

Status: Point in time view as at 17/12/2014.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2004, Part 1. (See end of Document for details)

SCHEDULES

SCHEDULE 28 **U.K.**

REGISTERED PENSION SCHEMES: AUTHORISED PENSIONS—SUPPLEMENTARY

Modifications etc. (not altering text)

- C1** Sch. 28 modified by [The Pensions Schemes \(Application of UK Provisions to Relevant Non-UK Schemes\) Regulations 2006 \(S.I. 2006/207\)](#), regs. 1(1), **14** (as substituted (with effect in accordance with reg. 1(2) of the amending S.I.) by [S.I. 2012/1795](#), regs. 1(1), **5**)

PART 1 **U.K.**

PENSION RULES

Defined benefits and money purchase arrangements

Ill-health condition

- 1 For the purposes of this Part the ill-health condition is met if—
- (a) the scheme administrator has received evidence from a registered medical practitioner that the member is (and will continue to be) incapable of carrying on the member's occupation because of physical or mental impairment, and
 - (b) the member has in fact ceased to carry on the member's occupation.

Modifications etc. (not altering text)

- C1** Sch. 28 para. 1 modified (6.4.2006) by [The Registered Pension Schemes \(Splitting of Schemes\) Regulations 2006 \(S.I. 2006/569\)](#), regs. 1(1), 3(1)(2), **Sch. 3 Pt. 1**

Scheme pension

- 2 ^{F1}(1)
- (2) [^{F2}A] pension payable to the member is a scheme pension for the purposes of this Part if—
- (a) it is payable by the scheme administrator or by an insurance company selected by the scheme administrator, and
 - (b) it satisfies the condition in sub-paragraph (3).
- (3) The condition is that (subject to sub-paragraph (4)—
- (a) the pension is payable (at least annually) until the member's death or until the later of the member's death and the end of a term certain not exceeding ten years, and

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- (b) the rate of pension payable [^{F3}at any time during any] relevant 12 month period is not less than the rate payable [^{F4}at the relevant time].
- [^{F5}(3A) “The relevant time” is—
- (a) in the case of the first relevant 12 month period, the day on which the member becomes entitled to the pension, and
- (b) in the case of any other relevant 12 month period, immediately before the beginning of that period.]
- (4) None of the following prevent the pension satisfying the condition in sub-paragraph (3)—
- [^{F6}(a) the reduction of the pension if the member became entitled to it by reason of the ill-health condition being met,]
- (b) a reduction in the rate of the pension which applies to all the scheme pensions being paid to or in respect of members of the pension scheme, ^{F7}...
- [^{F8}(c) a reduction in the rate of the pension, taking effect at a time [^{F9}during the permitted period], which [^{F10}together with any previous reductions of the kind referred to in this paragraph (c)] does not exceed the relevant state retirement pension rate at that time (or the pension ceasing to be payable at such a time if at that time that rate is greater than the rate of the pension).]
- [^{F11}(d) the reduction of the pension in consequence of a pension sharing order or provision,
- (e) forfeiture of entitlement to the pension in circumstances prescribed by regulations made by the Board of Inland Revenue,
- (f) the reduction of the pension in consequence of an order of a court,
- (g) if the pension is under a public service pension scheme, its reduction by abatement, or
- (h) the reduction of the pension in any other circumstances prescribed by regulations made by the Board of Inland Revenue.]
- [^{F12}(4A) In sub-paragraph (4) references to the reduction of a pension include its ceasing to be payable (whether temporarily or permanently).]
- [^{F13}(4B) In sub-paragraph (4)(c) “the permitted period” means the period beginning with the day on which the member reaches the age of 60 and ending with the day on which the member reaches the age of 65 or, if later, reaches pensionable age.]
- [^{F14}(5) For the purposes of sub-paragraph (4)(c) “the relevant state retirement pension rate” at any time—
- (a) where no employment of the member to which the pension scheme relates is or has been other than contracted-out employment by reference to the pension scheme, is 125% of the rate of the basic pension at that time or such higher percentage of that rate as the Treasury may by regulations prescribe,
- (b) where no such employment of the member is or has been contracted-out employment by reference to the pension scheme, is 250% of the rate of the basic pension at that time or such higher percentage of that rate as the Treasury may by regulations prescribe, and
- (c) otherwise, is such percentage of the rate of the basic pension at that time falling between the percentages for the time being specified under or by virtue of paragraphs (a) and (b) as the Treasury by regulations prescribe;

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and regulations under paragraph (c) may prescribe different percentages for different cases.

(5A) For the purposes of sub-paragraph (5)—

- (a) for the meaning of “contracted-out employment” see section 8(1) of the Pension Schemes Act 1993 or section 4(1) of the Pension Schemes (Northern Ireland) Act 1993, and
- (b) “the basic pension” means the basic pension specified in section 44 of SSCBA 1992 or section 44 of SSCB(NI)A 1992.]

(6) A pension is payable until the end of a term certain even if it may, after the death of the member during the term, end on the pensioner—

- (a) marrying,
- [^{F15}(aa) entering into a civil partnership,]
- (b) reaching the age of 18, or
- (c) ceasing to be in full-time education.

[^{F16}(6A) The Board of Inland Revenue may by regulations provide that if—

- (a) a scheme pension payable by an insurance company selected by the scheme administrator of a registered pension scheme (“the original scheme pension”) ceases to be payable, and
- (b) in consequence of the transfer of sums or assets (or both) from the insurance company to another insurance company in connection with the original scheme pension ceasing to be payable, another scheme pension becomes payable by the other insurance company (“the new scheme pension”),

the new scheme pension is to be treated, to such extent as is prescribed by the regulations and for such of the purposes of this Part as are so prescribed, as if it were the original scheme pension.]

(7) A relevant 12 month period is any 12 month period which—

- (a) begins on or after the first anniversary of the day on which the member becomes entitled to the pension, and
- (b) ends before the day on which the pension ceases to be payable.

[^{F17}(8) Regulations under sub-paragraph [^{F18}(4)(e) or (h) or (5)] may include provision having effect in relation to times before they are made.]

