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## SCHEDULES

### SCHEDULE 29

#### REGISTERED PENSION SCHEMES: AUTHORISED LUMP SUMS—SUPPLEMENTARY

##### Modifications etc. (not altering text)

- C1** Sch. 29 modified by [The Pensions Schemes \(Application of UK Provisions to Relevant Non-UK Schemes\) Regulations 2006 \(S.I. 2006/207\)](#), regs. 1(1), **15** (as substituted (with effect in accordance with reg. 1(3) of the amending S.I.) by [S.I. 2012/1795](#), regs. 1(1), 6; and amended by [Taxation of Pensions Act 2014 \(c. 30\)](#), Sch. 1 para. 96(3)-(14) (with Sch. 1 para. 96(16)(b))
- C2** Sch. 29 modified by [The Taxation of Pension Schemes \(Transitional Provisions\) Order 2006 \(S.I. 2006/572\)](#), **art. 23C** (as inserted (1.6.2009) by [S.I. 2009/1172](#), arts. 1, 3 (as amended (with effect in accordance with **s. 42(9)** of the amending Act) by [Finance Act 2014 \(c. 26\)](#), s. 42(5); and as amended by [Taxation of Pensions Act 2014 \(c. 30\)](#), Sch. 1 para. 72(1) (with Sch. 1 para. 72(2)(b)))

### PART 1

#### LUMP SUM RULE

##### Modifications etc. (not altering text)

- C3** Sch. 29 Pt. 1 modified (6.4.2006) by [The Taxation of Pension Schemes \(Transitional Provisions\) Order 2006 \(S.I. 2006/572\)](#), arts. 1(1), **25(1)(2)(4)**
- C4** Sch. 29 Pt. 1 applied (with modifications) (6.4.2006) by [The Pension Protection Fund \(Tax\) Regulations 2006 \(S.I. 2006/575\)](#), regs. 1, **11**

#### *Pension commencement lump sum*

- 1 (1) For the purposes of this Part a lump sum is a pension commencement lump sum if—
- <sup>F1</sup>[<sup>F2</sup>(a) . . . . .
- (aa) the member becomes entitled to it in connection with becoming entitled to a relevant pension (or dies after becoming entitled to it but before becoming entitled to the relevant pension in connection with which it was anticipated that the member would become entitled to it)
- (b) it is paid when all or part of the member's lifetime allowance is available [<sup>F3</sup>(but see sub-paragraph (3A))],
- (c) it is paid within the period [<sup>F4</sup>beginning six months before, and ending one year after,] the day on which the member becomes entitled to it,
- (d) it is paid when the member has reached normal minimum pension age (or the ill-health condition is satisfied),
- <sup>F5</sup>(e) . . . . . and

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- (f) it is not an excluded lump sum (see [<sup>F6</sup>sub-paragraphs (4) and (4A)]).
- (2) But if a lump sum falling within sub-paragraph (1) exceeds the permitted maximum, the excess is not a pension commencement lump sum.
- (3) A pension is a relevant pension if—
- (a) it is income withdrawal, a lifetime annuity or a scheme pension, and
  - (b) the member becomes entitled to it [<sup>F7</sup>[<sup>F8</sup>... under the pension scheme] under which the member becomes entitled to the lump sum.
- [<sup>F9</sup>(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) A lump sum is an excluded lump sum if—
- (a) the pension in connection with which the member becomes entitled to it is a scheme pension the rate of which is to reduce (or which is to cease to be payable) in accordance with paragraph 2(4)(c) of Schedule 28 [<sup>F10</sup>...], and
  - (b) the sole or main purpose of making provision for the pension to be such a pension was to increase the member's entitlement to a lump sum on which there is no liability to income tax.
- [<sup>F11</sup>(4A) A lump sum is an excluded lump sum if the pension in connection with which the member becomes entitled to it is a CMP-derived drawdown pension.]
- (5) Paragraph 2 defines the permitted maximum.
- [<sup>F12</sup>(6) The Board of Inland Revenue may by regulations provide that, where incorrect income tax has been paid by the scheme administrator in relation to the member by way of the lifetime allowance charge in circumstances prescribed by the regulations, a lump sum subsequently paid to the member in circumstances so prescribed is to be treated as a pension commencement lump sum [<sup>F13</sup>even though the condition in sub-paragraph (1)(c) is not met.]]

