

**THE NATIONAL COUNCIL OF YOUNG MEN'S
CHRISTIAN ASSOCIATIONS (INCORPORATED)
PENSION AND ASSURANCE PLAN**

THIRD DEFINITIVE TRUST DEED AND RULES



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THIS TRUST DEED is made on 30 November 2001.

BY THE NATIONAL COUNCIL OF YOUNG MEN'S CHRISTIAN ASSOCIATIONS (INCORPORATED) a limited company (registration number 73749) whose registered office is at 640 Forest Road London E17 3DZ ("**the Principal Employer**").

INTRODUCTION

- A. This trust deed is supplemental to:
- (i) a declaration of trust dated 29 April 1960;
 - (ii) a deed of variation dated 17 February 1961;
 - (iii) an interim supplementary deed dated 9 March 1978; and
 - (iv) a second definitive trust deed dated 3 July 1981 with rules annexed to it.
- B. The Scheme is called the "The National Council of Young Men's Christian Associations (Incorporated) Pension and Assurance Plan" ("**the Scheme**") and the Principal Employer is the sole trustee of the Scheme.

OPERATIVE CLAUSES

NOW THIS DEED WITNESSES AND IT IS HEREBY AGREED AND DECLARED AS FOLLOWS:-

1. Definitive Trust Deed and Rules

This Trust Deed and the Rules scheduled to it constitute the Third Definitive Trust Deed and Rules of the Scheme.

2. Interpretation

This Trust Deed and Rules will be construed (including its governing law and defined terms) in accordance with section 1 of the Rules.

3. Principal Employer's covenant

The Principal Employer covenants to observe and perform the provisions of the Trust Deed and the Rules, in so far as they relate to it.

4. Scheme assets held on trust

The Principal Employer will during the Trust Period hold the Scheme assets on trust to provide the benefits under the Scheme, subject as provided in the Rules. Upon the expiration of the Trust Period, the Scheme shall if still in existence be wound up and distributed as provided in the Rules. The Scheme may be terminated (in whole or in part) before the expiration of the Trust Period and the Scheme shall thereupon be dealt with as provided by the Rules.

5. Sole purpose of Scheme

The sole purpose of the Scheme is the provision of Relevant Benefits for Members.

6. Alterations

This Trust Deed and the Rules may be altered under rule 17 of the Rules.

7. Contracts (Rights of Third Parties) Act 1999

A person who is not a party to the Trust Deed and/or Rules has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Trust Deed and/or the Rules but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

IN WITNESS whereof this Trust Deed was executed the day and year first above written.

EXECUTED AS A DEED by **THE**)
NATIONAL COUNCIL OF YOUNG)
MEN'S CHRISTIAN ASSOCIATIONS)
(INCORPORATED) affixing its Common)
Seal in the presence of:)

Director
R. Newhall

Authorised Officer
J. Walker (Secretary)

**THE RULES
OF
THE NATIONAL COUNCIL OF YOUNG MEN'S
CHRISTIAN ASSOCIATIONS (INCORPORATED)
PENSION AND ASSURANCE PLAN**

SACKER[®]
& PARTNERS

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**THE RULES
OF
THE NATIONAL COUNCIL OF YOUNG MEN'S
CHRISTIAN ASSOCIATIONS (INCORPORATED)
PENSION AND ASSURANCE PLAN**

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SECTION 1

INTERPRETATION, GOVERNING LAW AND DEFINITIONS

1.1 **INTERPRETATION**

- (1) In the interpretation of the Rules, unless the context requires otherwise -
- (a) the singular includes the plural and vice versa;
 - (b) references to legislation enacted in the United Kingdom, but which does not extend to Northern Ireland, include any corresponding legislation in force in Northern Ireland;
 - (c) references to any legislation or any provision of it include references to any subordinate legislation made under it;
 - (d) references to any legislation or any provision of it include references to any previous legislation or provision relating to the same subject-matter or to any modification or re-enactment of it for the time being in force. References to any subordinate legislation or any provision are to be similarly construed.
- (2) The headings to Rules and Sections and summaries of Sections are not to affect their construction or interpretation.

1.2 **GOVERNING LAW**

The Rules are to be construed in accordance with English law. The Scheme and its administration are governed by English law.

1.3 **DEFINITIONS**

In the Rules, unless the context requires otherwise -

"Absence" means absence from Service as an Employee, except on normal holiday leave, Parental Leave or Maternity Absence. **"Absent"** has a corresponding meaning.

"Active Member" means a Member who has not yet -

- (a) left Service (or opted-out or been treated as having left Pensionable Service under rule 2.4); or
- (b) become a Pensioner

and **"Active Membership"** has a corresponding meaning.

"Actuary" means the actuary for the time being appointed under rule 13.1.

"Appendix" means an Appendix to these Rules.

"Approval" means approval of the Scheme as an exempt-approved scheme under Chapter I Part XIV of the Taxes Act.

"**AVCs**" means additional voluntary contributions.

"**Basic State Pension**" means the basic pension payable to a single person as set out in section 44(4) of the Social Security Contributions and Benefits Act 1992.

"**Beneficiary**" means any person entitled or prospectively entitled to any immediate, deferred, contingent or reversionary benefit under the Scheme.

"**Class A Member**" has the same meaning as in Appendix 1.

"**Compulsory Contributions**" means the Scheme contributions an Active Member is obliged to pay under rule 3.1. They do not include any AVCs paid under rule 3.2.

"**Continued Rights Member**" means a Class B or Class C Member as defined in Appendix 1 other than a Member who has elected to become a Class A Member with the consent of the Trustees and the Principal Employer.

"**Contracted-out Employment**" has the same meaning as in Appendix 3.

"**Deferred Pensioner**" means a Member who has left Service and is entitled to a pension, not yet in payment, under the Scheme.

"**Discretionary Trusts**" means the trusts set out in rule 8.4.

"**Earnings**" means:

- (a) For Members in Pensionable Service on or after 1 December 2001 and for Life Assurance Members, the Member's basic earnings from the Employer including London weighting and regional weighting but excluding any allowance, bonus, commission, overtime earnings or temporary or fluctuating emoluments; and
- (b) For Members who died or left Pensionable Service before 1 December 2001, the Member's basic earnings from the Employer, together with London weighting and regional weighting and any allowances in respect of food and accommodation which, for the purposes of the Scheme, shall be agreed with the Board of Inland Revenue and notified in writing to the Member.

