



Pension Schemes Act 2015

2015 CHAPTER 8

PART 4

PENSIONS FLEXIBILITIES

CHAPTER 3

DRAWDOWN, CONVERSION OF BENEFITS AND LUMP SUMS

Great Britain

55 Sums or assets that may be designated as available for drawdown: Great Britain

- (1) In the case of a member of an occupational pension scheme the only sums or assets that may be designated as available for the payment of drawdown pension for the member under the scheme are sums or assets held for the purposes of providing money purchase benefits to or in respect of the member.
- (2) In the case of a survivor of a member of an occupational pension scheme the only sums or assets that may be designated as available for the payment of dependants' drawdown pension, nominees' drawdown pension or successors' drawdown pension for the survivor under the scheme are sums or assets held for the purposes of providing money purchase benefits to the survivor.
- (3) This section overrides any provision of an occupational pension scheme to the extent that there is a conflict.
- (4) This section does not apply in relation to sums or assets designated before 6 April 2015.

Changes to legislation: There are currently no known outstanding effects for the Pension Schemes Act 2015, CHAPTER 3. (See end of Document for details)

56 Provision about conversion of certain benefits for drawdown: Great Britain

- (1) The Secretary of State may by regulations make provision about the conversion of benefits under an occupational pension scheme in circumstances where—
 - (a) a member of the scheme, or a survivor of a member of the scheme, has subsisting rights in respect of any flexible benefits other than money purchase benefits under the scheme, and
 - (b) the member or survivor exercises an option to convert any of the benefits into money purchase benefits for the purposes of enabling sums or assets to be designated as available for the payment of drawdown pension, dependants' drawdown pension, nominees' drawdown pension or successors' drawdown pension.
- (2) Regulations under subsection (1) may, in particular, make provision about how the rate or amount of any benefits not converted are to be calculated in future.
- (3) In relation to a conversion that takes place before the member or survivor reaches normal pension age, regulations under subsection (1) may in particular make provision about—
 - (a) the manner in which benefits are to be calculated for the purpose of converting them into money purchase benefits;
 - (b) the use of any power to reduce benefits.
- (4) Regulations made under this section may include provision for them to override the provisions of a pension scheme to the extent that there is a conflict.

Commencement Information

- II** S. 56 wholly in force; s. 56 in force at Royal Assent for specified purposes; s. 56 in force in so far as not already in force at 6.4.2015 see s. 89(1)(b)(3)(b)

57 Provision about calculation of lump sums: Great Britain

- (1) The Secretary of State may by regulations make provision about the calculation of lump sums in circumstances where—
 - (a) a member of an occupational pension scheme, or a survivor of a member of the scheme, has subsisting rights in respect of any flexible benefits other than money purchase benefits under the scheme, and
 - (b) the member or survivor exercises an option to be paid a lump sum in respect of any of those benefits.
- (2) Regulations under subsection (1) may, in particular, make provision about how the rate or amount of any remaining benefits are to be calculated in future.
- (3) In a case where a member or survivor exercises an option to be paid a lump sum before reaching normal pension age, regulations under subsection (1) may in particular make provision about—
 - (a) the manner in which benefits are to be calculated for the purpose of determining the amount available for the payment of the lump sum;
 - (b) the use of any power to reduce the amount of the lump sum.
- (4) Regulations made under this section may include provision for them to override the provisions of a pension scheme to the extent that there is a conflict.

Changes to legislation: There are currently no known outstanding effects for the Pension Schemes Act 2015, CHAPTER 3. (See end of Document for details)

Commencement Information

- I2** S. 57 wholly in force; s. 57 in force at Royal Assent for specified purposes; s. 57 in force in so far as not already in force at 6.4.2015 see s. 89(1)(b)(3)(b)

58 Restrictions on conversion of benefits during winding up etc: Great Britain

- (1) In section 73A of the Pensions Act 1995 (operation of scheme during winding up period), after subsection (6) insert—

“(6A) During the winding up period no right or entitlement of any member, or of any other person in respect of a member, to a benefit that is not a money purchase benefit is to be converted into, or replaced with, a right or entitlement to a money purchase benefit under the scheme rules.”

- (2) In section 73B of that Act (sections 73 and 73A: supplementary), in subsections (1) and (3), after “section 73A(3)” insert “ or (6A) ”.

