Pensions Administration

FA2: 2023-24 edition

Web update 1: 01 December 2023

Please note the following update to your copy of the **FA2** study text:

Chapter 14, section B, page 14/5

Please can you update the below information highlighted in **bold**:

Where the funds are used to purchase a dependant's pension, the Financial Conduct Authority's (FCA) Conduct of Business Sourcebook requires scheme administrators to provide certain information to assist beneficiaries. A key features document covers all the requirements to disclose details about the pension payable. Cancellation rights also apply.

The personal illustration that forms part of the key features must be prepared specifically for each individual beneficiary. It must indicate:

- **details of the dependant's benefits payable;**
- **what they need to do if they want to accept these benefits; and**
- **the amount of commission payable, or the cost of advice where the adviser represents only one company.**

Where a lump sum is payable, if it comes from a crystallised pension and the member died under age 75, then no tax charge is applied. Where it comes from an uncrystallised pension then income tax is charged but only on any excess above the deceased's available LTA provided the lump sum is paid within two years of death. Lump sums not paid within this period will be fully taxable at the recipient's marginal rate.