

## **Drawdown pensions - Amended instructions on how to use Government Actuary's Department ['GAD'] tables for female drawdown pensioners aged 23 and over from 21 December 2012**

Update to Guidance 8 August 2012

HMRC has updated its guidance about [drawdown pensions \(PDF 51K\)](#). It tells providers to use the same rates for women as for men to determine their maximum drawdown pension from 21<sup>st</sup> December 2012

Male rates in GAD's Table 1 are higher than the rates for women in Table 2. Therefore the change being announced means that from 21<sup>st</sup> December 2012:

- women will be able to take a higher drawdown pension income than before;
- men will see no change in the maximum drawdown pension they can receive;
- drawdown providers can continue use the existing Table 1, but for more of their customers.

On 1<sup>st</sup> March 2011 the ECJ ruled that insurers using gender as a risk factor in ways which resulted in individual differences in premiums and benefits for men and women should not be permitted for insurance transactions covered by *Council Directive 2004/113/EC implementing the principle of equal treatment between men and women in the access to and supply of goods and services* ['the gender directive']. The Government was disappointed with the judgement, which it expects to have a largely negative impact on consumers. The judgement is however binding in UK law and the Government is legally required to implement it.

The ECJ ruling covers annuity rates for men and women where the annuity purchase is covered by the gender directive. The calculation of the maximum drawdown pension is based on the annuity that could have been bought with the drawdown pension fund.

The ECJ has said that changes implementing the judgement have to be in place by 21<sup>st</sup> December 2012. However it is not yet certain how annuity providers will actually implement it.

Until it becomes clearer how annuity providers will apply the judgement in practice, the maximum drawdown pension for both men and women aged 23 and over should be calculated using the higher male rates in Table 1 from 21<sup>st</sup> December 2012.

### **Further advice**

If you have any questions about this change, please contact Samantha Skill  
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