- (3) In section 135 of the Pensions Act 2004 (restrictions on winding up, discharge of liabilities etc during assessment period), in subsection (4), before paragraph (a) insert—

“(za) no right or entitlement of any member, or of any other person in respect of a member, to a benefit that is not a money purchase benefit is to be converted into, or replaced with, a right or entitlement to a money purchase benefit under the scheme rules.”

59 Restriction on payment of lump sums during PPF assessment period: Great Britain

- (1) Section 138 of the Pensions Act 2004 (payment of scheme benefits during assessment period) is amended as follows.

- (2) In subsection (1), after “Subsections (2)” insert “, (2A) ”.

- (3) After subsection (2) insert—

“(2A) Benefits in the form of a lump sum may be paid to or in respect of a member under the scheme rules during the assessment period only in the circumstances in which, and to the extent to which, lump sum compensation would be payable to or in respect of the member in accordance with this Chapter if—

- (a) the Board assumed responsibility for the scheme in accordance with this Chapter, and
- (b) the assessment date referred to in Schedule 7 were the date on which the assessment period began.”

- (4) In subsection (3), omit “But”.

- (5) In subsection (5), for “subsection (2)” substitute “ subsections (2) and (2A) ”.

- (6) In subsection (6), for “subsection (3)” substitute “ subsections (2A) and (3) ”.

- (7) In subsection (7), after “Subsections (2),” insert “ (2A), ”.

- (8) In subsection (8), after “subsections (2)” insert “, (2A) ”.

Changes to legislation: There are currently no known outstanding effects for the Pension Schemes Act 2015, CHAPTER 3. (See end of Document for details)

- (9) In subsection (9), for “subsections (2) and (3)” substitute “ subsections (2) to (3) ”.
- (10) After subsection (9) insert—
- “(9A) Regulations may make provision as to circumstances in which benefits in the form of a lump sum are to be treated for the purposes of subsection (2A) as being paid in the circumstances in which lump sum compensation would be payable in accordance with this Chapter.
- (9B) Regulations may create exceptions to subsection (2A).”
- (11) In subsection (12), for “subsection (2)” substitute “ subsections (2) and (2A) ”.
- (12) In subsection (13), after “subsection (2)” insert “ , (2A) ”.

Commencement Information

- I3** [S. 59](#) wholly in force; [s. 59](#) in force at Royal Assent for specified purposes; [s. 59](#) in force in so far as not already in force at 6.4.2015 see [s. 89\(1\)\(b\)\(3\)\(b\)](#)

60 Sections 55 to 57: consequential amendments

- (1) In section 101AI of the Pension Schemes Act 1993 (early leavers: cash transfer sums and contribution refunds - further provisions), in subsection (8)—
- (a) in paragraph (a), after sub-paragraph (ix) insert—
- “(x) section 55 of the Pension Schemes Act 2015;
 (xi) regulations made under section 56 or 57 of the Pension Schemes Act 2015;”;
- (b) in paragraph (b), after sub-paragraph (vii) insert—
- “(viii) section 55(3) of the Pension Schemes Act 2015;
 (ix) regulations made under section 56(4) or 57(4) of the Pension Schemes Act 2015.”
- (2) In section 67A of the Pensions Act 1995 (the subsisting rights provisions: interpretation), in subsection (9)—
- (a) in paragraph (a), after sub-paragraph (x) (inserted by section 45 of this Act) insert—
- “(xi) section 55 of the Pension Schemes Act 2015;
 (xii) regulations made under section 56 or 57 of the Pension Schemes Act 2015;”;
- (b) in paragraph (b), after sub-paragraph (viii) (inserted by section 45 of this Act) insert—
- “(ix) section 55(3) of the Pension Schemes Act 2015;
 (x) regulations made under section 56(4) or 57(4) of the Pension Schemes Act 2015.”
- (3) In section 318 of the Pensions Act 2004 (interpretation), in subsection (3)—
- (a) in paragraph (a), after sub-paragraph (x) (inserted by Schedule 2 to this Act) insert—
- “(xi) section 55 of the Pension Schemes Act 2015;

Changes to legislation: There are currently no known outstanding effects for the Pension Schemes Act 2015, CHAPTER 3. (See end of Document for details)

- (xii) regulations made under section 56 or 57 of the Pension Schemes Act 2015;”;
- (b) in paragraph (b), after sub-paragraph (viii) (inserted by Schedule 2 to this Act) insert—
- “(ix) section 55(3) of the Pension Schemes Act 2015;
(x) regulations made under section 56(4) or 57(4) of the Pension Schemes Act 2015.”

