



# Finance Act 2004

## 2004 CHAPTER 12

### PART 4

#### PENSION SCHEMES ETC

### CHAPTER 3

#### PAYMENTS BY REGISTERED PENSION SCHEMES

##### *Authorised member payments*

#### **167 Pension death benefit rules**

- (1) These are the rules relating to the payment of pension death benefits by a registered pension scheme in respect of a member of the pension scheme (“the pension death benefit rules”).

##### *Pension death benefit rule 1*

No payment of pension death benefit may be made otherwise than to a dependant<sup>[F1]</sup>, or nominee or successor,] of the member.

##### *Pension death benefit rule 2*

No payment of pension death benefit other than a dependants' scheme pension may be made in respect of a defined benefits arrangement <sup>[F2]</sup>or a collective money purchase arrangement].

##### *Pension death benefit rule 3*

<sup>[F3]</sup>No payment of pension death benefit] other than—

- (a) a dependants' scheme pension,
- (b) a dependants' annuity, or
- (c) <sup>[F4]</sup>dependants' drawdown pension,]

may be made to <sup>[F5]</sup>a dependant] in respect of a money purchase arrangement <sup>[F6]</sup>that is not a collective money purchase arrangement]; but a dependants'

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scheme pension may only be paid if the member or dependant had an opportunity to select a dependants' annuity instead.

<sup>F7</sup>Pension death benefit rule 3A

No payment of pension death benefit, other than <sup>F8</sup>a nominees' annuity in respect of a money purchase arrangement or] nominees' drawdown pension in respect of a money purchase arrangement, may be made to a nominee of the member.]

<sup>F7</sup>Pension death benefit rule 3B

No payment of pension death benefit, other than <sup>F9</sup>a successors' annuity in respect of a money purchase arrangement or] successors' drawdown pension in respect of a money purchase arrangement, may be made to a successor of the member.]

<sup>F10</sup>Pension death benefit rule 4

The total amount of dependants' drawdown pension paid to a dependant in each drawdown pension year <sup>F11</sup>from, or under a dependants' short-term annuity purchased using sums or assets out of, the dependant's drawdown pension fund] in respect of a money purchase arrangement must not exceed <sup>F12</sup>150%] of the basis amount for the drawdown pension year.

<sup>F13</sup> ...]  
<sup>F14</sup> .....  
<sup>F14</sup> .....

<sup>F15</sup>(1A) For the purposes of this Part, a person becomes entitled to dependants' income withdrawal, nominees' income withdrawal or successors' income withdrawal under a registered pension scheme whenever sums or assets held for the purposes of an arrangement under the pension scheme are designated as available for the payment of (as the case may be) dependants' drawdown pension, nominees' drawdown pension or successors' drawdown pension.]

(2) <sup>F16</sup>In this part “pension] death benefit” means a pension payable on the death of the member (other than a member’s pension payable after the member’s death under pension rule 2: see section 165)<sup>F17</sup>, or a pension payable in respect of the member on the subsequent death of a dependant, nominee or successor of the member].

<sup>F18</sup>(2A) .....

<sup>F18</sup>(2B) .....

(3) Part 2 of Schedule 28 gives the meaning of expressions used in the pension death benefit rules.

**Textual Amendments**

- F1** Words in s. 167 inserted (17.12.2014) by [Taxation of Pensions Act 2014 \(c. 30\)](#), **Sch. 2 para. 2(2)**
- F2** Words in s. 167(1) inserted (1.8.2022) by [Finance Act 2021 \(c. 26\)](#), **Sch. 5 paras. 4(2), 25(1)**; S.I. 2022/874, reg. 2
- F3** Words in s. 167(1) substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 16 para. 11(2)(a)(i)**
- F4** Words in s. 167(1) substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 16 para. 11(2)(a)(ii)**
- F5** Words in s. 167(1) substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 16 para. 11(2)(a)(iii)**