#### Textual Amendments

- F1** Sch. 29 para. 1(1)(a) omitted (with effect in accordance with Sch. 16 paras. 85, 101 of the amending Act) by virtue of [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 24\(2\)\(a\)](#)
- F2** Sch. 29 para. 1(1)(a)(aa) substituted (retrospective to 6.4.2006) for Sch. 29 para. 1(1)(a) by [Finance Act 2007 \(c. 11\)](#), [Sch. 20 paras. 11\(2\)\(a\)](#), 24(3)
- F3** Words in Sch. 29 para. 1(1)(b) inserted (with effect in accordance with Sch. 16 paras. 85, 101 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 24\(2\)\(b\)](#)
- F4** Words in Sch. 29 para. 1(1)(c) substituted (retrospective to 6.4.2006) by [Finance Act 2007 \(c. 11\)](#), [Sch. 20 paras. 11\(2\)\(b\)](#), 24(3)
- F5** Words in Sch. 29 para. 1(1)(e) omitted (retrospective to 6.4.2006) by virtue of [Finance Act 2007 \(c. 11\)](#), [Sch. 20 paras. 11\(2\)\(c\)](#), 24(3)
- F6** Words in Sch. 29 para. 1(1)(f) substituted (1.8.2022) by [Finance Act 2021 \(c. 26\)](#), [Sch. 5 paras. 21\(2\)\(a\)](#), 25(1); S.I. 2022/874, reg. 2
- F7** Words in Sch. 29 para. 1(3)(b) omitted (with effect in accordance with Sch. 16 paras. 85, 101 of the amending Act) by virtue of [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 79\(2\)](#)

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- F8** Words in Sch. 29 para. 1(3)(b) substituted (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 34\(2\), 64\(1\)](#)
- F9** Sch. 29 para. 1(3A) inserted (with effect in accordance with Sch. 16 paras. 85, 101 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 24\(3\)](#)
- F10** Words in Sch. 29 para. 1(4)(a) omitted (with effect in accordance with s. 51(5) of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [s. 51\(3\)](#)
- F11** Sch. 29 para. 1(4A) substituted (11.7.2023) by [Finance \(No. 2\) Act 2023 \(c. 30\)](#), [s. 24\(7\)](#)
- F12** Sch. 29 para. 1(6) inserted (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 34\(3\), 64\(1\)](#)
- F13** Words in Sch. 29 para. 1(6) substituted (with effect in accordance with Sch. 16 paras. 85, 101 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 24\(4\)](#)

**Modifications etc. (not altering text)**

- C5** Sch. 29 para. 1 modified (6.4.2006) by [The Taxation of Pension Schemes \(Transitional Provisions\) Order 2006 \(S.I. 2006/572\)](#), [arts. 1\(1\), 28](#)
- C6** Sch. 29 para. 1 modified (27.7.2010) by [Finance \(No. 2\) Act 2010 \(c. 31\)](#), [Sch. 3 para. 7](#)
- C7** Sch. 29 para. 1(1) modified (6.4.2006) by [The Taxation of Pension Schemes \(Transitional Provisions\) Order 2006 \(S.I. 2006/572\)](#), [arts. 1\(1\), 18](#)

[<sup>F14</sup>1A (1) Paragraph 1(1)(c) is to be omitted when deciding whether a lump sum to which this paragraph applies is a pension commencement lump sum.