Textual Amendments

- F1** Sch. 28 para. 2(1) repealed (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 11\(2\), 64\(1\)](#), [Sch. 11 Pt. 4](#)
- F2** Word in Sch. 28 para. 2(2) substituted (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 11\(3\)](#), 64(1)
- F3** Words in Sch. 28 para. 2(3)(b) substituted (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 11\(4\)\(a\)](#), 64(1)
- F4** Words in Sch. 28 para. 2(3)(b) substituted (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 11\(4\)\(b\)](#), 64(1)
- F5** Sch. 28 para. 2(3A) inserted (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 11\(5\)](#), 64(1)
- F6** Sch. 28 para. 2(4)(a) substituted (retrospectively) by [Finance Act 2007 \(c. 11\)](#), [Sch. 20 paras. 7\(2\)](#), 24(3)
- F7** Word in Sch. 28 para. 2(4)(b) repealed (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 11\(6\)](#), 64(1), [Sch. 11 Pt. 4](#)
- F8** Sch. 28 para. 2(4)(c) substituted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\)](#), s. 161(2), [Sch. 23 para. 20\(2\)](#)

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- F9** Words in Sch. 28 para. 2(4)(c) substituted (with effect in accordance with s. 51(5) of the amending Act) by [Finance Act 2013 \(c. 29\), s. 51\(2\)\(a\)\(i\)](#)
- F10** Words in Sch. 28 para. 2(4)(c) inserted (with effect in accordance with s. 51(5) of the amending Act) by [Finance Act 2013 \(c. 29\), s. 51\(2\)\(a\)\(ii\)](#)
- F11** Sch. 28 para. 2(4)(d)-(h) inserted (6.4.2006) by [Finance Act 2005 \(c. 7\), Sch. 10 paras. 11\(6\), 64\(1\)](#)
- F12** Sch. 28 para. 2(4A) inserted (6.4.2006) by [Finance Act 2005 \(c. 7\), Sch. 10 paras. 11\(7\), 64\(1\)](#)
- F13** Sch. 28 para. 2(4B) inserted (with effect in accordance with s. 51(5) of the amending Act) by [Finance Act 2013 \(c. 29\), s. 51\(2\)\(b\)](#)
- F14** Sch. 28 para. 2(5)(5A) substituted for Sch. 28 para. 2(5) (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\), s. 161\(2\), Sch. 23 para. 20\(3\)](#)
- F15** Sch. 28 para. 2(6)(aa) inserted (22.2.2007) by [The Tax and Civil Partnership Regulations 2007 \(S.I. 2007/493\), regs. 1, 2\(2\)](#)
- F16** Sch. 28 para. 2(6A) inserted (6.4.2006) by [Finance Act 2005 \(c. 7\), Sch. 10 paras. 11\(8\), 64\(1\)](#)
- F17** Sch. 28 para. 2(8) inserted (6.4.2006) by [Finance Act 2005 \(c. 7\), Sch. 10 paras. 11\(9\), 64\(1\)](#)
- F18** Words in Sch. 28 para. 2(8) substituted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\), s. 161\(2\), Sch. 23 para. 20\(4\)](#)

- [^{F19}2A (1) Where this paragraph applies in relation to a pension payable to the member, the pension scheme is to be treated as making an unauthorised payment to the member of the appropriate amount.
- (2) This paragraph applies to a pension if it fails to satisfy the condition in sub-paragraph (3) of paragraph 2—
- (a) by reason of not complying with paragraph (a) of that sub-paragraph, or
 - (b) by reason of not complying with paragraph (b) of that sub-paragraph because a substantial reduction occurs in the rate of the pension,
- or if it is a pension [^{F20}which is reduced in accordance with paragraph (a) of sub-paragraph (4) of paragraph 2, or the rate of which is reduced in accordance with paragraph (b) of that sub-paragraph, and] the reduction is part of avoidance arrangements.
- (3) For the purposes of sub-paragraph (2)(b) a substantial reduction occurs in the rate of a pension if the rate at which the pension is payable at any time during any relevant 12 month period (within the meaning of paragraph 2(7)) is less than 80% of the rate payable when the member became entitled to the pension.
- (4) For the purposes of sub-paragraph (2) “avoidance arrangements” includes schemes, arrangements and understandings of any kind (whether or not legally enforceable) the main purpose, or one of the main purposes, of which is to increase the member’s entitlement to a lump sum on which there is no liability to income tax.
- (5) “The appropriate amount”, in relation to the pension, is the amount of any lump sum on which there is no liability to tax to which the member became entitled in connection with the pension.
- (6) Once this paragraph has applied in relation to the pension, it does not apply in relation to it again.
- (7) The application of this paragraph in relation to the pension does not prevent any payments of the pension themselves being unauthorised member payments.]

Textual Amendments

- F19** Sch. 28 para. 2A inserted (6.4.2006) by [Finance Act 2005 \(c. 7\), Sch. 10 paras. 12, 64\(1\)](#)

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F20 Words in Sch. 28 para. 2A(2) substituted (19.7.2007) (with effect in accordance with Sch. 20 para. 24(4) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 20 para. 7\(3\)](#)

