

Chapter 19: Guidance on answering the self-test questions

Question 1: Explain what a pension is and name two different types of pension schemes.

A pension is a long-term investment which provides a regular income when a person retires. Examples of types of pensions include the state pension, stakeholder pensions, personal pensions, and final salary work pensions.

Question 2: There have been some problems with pension attachment orders – what are they?

Problems with pension attachment orders include the fact that many pension holders cease to contribute to the pension fund or delay retirement, both of which will affect the income of the receiving party.

Question 3: Explain when a pension sharing order may be used within ancillary relief proceedings and its advantage over pension attachment orders.

A pension sharing order can be made within financial proceedings and divides the pension fund and transfers the ownership of the share to the receiving party. The advantage of this order is that it allows the receiving party to have greater control over their share of the pension and can move it into a new fund if they wish.