

*Status: Point in time view as at 19/07/2011.*

*Changes to legislation: Finance Act 2011, Cross Heading: Lump sums to be payable to persons aged 75 or over is up to date with all changes known to be in force on or before 19 July 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 sums to be payable to persons aged 75 or over*

- 23 Part 1 of Schedule 29 to FA 2004 (lump sum rule) is amended as follows.
- 24 (1) Paragraph 1 (pension commencement lump sum) is amended as follows.
- (2) In sub-paragraph (1)—
- (a) omit paragraph (a);
- (b) in paragraph (b), after “available” insert “ (but see sub-paragraph (3A)) ”.
- (3) After sub-paragraph (3) insert—
- “(3A) In a case where—
- (a) the member becomes entitled to a lump sum before reaching the age of 75, but
- (b) it is not paid to the member until after the member has reached that age,
- the reference in sub-paragraph (1)(b) to the lump sum being paid is to be read as a reference to the member becoming entitled to it.”
- (4) In sub-paragraph (6), for the words from “even though” to the end substitute “ even though the condition in sub-paragraph (1)(c) is not met. ”
- 25 In paragraph 2 (pension commencement lump sum: calculation of permitted maximum), after sub-paragraph (7) insert—
- “(7A) For the purposes of determining the available portion of the member's lump sum allowance—
- (a) the fact that benefit crystallisation event 5 or benefit crystallisation event 5B has occurred in relation to the member is to be disregarded, and
- (b) anything which, but for paragraph 2 or 15A of Schedule 32, would have been a benefit crystallisation event is to be treated as if it were such an event.”
- 26 In paragraph 3 (pension commencement lump sum: calculation of applicable amount), in sub-paragraph (7), for the definition of “AC” substitute—
- “AC is—

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- (a) in a case where the member becomes entitled to the pension before reaching the age of 75, the amount crystallised by reason of the member becoming entitled to the pension, disregarding paragraph 3 of Schedule 32, and
  - (b) in a case where the member becomes entitled to the pension after reaching that age, the amount that would have been so crystallised (disregarding that paragraph) but for paragraph 2 of that Schedule.”
- 27 (1) Paragraph 3A (recycling of pension commencement lump sums) is amended as follows.
- (2) In sub-paragraph (2), for “sub-paragraphs (3) and (4)” substitute “ sub-paragraphs (3) to (4A) ”.
  - (3) After sub-paragraph (4) insert—
    - “(4A) This paragraph does not apply if—
      - (a) the member has reached the age of 75 when the contributions are paid as mentioned in sub-paragraph (2)(a), and
      - (b) the contributions are not paid by an employer of the member.”
  - (4) For sub-paragraph (5) substitute—
    - “(5) The appropriate amount” is—
      - (a) where the member becomes entitled to the lump sum before reaching the age of 75, so much of the amount crystallised by the benefit crystallisation event constituted by its payment (or the amount that would have been so crystallised but for paragraph 15A of Schedule 32) as does not exceed the amount of the member’s lifetime allowance which is available on it;
      - (b) where the member becomes entitled to the lump sum after reaching that age, the amount of the lump sum.”
- 28 (1) Paragraph 4 (serious ill-health lump sum) is amended as follows.
- (2) In sub-paragraph (1)—
    - (a) at the end of paragraph (c) insert “ and ”;
    - (b) omit paragraph (e) (and the “and” before it).
  - (3) After sub-paragraph (2) insert—
    - “(3) For the purposes of sub-paragraph (2)—
      - (a) the fact that benefit crystallisation event 5 or benefit crystallisation event 5B has occurred in relation to the member is to be disregarded, and
      - (b) anything which, but for paragraph 2 of Schedule 32, would have been a benefit crystallisation event is to be treated as if it were such an event.”
- 29 In paragraph 7 (trivial commutation lump sum), in sub-paragraph (1)(e), omit “but has not reached the age of 75”.
- 30 In paragraph 10(1) (winding-up lump sum)—
  - (a) at the end of paragraph (d) insert “ and ”;
  - (b) omit paragraph (f) (and the “and” before it).

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- 31 In paragraph 12 (interpretation of Part 1), after sub-paragraph (1) insert—
- “(1A) For the purposes of determining whether all or part of the member's lifetime allowance is available—
- (a) the fact that benefit crystallisation event 5 or benefit crystallisation event 5B has occurred in relation to the member is to be disregarded, and
  - (b) anything which, but for paragraph 2 or 15A of Schedule 32, would have been a benefit crystallisation event is to be treated as if it were such an event.”

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