For the purposes of calculating the earnings of an Employee who is in receipt of fluctuating emoluments, the annual rate of any such emoluments to be included in his or her Earnings shall be taken as the average annual amount received over the last three years, or over such shorter period as he or she has been in receipt of such emoluments.

Provided that if the Member or Life Assurance Member is on Maternity Absence or Parental Leave under rule 7.4 or is Absent under rule 7.5, this definition is modified as set out in those rules.

"**Earnings Cap**" means the "permitted maximum" under section 590C of the Taxes Act.

"**Eligible Employee**" means any Employee other than an Employee who is employed on a temporary contract or on a casual basis (but including an Employee employed on a fixed-term contract).

"Employee" means a person employed by a Participating Employer in Great Britain and Northern Ireland.

"Employer" means the Participating Employer in whose Service a Member is or last was.

"Entry Date" means:

- (a) before 1 May 1983, 30th of the Month; and
- (b) on or after 1 May 1983, the 1st of the Month.

"EPB" means "equivalent pension benefits" under the National Insurance Act 1965.

"Final Pensionable Earnings" means:

- (a) in respect of a Member in Pensionable Service on or after 1 May 1994 to whom (b) below does not apply, the Member's highest average Pensionable Earnings at any three consecutive Scheme Anniversary Dates on which he or she was an Active Member falling within the period of 10 years ending on the last day of the Member's Pensionable Service (or at each such Scheme Anniversary Date if there be three or less such Scheme Anniversary Dates) provided that for the purposes of calculating that part of the Member's pension (if any) accrued up to (but excluding) 1 December 2001, Final Pensionable Earnings will not be less than the amount calculated using the formula in (b) below on the assumption that the Member's last day of Pensionable Service was 30 November 2001 ("**the Guarantee**");
- (b) in respect of Members who died or left Pensionable Service on or after 1 May 1994 and before 1 December 2001, the highest average of the 36 months consecutive Pensionable Earnings falling within the period of 10 years ending on the last day of the Member's Pensionable Service; and
- (c) in respect of Members who died or left Pensionable Service before 1 May 1994, the Member's highest average Pensionable Earnings at any three consecutive Scheme Anniversary Dates on which he or she was an Active Member falling within the period of 10 years ending on the last day of the Member's Pensionable Service (or at each such Scheme Anniversary Date if there be three or less such Scheme Anniversary Dates)

Provided that -

- (i) if a Member's Pensionable Service includes Part-Time Employment, this definition is modified as set out in rule 7.3;
- (ii) if the Member is on Maternity Absence or Parental Leave under rule 7.4 or is Absent under rule 7.5, this definition is modified as set out in those rules; and
- (iii) in calculating the Final Pensionable Earnings of a Class A Member or a Member who has elected to be a Class A Member, the final averaged figure must not exceed the Earnings Cap.

"Fund" means the assets from time to time held by the Trustees on the trusts of the Scheme.

"GMP" means "guaranteed minimum pension" as defined in section 8(2) of the Pension Schemes Act 1993.

"Incapacity" means, in relation to a Member, physical or mental deterioration (other than a decline in energy or ability) which is sufficiently serious to prevent the individual from following his or her usual employment with the Employer and which seriously impairs his or her earning capacity, as determined by the Trustees having regard to medical evidence which they shall obtain.

"Incapacity Pension" means a pension payable under rule 4.7

"Insurance Company" means in relation to any insurance effected or intended to be effected therewith one of the following -

- (a) a person authorised under section 3 or 4 of the Insurance Companies Act 1982 (or any similar previous enactment) to carry on long term business;
- (b) a friendly society carrying on long term business;
- (c) an EC company as defined in section 659B of the Taxes Act.

"Life Assurance Member" means an individual who is in Life Assurance Membership under rule 2.6 (being entitled to a lump sum death benefit under Section 6 only). **"Life Assurance Membership"** has a corresponding meaning.

"Maternity Absence" has the meaning given in rule 7.4.

"Member" means a person who has been admitted to membership of the Scheme and remains entitled or prospectively entitled to benefits from the Scheme, except solely as a Life Assurance Member. **"Membership"** has a corresponding meaning.

"Month" means a calendar month.

"Nominated Dependant" means such person nominated by the Member and accepted by the Trustees as being either the Member's Widow or Widower or Qualifying Child or dependent on the Member to the extent required (in the opinion of the Trustees) by the Board of Inland Revenue for the continued Approval of the Scheme. The Trustees' acceptance of a notice of surrender under rule 4.11 is evidence of the Trustees' acceptance of the person named in it as the Member's Nominated Dependant.

"Normal Retiring Date" means the Member's 63rd birthday except in the case of:

- (a) a male Member who leaves Service on or before 31 July 1986, when it means his 65th birthday; and
- (b) a female Member who joined the Scheme before 1 May 1989 and who leaves Service before 1 December 2001, when it means her 60th birthday.

"Parental Leave" has the meaning given in rule 7.4.

"Participating Employers" means -

- (a) the Principal Employer; and

- (b) any Associated Employer (as defined in rule 14.1) which is for the time being bound by an undertaking with the Trustees to participate in the Scheme, whether under rule 14.1 or a corresponding previous provision of the Scheme.

"Part-Time Employment" means, in relation to an Employee, employment by an Employer which is notified to the Trustees by the Employer as part-time employment.

"Pensionable Earnings" means-

- (a) in respect of Members in Pensionable Service on or after 1 December 2001:
- (i) for the purposes of calculating **"Final Pensionable Earnings"**, the annual rate of the Member's Earnings at the Scheme Anniversary Date in question referred to in the definition of **"Final Pensionable Earnings"** provided that for the purposes of calculating the Guarantee (see proviso in (a) of the definition of **"Final Pensionable Earnings"**), **"Pensionable Earnings"** shall mean the Member's Earnings; and
 - (ii) for the purposes of calculating **"Compulsory Contributions"** at any date, the annual rate of the Member's Earnings at the Scheme Anniversary Date coincident with, or if not coincident with, immediately preceding that date or at the date the Member joined the Scheme, if later; and
- (b) in respect of Members who died or left Pensionable Service on or after 1 May 1994 and before 1 December 2001:
- (i) for the purposes of calculating **"Final Pensionable Earnings"**, the Member's Earnings; and
 - (ii) for the purposes of calculating **"Compulsory Contributions"** at any date, the annual rate of the Member's Earnings at the Scheme Anniversary Date coincident with, or if not coincident with, immediately preceding that date or at the date the Member joined the Scheme, if later; and
 - (iii) for the purposes of calculating the **"Money Purchase Account"**, in respect of each Scheme Year, the annual rate of the Member's Earnings at the Scheme Anniversary Date at the beginning of that Scheme Year, or at the date the Member joined the Scheme, if later; and
- (c) in respect of Members who died or left Pensionable Service before 1 May 1994:
- (i) for the purposes of calculating **"Final Pensionable Earnings"**, the annual rate of the Member's Earnings at the Scheme Anniversary Date referred to in the definition of **"Final Pensionable Earnings"**, reduced in the case of Members who died or left Pensionable Service before 30 April 1974, by an amount equal to the lower earnings limit applicable at such Scheme Anniversary Date under section 1(1) of the Social Security Pensions Act 1975; and