Money purchase arrangements

Lifetime annuity

- 3 (1) For the purposes of this Part an annuity payable to the member is a lifetime annuity if—
- (a) it is payable by an insurance company,
 - (b) the member had an opportunity to select the insurance company,
 - ^{F21}(ba) the member becomes entitled to it before 6 April 2015,]
 - (c) it is payable until the member’s death or until the later of the member’s death and the end of a term certain not exceeding ten years, and
 - ^{F22}(d) its amount either cannot decrease or falls to be determined in any manner prescribed by regulations made by the Board of Inland Revenue.]
- ^{F23}(1A) For the purposes of this Part, but subject to any provision made under sub-paragraph (2C)(za), an annuity payable to the member is also a lifetime annuity if—
- (a) it is payable by an insurance company,
 - (b) the member becomes entitled to it on or after 6 April 2015, and
 - (c) it is payable until the member's death or until the later of the member's death and the end of a term certain.]
- (2) An annuity is payable until the end of a term certain even if it may, after the death of the member during the term, end on the annuitant—
- (a) marrying,
 - ^{F24}(aa) entering into a civil partnership,]
 - (b) reaching the age of 18, or
 - (c) ceasing to be in full-time education.
- ^{F25}(2A) An annuity does not fail to satisfy sub-paragraph (1)(d) by reason of the operation of a pension sharing order or provision.
- (2B) The Board of Inland Revenue may by regulations make provision in relation to cases in which a lifetime annuity payable by an insurance company (“the original lifetime annuity”) ceases to be payable and in consequence of that—
- (a) sums or assets (or both) are transferred from the insurance company to another insurance company and are applied towards the provision of either another lifetime annuity (a “new lifetime annuity”) or a scheme pension, short-term annuity, dependants' scheme pension, dependants' annuity or dependants' short-term annuity by the other insurance company, or
 - (b) sums or assets are transferred to the relevant registered pension scheme.
- (2C) The regulations may provide that—
- [in a case where—
 - ^{F26}(za) (i) a new annuity becomes payable,
 - (ii) the member becomes entitled to it on or after 6 April 2015,
 - (iii) it would be a lifetime annuity if any provision made under this paragraph were ignored,

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- (iv) the terms of the contract for it are such that there will or could be decreases in its amount other than allowed decreases (see sub-paragraph (2E)), and
- (v) any other conditions prescribed by the regulations are met,
- the new annuity is not a lifetime annuity for the purposes of this Part,]
- (a) in a case where a new lifetime annuity becomes payable, the new lifetime annuity is to be treated, to such extent as is prescribed by the regulations and for such of the purposes of this Part as are so prescribed, as if it were the original lifetime annuity, and
- (b) in [^{F27}a case other than one where a new lifetime annuity becomes payable], the relevant registered pension scheme is to be treated as making an unauthorised payment to the member of an amount equal to the aggregate of the amount of the sums, and the market value of the assets, transferred.

^{F28}(2CA)

(2D) For the purposes of sub-paragraphs (2B) and (2C) a registered pension scheme is the relevant registered pension scheme if the original lifetime annuity was acquired using sums or assets held for the purposes of the pension scheme.]

[^{F29}(2E) In sub-paragraph (2C)(za)(iv) “allowed decreases” means decreases from time to time allowed by regulations under sub-paragraph (1)(d); and any such regulations are to be treated as having effect for this purpose.]

^{F30}(3)

^{F30}(4)

^{F30}(5)

^{F30}(6)

Textual Amendments

- F21** Sch. 28 para. 3(1)(ba) inserted (17.12.2014) by [Taxation of Pensions Act 2014 \(c. 30\)](#), **Sch. 1 para. 43**
- F22** Sch. 28 para. 3(1)(d) substituted (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), **Sch. 10 paras. 13(2)**, 64(1)
- F23** Sch. 28 para. 3(1A) inserted (17.12.2014) by [Taxation of Pensions Act 2014 \(c. 30\)](#), **Sch. 1 para. 37**
- F24** Sch. 28 para. 3(2)(aa) inserted (22.2.2007) by [The Tax and Civil Partnership Regulations 2007 \(S.I. 2007/493\)](#), regs. 1, **2(2)**
- F25** Sch. 28 para. 3(2A)-(2D) inserted (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), **Sch. 10 paras. 13(3)**, 64(1)
- F26** Sch. 28 para. 3(2C)(za) inserted (17.12.2014) by [Taxation of Pensions Act 2014 \(c. 30\)](#), **Sch. 1 para. 44(1)(a)**
- F27** Words in Sch. 28 para. 3(2C)(b) substituted (17.12.2014) by [Taxation of Pensions Act 2014 \(c. 30\)](#), **Sch. 1 para. 44(1)(b)**
- F28** Sch. 28 para. 3(2CA) omitted (21.7.2009) by virtue of [Finance Act 2009 \(c. 10\)](#), s. **75(2)(d)**
- F29** Sch. 28 para. 3(2E) inserted (17.12.2014) by [Taxation of Pensions Act 2014 \(c. 30\)](#), **Sch. 1 para. 44(2)**
- F30** Sch. 28 para. 3(3)-(6) repealed (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 13\(4\)](#), 64(1), **Sch. 11 Pt. 4**

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[^{F31}Drawdown pension]

Textual Amendments

F31 Sch. 28 para. 4 cross-heading substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 16 para. 3(2)**

- 4 “^{F32}Drawdown pension” means—
- (a) a short-term annuity, or
 - (b) income withdrawal.

Textual Amendments

F32 Words in Sch. 28 para. 4 substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 16 para. 3(1)**

^{F33}5

Textual Amendments

F33 Sch. 28 para. 5 omitted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by virtue of [Finance Act 2011 \(c. 11\)](#), **Sch. 16 para. 78(a)**

Short-term annuity

- 6 (1) ^{F34}For the purposes of this Part an] annuity payable to the member is a short-term annuity if—
- (a) it is purchased by the application of sums or assets representing the whole or any part of the ^{F35}member's drawdown pension fund] in respect of an arrangement,
 - (b) it is payable by an insurance company,
 - (c) the member had an opportunity to select the insurance company,
 - ^{F36}(ca) the member becomes entitled to it before 6 April 2015,]
 - (d) it is payable for a term which does not exceed five years ^{F37}..., and
 - ^{F38}(e) its amount either cannot decrease or falls to be determined in any manner prescribed by regulations made by the Board of Inland Revenue.]

^{F39}(1ZA) For the purposes of this Part, but subject to any provision made under sub-paragraph (1C)(za), an annuity payable to the member is also a short-term annuity if—

- (a) it is purchased by the application of sums or assets representing the whole or any part of the member's drawdown pension fund, or of the member's flexi-access drawdown fund, in respect of an arrangement,
- (b) it is payable by an insurance company,
- (c) the member becomes entitled to it on or after 6 April 2015, and
- (d) it is payable for a term which does not exceed five years.]

^{F40}(1A) An annuity does not fail to satisfy sub-paragraph (1)(e) by reason of the operation of a pension sharing order or provision.

