



# Pension Schemes Act 2021

## 2021 CHAPTER 1

### PART 5

#### FURTHER PROVISION RELATING TO PENSION SCHEMES

##### *Transfer rights*

#### **125 Exercise of right to cash equivalent**

- (1) The Pension Schemes Act 1993 is amended as follows.
- (2) In section 95 (ways of taking right to cash equivalent), after subsection (6) insert—
  - “(6ZA) The trustees or managers of the scheme may not use the cash equivalent in a way specified in subsection (2)(a), (b) or (d), (2A)(a), (b) or (d) or (3) unless prescribed conditions are satisfied.
  - (6ZB) The conditions that may be prescribed by regulations under subsection (6ZA) include (but are not limited to) conditions about—
    - (a) the member’s employment or place of residence;
    - (b) providing the trustees or managers with information or evidence about the member’s employment or place of residence;
    - (c) the member obtaining information or guidance about exercising the option conferred by subsection (1) from a prescribed person in a prescribed case;
    - (d) providing the trustees or managers with evidence that—
      - (i) the member has complied with a prescribed condition about obtaining such information or guidance from a prescribed person, or
      - (ii) the member is not subject to such a prescribed condition.
  - (6ZC) Regulations may make provision requiring the trustees or managers of a pension scheme to notify a member who makes an application under subsection (1) of conditions prescribed under subsection (6ZA).”

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*Status: This is the original version (as it was originally enacted).*

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- (3) In section 98 (loss of right to cash equivalent), in subsection (2), for “99(2A)” substitute “99(2ZA) or (2A)”.
- (4) In section 99 (trustees’ duties after exercise of option), after subsection (2) insert—
- “(2ZA) Subsection (2) does not apply if the trustees or managers have been unable to carry out what the member requires because a condition prescribed by regulations under section 95(6ZA) has not been satisfied.”
- (5) In section 99, after subsection (2ZA) (inserted by subsection (4))—
- “(2ZB) Subsection (2) does not apply if—
- (a) the member was required by section 96(4) to give a transfer notice under section 101F(1) in addition to making an application, and
  - (b) the trustees or managers have been unable to carry out what the member required in the transfer notice under section 101F(1) because a condition prescribed by regulations under section 101F(5A) has not been satisfied.”
- (6) In section 101F (power to give transfer notice), after subsection (5) insert—
- “(5A) The trustees or managers of the scheme may not use the amount equal to the cash equivalent for an authorised purpose under subsection (2)(a) or (c) or (3) unless prescribed conditions are satisfied.
- (5B) The conditions that may be prescribed by regulations under subsection (5A) include (but are not limited to) conditions about—
- (a) the member’s employment or place of residence;
  - (b) providing the trustees or managers with information or evidence about the member’s employment or place of residence;
  - (c) the member obtaining information or guidance about exercising the right under subsection (1) from a prescribed person in a prescribed case;
  - (d) providing the trustees or managers with evidence that—
    - (i) the member has complied with a prescribed condition about obtaining such information or guidance from a prescribed person, or
    - (ii) the member is not subject to such a prescribed condition.
- (5C) Regulations may make provision requiring the trustees or managers of a qualifying scheme to notify an eligible member who gives a transfer notice of conditions prescribed under subsection (5A).”
- (7) In section 101J (time for compliance with transfer notice), after subsection (2A) insert—
- “(2AA) Subsection (1) does not apply if the trustees or managers have been unable to carry out what the member requires because a condition prescribed by regulations under section 101F(5A) has not been satisfied.”
- (8) In section 101J, after subsection (2AA) (inserted by subsection (7))—
- “(2AB) Subsection (1) does not apply if—
- (a) the member was required by section 101G(4) to make an application under section 95(1) in addition to giving a transfer notice, and

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- (b) the trustees or managers have been unable to carry out what the member required in the application under section 95(1) because a condition prescribed by regulations under section 95(6ZA) has not been satisfied.”