

SCHEDULES

SCHEDULE 5

PENSION FLEXIBILITY

Top-up of dependants' death benefits

10 (1) In paragraph 15 of Schedule 29 to FA 2004 (uncrystallised funds lump sum death benefits), after sub-paragraph (2) insert—

“(2A) Where—

- (a) the arrangement is a cash balance arrangement,
- (b) under the arrangement, a dependant of the member is entitled to be paid after the member's death an amount by way of a lump sum,
- (c) the dependant's entitlement to a lump sum of that amount under the arrangement comes into being at a time no later than the member's death,
- (d) such of the sums and assets held for the purposes of the arrangement immediately after the member's death as are held for the purpose of meeting the liability to pay the lump sum are insufficient for that purpose (including where that is because none are held for that purpose), and
- (e) a person who was an employer in relation to the member pays a contribution to the scheme—
 - (i) for or towards making good that insufficiency, and
 - (ii) of no more than is needed for making good the insufficiency,

the sums and assets held for the purposes of the arrangement that represent the contribution are to be treated as “relevant uncrystallised funds” for the purposes of this paragraph.”

(2) The amendment made by sub-paragraph (1) has effect in relation to contributions paid after the day on which this Act is passed.