The median length of reports submitted to us was 33 pages, with reports varying in length from 13 pages to over 70.
8*	Actuarial reports often need to quote figures on a range of scenarios in line with the instructions received. This typically leads to lengthy and complex reports. The good practices being followed by some actuaries could be adopted by others to help make reports more user friendly across the board.
9*	The absence of defined methodology and specific technical standards mean there is a range of justifiable approaches adopted by actuaries. This does however lead to inconsistencies between reports and contributes to the need for complex and lengthy explanations of preferred approaches.
10	Actuaries use different terminology to describe the same methodology.
11	There are mixed views among lawyers on the complexity of reports, although the majority believe there should be more standardisation and this view has strengthened over the last five years.

No	Finding
12*	The overall standard of the examples we reviewed was good with sound levels of compliance with standards. There are, however, examples where advice could be improved, to help couples understand the implications more clearly.
13	Actuaries followed a wide range of approaches to work review, as envisaged by APS X2.
14	Actuaries mostly used appropriate compliance statements.
15	42% of actuaries described current actuarial standards and guidance (ethical and technical) for pensions on divorce work as 'too little', with the remainder describing them as 'just right'.
16*	Among the actuaries who took part in the review, we heard that the collection of data from pension schemes and providers is a major issue.
17*	In a connected survey of lawyers, we heard a consistent view, with the timely collection of data being a bigger issue now than five years ago.
18	Actuaries very rarely appear in court to discuss their reports.
19	Actuaries rarely receive feedback on their reports or on the outcome of the case.
20*	Although complaints are very rare, actuaries do not set out in their reports how to complain about their services, which is contrary to a PAG recommendation.
21	Actuaries take appropriate steps to avoid conflicts of interest.

Appendix 1 – Scope and approach

We launched this review in Summer 2023 with the following scope:

Pensions on divorce

Advice given to individuals to assist with treatment of pensions on divorce

This is a niche area of work where actuaries provide advice and calculations on pension sharing in divorce cases. This may include expert witness activity for court cases.

The review will look at current actuarial practice in this area. It will also cover the way actuaries provide their advice to customers.

This continues our 'Actuaries as Experts' series of reviews looking at narrower, or less typical, fields of expertise and/or actuaries providing advice directly to individual clients or consumers.

The **IFoA website**²³ provides more information on the work of the AMS.

When commissioning this Review in Autumn 2022, the Regulatory Board was also aware of several published **IFoA disciplinary determinations**²⁴ in recent years. Some of the matters raised in these cases, in particular the management of caseload, were explored in this thematic review. We also asked about complaints procedures. The Board is also reflecting on relevant disciplinary cases to inform discussion on appropriate actions in response to this Review.

Submissions

We invited²⁵ all organisations employing actuaries providing pensions on divorce expert advice to take part in this review. We asked organisations to submit appropriately anonymised actuarial reports, along with factual background information about the organisation. We asked for up to four actuarial reports from each organisation, depending on the number of reports prepared each year.

Participation level

A total of 12 organisations took part in the review, submitting 36 examples of actuarial advice. The organisations are listed below:

- Actuaries for Lawyers
- Carlisle & Collins
- Collins Actuaries
- Collins Pension Actuaries
- Excalibur Actuaries
- Expert Pension Solutions
- IWC Actuarial
- Mathieson Consulting
- Nigel Sloam
- Paul G Meins
- WBR Actuarial
- Windsor Actuarial

23 | IFoA: Actuarial Monitoring Scheme webpages

24 | IFoA: Disciplinary determinations webpage

25 | Actuary magazine: Article inviting submissions to pensions on divorce thematic review (2023)

We believe this represents a very high proportion of the actuaries who are active in this specialist area of work. We held discussions with actuaries from each of these organisations to help us form a more complete picture of the advice.

We also held conversations with a number of actuaries with a wider interest, some of whom have previously worked on pensions on divorce, who also shared their views.

The IFoA Review Team wishes to thank all the individuals and organisations that contributed to this thematic review.

As a connected exercise we carried out a survey of pensions on divorce lawyers to gauge their views on actuarial reports which is described in more detail in **Appendix 2**. We particularly wish to thank Hilary Woodward and Professor Debora Price of PAG for informative discussions on their work and for assistance with our survey of lawyers.

Review methodology

The first phase involved reviewing the content of each divorce report. We looked at the way the advice was presented, the terminology used, and the assumptions discussed. We also tested each report against the relevant provisions of the Code, APS X2, APS X3 and TAS 100.