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(1B) The Board of Inland Revenue may by regulations make provision in relation to cases in which a short-term annuity payable by an insurance company (“the original short-term annuity”) ceases to be payable and in consequence of that—

- (a) sums or assets (or both) are transferred from the insurance company to another insurance company and are applied towards the provision of either another short-term annuity (a “new short-term annuity”) or a scheme pension, lifetime annuity, dependants' scheme pension, dependants' annuity or dependants' short-term annuity by the other insurance company, or
- (b) sums or assets are transferred to the relevant registered pension scheme.

(1C) The regulations may provide that—

[in a case where—

- ^{F41}(za) (i) a new annuity becomes payable,
- (ii) the member becomes entitled to it on or after 6 April 2015,
- (iii) it would be a short-term annuity if any provision made under this paragraph were ignored,
- (iv) the terms of the contract for it are such that there will or could be decreases in its amount other than allowed decreases (see sub-paragraph (1E)), and
- (v) any other conditions prescribed by the regulations are met,

the new annuity is not a short-term annuity for the purposes of this Part.]

- (a) in a case where a new short-term annuity becomes payable, the new short-term annuity is to be treated, to such extent as is prescribed by the regulations and for such of the purposes of this Part as are so prescribed, as if it were the original short-term annuity, and
- (b) in [^{F42}a case other than one where a new short-term annuity becomes payable], the relevant registered pension scheme is to be treated as making an unauthorised payment to the member of an amount equal to the aggregate of the amount of the sums, and the market value of the assets, transferred.

(1D) For the purposes of sub-paragraphs (1B) and (1C) a registered pension scheme is the relevant registered pension scheme if the original short-term annuity was acquired using sums or assets held for the purposes of the pension scheme.]

[^{F43}(1E) In sub-paragraph (1C)(za)(iv) “allowed decreases” means decreases from time to time allowed by regulations under sub-paragraph (1)(e); and any such regulations are to be treated as having effect for this purpose.]

^{F44}(2)

Textual Amendments

F34 Words in Sch. 28 para. 6(1) substituted (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 14\(2\)](#), 64(1)

F35 Words in Sch. 28 para. 6(1)(a) substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 4\(a\)](#)

F36 Sch. 28 para. 6(1)(ca) inserted (17.12.2014) by [Taxation of Pensions Act 2014 \(c. 30\)](#), [Sch. 1 para. 45](#)

F37 Words in Sch. 28 para. 6(1)(d) omitted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by virtue of [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 4\(b\)](#)

F38 Sch. 28 para. 6(1)(e) substituted (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 14\(3\)](#), 64(1)

F39 Sch. 28 para. 6(1ZA) inserted (17.12.2014) by [Taxation of Pensions Act 2014 \(c. 30\)](#), [Sch. 1 para. 38](#)

F40 Sch. 28 para. 6(1A)-(1D) inserted (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 14\(4\)](#), 64(1)

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- F41** Sch. 28 para. 6(1C)(za) inserted (17.12.2014) by Taxation of Pensions Act 2014 (c. 30), **Sch. 1 para. 46(1)(a)**
- F42** Words in Sch. 28 para. 6(1C)(b) substituted (17.12.2014) by Taxation of Pensions Act 2014 (c. 30), **Sch. 1 para. 46(1)(b)**
- F43** Sch. 28 para. 6(1E) inserted (17.12.2014) by Taxation of Pensions Act 2014 (c. 30), **Sch. 1 para. 46(2)**
- F44** Sch. 28 para. 6(2) repealed (6.4.2006) by Finance Act 2005 (c. 7), Sch. 10 paras. 14(5), 64(1), **Sch. 11 Pt. 4**

Modifications etc. (not altering text)

- C2** Sch. 28 para. 6 modified (27.7.2010) by Finance (No. 2) Act 2010 (c. 31), **Sch. 3 para. 3(1)**
- C3** Sch. 28 para. 6 modified (with effect in accordance with Sch. 16 para. 85 of the amending Act) by Finance Act 2011 (c. 11), **Sch. 16 para. 87**

Income withdrawal

- [^{F457} Income withdrawal” means an amount (other than an annuity) which the member is entitled to be paid from the member's drawdown pension fund in respect of an arrangement [^{F46} or from the member's flexi-access drawdown fund in respect of an arrangement].]

Textual Amendments

- F45** Sch. 28 para. 7 substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by Finance Act 2011 (c. 11), **Sch. 16 para. 5**
- F46** Words in Sch. 28 para. 7 inserted (17.12.2014) by Taxation of Pensions Act 2014 (c. 30), **Sch. 1 para. 19**

Modifications etc. (not altering text)

- C4** Sch. 28 para. 7 modified (27.7.2010) by Finance (No. 2) Act 2010 (c. 31), Sch. 3 para. 2(1)(2)(b)(i) (with Sch. 2 para. 2(1))

[^{F47} Member's drawdown pension fund]

Textual Amendments

- F47** Sch. 28 para. 8 cross-heading substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by Finance Act 2011 (c. 11), **Sch. 16 para. 6(6)**

- 8 (1) For the purposes of this Part the [^{F48} member's drawdown pension fund] in respect of an arrangement consists of such of the sums or assets held for the purposes of the arrangement [^{F49} as are member-designated funds.]

[^{F50}(1A) For the purposes of this Part sums or assets held for the purposes of an arrangement are member-designated funds if ^{F51}...—

- (a) [^{F52}they have, at any time before 6 April 2015, been designated] under the arrangement as available for the payment of [^{F53}drawdown pension],
- [they have, at any time on or after 6 April 2015, been designated under the
- ^{F54}(aa) arrangement as available for the payment of drawdown pension, and—

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- (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 165(3A) did not apply to the arrangement immediately before 6 April 2015,] or
- (b) [^{F55}they] arise, or (directly or indirectly) derive, from [^{F56}member-designated funds under paragraph (a) or (aa) or from sums or assets] which so arise or derive,
- and have not been applied towards the provision of a scheme pension.]

^{F57}(2)

^{F57}(3)

- ^{F58}(4) If any sums or assets representing the member's [^{F59}drawdown pension fund] in respect of an arrangement under the pension scheme would (apart from this subparagraph) come to be taken to represent another unsecured pension fund of his under the pension scheme, or a dependant's [^{F59}drawdown pension fund] of his under the pension scheme, they are to be treated as not doing so.]

