Changes to legislation: *Finance Act 2011, Cross Heading: Finance Act 2004 is up to date with all changes known to be in force on or before 27 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

SCHEDULES

SCHEDULE 16

BENEFITS UNDER PENSION SCHEMES

PART 2

CONSEQUENTIAL AMENDMENTS

Finance Act 2004

62 Part 4 of FA 2004 (pension schemes etc) is amended as follows.

F1 63 . . . . . .

Textual Amendments

F1 Sch. 16 para. 63 omitted (with effect in accordance with Sch. 5 para. 4 of the amending Act) by virtue of Finance Act 2016 (c. 24), **Sch. 5 para. 3(3)(a)**

64 In section 165 (pension rules), in subsection (3)(a), for "unsecured pension" substitute " drawdown pension ".

65 In section 168(1) (lump sum death benefit rule), for paragraph (e) substitute—

"(e) a drawdown pension fund lump sum death benefit,".

66 In section 169 (recognised transfers), in subsection (1D)—

(a) in paragraph (a), for "person's unsecured pension fund or dependant's unsecured pension fund" substitute " member's drawdown pension fund or dependant's drawdown pension fund ";

(b) omit paragraph (b) (and the "or" before it).

67 (1) Section 172B (increase in rights of connected person on death) is amended as follows.

(2) In subsection (2)(b), for "member's unsecured pension fund or dependant's unsecured pension fund" substitute " member's drawdown pension fund or dependant's drawdown pension fund ".

(3) In subsection (7A)—

(a) in paragraph (a), for "dependants' unsecured pension fund or dependants' alternatively secured pension fund" substitute " dependant's drawdown pension fund ";

(b) in paragraph (b), for "dependants' unsecured pension fund" substitute " dependant's drawdown pension fund ".

(4) Omit subsection (8A).

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68 Omit section 172BA (increase in rights on death arising from alternatively secured pension fund etc).

69 Omit section 181A (minimum level of payment of alternatively secured pensions).

70 (1) Section 182 (unauthorised borrowing: money purchase arrangements) is amended as follows.

(2) In subsection (3)—

(a) in paragraph (a), for "member's unsecured pension fund or alternatively secured pension fund" substitute " member's drawdown pension fund ";

(b) in paragraph (b), for "dependants' unsecured pension funds or alternatively secured pension funds" substitute "dependants' drawdown pension funds".

(3) In subsection (5), for "unsecured pension fund or alternatively secured pension fund" substitute " drawdown pension fund ".

71 In section 211 (surchargeable unauthorised member payments: valuation of crystallised rights), in subsection (1)(b), for "member's unsecured pension fund or alternatively secured pension fund" substitute " member's drawdown pension fund ".

72 In section 212 (surchargeable unauthorised member payments: valuation of uncrystallised rights), in subsection (2), for "member's unsecured pension fund or alternatively secured pension fund" substitute " member's drawdown pension fund ".

73 (1) In section 216 (benefit crystallisation events and amounts crystallised), the table in subsection (1) is amended as follows.

(2) In the entry for benefit crystallisation event 1, for "unsecured pension" substitute " drawdown pension ".

(3) In the entry for benefit crystallisation event 5A—

(a) for "unsecured pension" substitute " drawdown pension ";

(b) for "individual's unsecured pension fund" substitute " individual's drawdown pension fund ".

74 In section 241(1) (scheme chargeable payment), omit paragraph (aa) (and the "and" after it).

75 In section 268 (unauthorised payments surcharge and scheme sanction charge), in subsection (6), omit—

(a) "172BA,", and

(b) "or arises under section 181A".

76 In section 273A (insurance company liable as scheme administrator), in subsection (1), for paragraph (c) substitute—

"(c) a drawdown pension fund lump sum death benefit,".

77 (1) Section 280(2) (general index) is amended as follows.

(2) Omit the entries relating to "dependant's alternatively secured pension fund" and "member's alternatively secured pension fund".