- (2) This paragraph applies to a lump sum if—
- (a) the sum is paid in respect of a money purchase arrangement,
  - (b) the sum is paid before the member becomes entitled to the sum,
  - (c) either—
    - (i) the sum is paid on or after 19 September 2013 but before 6 April 2015, or
    - (ii) the sum is paid before 19 September 2013, a contract for a lifetime annuity is entered into to provide the pension in connection with which the sum is paid, and on or after 19 March 2014 the contract is cancelled, and
  - (d) the member becomes entitled to the sum before 6 October 2015.
- (3) Where—
- (a) a lump sum to which this paragraph applies is a pension commencement lump sum but would not be a pension commencement lump sum if sub-paragraph (1) were omitted, and
  - (b) the lump sum is paid to the member in connection with a pension under the scheme to which it is expected that the member will become entitled (“the expected pension”),

no lump sum paid to the member out of the expected-pension fund is a pension commencement lump sum; and here “the expected-pension fund” means the sums and assets that from time to time represent the sums and assets that, when the lump sum mentioned in paragraph (a) was paid, were held for the purpose of providing the expected pension.

- (4) For the purposes of sub-paragraph (2), if the circumstances are as described in sub-paragraph (2)(c)(ii), the member is treated as not having become entitled to the arranged pension as a result of the cancelled contract having been entered into; and here “the arranged pension” means the pension that would have been provided by that contract had it not been cancelled.]

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### Textual Amendments

**F14** Sch. 29 para. 1A inserted (19.3.2014) by [Finance Act 2014 \(c. 26\)](#), [Sch. 5 paras. 1, 15](#)

<sup>F15</sup>1B (1) When deciding whether a lump sum to which this paragraph applies is a pension commencement lump sum—

- (a) paragraph 1(1)(aa) and (c) and (3) are to be omitted,
- (b) paragraph 1(4) is to be treated as referring to the actual pension (see sub-paragraph (2)(h) of this paragraph), and
- (c) paragraph 2(2) is to be treated as referring to the arrangement under which the member was expected to become entitled to the expected pension (see sub-paragraph (2)(b) of this paragraph).

(2) This paragraph applies to a lump sum if—

- (a) the sum is paid in respect of a money purchase arrangement,
- (b) the sum is paid to the member in connection with a pension under a registered pension scheme to which it is expected that the member will become entitled (“the expected pension”),
- (c) the expected pension is income withdrawal, a lifetime annuity or a scheme pension,
- (d) the sum is paid before the member becomes entitled to the expected pension,
- (e) either—
  - (i) the sum is paid on or after 19 September 2013 but before 6 April 2015, or
  - (ii) the sum is paid before 19 September 2013, a contract for a lifetime annuity is entered into to provide the expected pension, and on or after 19 March 2014 the contract is cancelled,
- (f) the sum is not repaid at any time before 6 October 2015,
- (g) before the member becomes entitled to the expected pension, there is a recognised transfer of the sums and assets that immediately before the transfer represent the sums and assets that when the sum was paid were held for the purpose of providing the expected pension,
- (h) the member becomes entitled before 6 October 2015 to a pension under the scheme to which the recognised transfer is made (“the actual pension”),
- (i) the actual pension is income withdrawal, a lifetime annuity or a scheme pension, or some combination of them, and
- (j) all of the sums and assets that represent the sums and assets transferred by the recognised transfer are used to provide the actual pension.

(3) If a lump sum to which this paragraph applies is a pension commencement lump sum, any lump sum paid—

- (a) to the member,
  - (b) by the scheme to which the recognised transfer mentioned in sub-paragraph (2)(g) is made or by any other registered pension scheme (including the scheme from which the transfer was made), and
  - (c) in connection with the member's becoming entitled to the actual pension,
- is not a pension commencement lump sum.

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- (4) For the purposes of sub-paragraph (2), if the circumstances are as described in sub-paragraph (2)(e)(ii), the member is treated as not having become entitled to the expected pension as a result of the cancelled contract having been entered into.]

