

*These notes refer to the Pension Schemes Act 2015  
(c.8) which received Royal Assent on 3 March 2015*

# **PENSION SCHEMES ACT 2015**

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## **EXPLANATORY NOTES**

### **SUMMARY**

#### ***Independent advice***

9. The Act provides for the provision of appropriate independent advice where rights to safeguarded benefits are being given up for flexible benefits or an uncrystallised funds pension lump sum. People with ‘safeguarded benefits’ (i.e. benefits which are neither money purchase nor cash balance under the definitions in pensions legislation) will continue to be allowed to transfer their benefits (subject to certain restrictions in relation to public sector schemes). But the Act introduces a requirement for trustees or managers of schemes to check that members have taken appropriate independent advice before transferring or converting such rights into rights which can be accessed flexibly, and before paying an uncrystallised funds pension lump sum in respect of safeguarded benefits. This safeguard will ensure that members have properly considered the implications of giving up the element of guarantee attached to safeguarded benefits in these circumstances. At the same time regulations made under the Act can ensure that the cost of appropriate independent advice is paid for by an employer where appropriate. This cost is exempt from being treated as a taxable benefit in kind for income tax purposes, provided specific conditions are met.