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- F6** Words in s. 167(1) inserted (1.8.2022) by Finance Act 2021 (c. 26), **Sch. 5 paras. 4(3), 25(1)**; S.I. 2022/874, reg. 2
- F7** Words in s. 167 inserted (17.12.2014) by Taxation of Pensions Act 2014 (c. 30), **Sch. 2 para. 2(3)**
- F8** Words in s. 167(1) inserted (26.3.2015) by Finance Act 2015 (c. 11), **Sch. 4 para. 2(2)**
- F9** Words in s. 167(1) inserted (26.3.2015) by Finance Act 2015 (c. 11), **Sch. 4 para. 2(3)**
- F10** Words in s. 167(1) substituted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by Finance Act 2011 (c. 11), **Sch. 16 para. 11(2)(b)**
- F11** Words in s. 167(1) inserted (17.12.2014) by Taxation of Pensions Act 2014 (c. 30), **Sch. 1 para. 6**
- F12** Word in s. 167(1) substituted (with effect in accordance with s. 41(6) of the amending Act) by Finance Act 2014 (c. 26), **s. 41(2)**
- F13** Words in s. 167(1) omitted (6.4.2015) by virtue of Taxation of Pensions Act 2014 (c. 30), **Sch. 1 para. 32(1)(c)(4)**
- F14** Words in s. 167(1) omitted (with effect in accordance with Sch. 16 para. 85 of the amending Act) by virtue of Finance Act 2011 (c. 11), **Sch. 16 para. 11(2)(c)**
- F15** S. 167(1A) inserted (17.12.2014) by Taxation of Pensions Act 2014 (c. 30), **Sch. 2 para. 2(4)**
- F16** Words in s. 167(2) substituted (retrospective to 6.4.2006) by Finance Act 2007 (c. 11), **Sch. 20 paras. 22(1), 24(3)**
- F17** Words in s. 167(2) inserted (17.12.2014) by Taxation of Pensions Act 2014 (c. 30), **Sch. 2 para. 2(5)**
- F18** S. 167(2A)(2B) omitted (6.4.2015) by virtue of Taxation of Pensions Act 2014 (c. 30), **Sch. 1 para. 32(1)(d)(4)**

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

- C1** Pt. 4 modified (19.7.2011) by Finance Act 2011 (c. 11), **Sch. 18 para. 14(3)**
- C2** S. 167 modified (6.4.2006) by The Pensions Schemes (Application of UK Provisions to Relevant Non-UK Schemes) Regulations 2006 (S.I. 2006/207), regs. 1(1), 7
- C3** S. 167 modified (27.7.2010) by Finance (No. 2) Act 2010 (c. 31), Sch. 3 para. 2(1)(2)(c) (with Sch. 2 para. 2(1))
- C4** S. 167 modified (with effect in accordance with Sch. 16 para. 85 of the amending Act) by Finance Act 2011 (c. 11), **Sch. 16 para. 99(2)(a)**
- C5** S. 167 modified (with effect in accordance with Sch. 16 para. 85 of the amending Act) by Finance Act 2011 (c. 11), **Sch. 16 para. 98(2)(a)**
- C6** S. 167 modified by The Pensions Schemes (Application of UK Provisions to Relevant Non-UK Schemes) Regulations 2006 (S.I. 2006/207), reg. 7 (as substituted (with effect in accordance with reg. 1(2) of the amending S.I.) by S.I. 2012/1795, regs. 1(1), 4)
- C7** S. 167(1) modified (6.4.2006) by The Taxation of Pension Schemes (Transitional Provisions) Order 2006 (S.I. 2006/572), arts. 1(1), 3, 4(3)(4)

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#### Commencement Information

- I1** Ss. 160-274, 281, Schs. 30-35 in force at 6.4.2006 but any power to make an order or regulations under those provisions may be exercised at any time after Royal Assent, see s. 284

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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\(2\)](#)