



Finance Act 2004

2004 CHAPTER 12

PART 4

PENSION SCHEMES ETC

CHAPTER 3

PAYMENTS BY REGISTERED PENSION SCHEMES

Authorised member payments

167 Pension death benefit rules

- (1) These are the rules relating to the payment of pension death benefits by a registered pension scheme in respect of a member of the pension scheme (“the pension death benefit rules”).

Pension death benefit rule 1

No payment of pension death benefit may be made otherwise than to a dependant of the member.

Pension death benefit rule 2

No payment of pension death benefit other than a dependants' scheme pension may be made in respect of a defined benefits arrangement.

Pension death benefit rule 3

[^{F1}No payment of pension death benefit] other than—

- (a) a dependants' scheme pension,
- (b) a dependants' annuity, or

[^{F2}(c) dependants' drawdown pension,]

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 2004, Section 167. (See end of Document for details)

may be made to [^{F3}a dependant] in respect of a money purchase arrangement; but a dependants' scheme pension may only be paid if the member or dependant had an opportunity to select a dependants' annuity instead.

[^{F4}Pension death benefit rule 4

The total amount of dependants' drawdown pension paid to a dependant in each drawdown pension year in respect of a money purchase arrangement must not exceed 100% of the basis amount for the drawdown pension year.

But this limit does not apply in relation to an arrangement to which subsection (2A) applies.]

^{F5}
...

^{F5}
...

- (2) [^{F6}In this part “pension] death benefit” means a pension payable on the death of the member (other than a member’s pension payable after the member’s death under pension rule 2: see section 165).

[^{F7}(2A) This subsection applies to an arrangement if—

- (a) the dependant meets the flexible drawdown conditions,
- (b) the dependant makes a valid declaration to the scheme administrator to that effect, and
- (c) the declaration is accepted by the scheme administrator.

(2B) The dependant meets the flexible drawdown conditions if—

- (a) the dependant satisfied the minimum income requirement on the relevant day,
- (b) no relevant contributions are paid under any money purchase arrangement (other than a cash balance arrangement) relating to the dependant under a registered pension scheme in the tax year in which the declaration is made, and
- (c) at the time of the declaration the dependant is not an active member of any registered pension scheme under which there is a defined benefits or cash balance arrangement relating to the dependant.]

- (3) Part 2 of Schedule 28 gives the meaning of expressions used in the pension death benefit rules.

Textual Amendments

- F1** Words in s. 167(1) substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 11\(2\)\(a\)\(i\)](#)
- F2** Words in s. 167(1) substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 11\(2\)\(a\)\(ii\)](#)
- F3** Words in s. 167(1) substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 11\(2\)\(a\)\(iii\)](#)
- F4** Words in s. 167(1) substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 11\(2\)\(b\)](#)
- F5** Words in s. 167(1) 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. 11\(2\)\(c\)](#)
- F6** Words in s. 167(2) substituted (retrospective to 6.4.2006) by [Finance Act 2007 \(c. 11\)](#), [Sch. 20 paras. 22\(1\), 24\(3\)](#)

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- F7** S. 167(2A)(2B) inserted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 16 para. 11(3)**

Modifications etc. (not altering text)

- C1** Pt. 4 modified (19.7.2011) by [Finance Act 2011 \(c. 11\)](#), **Sch. 18 para. 14(3)**
- C2** S. 167 modified (6.4.2006) by [The Pensions Schemes \(Application of UK Provisions to Relevant Non-UK Schemes\) Regulations 2006 \(S.I. 2006/207\)](#), regs. 1(1), 7
- C3** S. 167 modified (27.7.2010) by [Finance \(No. 2\) Act 2010 \(c. 31\)](#), Sch. 3 para. 2(1)(2)(c) (with Sch. 2 para. 2(1))
- C4** S. 167 modified (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 16 para. 99(2)(a)**
- C5** S. 167 modified (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 16 para. 98(2)(a)**
- C6** S. 167(1) modified (6.4.2006) by [The Taxation of Pension Schemes \(Transitional Provisions\) Order 2006 \(S.I. 2006/572\)](#), arts. 1(1), 3, 4(3)(4)

Commencement Information

- II** Ss. 160-274, 281, Schs. 30-35 in force at 6.4.2006 but any power to make an order or regulations under those provisions may be exercised at any time after Royal Assent, see s. 284

Status:

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Changes to legislation:

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