

## **PENSIONS ACT 2008**

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### **EXPLANATORY NOTES**

#### **COMMENTARY ON SECTIONS**

##### ***Section 117: Charges in respect of compensation sharing costs***

319. The purpose of this section is to enable provision to be made to allow the Board of the Pension Protection Fund to recover, from the transferor and transferee, administrative costs incurred as a result of implementing the pension compensation share (for example the reasonable costs of valuing the rights to be shared and of calculating and making payments to an additional person). The precise amount of the charges will depend on the activities the Board will need to carry out in a particular case, but are likely to be similar to the charges parties pay to pension schemes where a pension is shared, for example in the region of £2,000 to £3,000 in total.
320. The intention is to use the regulation-making power to require that charges must relate to the costs incurred in implementing the pension compensation sharing order; and that the parties are offered a chance to pay charges at the outset so that they need not be deducted from compensation payments.
321. Regulations may include the following provisions:-
- *paragraph (a)*: postponement of the start of the implementation period. This could allow the Board of the Pension Protection Fund to postpone the start of the implementation until the administration charges have been met (see also section 115 (Implementation Period)) above;
  - *paragraph (b)*: off setting charges that a party owes to the Board against compensation payable to the party by the Board;
  - *paragraph (c)*: reimbursement. This could allow charges to be recovered from one party where that party has defaulted on meeting the administrative charges, and the charges have been met by the other party.
322. *Subsection (3)* controls how the regulations will deal with the question of apportionment of charges between the parties. If apportionment of charges is included in the pension compensation sharing order (or qualifying agreement) then charges will be apportioned by that provision. If there is no such provision, charges are attributable to the member of the couple whose compensation is being shared (the transferor).