Textual Amendments

- F48** Words in Sch. 28 para. 8(1) substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 6\(2\)](#)
- F49** Words in Sch. 28 para. 8(1) substituted (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 18\(2\)](#), 64(1)
- F50** Sch. 28 para. 8(1A) inserted (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 18\(3\)](#), 64(1)
- F51** Word in Sch. 28 para. 8(1A) omitted (17.12.2014) by virtue of [Taxation of Pensions Act 2014 \(c. 30\)](#), [Sch. 1 para. 2\(a\)](#)
- F52** Words in Sch. 28 para. 8(1A)(a) substituted (17.12.2014) by [Taxation of Pensions Act 2014 \(c. 30\)](#), [Sch. 1 para. 2\(b\)](#)
- F53** Words in Sch. 28 para. 8(1A)(a) substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 6\(3\)](#)
- F54** Sch. 28 para. 8(1A)(aa) inserted (17.12.2014) by [Taxation of Pensions Act 2014 \(c. 30\)](#), [Sch. 1 para. 2\(c\)](#)
- F55** Word in Sch. 28 para. 8(1A)(b) inserted (17.12.2014) by [Taxation of Pensions Act 2014 \(c. 30\)](#), [Sch. 1 para. 2\(d\)\(i\)](#)
- F56** Words in Sch. 28 para. 8(1A)(b) substituted (17.12.2014) by [Taxation of Pensions Act 2014 \(c. 30\)](#), [Sch. 1 para. 2\(d\)\(ii\)](#)
- F57** Sch. 28 para. 8(2)(3) omitted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by virtue of [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 6\(4\)](#)
- F58** Sch. 28 para. 8(4) inserted (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 18\(5\)](#), 64(1)
- F59** Words in Sch. 28 para. 8(4) substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 6\(5\)](#)

Modifications etc. (not altering text)

- C5** Sch. 28 para. 8 modified (6.4.2006) by [The Taxation of Pension Schemes \(Transitional Provisions\) Order 2006 \(S.I. 2006/572\)](#), arts. 1(1), [29\(1\)-\(3\)](#)
- C6** Sch. 28 para. 8 modified (27.7.2010) by [Finance \(No. 2\) Act 2010 \(c. 31\)](#), [Sch. 3 para. 8\(1\)\(2\)](#)
- C7** Sch. 28 para. 8(1A) modified (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 88](#)

Status: Point in time view as at 17/12/2014.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2004, Part 1. (See end of Document for details)

F60 Member's flexi-access drawdown fund

Textual Amendments

F60 Sch. 28 paras. 8A-8D and cross-headings inserted (17.12.2014) (with effect in accordance with Sch. 1 para. 3(2) of the amending Act) by Taxation of Pensions Act 2014 (c. 30), Sch. 1 para. 3(1)

- 8A (1) For the purposes of this Part the member's flexi-access drawdown fund in respect of an arrangement consists of such of the sums or assets held for the purposes of the arrangement as are newly-designated funds.
- (2) For the purposes of this Part sums or assets held for the purposes of an arrangement are newly-designated funds if—
- (a) they—
 - (i) have, at any time on or after 6 April 2015, been designated under the arrangement as available for the payment of drawdown pension, and
 - (ii) are not member-designated funds, or
 - (b) they were member-designated funds immediately before 6 April 2015 and section 165(3A) applied to the arrangement at that time, or
 - (c) they have become newly-designated funds by the operation of paragraph 8B, 8C or 8D, or
 - (d) they arise, or (directly or indirectly) derive, from newly-designated funds under paragraph (a), (b) or (c) or from sums or assets which so arise or derive.
- (3) Any sums or assets that become newly-designated funds under sub-paragraph (2)(b) cease to be member-designated funds as from the start of 6 April 2015.

Conversion of certain drawdown pension funds into flexi-access drawdown funds

- 8B (1) Sub-paragraph (2) applies if—
- (a) a member's drawdown pension fund in respect of an arrangement came into being before 6 April 2015,
 - (b) section 165(3A) did not apply to the arrangement immediately before 6 April 2015, and
 - (c) at a time on or after 6 April 2015, a payment—
 - (i) of income withdrawal from the fund, or
 - (ii) of a short-term annuity purchased using sums or assets out of the fund,is made that (apart from sub-paragraph (2)) would breach the cap.
- (2) The sums and assets that make up the fund immediately before the payment is made become newly-designated funds immediately before the payment is made (so that the payment is made out of the member's flexi-access drawdown fund in respect of the arrangement and therefore is not part of the total capped by pension rule 5).
- (3) For the purposes of sub-paragraph (1)(c), a payment of drawdown pension in respect of an arrangement is one that would breach the cap if, when its amount is added to the amounts of any drawdown pension in respect of the arrangement—
- (a) paid—
 - (i) before it is made, but
 - (ii) in the same drawdown pension year in respect of the arrangement, or

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- (b) paid at the time it is made,
 the total is greater than the cap set by pension rule 5 for that drawdown pension year.
- 8C (1) Sub-paragraph (2) applies if—
- (a) a member's drawdown pension fund in respect of an arrangement came into being before 6 April 2015,
 - (b) section 165(3A) did not apply to the arrangement immediately before 6 April 2015, and
 - (c) the member notifies the scheme administrator that the member wishes the fund to become the member's flexi-access drawdown fund in respect of the arrangement.
- (2) At—
- (a) the time the scheme administrator accepts the notification, or
 - (b) the start of 6 April 2015 if that is later,
- the sums and assets that then make up that fund become newly-designated funds, if they have not previously done so by the operation of paragraph 8B.
- 8D (1) Sub-paragraphs (2) and (3) apply if—
- (a) there is a recognised transfer from one registered pension scheme (“the old scheme”) to another registered pension scheme (“the new scheme”) of member-designated funds held for the purposes of an arrangement under the old scheme, and
 - (b) the sums or assets transferred are, under the arrangement under the new scheme for whose purposes they are first held after the transfer, designated as available for the payment of drawdown pension.
- (2) If the member, when or before making the designation, notifies the scheme administrator of the new scheme that the member wishes the sums or assets to be newly-designated funds, the sums or assets become newly-designated funds and do so—
- (a) when the designation is made, or
 - (b) if later, immediately after the transfer,
- except that, if both the designation and transfer are made before 6 April 2015, the sums or assets become newly-designated funds at the start of 6 April 2015.
- (3) If sub-paragraph (2) does not provide for the sums or assets to become newly-designated funds, the sums or assets become member-designated funds and do so—
- (a) when the designation is made, or
 - (b) if later, immediately after the transfer.]

