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## SCHEDULES

### SCHEDULE 1

#### PENSION FLEXIBILITY ETC

#### PART 1

#### DRAWDOWN PENSIONS

##### *Further drawdown amendments*

- 5 FA 2004 is amended as follows.
- 6 In section 167(1) (the pension death benefit rules) in pension death benefit rule 4 (annual cap on dependants' drawdown pension) after “in each drawdown pension year” insert “from, or under a dependants' short-term annuity purchased using sums or assets out of, the dependant's drawdown pension fund”.
- 7 In section 168(1), in the lump sum death benefit rule, after paragraph (e) insert—  
“(ea) a flexi-access drawdown fund lump sum death benefit.”
- 8 In section 169(1D) (regulations about transfers of drawdown funds) after paragraph (a) insert “or  
(aa) a member's flexi-access drawdown fund or dependant's flexi-access drawdown fund.”
- 9 In section 172B(2) (rights of a “relevant member”)—  
(a) omit the “or” at the end of paragraph (aa), and  
(b) after paragraph (b) insert “, or  
(c) rights representing the member's flexi-access drawdown fund or dependant's flexi-access drawdown fund in respect of an arrangement under the pension scheme.”
- 10 In section 172B(7A) (section does not apply to certain increases in rights) after “dependant's drawdown pension fund” (in both places) insert “ or dependant's flexi-access drawdown fund ”.
- 11 In section 182(3) (value of arrangement for purposes of borrowing limits)—  
(a) after paragraph (a) insert—  
“(aa) the amount of such of the sums and the market value of such of the assets as represent the member's flexi-access drawdown fund in respect of the arrangement (if any),”,  
and  
(b) in paragraph (b) after “dependants' drawdown pension funds” insert “or dependants' flexi-access drawdown funds”.
- 12 In section 182(5) (determining whether rights are uncrystallised) after “the person's drawdown pension fund” insert “ or the person's flexi-access drawdown fund ”.

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- 13 In section 206(1) (payments which trigger special lump sum death benefits charge)  
 —  
 (a) omit the “or” at the end of paragraph (b), and  
 (b) after paragraph (c) insert “or  
 (d) a flexi-access drawdown fund lump sum death benefit.”
- 14 In section 211(1) (value of crystallised rights for purposes of section 210)—  
 (a) omit the “and” at the end of paragraph (a), and  
 (b) after paragraph (b) insert “, and  
 (c) the aggregate of the amount of the sums, and the market value of the assets, representing the member's flexi-access drawdown fund in respect of the arrangement on that date (if any).”
- 15 In section 212(2) (value of uncrystallised rights for purposes of section 210: rights which are not uncrystallised) after “the member's drawdown pension fund” insert “ or the member's flexi-access drawdown fund ”.
- 16 In section 216(1) (benefit crystallisation events and amounts crystallised), in column 2 of the entry in the table for benefit crystallisation event 5A, after “representing the individual's drawdown pension fund under the arrangement” insert “ (if any), plus the aggregate of the amount of the sums and the market value of the assets representing the individual's flexi-access drawdown fund under the arrangement (if any), ”.
- 17 In section 273A(1) (regulations about certain payments by insurance companies)—  
 (a) omit the “or” at the end of paragraph (b), and  
 (b) after paragraph (c) insert “or  
 (d) a flexi-access drawdown fund lump sum death benefit.”
- 18 In section 280(2) (index of defined expressions) at the appropriate places insert—  
 —————  
 “dependant's flexi-access drawdown paragraph 22A of Schedule 28”  
 fund  
 —————  
 —————  
 “flexi-access drawdown fund lump paragraph 17A of Schedule 29”  
 sum death benefit  
 —————  
 —————  
 “member's flexi-access drawdown paragraph 8A of Schedule 28”  
 fund  
 —————
- 19 In paragraph 7 of Schedule 28 (meaning of “income withdrawal”) at the end insert “ or from the member's flexi-access drawdown fund in respect of an arrangement ”.
- 20 In paragraph 21 of Schedule 28 (meaning of “dependants' income withdrawal”) at the end insert “ or from the dependant's flexi-access drawdown fund in respect of an arrangement ”.
- 21 In paragraph 22(2) of Schedule 28 (meaning of “dependant's drawdown pension fund”: funds designated as available for dependants' drawdown pension)—  
 (a) in the opening words omit “they”,  
 (b) in paragraph (a) for “have been designated at any time” substitute “ they have, at any time before 6 April 2015, been designated ”,

