These notes refer to the Finance (No. 2) Act 2010 (c.31) which received Royal Assent on 27 July 2010

FINANCE (NO. 2) ACT 2010

EXPLANATORY NOTES

Section 6Schedule 3: Pensions: Treatment of Persons at Age 75

Summary

1. Section 6 and Schedule 3 modify how certain tax rules relating to registered pension schemes apply to individuals reaching age 75 on or after 22 June 2010. The changes apply to individuals with money purchase arrangements who reach age 75 without having used their pension fund to purchase an annuity or otherwise secure a pension income. On reaching age 75 these individuals will remain, or become, subject to the same rules about both the income they may withdraw and the lump sum death benefits that may be paid from income withdrawal arrangements as previously applied only up to age 75. The limits and charges instead continue to apply until the individual's 77th birthday. The inheritance tax charges specifically applying to pension scheme members aged 75 or over consequently will not apply in relation to individuals until they reach age 77 provided their 75th birthday was on or after 22 June 2010. The Section and Schedule enable those reaching age 75 on or after 22 June 2010 to defer their decision on what to do with their pension savings until after the new rules announced by the Government are finalised next year.