- (ii) for the purposes of calculating "**Compulsory Contributions**" at any date, the annual rate of the Member's Earnings at the Scheme Anniversary Date coincident with, or if not coincident with, immediately preceding that date or at the date the Member joined the Scheme, if later, reduced in the case of Members who died or left Pensionable Service before 30 April 1974, by an amount equal to the lower earnings limit applicable at such Scheme Anniversary Date under section 1(1) of the Social Security Pensions Act 1975; and
- (iii) for the purposes of calculating the "**Money Purchase Account**", in respect of each Scheme Year, the annual rate of the Member's Earnings at the Scheme Anniversary Date at the beginning of that Scheme Year, or at the date the Member joined the Scheme, if later

Provided that -

- (i) the Employer with the Trustees' consent may stipulate that a different definition of Pensionable Earnings may apply in any particular class of case;
- (ii) if the Member is on Maternity Absence or Parental Leave under rule 7.4 or is Absent under rule 7.5, this definition is modified as set out in those rules; and
- (iii) other than for the purposes of calculating "Final Pensionable Earnings", the Pensionable Earnings of a Class A Member or a Member who has elected to be a Class A Member must not exceed the Earnings Cap.

"**Pensionable Service**" means -

- (a) in respect of a Member who joined the Scheme on or after 30 April 1970, a Member's last or only continuous period of Service as an Active Member before Normal Retiring Date;
- (b) in respect of a Member who joined the Scheme before 30 April 1970, a Member's last or only period of continuous Service as an Active Member and as an employee before joining the Scheme but excluding any period thereof prior to his or her 21st birthday;
- (c) any additional period of Service aggregated under rule 2.3 (re-admission of a deferred pensioner or pensioner) or under any other provision of these Rules; and
- (d) any additional period credited under rule 7.1 (transfer-in) or under rule 7.2 (membership on special terms) or rule 7.6 (payment of discretionary benefits and increases to members and others)

Provided that if a Member's Service includes Part-Time Employment, this definition is modified as set out in rule 7.3.

"**Pensioner**" means a Member being paid a pension under the Scheme by virtue of his or her own membership (excluding a pension which is only an EPB or GMP).

"**Personal Pension Scheme**" has the meaning given in section 630 of the Taxes Act.

"Prescribed Transfer Credits" has the meaning given in regulation 3 of the Occupational Pension Schemes (Assignment, Forfeiture, Bankruptcy, etc) Regulations 1997 (SI 1997/785).

"Preservation Requirements" has the meaning given in section 69 of the Pension Schemes Act 1993.

"Principal Employer" means The National Council of Young Men's Christian Associations (Incorporated).

"Qualifying Child" has the meaning given in rule 5.7.

"Qualifying Spouse" has the meaning given in rule 5.6.

"Qualifying Service" means "pensionable service" as defined for the purpose of the Preservation Requirements and any period which, following a transfer-in, is "linked qualifying service" under section 179 of the Pension Schemes Act 1993. Rule 7.7 sets out how Qualifying Service is calculated if there is a break in Pensionable Service.

"Related Scheme" means a Retirement Benefits Scheme of any of the Employers or to which any of the Employers contributes or has contributed.

"Relevant Benefits" has the meaning given in section 611 of the Taxes Act.

"Retirement Benefits Scheme" has the meaning given in section 611 of the Taxes Act.

"Revenue Maximum" means the limitations on Members' contributions and Scheme benefits set out in Appendix 1.

"Rules" means these Rules (including the Schedule) and includes any alteration to them for the time being in force.

"Schedule" means the schedule to the Rules.

"Scheme" means The National Council of Young Men's Christian Associations (Incorporated) Pension and Assurance Plan as constituted by the Trust Deed and the Rules.

"Scheme Anniversary Date" means:

- (a) before 1 May 1983, 30 April; and
- (b) on or after 1 May 1983, 1 May.

"Scheme Year" means the period beginning on 1 May and ending on the following 30 April .

"Section" means a section of the Rules.

"Service" means service as an Employee.

"Short Service Benefit" has the meaning given in section 71(2) of the Pension Schemes Act 1993. A Member is entitled to Short Service Benefit if he or she satisfies the requirements of section 71(1) of that Act.

"Special Terms" means special terms as advised by the Trustees, with the Employer's consent, to a Member or other beneficiary under the Scheme, relating to the contributions payable by him or her to the Scheme or the benefits payable to or in respect of him or her from the Scheme. Special terms may be provided under, among other things, a transfer agreement or rule 2.2. Special terms are specifically referred to in certain rules below. However, the lack of a specific reference to special terms in a rule must not be construed as meaning that no special terms may apply to that rule.

"State Pension Age" means "pensionable age" as defined in section 122 of the Social Security Contributions and Benefits Act 1992.

"Taxes Act" means the Income and Corporation Taxes Act 1988.

"Tax Year" means a year of assessment for income tax as defined in the Taxes Act.

"Transfer Credits" has the meaning given in section 181 of the Pension Schemes Act 1993.

"Trust Deed" means the definitive trust deed, relating to The National Council of Young Men's Christian Associations (Incorporated) Pension and Assurance Plan to which the Rules are annexed, and includes any alterations to and any deeds supplemental to that deed.

"Trust Period" means the period commencing on 29 April 1960 and ending on the expiration of twenty-one years from the date of the death of the last survivor of the descendants of King Edward VII living at 29 April 1960.

"Trustees" means the trustees or trustee for the time being of the Scheme.

"Widow" and **"Widower"** have the meanings given in Appendix 3 (GMP Model Rules).

"Year" means a period of 12 Months.