Northern Ireland

61 Sums or assets that may be designated as available for drawdown: Northern Ireland

- (1) In the case of a member of an occupational pension scheme the only sums or assets that may be designated as available for the payment of drawdown pension for the member under the scheme are sums or assets held for the purposes of providing money purchase benefits to or in respect of the member.
- (2) In the case of a survivor of a member of an occupational pension scheme the only sums or assets that may be designated as available for the payment of dependants' drawdown pension, nominees' drawdown pension or successors' drawdown pension for the survivor under the scheme are sums or assets held for the purposes of providing money purchase benefits to the survivor.
- (3) This section overrides any provision of an occupational pension scheme to the extent that there is a conflict.
- (4) This section does not apply in relation to sums or assets designated before 6 April 2015.

62 Provision about conversion of certain benefits for drawdown: Northern Ireland

- (1) The Department for Social Development in Northern Ireland may by regulations make provision about the conversion of benefits under an occupational pension scheme in circumstances where—
 - (a) a member of the scheme, or a survivor of a member of the scheme, has subsisting rights in respect of any flexible benefits other than money purchase benefits under the scheme, and
 - (b) the member or survivor exercises an option to convert any of the benefits into money purchase benefits for the purposes of enabling sums or assets to be designated as available for the payment of drawdown pension, dependants' drawdown pension, nominees' drawdown pension or successors' drawdown pension.
- (2) Regulations under subsection (1) may, in particular, make provision about how the rate or amount of any benefits not converted are to be calculated in future.
- (3) In relation to a conversion that takes place before the member or survivor reaches normal pension age, regulations under subsection (1) may in particular make provision about—
 - (a) the manner in which benefits are to be calculated for the purpose of converting them into money purchase benefits;

Changes to legislation: There are currently no known outstanding effects for the Pension Schemes Act 2015, CHAPTER 3. (See end of Document for details)

- (b) the use of any power to reduce benefits.
- (4) Regulations made under this section may include provision for them to override the provisions of a pension scheme to the extent that there is a conflict.

Commencement Information

I4 S. 62 wholly in force; s. 62 in force at Royal Assent for specified purposes; s. 62 in force in so far as not already in force at 6.4.2015 see s. 89(1)(b)(3)(b)

63 Provision about calculation of lump sums: Northern Ireland

- (1) The Department for Social Development in Northern Ireland may by regulations make provision about the calculation of lump sums in circumstances where—
 - (a) a member of an occupational pension scheme, or a survivor of a member of the scheme, has subsisting rights in respect of any flexible benefits other than money purchase benefits under the scheme, and
 - (b) the member or survivor exercises an option to be paid a lump sum in respect of any of those benefits.
- (2) Regulations under subsection (1) may, in particular, make provision about how the rate or amount of any remaining benefits are to be calculated in future.
- (3) In a case where a member or survivor exercises an option to be paid a lump sum before reaching normal pension age, regulations under subsection (1) may in particular make provision about—
 - (a) the manner in which benefits are to be calculated for the purpose of determining the amount available for the payment of the lump sum;
 - (b) the use of any power to reduce the amount of the lump sum.
- (4) Regulations made under this section may include provision for them to override the provisions of a pension scheme to the extent that there is a conflict.

Commencement Information

I5 S. 63 wholly in force; s. 63 in force at Royal Assent for specified purposes; s. 63 in force in so far as not already in force at 6.4.2015 see s. 89(1)(b)(3)(b)

64 Restrictions on conversion of benefits during winding up etc: Northern Ireland

- (1) In Article 73A of the Pensions (Northern Ireland) Order 1995 (S.I. 1995/3213 (N.I. 22)) (operation of scheme during winding up period), after paragraph (6) insert—

“(6A) During the winding up period no right or entitlement of any member, or of any other person in respect of a member, to a benefit that is not a money purchase benefit is to be converted into, or replaced with, a right or entitlement to a money purchase benefit under the scheme rules.”
- (2) In Article 73B of that Order (Articles 73 and 73A: supplementary), in paragraphs (1) and (3), after “Article 73A(3)” insert “ or (6A) ”.

Changes to legislation: There are currently no known outstanding effects for the Pension Schemes Act 2015, CHAPTER 3. (See end of Document for details)

- (3) In Article 119 of the Pensions (Northern Ireland) Order 2005 (S.I. 2005/255 (N.I. 1)) (restrictions on winding up, discharge of liabilities etc during assessment period), in paragraph (4), before sub-paragraph (a) insert—

“(za) no right or entitlement of any member, or of any other person in respect of a member, to a benefit that is not a money purchase benefit is to be converted into, or replaced with, a right or entitlement to a money purchase benefit under the scheme rules.”