[^{F61}Drawdown pension year and basis amount for drawdown pension year]

Textual Amendments

F61 Sch. 28 para. 9 cross-heading substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 7\(4\)](#)

- 9 (1) [^{F62}“Drawdown pension year”] means—

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- (a) the period of 12 months beginning with the day on which the member first becomes entitled to [^{F63}drawdown pension] in respect of the arrangement, and
- (b) each succeeding period of 12 months.

[^{F64}This is subject to paragraph 10B.]

[^{F65}(2) The drawdown pension year in which the member dies is the last drawdown pension year and ends immediately before the member's death.]

Textual Amendments

- F62** Words in Sch. 28 para. 9(1) substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 16 para. 7(2)(a)**
- F63** Words in Sch. 28 para. 9(1)(a) substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 16 para. 7(2)(b)**
- F64** Words in Sch. 28 para. 9(1) inserted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 16 para. 7(2)(c)**
- F65** Sch. 28 para. 9(2) substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 16 para. 7(3)**

Modifications etc. (not altering text)

- C8** Sch. 28 para. 9(1) modified (6.4.2006) by [The Taxation of Pension Schemes \(Transitional Provisions\) Order 2006 \(S.I. 2006/572\)](#), arts. 1(1), **29(1)(2)(4)**
- C9** Sch. 28 para. 9(1)(a) modified (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 16 para. 92(2)**
- C10** Sch. 28 para. 9(1)(a) modified (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 16 para. 89(2)**
- C11** Sch. 28 para. 9(1)(a) modified (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 16 para. 93(2)**
- C12** Sch. 28 para. 9(1)(a) modified (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 16 para. 92(4)**
- C13** Sch. 28 para. 9(2) modified (27.7.2010) by [Finance \(No. 2\) Act 2010 \(c. 31\)](#), **Sch. 3 para. 2(1)(2)(b)(ii)** (with [Sch. 2 para. 2\(1\)](#))

Unsecured pension year and basis amount for unsecured pension year

1^{F66}(A1) This paragraph applies in relation to drawdown pension years beginning on or before the member's 75th birthday.

(1) Subject as follows, the period of three drawdown pension years beginning with the first drawdown pension year, and each succeeding period of three drawdown pension years, is a “reference period”.

(1ZA) But the reference period in which the member reaches the age of 75 ends with the drawdown pension year in which the member reaches that age.]

[^{F67}(1A) Sub-paragraph (1B) applies if, at any time during a reference period (“the current reference period”), the member notifies the scheme administrator that the member wishes a new reference period to begin on the next day that is an anniversary of the reference date in relation to the current reference period.

(1B) The scheme administrator may determine—

Status: Point in time view as at 17/12/2014.

*Changes to legislation: There are currently no known outstanding effects
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- (a) that the current reference period is to end immediately before that day (so that sub-paragraph (1) no longer applies), and
 - (b) that (subject to [F⁶⁸sub-paragraph (1ZA) and] any further operation of this sub-paragraph) the period of [F⁶⁹three drawdown pension years] beginning with that day, and each succeeding period of [F⁶⁹three drawdown pension years], is to be a reference period.
- (1C) The first day of each reference period is, in relation to that period, “the reference date”.]
- (2) For the first [F⁷⁰drawdown pension year] falling within a reference period, the basis amount is the annual amount of the relevant annuity which could have been purchased by the application of the sums and assets representing the [F⁷¹member's drawdown pension fund] on the nominated date (but subject to sub-paragraph (5)).
- (3) “The nominated date”—
- (a) in relation to the first reference period, is the reference date, and
 - (b) in relation to any subsequent reference period, is such day, within the period of 60 days ending with the reference date, as is nominated by the scheme administrator (or, if no day is nominated by the scheme administrator, is the reference date).
- (4) For each other [F⁷²drawdown pension year] falling within a reference period, the basis amount is the annual amount of the relevant annuity which could have been purchased by the application of the sums and assets representing the [F⁷³member's drawdown pension fund]—
- (a) if there has been no recent annuity purchase[F⁷⁴, recent additional fund designation or recent pension sharing event], on the nominated date, and
 - (b) otherwise, immediately after the last annuity purchase[F⁷⁵, additional fund designation or pension sharing event],
- (but subject to sub-paragraph (5)).
- (5) On the occasion of each additional fund designation during [F⁷⁶a drawdown pension year], the basis amount for [F⁷⁷that drawdown pension year] is to be recalculated in accordance with sub-paragraph (6).
- (6) The basis amount for the [F⁷⁸drawdown pension year] is the annual amount of the relevant annuity which could have been purchased by the application of the sums and assets representing the [F⁷⁹member's drawdown pension fund] immediately after the additional fund designation.
- [F⁸⁰(6A) But sub-paragraph (5) does not apply where the operation of that sub-paragraph in relation to an additional fund designation during a drawdown pension year would reduce the basis amount for that drawdown pension year.]
- (7) “Annuity purchase” means the purchase of a scheme pension or a lifetime annuity by the application of sums or assets representing the whole or part of the [F⁸¹member's drawdown pension fund].
- (8) “Additional fund designation” means the designation under the arrangement of further sums or assets held for the purposes of the arrangement as available for the payment of [F⁸²drawdown pension].

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[^{F83}(8A) “Pension sharing event” means the coming into operation of a pension sharing order or provision relating to the sums and assets representing the [^{F84}member's drawdown pension fund].]

(9) An annuity purchase[^{F85}, additional fund designation or pension sharing event] is “recent” if it took place during the period—

- (a) beginning with the reference date, and
- (b) ending with the last day of the immediately preceding [^{F86}drawdown pension year].