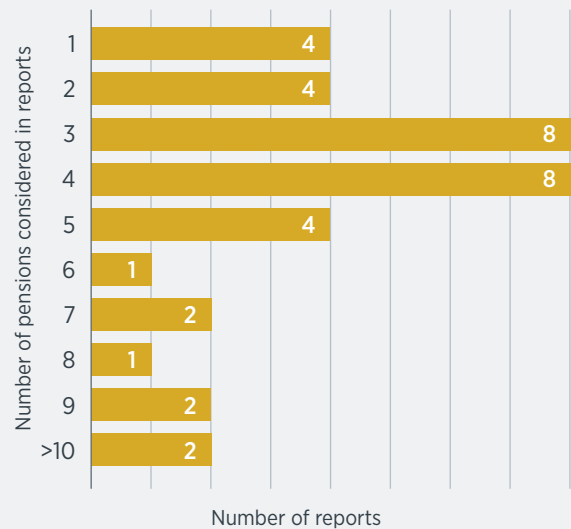
In the second phase of the review, we conducted a series of individual discussions with a subset of the actuaries providing the divorce reports. The purpose of these discussions was to understand their overall approach to pensions on divorce work, including how they manage their caseload, and to discuss their views on the way the market works.

We provided written individual feedback to each organisation on their submissions, drawing attention to areas of good practice or areas where we recommended amendments could be considered.

About the examples

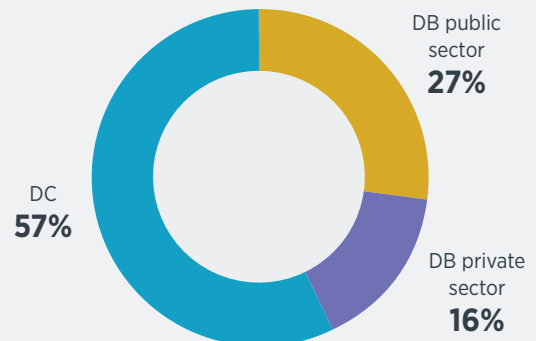
Where organisations submitted more than one example, we asked for the examples to be distinct, for example in terms of the types of pension analysed, or the type of instructions given. We reviewed 36 examples which we believe demonstrated a good range. More information on the nature of the pensions covered in the examples is set out in the box.

Number of pension arrangements considered in reports



Divorce reports considered a varying number of pension arrangements belonging to either party, from only one to over 10. The median number was 4. In almost all cases, the couple had a mixture of DB and DC benefits. Among the DB arrangements, the majority were public sector.

Types of pension considered in report



The total value of pensions considered ranged from £100,000 to £3 million, although half were in the range £450,000 to £1.25 million.

Although many reports considered state scheme benefits, these are excluded from the above analysis.

Appendix 2 – Survey of family lawyers

Notes on family lawyer survey

As an additional input to this thematic review, we carried out a survey of family lawyers to hear their views on pensions on divorce and expert reports.

We based the survey on a **similar exercise**²⁶ carried out in preparation for first PAG report and published in 2019. In particular, most of the questions we asked were also part of that earlier survey. This has allowed us to see if opinions have moved over the last five years. We also asked some further questions not asked previously.

Survey distribution

We worked with the PAG team to distribute a weblink to the survey in their on-line newsletter. The weblink was also shared by several groups of family lawyers and by some of the organisations taking part in this thematic review. The review team wishes to thank all those who distributed this survey weblink.

The submission window for the survey ran from 16 October 2023 to 8 January 2024. The previous survey ran from 12 June to 10 August 2018, just over five years earlier.

Participation

We received 73 responses, which compares to the 2018 survey when there were some 100 substantive responses from lawyers. Like 2018, we do not claim that this survey is statistically significant and neither are comparisons between the two surveys. However, the survey provides a useful snapshot of the views of family lawyers in late 2023. A document setting out the full results of the survey is being published alongside this review.

26 | PAG: Online survey of solicitors and pension on divorce experts (2019)

Appendix 3 – References

Ref No.	Title	Author	Description
1	Interdisciplinary working group on pensions on divorce (PAG)	PAG	PAG webpage, hosted by the Nuffield Foundation, describing the work of the group
2	The Actuaries’ Code (2023)	IFoA	The ethical Code of Conduct to which all members of the IFoA must adhere (Version 3.1)
3	A guide to the treatment of pensions on divorce – the report of the Pension Advisory Group (2019)	PAG	First PAG report
4	APS X3: The Actuary as an Expert in Legal Proceedings (2018)	IFoA	APS X3 imposes requirements on actuaries providing expert advice in divorce cases
5	TAS 100: General Actuarial Standards, Version 2.0 (2023)	FRC	FRC technical standard applying to all actuarial work – applying from 1 July 2023
6	TAS 100: Principles for technical actuarial work (2016)	FRC	FRC technical standard applying before 1 July 2023 (Version 1)
7	Standard Setting at the IFoA (2020)	IFoA	As part of its regulatory function, the IFoA sets and maintains a framework of standards and non-mandatory guidance
8	APS X2: Review of Actuarial Work (2015)	IFoA	APS X2 imposes requirements in relation to Work Review and Independent Peer Review for all IFoA members
9	Part 25 of the Family Procedure Rules (2022)	MoJ	Procedures for the family jurisdiction in England & Wales; Part 25 relates to the use of experts, including actuaries
10	A guide to the treatment of pensions on divorce (Second edition) – the report of the Pension Advisory Group (2024)	PAG	Second PAG report, PAG2
11	Pensions on Divorce – A Practitioners Handbook (Third edition)	Hay, Hess, Lockett & Taylor	Pensions on Divorce textbook: not available online
12	APS X3: Providing expert opinion in legal proceedings: A guide for actuaries (2018)	IFoA	Guidance to APS X3
13	APS X5: Compensation for Professional Shortcomings (2020)	IFoA	APS X5 imposes requirements on organisations