#### Textual Amendments

**F15** Sch. 29 para. 1B inserted (19.3.2014) by [Finance Act 2014 \(c. 26\)](#), [Sch. 5 paras. 2\(1\), 15](#)

- 2 (1) If sub-paragraph (2) applies, the permitted maximum is nil.
- (2) This sub-paragraph applies if all the member's rights under the arrangement under which the member becomes entitled to the relevant pension are attributable to a disqualifying pension credit.
- (3) A pension credit is disqualifying if, when the member becomes entitled to it, the person subject to the corresponding pension debit has an actual (rather than a prospective) right to payment of a pension under the relevant arrangement.
- (4) The relevant arrangement is the arrangement to which the pension sharing order or provision, by virtue of which the member becomes entitled to the pension credit, relates.
- (5) If sub-paragraph (2) does not apply, the permitted maximum is the lower of—
- (a) the available portion of the member's lump sum allowance, and
  - (b) the applicable amount, calculated in accordance with paragraph 3.
- [<sup>F16</sup>(5A) But if the member dies before becoming entitled to the relevant pension in connection with which it was anticipated that the member would become entitled to the lump sum, the permitted maximum is the available portion of the member's lump sum allowance.]
- (6) The available portion of the member's lump sum allowance is—

$$\frac{\text{CSLA} - \text{AAC}}{4}$$

where—

CSLA is the current standard lifetime allowance, and

AAC is the aggregate of the [<sup>F17</sup>relevant amount in the case of] each benefit crystallisation event which has occurred in relation to the member before the member becomes entitled to the lump sum, as adjusted under sub-paragraph (7) (and if no such benefit crystallisation event has occurred, is nil).

- [<sup>F18</sup>(6A) Subject to sub-paragraph (6B), the relevant amount in the case of a benefit crystallisation event is the amount crystallised by it.

- (6B) If the benefit crystallisation event is becoming entitled to a scheme pension under a money purchase arrangement [<sup>F19</sup>that is not a collective money purchase arrangement], the relevant amount in the case of the benefit crystallisation event is the aggregate of—

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- (a) the amount of such of the sums held for the purposes of the pension scheme, and
- (b) the market value of such of the assets held for the purposes of the pension scheme,

as are applied in (or in connection with) the purchase or provision of the scheme pension and any related dependants' scheme pension.]

- (7) The adjustment of [<sup>F20</sup>the relevant amount in the case of] a previous benefit crystallisation event referred to in the definition of AAC is the multiplication of the amount by—

$$\frac{\text{CSLA}}{\text{PSLA}}$$

where—

CSLA is the current standard lifetime allowance, and

PSLA is the standard lifetime allowance at the time of the previous benefit crystallisation event.

- [<sup>F21</sup>(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.]

- (8) If the amount given by sub-paragraph (6) is negative, no portion of the member's lump sum allowance is available.

- [<sup>F22</sup>(9) Sub-paragraph (10) applies if the member is a protected individual (but not if this paragraph applies with the modifications set out in paragraph 27 or 28 of Schedule 36).

- (10) Sub-paragraphs (6) and (7) have effect[<sup>F23</sup>—

- (a) where the member becomes entitled to the lump sum on or after 6 April 2014, as if PS LA in the case of any previous benefit crystallisation event which occurs on or after 6 April 2014 were £1,500,000 if that is greater than PS LA in that case, and
- (b)] as if CSLA were £1,500,000 if that is greater than CSLA.

- (11) The member is a “protected individual” if—

- (a) paragraph 7 of Schedule 36 (primary protection) makes provision for a lifetime allowance enhancement factor in relation to the member, or
- (b) at the time the member becomes entitled to the lump sum, paragraph 12 of that Schedule (enhanced protection) applies in relation to the member.]

