

Status: Point in time view as at 28/04/2022.

Changes to legislation: Finance Act 2011, Cross Heading: Lump sum death benefits to be payable to persons aged 75 or over is up to date with all changes known to be in force on or before 30 August 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

SCHEDULES

SCHEDULE 16

BENEFITS UNDER PENSION SCHEMES

PART 1

CHANGES TO BENEFITS AVAILABLE UNDER PENSION SCHEMES ETC

Lump sum death benefits to be payable to persons aged 75 or over

- 32 Part 2 of Schedule 29 to FA 2004 (lump sum death benefit rule) is amended as follows.
- 33 (1) Paragraph 13 (defined benefits lump sum death benefit) is amended as follows.
- (2) The existing text becomes sub-paragraph (1).
- (3) In that sub-paragraph—
- (a) omit paragraph (a);
- (b) omit paragraph (c) (but not the “and” after it);
- ^{F1}(c)
- ^{F2}(4)

Textual Amendments

- F1** Sch. 16 para. 33(3)(c) omitted (with effect in accordance with s. 21(10) of the amending Act) by virtue of Finance (No. 2) Act 2015 (c. 33), s. 21(9)(a)
- F2** Sch. 16 para. 33(4) omitted (with effect in accordance with s. 21(10) of the amending Act) by virtue of Finance (No. 2) Act 2015 (c. 33), s. 21(9)(b)

- 34 (1) Paragraph 14 (pension protection lump sum death benefit) is amended as follows.
- (2) In sub-paragraph (1), omit paragraph (a).
- (3) In sub-paragraph (3), for the definition of “AC” substitute—
- “AC is—
- (a) in a case where the member became entitled to the pension before reaching the age of 75, the amount crystallised by reason of the member becoming entitled to the pension, and
- (b) in a case where the member became entitled to the pension after having reached that age, the amount that would have been so crystallised but for paragraph 2 of Schedule 32,”.
- 35 (1) Paragraph 15 (uncrystallised funds lump sum death benefit) is amended as follows.

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- (2) In sub-paragraph (1)—
 - (a) omit paragraphs (a) and (c);
 - (b) at the end of paragraph (d) insert “, and
 - (e) it is not a charity lump sum death benefit.”;
- ^{F3}(c)
- ^{F4}(3)

Textual Amendments	
F3	Sch. 16 para. 35(2)(c) omitted (with application in accordance with Sch. 2 para. 20 of the amending Act) by virtue of Taxation of Pensions Act 2014 (c. 30) , Sch. 2 para. 19(4)(a)
F4	Sch. 16 para. 35(3) omitted (with application in accordance with Sch. 2 para. 20 of the amending Act) by virtue of Taxation of Pensions Act 2014 (c. 30) , Sch. 2 para. 19(4)(a)

- 36 (1) Paragraph 16 (annuity protection lump sum death benefit) is amended as follows.
 - (2) In sub-paragraph (1), omit paragraph (a).
 - (3) In sub-paragraph (3), for the definition of “AC” substitute—
 - “AC is—
 - (a) in a case where the member became entitled to the pension or annuity before reaching the age of 75, the amount crystallised by reason of the member becoming entitled to the pension or annuity, disregarding paragraphs 3 and 4 of Schedule 32, and
 - (b) in a case where the member became entitled to the pension or annuity after having reached that age, the amount that would have been so crystallised (disregarding those paragraphs) but for paragraph 2 of that Schedule.”
- 37 (1) Paragraph 17 (unsecured pension fund lump sum death benefit) is amended as follows.
 - (2) For sub-paragraph (1) substitute—
 - “(1) For the purposes of this Part a lump sum death benefit is a drawdown pension fund lump sum death benefit if—
 - (a) it is paid in respect of income withdrawal to which the member was entitled under an arrangement at the date of the member's death, and
 - (b) it is not a charity lump sum death benefit.”
 - (3) In sub-paragraph (2)—
 - (a) for “an unsecured pension fund lump sum death benefit” substitute “ a drawdown pension fund lump sum death benefit ”;
 - (b) omit paragraph (b);
 - (c) at the end of paragraph (c) insert “, and
 - (d) it is not a charity lump sum death benefit.”
 - (4) In sub-paragraph (3), for “an unsecured pension fund lump sum death benefit” substitute “ a drawdown pension fund lump sum death benefit ”.

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- (5) In sub-paragraph (4), for “unsecured pension fund” substitute “drawdown pension fund”.
- (6) The heading before paragraph 17 becomes “*Drawdown pension fund lump sum death benefit*”.
- 38 (1) Paragraph 18 (charity lump sum death benefit) is amended as follows.
- (2) In sub-paragraph (1)—
- (a) omit paragraph (a);
 - (b) in paragraph (c), for the words from “in respect of” to “Schedule 28)” substitute “in respect of the member's drawdown pension fund”;
 - (c) in paragraph (d), omit from “(or, if the member” to the end.
- (3) After sub-paragraph (1) insert—
- “(1A) A lump sum death benefit is also a charity lump sum death benefit if—
- (a) the member had reached the age of 75 at the date of the member's death,
 - (b) there are no dependants of the member,
 - (c) it is paid in respect of relevant uncrystallised funds in respect of a money purchase arrangement at the date of the member's death, and
 - (d) it is paid to a charity nominated by the member.
- (1B) “Relevant uncrystallised funds” has the meaning given by paragraph 15(2).”
- (4) In sub-paragraph (2)—
- (a) omit paragraph (b);
 - (b) in paragraph (d), for “the dependant's alternatively secured pension fund” substitute “the dependant's drawdown pension fund”;
 - (c) in paragraph (e), omit from “(or, if neither the member” to the end.
- (5) In sub-paragraph (4), for the words from “representing” to “pension fund” substitute “representing what is the member's or dependant's drawdown pension fund”.
- 39 In paragraph 20(1) (trivial commutation lump sum death benefit), omit—
- (a) paragraph (a), and
 - (b) paragraph (c) (but not the “and” after it).

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