SECTION 2

MEMBERSHIP

Summary

- *Entry to the Scheme is by invitation of the Employer (rule 2.1)*
- *There are eligibility conditions (rule 2.1)*
- *Once a Member has joined, he or she may leave the Scheme if desired (rule 2.5)*

2.1 ADMISSION TO MEMBERSHIP**(1) Eligibility conditions - Active Membership**

Subject to (3) and (7) below, an Employee will be eligible for admission to membership of the Scheme as an Active Member if he or she is:

- (a) aged 18 or over and under 62;
- (b) an Eligible Employee;
- (c) is invited by his or her Employer to join the Scheme; and
- (d) has not opted-out under rule 2.5 (Opting out of Active Membership).

Different eligibility provisions applied before 13 October 2000 and these are set out below -

- (a) Before 15 November 2000, the minimum eligibility age was 20 and before 6 April 1978, it was 21;
- (b) Before 1 August 1986 the maximum eligibility age was 64 for men and 59 for women;
- (c) Before 1 May 1989 the maximum eligibility age was 62 for men and 59 for women;
- (d) Before 1 May 1989, Employees who were employed for less than the Employer's standard working hours were not eligible to join the Scheme;
- (e) Before 1 May 1995, only Employees working 20 hours a week or more were eligible to join, subject to satisfying the other eligibility conditions;
- (f) Before 1 April 1998, an eligible Employee was required to complete at least three month's continuous Service before being eligible to join the Scheme.

(2) Entry conditions - Life Assurance Membership

An Employee will be admitted to Life Assurance Membership of the Scheme if he or she is:

- (a) aged 18 or over and under 62;
- (b) is not an Active Member or Pensioner; and
- (c) is notified by his or her Employer that he or she is a Life Assurance Member of the Scheme.

(3) Requirements, terms and conditions of entry to Active Membership

Admission to Active Membership is subject to the Employee –

- (a) applying within 6 months (3 months before 8 May 1990) of commencement of employment with the Employer, or within such other period as may be agreed by the Trustees, using the form required by the Trustees;
- (b) satisfying such requirements for inclusion on normal terms that relate to evidence of age, state of health, marital status, or any other matters as the Trustees may prescribe and by such date as they may decide; and
- (c) completing and signing such other forms and undergoing such medical examination as the Trustees may require and by such date as they may decide.

(4) Date of admission - Active Membership

If the Employee satisfies the conditions in (3) above, admission to Active Membership will (unless Special Terms provide otherwise) have effect from the date notified by the Trustees to the Employee.

(5) Date of Admission - Life Assurance Membership

Admission to Life Assurance Membership will (unless Special Terms provide otherwise) have effect from the date notified by the Employer to the Employee.

(6) Disability Discrimination Act 1995

The Trustees will, when exercising their powers and discretions under this rule, comply with those provisions of the Disability Discrimination Act 1995 applicable to them.

(7) Discretionary entry

An Employee who does not satisfy the conditions in (3) above will only be permitted to join the Scheme as an Active Member with the consent of the Trustees and the Employer and will be required to submit such evidence as the Trustees require as to his or her state of health and of any other matters

the Trustees may prescribe. Admission may be on such special terms (including as to the payment of contributions) and subject to such conditions (if any) as the Trustees may decide.

(8) **Incorrect information**

If, after admitting a Member, the Trustees find that there was (in their opinion) a material inaccuracy in, or omission from any information provided by the Member in connection with his or her admission, the Trustees may take whatever steps they consider appropriate (including reducing or varying benefits or, in respect of Members who joined the Scheme on or after 1 December 2001, expelling the individual from membership of the Scheme).

2.2 MEMBERSHIP - SPECIAL CASES

If satisfied that Approval will not be prejudiced, the Trustees may at the request of the Employer -

- (a) admit to membership of the Scheme a person who is employed by a Participating Employer and who is not otherwise eligible to join the Scheme under rule 2.1; or
- (b) permit a person to remain a Member,

upon such special terms (including as to the payment of contributions) and subject to such conditions (if any) as the Trustees and the Employer, decide. These terms and conditions must be consistent with Approval and the Preservation Requirements.

2.3 RE-ADMISSION OF A DEFERRED PENSIONER OR PENSIONER

- (1) The Trustees may with the consent of the Employer re-admit a Deferred Pensioner or Pensioner as an Active Member under rule 2.1, if he or she is eligible under that rule.
- (2) Re-admission will be on such terms as the Trustees and the Employer agree. Unless such terms provide otherwise or (3) below or rule 7.5(4)(c) applies, each separate period of Pensionable Service as an Active Member, and the benefits attributable to it, will be separate and distinct from and unaffected by any other period and its benefits, except that -
 - (a) any deferred pension from a previous period will start at the same time as the Member's pension in respect of the last period, the amount being varied as the Trustees, after consulting the Actuary, determine to be appropriate; and
 - (b) the Revenue Maximum will be calculated on the basis that the benefits arising under the Scheme in respect of all periods as an Active Member are one and the same benefit.
- (3) If a Member ceases to be employed by an Employer and commences employment with another Participating Employer, each separate period of Pensionable Service as an Active Member and the benefits attributable to it will be aggregated if the gap in the Member's Pensionable Service is one month or less.

- (4) The above terms of re-admission must not prejudice Approval or be inconsistent with the Preservation Requirements. In particular, if the Member became entitled to Short Service Benefit when Pensionable Service previously terminated, he or she must be entitled to Short Service Benefit in respect of Pensionable Service following re-admission under (1) above.

2.4 COMPULSORY CESSATION OF ACTIVE MEMBERSHIP

- (1) Subject to rules 7.4 (maternity absence and parental leave), 7.5 (other absences), rule 4.13 (special provisions applicable to certain members) and rule 14.8 (member's benefits when participating employer ceases), a Member will cease to be an Active Member if he or she:
- (a) ceases to be employed by the Employer to work on a permanent basis;
 - (b) becomes a Member in pensionable service of any other Retirement Benefits Scheme which has Approval or in respect of which it is intended to seek Approval (other than for the purposes of the provision of death in service benefits only);
 - (c) leaves or retires from employment with the Employer;
 - (d) reaches Normal Retiring Age; or
 - (e) opts out of Active Membership under rule 2.5 below.
- (2) On the date of the occurrence of the relevant event referred to in (1) above, the Member will cease to be in Pensionable Service.
- (3) If requested by the Principal Employer and if satisfied that Approval will not be prejudiced, the Trustees may in their discretion and upon such terms as to contributions and benefits as they may think fit arrange for retention in ordinary or special Membership of the Scheme of a Member who ceases to be an Employee so long as he or she:
- (a) remains in the employment of one of the Employers; and
 - (b) does not join another Retirement Benefits Scheme to which any of the Employers contributes.