#### Textual Amendments

**F16** Sch. 29 para. 2(5A) inserted (retrospectively) by [Finance Act 2007 \(c. 11\)](#), [Sch. 20 paras. 11\(4\)](#), [24\(3\)](#)

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- F17** Words in Sch. 29 para. 2(6) substituted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\)](#), s. 161(2), [Sch. 23 para. 23\(2\)](#)
- F18** Sch. 29 para. 2(6A)(6B) inserted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\)](#), s. 161(2), [Sch. 23 para. 23\(3\)](#)
- F19** Words in Sch. 29 para. 2(6B) inserted (1.8.2022) by [Finance Act 2021 \(c. 26\)](#), [Sch. 5 paras. 21\(3\)](#), 25(1); S.I. 2022/874, reg. 2
- F20** Words in Sch. 29 para. 2(7) substituted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\)](#), s. 161(2), [Sch. 23 para. 23\(4\)](#)
- F21** Sch. 29 para. 2(7A) inserted (with effect in accordance with Sch. 16 paras. 85, 101 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 25](#)
- F22** Sch. 29 para. 2(9)-(11) inserted (with effect in accordance with Sch. 22 para. 8(3) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 22 para. 8\(2\)](#)
- F23** Words in Sch. 29 para. 2(10) inserted (with effect in accordance with Sch. 4 para. 28(3) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [Sch. 4 para. 28\(1\)](#)

**Modifications etc. (not altering text)**

- C8** Sch. 29 para. 2 modified (1.5.2010) by [The Financial Assistance Scheme \(Tax\) Regulations 2010 \(S.I. 2010/1187\)](#), regs. 1(1), [19\(a\)](#)
- C9** Sch. 29 para. 2(6) modified (6.4.2006) by [The Taxation of Pension Schemes \(Transitional Provisions\) Order 2006 \(S.I. 2006/572\)](#), arts. 1(1), [19](#)

- 3 (1) Where the member becomes entitled to income withdrawal, the applicable amount is one third of the aggregate of—
- (a) the amount of the sums designated as available for the payment of [<sup>F24</sup>drawdown pension] on that occasion, and
  - (b) the market value of the assets so designated,
- but subject to sub-paragraph (2).
- (2) Any of the sums and assets so designated which represent rights attributable to a disqualifying pension credit are to be disregarded.
- (3) Where the member becomes entitled to a lifetime annuity, the applicable amount is one third of the annuity purchase price.
- (4) “The annuity purchase price” is the aggregate of—
- (a) the amount of such of the sums held for the purposes of the pension scheme, and
  - (b) the market value of such of the assets held for the purposes of the pension scheme,
- as are applied in (or in connection with) the purchase [<sup>F25</sup>of the lifetime annuity and any related dependants' annuity][<sup>F26</sup>and any related nominees' annuity] but subject to sub-paragraph (5).
- [<sup>F27</sup>(4A) For the purposes of this Part a dependants' annuity is related to a lifetime annuity payable to a member of a registered pension scheme—
- (a) if they are purchased either in the form of a joint life annuity or separately in circumstances in which the day on which the one is purchased is no earlier than seven days before, and no later than seven days after, the day on which the other is purchased, and
  - (b) the dependant's annuity will be payable to a dependant of the member.]

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<sup>F28</sup>(4B) For the purposes of this Part a nominees' annuity is related to a lifetime annuity payable to a member of a registered pension scheme—

- (a) if they are purchased either in the form of a joint life annuity or separately in circumstances in which the day on which the one is purchased is no earlier than seven days before, and no later than seven days after, the day on which the other is purchased, and
- (b) the nominees' annuity will be payable to a nominee of the member.]

<sup>F29</sup>(5) There is to be deducted from that aggregate—

- (a) if the sums or assets applied in (or in connection with) the purchase of the annuity or any related dependants' annuity [<sup>F30</sup>or any related nominees' annuity] consist of or include sums or assets representing the whole or part of the [<sup>F31</sup>member's drawdown pension fund][<sup>F32</sup>or of the member's flexi-access drawdown fund], the aggregate of the amount of those sums and the market value of those assets, and
- (b) in any case, so much (if any) of the sums or assets applied in (or in connection with) the purchase of the annuity or any related dependants' annuity [<sup>F30</sup>or any related nominees' annuity] as represents rights which are attributable to a disqualifying pension credit.]

(6) Where the member becomes entitled to a scheme pension [<sup>F33</sup>under a defined benefits arrangement][<sup>F34</sup>or a collective money purchase arrangement], the applicable amount is—

$$\frac{LS + AC}{4}$$

but subject to sub-paragraph (8).

