
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision in relation to the transfer of sums and assets by registered pension schemes and insurance companies under Part 4 of the Finance Act 2004 (c. 12).

Regulation 1 provides for the citation and commencement of the Regulations, and regulation 2 for the interpretation of certain terms used in them.

Regulation 3 makes provision in relation to scheme pensions payable by registered pension schemes and provides that a transfer of sums or assets in respect of a scheme pension (“the original scheme pension”) from one registered pension scheme to another where another scheme pension (“the new scheme pension”) is provided is a recognised transfer. The new scheme pension is to be treated as the original scheme pension for the purposes prescribed in table 1.

Regulation 4 makes provision in relation to scheme pensions payable by insurance companies and provides for a new scheme pension payable by an insurance company following a transfer of sums or assets to be treated as the original scheme pension for the purposes prescribed in table 1.

Regulation 5 prescribes certain transfers within regulations 3 and 4 for the purposes of paragraph 2(4) of Schedule 28 to the Finance Act 2004 (scheme pension: satisfying conditions) to avoid an unauthorised payments charge on the transfer.

Regulation 6 makes provision in relation to lifetime annuities and provides that where a new lifetime annuity is payable following a transfer of sums or assets it is treated as the original lifetime annuity for the purposes prescribed in table 2, other transfers are treated as unauthorised payments.

Regulation 7 makes provision in relation to short-term annuities and provides that where a short-term annuity ceases to be paid on a transfer of sums and assets the transfer is treated as an unauthorised payment except where a new short-term annuity becomes payable.

Regulation 8 makes provision in relation to dependants' scheme pensions payable by registered pension schemes and provides that a transfer of sums or assets in respect of a dependants' scheme pension from one registered pension scheme to another where another dependants' scheme pension is provided is a recognised transfer.

Regulation 9 makes provision in relation to dependants' scheme pensions payable by insurance companies and provides that where a dependants' scheme pension ceases to be paid on a transfer of sums and assets the transfer is treated as an unauthorised payment except where a new dependants' scheme pension becomes payable.

Regulation 10 makes provision in relation to dependants' annuities and provides that where a dependants' annuity ceases to be paid on a transfer of sums and assets the transfer is treated as an unauthorised payment except where a new dependants' annuity becomes payable.

Regulation 11 makes provision in relation to dependants' short-term annuities and provides that where a dependants' short-term annuity ceases to be paid on a transfer of sums and assets the transfer is treated as an unauthorised payment except where a new dependants' short-term annuity becomes payable.

Regulation 12 makes provision in relation to unsecured pension funds, alternatively secured pension funds, dependants' unsecured pension funds and dependants' alternatively secured pension funds and provides that a transfer of sums and assets from one arrangement to a new arrangement under which no other sums or assets are held is a recognised transfer. The sums and assets transferred are

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treated as remaining sums and assets held under the old arrangement for the purposes prescribed in tables 3 to 6.

A regulatory impact assessment in respect of the provisions of Part 4 of the Finance Act 2004 and subordinate legislation under it was published by the Board of Inland Revenue on 8 April 2004, and is available on the Inland Revenue website at www.inlandrevenue.gov.uk/ria/simplifying-pensions.pdf or obtained by writing to HM Revenue and Customs, Capital & Savings Ministerial Correspondence Unit, 1st Floor, Ferrers House, PO Box 38, Castle Meadow Road, Nottingham, NG2 1BB.

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