2.5 OPTING OUT OF ACTIVE MEMBERSHIP

- (1) A person who is an Active Member on or after 6 April 1988 may opt out of Active Membership of the Scheme by giving not less than one month's written notice (or such shorter period as the Trustees may agree) to the Trustees, using the form required by the Trustees.
- (2) On the effective date of the above notice the Member will cease being an Active Member, except that no pension may start or be exchanged for a cash lump sum until he or she actually leaves both employment with his or her Employer and any employment subsequent to that employment which is counted as continuous employment with it under section 218 of the Employment Rights Act 1996. If the Member requests a transfer under rule 9,

the Trustees may limit the transfer value to that part of the Member's pension in respect of Pensionable Service after 6 April 1988 with the balance being available to transfer if the Member subsequently leaves Service.

- (3) The Trustees may require actual evidence of the Member's actual leaving of employment referred to in (2) above in the form of a certificate of the secretary or other duly authorised officer of the employer in the last employment.
- (4) The Trustees may waive any of the notice requirements under (1) above.
- (5) An Active Member who opts out of Active Membership under this rule and remains in Service will on the effective date of the notice referred to under (1) above, cease to be entitled on his or her death in Service to the death benefits set out in rule 5.1. The Member will become a Life Assurance Member for the purposes of rule 2.6 (Life Assurance Membership) if the conditions in rule 2.1(2) are satisfied (Entry conditions - Life Assurance Membership).
- (6) A Member who opts out of the Scheme will only be permitted to re-join with the consent of the Trustees and will be required to submit such evidence as the Trustees require as to his or her state of health. Re-admission may be on such special terms and subject to such conditions (if any) as the Trustees and the Employer decide. The re-admission to Active Membership of a Deferred Pensioner is subject to rule 2.3.

2.6 LIFE ASSURANCE MEMBERSHIP

- (1) An individual admitted to Life Assurance Membership in accordance with rule 2.1(2) will be a Life Assurance Member for so long as he or she is -
 - (a) an Employee; and
 - (b) not an Active Member or Pensioner.
- (2) Notwithstanding (1) above, the Principal Employer may direct the Trustees that an individual or class of Employee is not to be admitted to or remain in Life Assurance Membership or may only remain in Life Assurance Membership on such special terms and subject to such conditions (if any) as the Principal Employer may determine. The Trustees must comply with any such direction.
- (3) A Life Assurance Member may from time to time be required to submit such evidence as the Principal Employer requires as to his or her state of health and to undergo such medical examination as the Principal Employer may request.

SECTION 3

CONTRIBUTIONS

Summary

- *Members must contribute a percentage of Pensionable Earnings (rule 3.1)*
- *Members may pay Additional Voluntary Contributions (rule 3.2)*
- *Participating Employers pay towards the "balance of cost" (rule 3.4)*

3.1 **COMPULSORY CONTRIBUTIONS**

- (1) Subject to (2) below, each Active Member must contribute to the Scheme at the annual rate of 6% of his or her Pensionable Earnings. Different contribution rates applied before 1 May 1983.
- (2) The Trustees may prescribe when contributions under this rule start and stop. A Member will stop contributing after the earlier of:
 - (a) the date he or she ceases to be an Active Member;
 - (b) the Member's Normal Retiring Date.
- (2) This rule may in relation to certain Members be subject to Special Terms.

3.2 **ADDITIONAL VOLUNTARY CONTRIBUTIONS**

(1) **"AVCs" and "Published Provisions"**

An Active Member may, with the Trustees' agreement, pay, vary or stop paying AVCs to the Scheme, in accordance with AVC provisions published by the Trustees, with the Principal Employer's consent ("**the Published AVC Provisions**").

The Trustees may require a Member to cease making AVCs under this rule where they consider it to be necessary in order to ensure the Inland Revenue's continued Approval of the Scheme.

AVCs will be applied by the Trustees to provide additional benefits to or in respect of the Member in accordance with the Published AVC Provisions.

The Trustees will act in conformity with section 111 of the Pension Schemes Act 1993 and the exceptions contained in regulations made under that section. In particular the Trustees may -

- (a) require the Member to give them written notice (not exceeding 12 months) of intention to pay AVCs at a specified rate or to vary that rate;

- (b) impose a lower limit for the payment of AVCs. This must not be greater than 0.5% of the Member's earnings for the Tax Year in question or (if greater) 3 times the lower earnings limit (under section 5 of the Social Security Contributions and Benefits Act 1992); and
- (c) disregard the Member's remuneration in kind in determining the maximum amount of AVCs he or she may pay.

(2) ***Inland Revenue limits***

The Member's Compulsory Contributions and AVCs in any Tax Year must not, in total, exceed the Revenue Maximum or such lower amount as the Trustees, on the advice of the Actuary, specify with a view to avoiding benefits exceeding the Revenue Maximum.

(3) ***Investment of AVCs***

The Member must give the Trustees written notice (which they must comply with as soon as administratively practicable) as to how he or she wishes the AVCs to be invested, within the Published AVC Provisions.

(4) ***Benefits from AVCs***

The Member must give the Trustees written notice as to what form of additional benefits, within the Published AVC Provisions, he or she wishes the proceeds of the AVCs to be applied to provide. The Trustees must comply with that notice, unless and to the extent that to do so might prejudice Approval. Insofar as the Member does not give notice (or it does not apply in the particular circumstances) the Trustees must apply the proceeds in accordance with the Published AVC Provisions. The Trustees must secure that the value of the additional benefits is reasonable, having regard to -

- (a) the amount of the voluntary contributions; and
- (b) the value of the other benefits under the Scheme.

Provided that if the Member's arrangements to pay AVCs started on or after 8 April 1987, any additional benefits secured must be in the form of non-commutable pension, unless the Trustees are satisfied that Approval would not be prejudiced by paying a lump sum.

(5) ***Deferral of AVC benefits***

With effect from 20 April 2001, a Member who has AVCs invested on a "money purchase" basis may elect (by giving written notice in the form prescribed by the Trustees) to defer taking benefits in relation to those AVCs beyond the date his or her other benefits under the Scheme come into payment.

A Member whose arrangements to pay AVCs started on or after 8 April 1987 who makes such an election will not be entitled to additional benefits in a lump sum form from the AVC fund when the deferred AVC benefits subsequently come into payment.