(7) In sub-paragraph (6)—

LS is the amount of the lump sum, and

[<sup>F35</sup>AC is—

- (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.]

<sup>F36</sup>(7A) Where the member becomes entitled to a scheme pension under a money purchase arrangement [<sup>F37</sup>that is not a collective money purchase arrangement], the applicable amount is one third of the scheme pension purchase price.

(7B) “The scheme pension purchase price” is the aggregate of—

- (a) the amount of such of the sums held for the purposes of the pension scheme, and
- (b) the market value of such of the assets held for the purposes of the pension scheme,

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as are applied in (or in connection with) the purchase or provision of the scheme pension and any related dependants' scheme pension, but subject to sub-paragraph (8).

(7C) For the purposes of this Part a dependants' scheme pension is related to a scheme pension payable to a member of a registered pension scheme if—

- (a) the day on which one is purchased or sums or assets are applied for its provision is no earlier than seven days before, and no later than seven days after, the day on which the other is purchased or sums or assets are applied for its provision, and
- (b) the dependants' scheme pension will be payable to a dependant of the member.]

(8) There is to be deducted from the aggregate of the amount of the lump sum and the amount crystallised [<sup>F38</sup>or from the scheme pension purchase price]—

- (a) if the scheme pension is funded (in whole or in part) by the [<sup>F39</sup>application] of sums or assets representing the whole or part of the [<sup>F40</sup>member's drawdown pension fund][<sup>F41</sup>or of the member's flexi-access drawdown fund], the aggregate of the amount of those sums and the market value of those assets, and
- (b) in any case, so much (if any) of the aggregate of the lump sum and the amount crystallised [<sup>F42</sup>or of the scheme pension purchase price] as represents rights which are attributable to a disqualifying pension credit.

[<sup>F43</sup>(8A) Sub-paragraphs (1) to (8) have effect subject to the following—

- (a) if—
  - (i) paragraph 1A or 1B applies to the lump sum,
  - (ii) the lump sum is paid more than 6 months before the day on which the member becomes entitled to it,
  - (iii) a contract for a lifetime annuity is entered into to provide the pension in connection with which the lump sum is paid, and
  - (iv) on or after 19 March 2014 the contract is cancelled,

the applicable amount is one third of the annuity purchase price that would have been given by sub-paragraphs (4) to (5) in the case of that annuity had the contract not been cancelled, and

- (b) if—
  - (i) paragraph 1A or 1B applies to the lump sum,
  - (ii) the lump sum is paid more than 6 months before the day on which the member becomes entitled to it, and
  - (iii) paragraph (a) does not apply,

the applicable amount is one third of the sums, plus one third of the then market value of the assets, held at the time the lump sum is paid for the purpose of providing the pension at that time expected to be the pension in connection with which the lump sum is paid.

(8B) For the purposes of sub-paragraph (8A)(a)(ii), the member is treated as not having become entitled to a pension as a result of the cancelled contract having been entered into.]

[<sup>F44</sup>(9) Sub-paragraph (10) applies if—

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- (a) sums or assets held for the purposes of, or representing accrued rights under, a money purchase arrangement relating to the member under a registered pension scheme (“member money purchase funds”) are subject to a relevant surrender or a relevant transfer,
  - (b) the sole or main purpose of the relevant surrender or relevant transfer is to increase the applicable amount on the member becoming entitled to a scheme pension, and
  - (c) the member becomes entitled to a scheme pension under a relevant defined benefits arrangement.
- (10) The pension scheme under which the relevant defined benefits arrangement is an arrangement is to be treated as making an unauthorised payment to the member of any amount by which—
- (a) the applicable amount in relation to the scheme pension under sub-paragraph (6), exceeds
  - (b) the amount which would be that applicable amount under sub-paragraph (7A) if the arrangement were a money purchase arrangement.
- (11) For the purposes of sub-paragraph (9)—
- (a) member money purchase funds are subject to a relevant surrender if they are surrendered and, in consequence of the surrender, there is a corresponding increase in the sums or assets held for the purposes of, or representing rights under, a defined benefits arrangement relating to the member under the pension scheme (or such an arrangement is established), and
  - (b) member money purchase funds are subject to a relevant transfer if they are transferred so as to become held for the purposes of, or to represent rights under, a defined benefits arrangement relating to the member under any other registered pension scheme.
- (12) In sub-paragraphs (9) and (10) “relevant defined benefits arrangement” means—
- (a) the defined benefits arrangement mentioned in paragraph (a) or (b) of sub-paragraph (11), or
  - (b) any other defined benefits arrangement relating to the member (under the pension scheme or any other registered pension scheme) in the case of which any of the sums or assets held for the purposes of, or representing accrued rights under, the arrangement directly or indirectly represent sums or assets previously held for the purposes of, or representing accrued rights under, the defined benefits arrangement so mentioned.]