Ref No.	Title	Author	Description
14	APS P1: Duties and Responsibilities of Members Undertaking Work in Relation to Pension Schemes (2022)	IFoA	APS P1 applies where members are providing work in relation to pension schemes: not relevant for divorce actuaries
15	TAS 300: Pensions Version 2.0 (2023)	FRC	TAS 300 specific technical standard relating to pensions work: does not cover the work of divorce actuaries - applying from 1 April 2024
16	Pension Sharing: the differences between England & Wales and Scotland (2023)	Weightmans	Law firm blog post explaining the key differences between jurisdictions
17	Divorces in England and Wales: 2022 (2024)	ONS	Latest annual divorce statistics
18	The Practice of Pensions on Divorce: How to Make it Better (2024)	Hilary Woodward	Blogpost publicising the release of PAG2 and citing pension sharing statistics
19	FPR Practice Direction 25B (2022)	MoJ	Practice Direction 25B – The Duties of an Expert
20	The Galbraith Tables (2022)	Mathieson Consulting	Actuarial tables for use for offsetting, published by a firm of actuaries
21	The Pensions on Divorce etc. (Provision of Information) Regulations 2000 (as amended) (2000)	UK Parliament	Regulations governing provision of information to parties on pensions on divorce
22	Guidance FG21/3 Advising on pension transfers (2021)	FCA	List of information to be shared by DB schemes with pension transfer advisers, at Annex 1
23	Actuarial Monitoring Scheme webpages	IFoA	Information on the work of the IFoA Actuarial Monitoring Scheme
24	Disciplinary determinations webpages	IFoA	Published determinations of the IFoA Disciplinary Scheme
25	Article inviting submissions to pensions on divorce thematic review (2023)	Actuary magazine	Article publicising launch of thematic review
26	Online survey of solicitors and pension on divorce experts (2019)	PAG	Survey published alongside first PAG report

Appendix 4 – Abbreviations

Abbreviation	Full term
AMS	Actuarial Monitoring Scheme
APS	Actuarial Profession Standard
CETV	Cash equivalent transfer value
DB	Defined benefit
DC	Defined contribution
FCA	Financial Conduct Authority
FPR	Family Procedure Rules
FRC	Financial Reporting Council
IFA	Independent financial adviser
IFoA	Institute and Faculty of Actuaries
MoJ	Ministry of Justice
PAG	Pensions Advisory Group
PAG2	Pensions Advisory Group second report
PI	Professional indemnity
PODE	Pensions on divorce expert
SJE	Single Joint Expert
TAS	Technical Actuarial Standard
the Code	The Actuaries' Code
TPR	The Pensions Regulator



Institute and Faculty of Actuaries

DISCLAIMER: The views expressed in this publication are those of invited contributors and not necessarily those of the Institute and Faculty of Actuaries. The Institute and Faculty of Actuaries do not endorse any of the views stated, nor any claims or representations made in this publication and accept no responsibility or liability to any person for loss or damage suffered as a consequence of their placing reliance upon any view, claim or representation made in this publication. The information and expressions of opinion contained in this publication are not intended to be a comprehensive study, nor to provide actuarial advice or advice of any nature and should not be treated as a substitute for specific advice concerning individual situations. On no account may any part of this publication be reproduced without the written permission of the Institute and Faculty of Actuaries.

Beijing

Room 512 · 5/F Block A · Landgentbldg Center · No. 20 East Middle 3rd Ring Road
Chaoyang District · Beijing · 100022 · People's Republic of China
Tel: + 86 10 5878 3008

London (registered office)

1-3 Staple Inn Hall · High Holborn · London · WC1V 7QJ
Tel: +44 (0) 207 632 2100

Malaysia

Arcc Spaces · Level 30 · Vancouver suite · The Gardens North Tower
Lingkar Syed Putra · 59200 Kuala Lumpur
Tel: +60 12 591 3032

Oxford

Belsyre Court · 1st Floor · 57 Woodstock Road · Oxford · OX2 6HJ
Tel: +44 (0) 207 632 2100

Singapore

Pacific Tech Centre · 1 Jln Kilang Timor · #06-01 · Singapore · 159303
Tel: +65 8778 1784

www.actuaries.org.uk

© 2024 Institute and Faculty of Actuaries