If the Member's arrangements to pay AVCs started before 8 April 1987, the Member may choose to take a lump sum within Revenue limits from the AVC fund when his or her other Scheme benefits come into payment and defer taking pension benefits from the residual AVC fund.

Where the Member makes the election referred to in this rule 3.2(5), the Trustees will comply with the "benefit limits" in paragraph A12.301 to A12.304 (inclusive), and the conditions governing "deferral of pension/annuity benefits" in paragraphs A12.317 to A12.319 (inclusive) and paragraph A12.321, of Part III of Appendix XII dated 08/2001 of IR12(2001) and any other applicable Inland Revenue requirements.

A Member's deferred AVC benefits shall be paid no later than the date on which he or she attains age 75.

(6) ***Return of surplus AVCs***

Any surplus AVCs will be returned (less tax) to the Member in accordance with paragraphs 33 and 34 of Schedule 6 to the Finance Act 1989 and Inland Revenue requirements.

(7) ***Liaison with Free-Standing-AVC providers***

The administrator of the Scheme must comply with -

- (a) the requirements of regulation 5 of The Retirement Benefit Schemes (Restriction on Discretion to Approve) (Additional Voluntary Contributions) Regulations 1993; and
- (b) where the Scheme is the *leading scheme* (as defined in those Regulations) in relation to a Member, the requirements of regulation 6 of those Regulations so far as they concern *main schemes* (as so defined).

If those Regulations are amended or replaced by any other regulations, then this rule will have effect as if it had been amended or replaced accordingly.

3.3 METHOD OF COLLECTING MEMBERS' CONTRIBUTIONS

- (1) Each Member's Compulsory Contributions and AVCs will be deducted from his or her remuneration by the Employer and paid, on the Member's behalf, to the Trustees (or as they direct) at such intervals as the Trustees may require. Such payments must be made within the period required under section 49(8) of the Pensions Act 1995.
- (2) Each Member will be personally liable for the payment of his or her Compulsory Contributions and AVCs, notwithstanding (1) above.

3.4 EMPLOYERS' CONTRIBUTIONS

- (1) Each Employer must contribute to the Scheme in each Scheme Year the amount which the Trustees, after consulting the Actuary, consider ought (after taking into account the Members' Compulsory Contributions) to be paid by it in order to provide for the present and the future liabilities of the Scheme.

SECTION 3

- (2) This rule is subject to any relevant requirements of sections 56 to 61 of the Pensions Act 1995 (relating to the minimum funding requirement and schedules of contributions).
- (3) Each Employer may also, subject to the consent of the Trustees, pay to the Trustees at any time such additional sum or sums as such Employer shall at its discretion decide, which sum or sums shall until such time as they shall be applied in the provision of benefits for Members who are or have been employed by such Employer, be retained by the Trustees as part of the reserve subject to the provisions of rule 11.8.

SECTION 4

STANDARD MEMBERS' BENEFITS

Summary

For a Member the Scheme provides -

- *a Scale Pension (rule 4.1) on retirement at age 63 (rule 4.2)*
- *adjustments to the Scale Pension on early or late retirement (rules 4.3 and 4.4)*
- *a refund of contributions or deferred pension for early leavers (rules 4.5 and 4.6)*
- *an Incapacity pension (rule 4.7)*
- *option to exchange pension for cash (rule 4.10) and surrender to provide a pension for a Nominated Dependent (rule 4.11)*

Extra pension and other benefits may be provided through AVCs (rule 3.2), transfers in, special terms etc. (Section 7)

Special provisions apply to certain Members and these are set out in rule 4.13.

4.1 "SCALE PENSION" AND "EARLY RETIREMENT DISCOUNT"

"Scale Pension" means a pension for life of an initial annual amount of 1/60th of the Member's Final Pensionable Earnings for each Year and complete Months of his or her Pensionable Service up to a maximum of 40/60ths of the Member's Final Pensionable Earnings.

Complete Months will count as $\frac{1}{12\text{th}}$ of a Year.

For Members who leave Service on or after 1 May 2000, a part Month at the end of Pensionable Service will count as $\frac{1}{12\text{th}}$ of a Year if the Member has paid Compulsory Contributions in respect of the entire Month in which he or she leaves Service.

"Early Retirement Discount" means a reduction in the Scale Pension to take account of its starting before Normal Retiring Date. The reduction will be such percentage of the Scale Pension's initial amount as the Trustees determine (having regard to the Actuary's advice) for the time being provided that:

- (i) in respect of Members who joined the Scheme before 1 December 2001 and who retire or take their deferred pension early on or after 1 January 1991 (other than on grounds of Incapacity), the reduction shall not exceed 1/3% for each complete month between the commencement of the pension and Normal Retiring Date; and
- (ii) in respect of Members who joined the Scheme before 1 December 2001 and who retire or take their deferred pension early on or after 1 January 1991 on grounds of Incapacity, the reduction to that part of the Scale Pension accrued up to (but excluding) 1 December 2001 shall not exceed 1/3% for each

complete month between the commencement of the pension and Normal Retiring Date; and

- (iii) in respect of Members who retire or take their deferred pension early before 1 January 1991, the reduction to the Scale Pension shall not exceed 1/2% for each complete month between the commencement of the pension and Normal Retiring Date.

Different percentages may apply to different circumstances. The percentages in use from time to time will be published to Members on request.

The reduction is subject to the Preservation Requirements and the Trustees must be reasonably satisfied that the reduced pension's capital value is at least equal to what the unreduced pension's capital value would have been had the latter started on the day after Normal Retiring Date.

"Money Purchase Account" means in respect of Members who retired or left Service after 1 April 1988 and before 1 December 2001, that part of the Fund which is notionally allocated to a Member being equal to the aggregate of 8.5% of the Member's Pensionable Earnings for each Scheme Year during his or her Active Membership completed on or after 1 April 1988, increased or decreased by such amount as the Trustees in their absolute discretion (on the advice of the Actuary) shall determine from time to time having regard to the overall investment return of the Fund.

"Money Purchase Account Pension" means in respect of a Member who retired or left Service after 1 April 1988 and before 1 December 2001, a pension for life (including a pension payable to the Member's Qualifying Spouse or Qualifying Child on the Member's death in accordance with rule 5 and annual increases in accordance with rule 8) which is in the Trustees' opinion (on the advice of the Actuary) actuarially equivalent to the Member's Money Purchase Account.