#### Textual Amendments

- F24** Words in Sch. 29 para. 3(1)(a) substituted (with effect in accordance with Sch. 16 paras. 85, 101 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 79\(3\)\(a\)](#)
- F25** Words in Sch. 29 para. 3(4) substituted (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 30\(2\)](#), 64(1)
- F26** Words in [Sch. 29 para. 3\(4\)](#) inserted (26.3.2015) by [Finance Act 2015 \(c. 11\)](#), [Sch. 4 para. 14\(2\)](#)
- F27** Sch. 29 para. 3(4A) inserted (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 30\(3\)](#), 64(1)
- F28** [Sch. 29 para. 3\(4B\)](#) inserted (26.3.2015) by [Finance Act 2015 \(c. 11\)](#), [Sch. 4 para. 14\(3\)](#)
- F29** Sch. 29 para. 3(5) substituted (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 35\(2\)](#), 64(1)
- F30** Words in [Sch. 29 para. 3\(5\)](#) inserted (26.3.2015) by [Finance Act 2015 \(c. 11\)](#), [Sch. 4 para. 14\(4\)](#)
- F31** Words in Sch. 29 para. 3(5)(a) substituted (with effect in accordance with Sch. 16 paras. 85, 101 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 79\(3\)\(b\)](#)

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- F32** Words in Sch. 29 para. 3(5)(a) inserted (17.12.2014) by [Taxation of Pensions Act 2014 \(c. 30\)](#), [Sch. 1 para. 22](#)
- F33** Words in Sch. 29 para. 3(6) inserted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\)](#), s. 161(2), [Sch. 23 para. 22\(2\)](#)
- F34** Words in Sch. 29 para. 3(6) inserted (1.8.2022) by [Finance Act 2021 \(c. 26\)](#), [Sch. 5 paras. 21\(4\)\(a\), 25\(1\)](#); S.I. 2022/874, reg. 2
- F35** Words in Sch. 29 para. 3(7) substituted (with effect in accordance with Sch. 16 paras. 85, 101 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 26](#)
- F36** Sch. 29 para. 3(7A)-(7C) inserted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\)](#), s. 161(2), [Sch. 23 para. 22\(3\)](#)
- F37** Words in Sch. 29 para. 3(7A) inserted (1.8.2022) by [Finance Act 2021 \(c. 26\)](#), [Sch. 5 paras. 21\(4\)\(b\), 25\(1\)](#); S.I. 2022/874, reg. 2
- F38** Words in Sch. 29 para. 3(8) inserted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\)](#), s. 161(2), [Sch. 23 para. 22\(4\)\(a\)](#)
- F39** Word in Sch. 29 para. 3(8) substituted (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 24, 64\(1\)](#)
- F40** Words in Sch. 29 para. 3(8)(a) substituted (with effect in accordance with Sch. 16 paras. 85, 101 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 16 para. 79\(3\)\(c\)](#)
- F41** Words in Sch. 29 para. 3(8)(a) inserted (17.12.2014) by [Taxation of Pensions Act 2014 \(c. 30\)](#), [Sch. 1 para. 22](#)
- F42** Words in Sch. 29 para. 3(8) inserted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\)](#), s. 161(2), [Sch. 23 para. 22\(4\)\(b\)](#)
- F43** Sch. 29 para. 3(8A)(8B) inserted (19.3.2014) by [Finance Act 2014 \(c. 26\)](#), [Sch. 5 paras. 4, 15](#)
- F44** Sch. 29 para. 3(9)-(12) inserted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\)](#), s. 161(2), [Sch. 23 para. 22\(5\)](#)