(3) Omit the entries relating to "dependant's unsecured pension fund" and "member's unsecured pension fund" and at the appropriate place insert—

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"dependant's drawdown pension fund	paragraph 22 of Schedule 28";
"member's drawdown pension fund	paragraph 8 of Schedule 28".

[F2](4) . . . . . .

(5) Omit the entry relating to "unsecured pension fund lump sum death benefit" and at the appropriate place insert—

"drawdown pension fund lump sum death benefit	paragraph 17 of Schedule 29".

Textual Amendments

F2 Sch. 16 para. 77(4) omitted (with effect in accordance with Sch. 5 para. 4 of the amending Act) by virtue of Finance Act 2016 (c. 24), **Sch. 5 para. 3(3)(a)**

78 In Schedule 28 (pension rules), omit the following provisions—

(a) paragraph 5 (meaning of "alternatively secured pension");

(b) paragraphs 11 to 13 (member's alternatively secured pension fund etc);

(c) paragraph 19 (meaning of "dependants' alternatively secured pension");

(d) paragraphs 25 to 27 (dependant's alternatively secured pension fund etc).

79 (1) Schedule 29 (authorised lump sums) is amended as follows.

(2) In paragraph 1 (pension commencement lump sum), in sub-paragraph (3)(b), omit ", otherwise than by virtue of the operation of paragraph 8(2) of Schedule 28,".

(3) In paragraph 3 (pension commencement lump sum: calculation of applicable amount)—

(a) in sub-paragraph (1)(a), for "unsecured pension" substitute " drawdown pension ";

(b) in sub-paragraph (5)(a), for "member's unsecured pension fund" substitute " member's drawdown pension fund ";

(c) in sub-paragraph (8)(a), for "member's unsecured pension fund" substitute " member's drawdown pension fund ".

(4) In paragraph 15 (uncrystallised funds lump sum death benefit), in sub-paragraph (2)(b), for "unsecured pension" substitute " drawdown pension ".

80 (1) Schedule 32 (benefit crystallisation events: supplementary) is amended as follows.

(2) In paragraph 3 (benefit crystallisation events 1 and 2: prevention of overlap)—

(a) in sub-paragraph (1), for "unsecured pension fund" substitute " drawdown pension fund ";

(b) in sub-paragraph (2), for "unsecured pension" substitute " drawdown pension ".

(3) In paragraph 4 (benefit crystallisation events 1 and 4: prevention of overlap)—

(a) in sub-paragraph (1), for "unsecured pension fund" substitute " drawdown pension fund ";

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(b) in sub-paragraph (2), for "unsecured pension" substitute " drawdown pension ".

(4) In paragraph 5 (benefit crystallisation events 1 and 5: hybrid arrangements), in sub-paragraph (2), omit the words from "(with the effect that" to the end.

(5) In paragraph 17 (benefit crystallisation event 8: prevention of overlap with other events), in sub-paragraph (2)—

(a) for "unsecured pension fund" substitute " drawdown pension fund ";

(b) for "unsecured pension" substitute " drawdown pension ".

81 (1) Schedule 34 (non-UK schemes: application of certain charges) is amended as follows.

F3(2) . . . . . .

F4(3) . . . . . .

(4) In paragraph 5—

(a) for "Sections 205 and 206" substitute " Sections 205 to 206 ";

F5(b) . . . . . .

(5) Omit paragraph 7ZA (unauthorised payment charge: alternatively secured pension etc).

Textual Amendments

F3 Sch. 16 para. 81(2) omitted (with effect in accordance with Sch. 5 para. 4 of the amending Act) by virtue of Finance Act 2016 (c. 24), **Sch. 5 para. 3(3)(a)**

F4 Sch. 16 para. 81(3) omitted (6.4.2015) by virtue of Taxation of Pensions Act 2014 (c. 30), **Sch. 1 para. 32(2)**(4)

F5 Sch. 16 para. 81(4)(b) omitted (with effect in accordance with Sch. 5 para. 4 of the amending Act) by virtue of Finance Act 2016 (c. 24), **Sch. 5 para. 3(3)(a)**

82 (1) Schedule 36 (transitional provisions and savings) is amended as follows.

