

*These notes refer to the Pensions Act 2008 (c.30)  
which received Royal Assent on 26 November 2008*

# **PENSIONS ACT 2008**

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## **EXPLANATORY NOTES**

### **COMMENTARY ON SECTIONS**

#### **Part 4: Financial Assistance Scheme**

##### ***Section 125: Restriction on purchase of annuities***

362. Regulations were made, following the PA 2007, to protect scheme assets by restricting the purchase of annuities. The restriction imposed by those regulations expired on 25<sup>th</sup> June 2008. This section extends the restriction on purchasing annuities. It also introduces a sanction (s.286A(5) to (7)) which allows the FAS scheme manager to make void any annuity contract entered into contrary to the restriction.
363. Purchases of annuities or agreements to purchase can be made if trustees had entered into a binding commitment prior to the regulations being in force, or if the FAS scheme manager approves a written application from a trustee to annuitise. Such approval can be given subject to appropriate conditions.
364. Both the restriction and the power to make annuity contracts void are effective from 26th June 2008, the day following the expiry of the restriction.