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- (c) before the “or” at the end of paragraph (a) insert—
- “(aa) they have, at any time on or after 6 April 2015, been designated under the arrangement as available for the payment of dependants' drawdown pension to the dependant, and—
    - (i) sums or assets held for the purposes of the arrangement have, at any time before 6 April 2015, been designated under the arrangement as so available, and
    - (ii) section 167(2A) did not apply to the arrangement immediately before 6 April 2015,” and
- (d) in paragraph (b)—
- (i) at the beginning insert “ they ”, and
  - (ii) for “sums or assets which have been so designated or” substitute “ dependant-designated funds under paragraph (a) or (aa) or from sums or assets ”.
- 22 In paragraph 3(5)(a) and (8)(a) of Schedule 29 (deductions when calculating “applicable amount”) after “of the member's drawdown pension fund” insert “ or of the member's flexi-access drawdown fund ”.
- 23 In paragraph 17 of Schedule 29 (meaning of “drawdown pension fund lump sum death benefit”)—
- (a) in sub-paragraph (1)(a) for “under” substitute “ to be paid from the member's drawdown pension fund in respect of ”, and
  - (b) in sub-paragraph (2)(c) after “at the date of the dependant's death” insert “ to be paid from the dependant's drawdown pension fund ”.
- 24 In Schedule 29 after paragraph 17 insert—

*“Flexi-access drawdown fund lump sum death benefit*

- 17A (1) For the purposes of this Part a lump sum death benefit is a flexi-access drawdown fund lump sum death benefit if—
- (a) it is paid in respect of income withdrawal to which the member was entitled to be paid from the member's flexi-access drawdown fund in respect of an arrangement at the date of the member's death, and
  - (b) it is not a charity lump sum death benefit.
- (2) A lump sum death benefit is also a flexi-access drawdown fund lump sum death benefit if—
- (a) it is paid on the death of a dependant of the member,
  - (b) it is paid in respect of dependants' income withdrawal to which the dependant was at the date of the dependant's death entitled to be paid from the dependant's flexi-access drawdown fund in respect of an arrangement relating to the member, and
  - (c) it is not a charity lump sum death benefit.
- (3) A lump sum death benefit is also a flexi-access drawdown fund lump sum death benefit if—
- (a) it is paid on the death of a nominee of the member,

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- (b) it is paid in respect of nominees' income withdrawal to which the nominee was at the date of the nominee's death entitled to be paid from the nominee's flexi-access drawdown fund in respect of an arrangement relating to the member, and
  - (c) it is not a charity lump sum death benefit.
- (4) A lump sum death benefit is also a flexi-access drawdown fund lump sum death benefit if—
- (a) it is paid on the death of a successor of the member,
  - (b) it is paid in respect of successors' income withdrawal to which the successor was at the date of the successor's death entitled to be paid from the successor's flexi-access drawdown fund in respect of an arrangement relating to the member, and
  - (c) it is not a charity lump sum death benefit.
- (5) But if the amount of a lump sum falling within sub-paragraph (1), (2), (3) or (4) exceeds the permitted maximum, the excess is not a flexi-access drawdown fund lump sum death benefit.
- (6) The permitted maximum is the aggregate of—
- (a) the amount of the sums, and
  - (b) the market value of the assets,
- representing the member's, dependant's, nominee's or successor's flexi-access drawdown fund in respect of the arrangement immediately before the payment is made.”
- 25 In paragraph 18 of Schedule 29 (meaning of “charity lump sum death benefit”)—
- (a) in sub-paragraph (1)(c) after “in respect of an arrangement” insert “, or in respect of the member's flexi-access drawdown fund in respect of an arrangement, ”,
  - (b) in sub-paragraph (2)(d) after “dependant's drawdown pension fund” insert “, or the dependant's flexi-access drawdown fund, ”, and
  - (c) in sub-paragraph (4) after “drawdown pension fund” insert “, or flexi-access drawdown fund, ”.
- 26 In paragraph 4(1) of Schedule 32 (supplementary provision about benefit crystallisation event 4) at the end insert “ or flexi-access drawdown fund ”.
- 27 In paragraph 17(2) of Schedule 32 (supplementary provision about benefit crystallisation event 8) after “the individual's drawdown pension fund” insert “ or flexi-access drawdown fund ”.
- 28 (1) In paragraph 20(4) of Schedule 36 (lifetime allowance: deemed crystallisation: value of rights to pre-5 April 2006 drawdown pensions)—
- (a) in paragraph (b) (arrangements where section 165(3A) of FA 2004 applies) for “applies” substitute “ applied at any time before 6 April 2015 ”, and
  - (b) after paragraph (b) insert “, or
  - (c) in the case of an arrangement to which section 165(3A) never applied but only if the time falls after the member's drawdown pension fund in respect of the arrangement is converted into the member's flexi-access drawdown fund in respect of the arrangement by the operation of any of paragraphs 8B to 8D of Schedule 28, 80% of the maximum

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amount that could have been paid in accordance with pension rule 5 in the drawdown pension year in which the conversion occurs had no conversion happened in that year by the operation of any of paragraphs 8B to 8D of Schedule 28.”

(2) The amendments made by sub-paragraph (1) come into force on 6 April 2015.

**Commencement Information**

**II** Sch. 1 para. 28 in force at Royal Assent, but see sub-para. (2)

29 In paragraph 29(3) of Schedule 36 (modifications of paragraph 3 of Schedule 29 for cases involving protected lump sum rights), in the sub-paragraph (5)(a) treated as substituted in paragraph 3 of Schedule 29, after “ member's drawdown pension fund ” insert “ or flexi-access drawdown fund ”.

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