(10) Paragraph 14 defines “relevant annuity”.

[^{F87}(11) Nothing in this paragraph applies in respect of an arrangement to which section 165(3A) applies.]

Textual Amendments

- F66** Sch. 28 para. 10(1)(1ZA)(A1) substituted for Sch. 28 para. 10(1) (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 8\(2\)](#)
- F67** Sch. 28 para. 10(1)-(1C) substituted (19.7.2007) for Sch. 28 para. 10(1) (with effect in accordance with Sch. 20 para. 24(5) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 20 para. 8\(2\)](#)
- F68** Words in Sch. 28 para. 10(1B)(b) inserted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 8\(3\)\(a\)](#)
- F69** Words in Sch. 28 para. 10(1B)(b) substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 8\(3\)\(b\)](#)
- F70** Words in Sch. 28 para. 10(2) substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 8\(4\)\(a\)](#)
- F71** Words in Sch. 28 para. 10(2) substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 8\(4\)\(b\)](#)
- F72** Words in Sch. 28 para. 10(4) substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 8\(4\)\(a\)](#)
- F73** Words in Sch. 28 para. 10(4) substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 8\(4\)\(b\)](#)
- F74** Words in Sch. 28 para. 10(4)(a) substituted (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 19\(2\)\(a\)](#), 64(1)
- F75** Words in Sch. 28 para. 10(4)(b) substituted (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 19\(2\)\(b\)](#), 64(1)
- F76** Words in Sch. 28 para. 10(5) substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 8\(5\)\(a\)](#)
- F77** Words in Sch. 28 para. 10(5) substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 8\(5\)\(b\)](#)
- F78** Words in Sch. 28 para. 10(6) substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 8\(6\)\(a\)](#)
- F79** Words in Sch. 28 para. 10(6) substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 8\(6\)\(b\)](#)
- F80** Sch. 28 para. 10(6A) inserted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 8\(7\)](#)
- F81** Words in Sch. 28 para. 10(7) substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 8\(8\)](#)
- F82** Words in Sch. 28 para. 10(8) substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 8\(9\)](#)
- F83** Sch. 28 para. 10(8A) inserted (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 19\(3\)](#), 64(1)

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- F84** Words in Sch. 28 para. 10(8A) substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 8\(10\)](#)
- F85** Words in Sch. 28 para. 10(9) substituted (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 19\(4\), 64\(1\)](#)
- F86** Words in Sch. 28 para. 10(9)(b) substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 8\(11\)](#)
- F87** Sch. 28 para. 10(11) inserted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 8\(12\)](#)

Modifications etc. (not altering text)

- C14** Sch. 28 para. 10 modified (6.4.2006) by [The Taxation of Pension Schemes \(Transitional Provisions\) Order 2006 \(S.I. 2006/572\)](#), arts. 1(1), 3, 5(1)(2)
- C15** Sch. 28 para. 10 modified (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 90\(2\)\(b\)](#)
- C16** Sch. 28 para. 10(4) applied (with modifications) (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 90\(7\)](#)
- C17** Sch. 28 para. 10(7)-(8A) modified (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 90\(8\)](#)

^{F88}10A(1) This paragraph applies in relation to drawdown pension years beginning after the member's 75th birthday.

- (2) For the first drawdown pension year beginning after the member reached the age of 75, and each succeeding drawdown pension year, the basis amount is the annual amount of the relevant annuity which could have been purchased by the application of the sums and assets representing the member's drawdown pension fund on the nominated date.
- (3) In a case where the member first becomes entitled to drawdown pension in respect of the arrangement after reaching the age of 75, “the nominated date”, in relation to the first drawdown pension year in respect of the arrangement, is the first day of that year.
- (4) In any other case, “the nominated date”, in relation to the first drawdown pension year beginning after the member reached the age of 75, is—
 - (a) if the member and the scheme administrator so agree, the day immediately before the member's 75th birthday, or
 - (b) if they do not so agree, such day within the period of 60 days ending with the first day of the drawdown pension year as is nominated by the scheme administrator (or, if no day is nominated by the scheme administrator, the first day of that year).
- (5) “The nominated date”, in relation to each other drawdown pension year, is such day within the period of 60 days ending with the first day of the drawdown pension year as is nominated by the scheme administrator (or, if no day is nominated by the scheme administrator, is the first day of that year).
- (6) On the occasion of each additional fund designation during a drawdown pension year, the basis amount of that drawdown pension year is to be recalculated in accordance with sub-paragraph (7).
- (7) The basis amount for the drawdown pension year is the annual amount of the relevant annuity which could have been purchased by the application of the sums and assets representing the member's drawdown pension fund immediately after the additional fund designation.

Status: Point in time view as at 17/12/2014.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2004, Part 1. (See end of Document for details)

- (8) But sub-paragraph (6) does not apply where the operation of that sub-paragraph in relation to an additional fund designation during a drawdown pension year would reduce the basis amount for that drawdown pension year.
- (9) “Additional fund designation” has the meaning given by paragraph 10(8).
- (10) Paragraph 14 defines “relevant annuity”.
- (11) Nothing in this paragraph applies in respect of an arrangement to which section 165(3A) applies.

Textual Amendments

F88 Sch. 28 paras. 10A, 10B inserted (with effect in accordance with Sch. 16 paras. 85, 91(3) of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 9](#)

- 10B (1) This paragraph applies if the member has reached the age of 75.
- (2) Sub-paragraph (3) applies if, at any time during a drawdown pension year in respect of an arrangement (“the current drawdown pension year”), the member notifies the scheme administrator that the member wishes the drawdown pension year following the current drawdown pension year to begin on the day on which the next drawdown pension year in respect of another arrangement relating to the member under the pension scheme (including any arrangement relating to that person as a dependant) will begin.
 - (3) The scheme administrator may determine—
 - (a) that the current drawdown pension year is to end immediately before that day, and
 - (b) that the period of 12 months beginning with that day, and each succeeding period of 12 months, is a drawdown pension year in respect of the arrangement.
 - (4) The scheme administrator may not make a determination under this paragraph more than once in relation to the same arrangement.]