**Modifications etc. (not altering text)**

- C10** Sch. 29 para. 3(4A)(4B) applied by 2003 c. 1, s. 646B(7) (as inserted (with effect in accordance with Sch. 4 para. 17(2) of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 4 para. 17\(1\)](#))

[<sup>F45</sup>3A (1) Where this paragraph applies in relation to a pension commencement lump sum paid to the member, the pension scheme is to be treated as making to the member an unauthorised payment of the appropriate amount.

(2) Subject to [<sup>F46</sup>sub-paragraphs (3) to (4A)], this paragraph applies in relation to a pension commencement lump sum if—

- (a) because of the lump sum, the amount of the contributions paid by or on behalf of, or in respect of, the member to the pension scheme, or to any other registered pension scheme, is significantly greater than it otherwise would be, and
- (b) the member envisaged at the relevant time that that would be so.

(3) This paragraph does not apply in relation to any lump sum paid to the member on any day if the amount of the lump sum, when added to any other pension commencement lump sum paid to the member within the period of 12 months ending with that day, does not exceed [<sup>F47</sup>£7,500].

(4) This paragraph does not apply if the amount by which the contributions paid as mentioned in sub-paragraph (2)(a) is greater than it otherwise would be because of the lump sum does not exceed 30% of the amount of the lump sum.

[ This paragraph does not apply if—

- <sup>F48</sup>(4A) (a) the member has reached the age of 75 when the contributions are paid as mentioned in sub-paragraph (2)(a), and

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(b) the contributions are not paid by an employer of the member.]

[<sup>F49</sup>(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.]

(6) “The relevant time” is—

- (a) if paragraph (a) of sub-paragraph (2) is satisfied before the lump sum is paid, the time when that paragraph is first satisfied, and
- (b) otherwise, the time when the lump sum is paid.]

#### Textual Amendments

- F45** Sch. 29 para. 3A inserted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\), s. 159\(1\)\(2\)](#)
- F46** Words in Sch. 29 para. 3A(2) substituted (with effect in accordance with Sch. 16 paras. 85, 102 of the amending Act) by [Finance Act 2011 \(c. 11\), Sch. 16 para. 27\(2\)](#)
- F47** Sum in Sch. 29 para. 3A(3) substituted (17.12.2014) (with effect in accordance with Sch. 1 para. 70(2) of the amending Act) by [Taxation of Pensions Act 2014 \(c. 30\), Sch. 1 para. 70\(1\)](#)
- F48** Sch. 29 para. 3A(4A) inserted (with effect in accordance with Sch. 16 paras. 85, 102 of the amending Act) by [Finance Act 2011 \(c. 11\), Sch. 16 para. 27\(3\)](#)
- F49** Sch. 29 para. 3A(5) substituted (with effect in accordance with Sch. 16 paras. 85, 102 of the amending Act) by [Finance Act 2011 \(c. 11\), Sch. 16 para. 27\(4\)](#)

#### Modifications etc. (not altering text)

- C11** Sch. 29 para. 3A excluded (N.I.) (1.4.2015) by [The Teachers Pension Scheme Regulations \(Northern Ireland\) 2014 \(S.R. 2014/310\), regs. 1, 167\(1\)](#)
- C12** Sch. 29 para. 3A excluded (E.W.) (1.4.2015) by [The Teachers' Pension Scheme Regulations 2014 \(S.I. 2014/512\), reg. 167\(1\)](#) (with reg. 183)

**Changes to legislation:**

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 236ZA inserted by [S.I. 2024/357 art. 2\(2\)](#)