4.2 NORMAL RETIREMENT PENSION

An Active Member who leaves Service at Normal Retiring Date will receive the Scale Pension, starting that day.

4.3 EARLY RETIREMENT

- (1) An Active Member who -
 - (a) leaves Service on or after his or her 50th birthday and before Normal Retiring Date; and
 - (b) does not receive an Incapacity pension or a refund of Compulsory Contributions under this Section; and
 - (c) makes a written request in the form required by the Trustees

will, if the Trustees agree, receive the Scale Pension, reduced by the Early Retirement Discount, starting on such date as the Trustees decide.

4.4 LATE RETIREMENT

- (1) A Class A Member who has remained in Service after Normal Retiring Date with the agreement of his or her Employer, will receive a pension, starting the day he or she leaves Service which shall not be in any event later than the Member's 75th birthday.

The amount of the pension will be the Scale Pension the Member would have received at Normal Retiring Date, increased by such amount as the Trustees, on the Actuary's advice decide is appropriate to take account of the pension being postponed beyond Normal Retiring Date.

- (2) A Continued Rights Member who has remained in Service after Normal Retiring Date with the agreement of his or her Employer will receive the Scale Pension starting at Normal Retiring Date unless he or she elects to postpone payment of the pension. If the Member does so elect, the pension will start on such date as shall be agreed by the Trustees and the Member which shall not be later than the date the Member leaves Service and shall not be in any event later than the Member's 70th birthday.

A Continued Rights Member shall only be permitted to exercise the option to exchange pension for cash under rule 4.10 when his or her pension comes into payment.

4.5 LEAVING SERVICE WITH LESS THAN 2 YEARS' QUALIFYING SERVICE

- (1) Subject to (2) below, a Member who -
- (a) ceases to be an Active Member before Normal Retiring Date without receiving an Incapacity Pension; and
 - (b) has completed less than 2 Years' Qualifying Service (or in the case of a Member who ceased to be an Active Member in the period from 6 April 1975 to 31 December 1985, is under age 26 and has completed less than 5 Years' Qualifying Service and in the case of a Member who ceased to be an Active Member in the period from 1 January 1986 to 5 April 1988, has completed less than 5 Years' Qualifying Service); and
 - (c) has not made a transfer from a Personal Pension Scheme into the Scheme will-
 - (i) if he or she joined the Scheme before 1 December 2001, receive a deferred pension starting at Normal Retiring Age of an amount which is in the Trustees' opinion (on the advice of the Actuary) equal in value to the total of the Member's Compulsory Contributions to the Scheme and shall not be less than the GMP; and
 - (ii) if he or she joined the Scheme on or after 1 December 2001, receive a refund of his or her Compulsory Contributions (and any AVCs and transferred in contributions), less the amount recoverable from a refund of contributions under section 61 of

the Pension Schemes Act 1993 and less any tax payable in connection with the payment. Following the refund, a contributions equivalent premium will be paid in accordance with that Act (except that the premium need not be paid if it would be less than £17 or such greater amount prescribed under that Act for this purpose) and accordingly no other benefits will be payable under the Scheme to or in respect of the Member.

- (2) A Member (other than a Member who joined the Scheme on or after 1 December 2001) who leaves Service at the request of the Employer other than due to fraud or misconduct is entitled to a deferred pension under rule 4.6.
- (3) Subject to (4) below as an alternative to the deferred pension in (1)(c)(i) above, a Member who joined the Scheme before 1 December 2001 may request at any time up to Normal Retiring Date by written notice to the Trustees a refund of his or her Compulsory Contributions (and any AVCs and transferred in contributions), less the amount recoverable from a refund of contributions under section 61 of the Pension Schemes Act 1993 and less any tax payable in connection with the payment. Following the refund, a contributions equivalent premium will be paid in accordance with that Act (except that the premium need not be paid if it would be less than £17 or such greater amount prescribed under that Act for this purpose) and accordingly no GMP or other benefits will be payable under the Scheme to or in respect of the Member.
- (4) The option under (3) above shall not be available to a Member leaving Service before 6 April 1980 who paid contributions before 6 April 1975 to the Scheme or to any Related Scheme from which his or her benefits have been transferred to the Scheme and whose total remuneration from the Employer has exceeded £5,000 in any period of twelve months ending on 5 April, being in the case of a Member leaving Service before 6 April 1978 a period during which he contributed to the Scheme, and being in the case of any other Member a period to which any contributions which would otherwise be refundable to him relate.
- (5) If the Trustees so determine, a Member who joined the Scheme before 1 December 2001 may be granted a deferred pension under rule 4.6 below instead of a deferred pension under (1)(c)(i) above.

4.6 LEAVING SERVICE WITH AT LEAST 2 YEARS' QUALIFYING SERVICE

- (1) A Member who-
 - (a) ceases to be an Active Member before Normal Retiring Date without receiving an immediate pension under this Section, and
 - (b) has completed at least 2 Years' Qualifying Service (or, in the case of a Member who ceased to be an Active Member in the period from 6 April 1975 to 31 December 1985, has attained age 26 and completed at least 5 Years' Qualifying Service or, in the case of a Member who ceased to be an Active Member in the period from 1 January 1986 to 5 April 1988, has completed at least 5 Years' Qualifying Service) or (other than in the

case of a Member who joined the Scheme on or after 1 December 2001) has completed less than 2 years' Qualifying Service and has left Service at the request of his or her Employer other than due to fraud or misconduct,

will receive a deferred pension equal to the Scale Pension together with a due proportion of all supplementary credits and augmentations that would have applied if the Member had served until Normal Retiring Date (to the extent required under section 75 of the Pensions Act 1993).

- (2) The deferred pension will begin:
- (a) at Normal Retiring Date, or
 - (b) after Normal Retiring Date from such date as shall be agreed between the Member and the Trustees if:
 - (i) the Member is still in employment; and
 - (ii) the Member has so elected before Normal Retiring Date

in which case the pension will be increased by such amount as the Trustees, on the advice of the Actuary, consider appropriate to take account of the pension being postponed beyond Normal Retiring Date.