Textual Amendments

F88 Sch. 28 paras. 10A, 10B inserted (with effect in accordance with Sch. 16 paras. 85, 91(3) of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 9](#)

Member’s alternatively secured pension fund

F89 11

Textual Amendments

F89 Sch. 28 paras. 11-13 omitted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by virtue of [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 78\(b\)](#)

Status: Point in time view as at 17/12/2014.

*Changes to legislation: There are currently no known outstanding effects
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Alternatively secured pension year and basis amount for alternatively secured pension year

^{F89}12

Textual Amendments

F89 Sch. 28 paras. 11-13 omitted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by virtue of Finance Act 2011 (c. 11), Sch. 16 para. 78(b)

Alternatively secured pension year and basis amount for alternatively secured pension year

^{F89}13

Textual Amendments

F89 Sch. 28 paras. 11-13 omitted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by virtue of Finance Act 2011 (c. 11), Sch. 16 para. 78(b)

Relevant annuity

- 14 (1) A “relevant annuity” is an annuity of a description prescribed by regulations made by the Board of Inland Revenue.
- (2) The annual amount of a relevant annuity is to be ascertained in accordance with regulations made by the Board of Inland Revenue.
- (3) The regulations may in particular provide for the annual amount to be ascertained by reference to—
- (a) comparative annuity tables published by the [^{F90}Financial Conduct Authority or the Prudential Regulation Authority], or
 - (b) material published by any other person.

Textual Amendments

F90 Words in Sch. 28 para. 14(3)(a) substituted (1.4.2013) by Financial Services Act 2012 (c. 21), s. 122(3), Sch. 18 para. 100 (with Sch. 20); S.I. 2013/423, art. 3, Sch.

^{F91}Minimum income requirement

Textual Amendments

F91 Sch. 28 paras. 14A-14E and cross-headings inserted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by Finance Act 2011 (c. 11), Sch. 16 para. 10

- 14A (1) The member satisfies the minimum income requirement at any time in a tax year if the amount of relevant income payable to the member for that tax year is not less than the minimum income threshold.
- (2) The minimum income threshold is [^{F92}£12,000].

Status: Point in time view as at 17/12/2014.

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- (3) “Relevant income” means any of the following kinds of income—
- (a) payments of a scheme pension or dependants' scheme pension provided by a registered pension scheme;
 - (b) payments of a lifetime annuity or dependants' annuity made by a registered pension scheme;
 - (c) payments under an overseas pension scheme which, if the scheme were a registered pension scheme, would fall within paragraph (a) or (b);
 - (d) payments of a social security pension;
 - (e) payments under the financial assistance scheme which are payable until the member's death;
 - (f) payments made under that scheme in anticipation of, and on account of, payments falling within paragraph (e).
- (4) But “relevant income” does not include—
- (a) drawdown pension or dependants' drawdown pension, or
 - (b) any payments under an overseas pension scheme which, if the scheme were a registered pension scheme, would be drawdown pension or dependants' drawdown pension.
- (5) A payment of any pension or annuity within sub-paragraph (3), or a payment under the financial assistance scheme, is not to be regarded as relevant income unless the member has, at any time before the time mentioned in sub-paragraph (1), already received a payment of that pension or annuity or (as the case may be) a payment under that scheme.
- (6) For the purposes of sub-paragraph (1), the amount of any relevant income payable in a currency other than sterling is to be taken to be the equivalent amount in sterling, calculated by reference to an appropriate spot rate of exchange prevailing on the relevant day.
- (7) In this paragraph—
- “financial assistance scheme” means the scheme provided for by regulations under section 286 of the Pensions Act 2004;
 - “social security pension” means—
 - (a) any pension, benefit or allowance to which section 577 of ITEPA 2003 applies, and
 - (b) any pension, benefit or allowance which—
 - (i) is payable under the law of a country or territory outside the United Kingdom, and
 - (ii) is substantially similar in character to a pension, benefit or allowance to which that section applies.
- (8) Any regulations made under paragraph 7 of Schedule 34 (application of Part 4 of this Act in relation to relevant non-UK schemes) have effect for the purposes of sub-paragraphs (3)(c) and (4)(b) of this paragraph as they have effect for the purposes of that Schedule.

Textual Amendments

- F92** Sum in Sch. 28 para. 14A(2) substituted (with effect in accordance with s. 41(7) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 41\(3\)](#)

Status: Point in time view as at 17/12/2014.

*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 2004, Part 1. (See end of Document for details)*

- 14B (1) The Treasury may by order amend paragraph 14A(2) so as to substitute a different amount for the amount for the time being specified as the minimum income threshold.
- (2) The Treasury may by regulations—
- (a) amend paragraph 14A so as to add, vary or remove descriptions of payments which are relevant income;
 - (b) provide that in prescribed circumstances the whole or part of any relevant payment, or any relevant payment of a prescribed description, is not to be regarded as relevant income.
- (3) In this paragraph—
- “prescribed” means prescribed in regulations made by the Treasury;
 - “relevant payment” means a payment falling within paragraph 14A(3).

The relevant day

- 14C “The relevant day” means—
- (a) in a case where subsection (3A) of section 165 has not previously applied to an arrangement relating to the member, the day on which the declaration referred to in paragraph (b) of that subsection is made, and
 - (b) in a case where subsection (3A) of that section has previously applied to such an arrangement, the day on which that subsection first so applied.

Relevant contributions

- 14D “Relevant contributions” means—
- (a) relievable pension contributions paid by or on behalf of the member, or
 - (b) contributions paid in respect of the member by an employer of the member.

Valid and accepted declarations

- 14E (1) A declaration is “valid” if it complies with such requirements as may be prescribed by regulations made by the Commissioners for Her Majesty’s Revenue and Customs.
- (2) A declaration is accepted by the scheme administrator of a registered pension scheme if, as a result of the making of the declaration, the member becomes eligible to receive payments of drawdown pension in respect of an arrangement under the scheme which, but for the application of section 165(3A), would be unauthorised member payments.]

Status:

Point in time view as at 17/12/2014.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2004, Part 1.