(2) In paragraph 20 (amount of lifetime allowance available to person who had right to payment of pension on 5 April 2006), for sub-paragraph (4) substitute—

"(4) In the case of drawdown pension, ARP is—

(a) the maximum amount that may be paid in the drawdown pension year in which the time falls in accordance with pension rule 5 (see section 165), or

(b) in the case of an arrangement to which subsection (3A) of section 165 applies, the maximum amount that could have been paid in accordance with that rule in the drawdown pension year in which that subsection first applied to the arrangement if it had not so applied."

(3) In paragraph 28 (lump sum rights for members with enhanced protection), in sub-paragraph (3), for "sub-paragraphs (5) to (7)" substitute " sub-paragraphs (5) to (7A) ".

(4) In paragraph 29 (lump sum rights for members with enhanced protection)—

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(a) in sub-paragraph (2), in the text treated as substituted for sub-paragraphs (1) to (3) of paragraph 3 of Schedule 29, for " unsecured pension " (in both places) substitute " drawdown pension ";

(b) in sub-paragraph (3), in the text treated as substituted for sub-paragraphs (5) to (7A) of that paragraph—

(i) for "member's unsecured pension fund" substitute " member's drawdown pension fund ", and

(ii) for the definition of "AC" substitute—

"AC is—

(a) in a case where the member becomes entitled to the pension before reaching the age of 75, the amount crystallised by reason of the member becoming entitled to the pension, and

(b) in a case where the member becomes entitled to the pension after reaching that age, the amount that would have been so crystallised but for paragraph 2 of Schedule 32."

(5) In paragraph 34 (entitlement to lump sums exceeding 25% of uncrystallised rights), in sub-paragraph (2), in the text treated as substituted for sub-paragraphs (5) to (8) of paragraph 2 of Schedule 29, for the definition of " AC " substitute—

"AC is—

(a) in a case where the member becomes entitled to the pension in connection with which the lump sum is paid before reaching the age of 75, the amount crystallised by reason of the member becoming entitled to the pension, and

(b) in a case where the member becomes entitled to that pension after reaching that age, the amount that would have been so crystallised but for paragraph 2 of Schedule 32,

(but this is subject to sub-paragraphs (7AA) and (7B)), ".

(6) In paragraph 36 (right to payment of lump sum death benefit)—

(a) in sub-paragraph (3)—

(i) after paragraph (a) insert " and ", and

(ii) omit paragraph (c) (and the "and" before it);

(b) omit sub-paragraphs (4) and (8);

(c) in sub-paragraph (9)—

(i) for ", annuity protection lump sum death benefit or unsecured pension fund lump sum death benefit" substitute " or annuity protection lump sum death benefit ", and

(ii) for "sub-paragraphs (3) to (8)" substitute " sub-paragraphs (3) to (7) ";

(d) in sub-paragraph (10)(a), for ", annuity protection lump sum death benefit or unsecured pension fund lump sum death benefit" substitute " or annuity protection lump sum death benefit ";

(e) in sub-paragraph (11), in the definition of "TPLS", for ", annuity protection lump sum death benefit or unsecured pension fund lump sum death benefit" substitute " or annuity protection lump sum death benefit ".

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:
Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. 23 para. 45(1)(ia) inserted by 2017 c. 10 Sch. 11 para. 6(3)
- Sch. 23 para. 2(1A) inserted by S.I. 2019/397 reg. 2(2) (This amendment not applied to legislation.gvo.uk. Amending Regulations revoked on IP completion day by S.I. 2020/1544, regs. 1, 8; S.I. 2020/1641, reg. 2, Sch.)
- Sch. 23 para. 15A inserted by S.I. 2019/397 reg. 2(3) (This amendment not applied to legislation.gvo.uk. Amending Regulations revoked on IP completion day by S.I. 2020/1544, regs. 1, 8; S.I. 2020/1641, reg. 2, Sch.)