65 Restriction on payment of lump sums during PPF assessment period: Northern Ireland

- (1) Article 122 of the Pensions (Northern Ireland) Order 2005 (S.I. 2005/255 (N.I. 1)) (payment of scheme benefits during assessment period) is amended as follows.

- (2) In paragraph (1), after “Paragraphs (2)” insert “, (2A) ”.

- (3) After paragraph (2) insert—

“(2A) Benefits in the form of a lump sum may be paid to or in respect of a member under the scheme rules during the assessment period only in the circumstances in which, and to the extent to which, lump sum compensation would be payable to or in respect of the member in accordance with this Chapter if—

- (a) the Board assumed responsibility for the scheme in accordance with this Chapter, and
(b) the assessment date referred to in Schedule 6 were the date on which the assessment period began.”

- (4) In paragraph (3), omit “But”.

- (5) In paragraph (5), for “paragraph (2)” substitute “ paragraphs (2) and (2A) ”.

- (6) In paragraph (6), for “paragraph (3)” substitute “ paragraphs (2A) and (3) ”.

- (7) In paragraph (7), after “Paragraphs (2),” insert “ (2A), ”.

- (8) In paragraph (8), after “paragraphs (2)” insert “, (2A) ”.

- (9) In paragraph (9), for “paragraphs (2) and (3)” substitute “ paragraphs (2) to (3) ”.

- (10) After paragraph (9) insert—

“(9A) Regulations may make provision as to circumstances in which benefits in the form of a lump sum are to be treated for the purposes of paragraph (2A) as being paid in the circumstances in which lump sum compensation would be payable in accordance with this Chapter.

(9B) Regulations may create exceptions to paragraph (2A).”

- (11) In paragraph (12), for “paragraph (2)” substitute “ paragraphs (2) and (2A) ”.

- (12) In paragraph (13), after “paragraph (2)” insert “, (2A) ”.

Changes to legislation: There are currently no known outstanding effects for the Pension Schemes Act 2015, CHAPTER 3. (See end of Document for details)

Commencement Information

- I6** S. 65 wholly in force; s. 65 in force at Royal Assent for specified purposes; s. 65 in force in so far as not already in force at 6.4.2015 see s. 89(1)(b)(3)(b)

66 Sections 61 to 63: consequential amendments

- (1) In section 97AI of the Pension Schemes (Northern Ireland) Act 1993 (early leavers: cash transfer sums and contribution refunds - further provisions), in subsection (7)—
- (a) in paragraph (a), after sub-paragraph (vii) insert—
 - “(viii) section 61 of the Pension Schemes Act 2015;
 - (ix) regulations made under section 62 or 63 of the Pension Schemes Act 2015;”;
 - (b) in paragraph (b), after sub-paragraph (v) insert—
 - “(vi) section 61(3) of the Pension Schemes Act 2015;
 - (vii) regulations made under section 62(4) or 63(4) of the Pension Schemes Act 2015.”
- (2) In Article 67A of the Pensions (Northern Ireland) Order 1995 (S.I. 1995/3213 (N.I. 22)) (the subsisting rights provisions: interpretation), in paragraph (9)—
- (a) in sub-paragraph (a), after head (vii) insert—
 - “(viii) section 61 of the Pension Schemes Act 2015;
 - (ix) regulations made under section 62 or 63 of the Pension Schemes Act 2015;”;
 - (b) in sub-paragraph (b), after head (v) insert—
 - “(vi) section 61(3) of the Pension Schemes Act 2015;
 - (vii) regulations made under section 62(4) or 63(4) of the Pension Schemes Act 2015.”
- (3) In Article 2 of the Pensions (Northern Ireland) Order 2005 (S.I. 2005/255 (N.I. 1)) (interpretation), in paragraph (4)—
- (a) in sub-paragraph (a), after head (vii) insert—
 - “(viii) section 61 of the Pension Schemes Act 2015;
 - (ix) regulations made under section 62 or 63 of the Pension Schemes Act 2015;”;
 - (b) in sub-paragraph (b), after head (v) insert—
 - “(vi) section 61(3) of the Pension Schemes Act 2015;
 - (vii) regulations made under section 62(4) or 63(4) of the Pension Schemes Act 2015.”

Changes to legislation:

There are currently no known outstanding effects for the Pension Schemes Act 2015, CHAPTER 3.