SCHEDULES

SCHEDULE 9

PENSIONS

PART 4

TRANSITIONAL PROTECTIONS

Amendments of Part 3 of Schedule 36 to FA 2004

84 For paragraph 29 (pre-commencement benefit rights: enhanced protection: applicable amount) substitute—

"29 (1) If (and for so long as) paragraph 12 (enhanced protection) applies in relation to the individual, paragraphs 2A to 2D of Schedule 29 (meaning of "the applicable amount" in relation to a relevant pension) apply with the following modifications.

(2) Paragraph 2A of that Schedule (meaning of "the applicable amount" where the relevant pension is income withdrawal) applies as if, for sub-paragraphs (2) to (4), there were substituted—

"(2) The applicable amount is—

$$\frac{A}{B} \times (C + D)$$

where—

A is the value of the individual's relevant uncrystallised lump sum rights on 5 April 2006, calculated in accordance with paragraphs 25 and 26 of Schedule 36;

B is the value of the individual's uncrystallised pension rights on 5 April 2006, calculated in accordance with paragraphs 8 and 9 of that Schedule;

C is the pension commencement lump sum paid;

D is—

(a) the aggregate of the sums, and the market value of the assets, designated as available for the payment of drawdown pension on that occasion, less

(b) so much (if any) of that amount as represents rights which are attributable to a disqualifying pension credit."

(3) Paragraph 2B of that Schedule (meaning of "the applicable amount" where the relevant pension is a lifetime annuity) applies as if, for sub-paragraph (2) there were substituted—

"(2) The applicable amount is (subject to sub-paragraph (4))—

$$\frac{A}{B} \times (C + D - E)$$

where—

A is the value of the individual's relevant uncrystallised lump sum rights on 5 April 2006, calculated in accordance with paragraphs 25 and 26 of Schedule 36 to FA 2004;

B is the value of the individual's uncrystallised pension rights on 5 April 2006, calculated in accordance with paragraphs 8 and 9 of that Schedule;

C is the pension commencement lump sum paid;

D is the annuity purchase price;

E is—

(a) if the annuity is purchased (in whole or in part) by the application of sums or assets representing the whole or part of the member's drawdown pension fund or flexi-access drawdown fund, the aggregate of the amount of those sums and the market value of those assets;

(b) otherwise, so much (if any) of the aggregate of the lump sum and the annuity purchase price as represents the rights which are attributable to a disqualifying pension credit."

(4) Paragraph 2C of that Schedule (meaning of "the applicable amount" where the relevant pension is a defined benefits arrangement or a collective money purchase arrangement) applies as if—

(a) for sub-paragraph (2) there were substituted—

"(2) The applicable amount is (subject to sub-paragraph (3))—

$$\frac{A}{B} \times (C + D)$$

where—

A is the value of the individual's relevant uncrystallised lump sum rights on 5 April 2006, calculated in accordance with paragraphs 25 and 26 of Schedule 36;

B is the value of the individual's uncrystallised pension rights on 5 April 2006, calculated in accordance with paragraphs 8 and 9 of that Schedule;

C is the pension commencement lump sum paid;

D is an amount equal to the value of the pension rights crystallised by reason of the individual becoming entitled to the pension (see sub-paragraph (4)).";

(b) after sub-paragraph (3) there were inserted—

"(4) The Commissioners for His Majesty's Revenue and Customs may by regulations make provision about how the value of the pension rights crystallised by reason of the individual becoming entitled to the pension is to be determined for the purposes of sub-paragraph (2)."

(5) Paragraph 2D of that Schedule (meaning of "the applicable amount" where the relevant pension is a money purchase arrangement) applies as if, for sub-paragraph (2), there were substituted—

"(2) The applicable amount is—

$$\frac{A}{B} \times (C + D)$$

where—

A is the value of the individual's relevant uncrystallised lump sum rights on 5 April 2006, calculated in accordance with paragraphs 25 and 26 of Schedule 36;

B is the value of the individual's uncrystallised pension rights on 5 April 2006, calculated in accordance with paragraphs 8 and 9 of that Schedule;

C is the pension commencement lump sum paid;

D is the scheme pension purchase price.""

Changes to legislation:
There are currently no known outstanding effects for the Finance Act 2024, Paragraph 84.