- (3) A deferred pension will receive pension increases during deferment as set out in rule 8.1(4). The GMP will be revalued in the period up to State Pension Age as set out in Appendix 3.
- (4) On receiving a written request from the Member, the Trustees may, in their absolute discretion, in lieu of paying the deferred pension, start paying a pension before Normal Retiring Date from such date as the Trustees decide if-
- (a) it is on or after the Member's 50th birthday (and (b) below does not apply) in which case the pension will be equal to the Scale Pension revalued up to the date of commencement of payment as required under (3) above and reduced by the Early Retirement Discount; or
 - (b) the Trustees are satisfied that the Member has retired from employment because of Incapacity in which case the pension will be equal to the Scale Pension reduced by the Early Retirement Discount unless the Trustees agree to disapply all or part of the Early Retirement Discount.
- (5) Subject to (6) below, a Member who satisfies the conditions in (1)(a) and (b) above who left Service before 28 February 1991 and who paid Compulsory Contributions before 6 April 1975 to the Scheme or to a Related Scheme from which his or her benefits have been transferred to the Scheme may, by written notice to the Trustees, elect to receive a refund of the whole of his Compulsory Contributions so far as they relate to his or her Service before 6 April 1975.

Any refund of contributions made under this paragraph (5) will be in lieu of all benefits otherwise payable from the Scheme in respect of that part of the Member's Qualifying Service subject to the refund and in calculating the Scale

Pension referred to in (1) above, that part of the Member's Qualifying Service which is subject of the refund will be ignored.

- (6) The option in (5) above shall not be available to Members referred to in rule 4.5(4) above in the circumstances set out in that rule.

4.7 INCAPACITY PENSION

- (1) If an Active Member leaves Service before Normal Retiring Date because of Incapacity, the Member shall be entitled, if the Trustees consent, to a pension calculated in accordance with (2) below. The pension shall begin when the Member leaves Service.
- (2) The Incapacity pension shall be the Scale Pension reduced by the Early Retirement Discount provided that the Trustees may in their discretion determine that all or part of the Early Retirement Discount should be disappplied. If, at the request of the Employer, the Member left Service because of Incapacity before 30 April 1982, no reduction is applied.
- (3) The Trustees may, when awarding a pension under this rule, restrict or remove the Member's option to exchange pension for cash under rule 4.10 in any way they think fit.
- (4) Rule 8.16 sets out the provisions for the review of Incapacity pensions granted on or after 1 December 2001.

4.8 MONEY PURCHASE ACCOUNT GUARANTEE

In respect of Members who were in Pensionable Service on and after 1 April 1988 and who retired before 1 December 2001, if in the Trustees' opinion (on the advice of the Actuary), the initial annual amount of the Money Purchase Account Pension is higher than the Scale Pension calculated as at the date of commencement of the Scale Pension under rule 4.2, 4.3, 4.4, 4.6 or 4.7, then the Member will receive the Money Purchase Account Pension instead of the Scale Pension to which he or she would otherwise be entitled.

4.9 CONTRACTING-OUT REQUIREMENTS AND INLAND REVENUE LIMITS

- (1) ***Contracted-out Employment before 6 April 1997 (GMPs)***

The Scheme provides a GMP in respect of Contracted-out Employment before 6 April 1997. The statutory requirements governing the calculation and payment of GMPs are set out in Appendix 3. A Member's pension under this Section includes his or her GMP and offsets any GMP entitlement under Appendix 3 to the extent permitted by rule 5.7 of that Appendix.

- (2) ***Contracted-out Employment after 5 April 1997 (Reference scheme test satisfied)***

A Member is entitled to a pension (the "Reference Pension") in respect of his or her Contracted-out Employment after 5 April 1997. The amount of the Reference Pension is the amount which would have been payable to the Member by reference to a reference scheme under section 12B of the Pension Schemes Act 1993 if the Member had been in membership of that

scheme instead of the Scheme. A Member's pension under this Section includes his or her Reference Pension and will, if necessary, be increased to the amount of the Reference Pension.

(3) ***Inland Revenue limits***

Each benefit payable under this Section must not exceed the Revenue Maximum and will (if necessary) be reduced to the Revenue Maximum.

(4) ***Overriding Rule***

In the event of conflict between this rule and any other rule of this Section, this rule shall override.

4.10 OPTION TO EXCHANGE PENSION FOR CASH

When a Member's pension becomes payable, he or she may, if the Trustees agree, exercise the following option to exchange pension for cash (known as "commutation") by giving the Trustees written notice (in a form prescribed by the Trustees) before the pension starts. This option cannot be exercised or cancelled once the pension is in payment. A Continued Rights Member may only exercise the option to exchange pension for cash when the Member's pension becomes payable.

- (1) The Member may exchange for a cash lump sum any part of his or her pension in excess of the GMP.
- (2) Subject to (3) and (5) below -
 - (a) the initial annual amount of pension will be reduced by such amount as the Trustees may determine (having regard to the Actuary's advice), provided that the commutation rate must not prejudice Approval;
 - (b) the lump sum must not exceed the Revenue Maximum.
- (3) Exchanging pension for a cash lump sum under (1) above does not affect the entitlement to or amount of any pension payable under rule 5.2 (death in retirement) following the Member's death.
- (4) If in the opinion of the Trustees the Member is in an exceptional state of serious ill-health (such that the Member's expectation of life is less than one year or such other period as may be permitted by the Inland Revenue) and so informs the Trustees in the written notice of commutation, the Trustees may in their discretion permit the Member to exchange for a lump sum the whole of his or her pension in excess of the GMP if this would not prejudice Approval. The commutation rate will be determined by the Trustees (having regard to the Actuary's advice) and must not prejudice Approval.
- (5) If the Member's pension is Trivial (as defined in (6) below) the Trustees may, without his or her consent, exchange the whole of it (including any GMP which has become payable), when it is due to start or after it becomes Trivial, if its total commutation would not be likely to prejudice Approval. The commutation rate will be determined by the Trustees (having regard to the Actuary's advice) and must not prejudice Approval. The exchange of pension for cash

will include any pension or other benefit prospectively payable on the Member's death.

- (6) A Member's pension is "**Trivial**" if the sum of -
- (a) all pensions payable to him or her under any Retirement Benefits Schemes of Participating Employers, or to which any Participating Employer has contributed; and
 - (b) the pension equivalent (as determined by the Actuary) of all lump sum benefits so payable

does not exceed £260 p.a., or such higher annual amount as may be approved by the Board of Inland Revenue and is consistent with the Preservation Requirements and the Occupational Pension Schemes (Contracting-out) Regulations 1996.

4.11 OPTION TO SURRENDER PENSION

- (1) Subject to (3) below, a Member may, by written notice to the Trustees surrender part of his or her pension to provide a pension payable to a Nominated Dependant. This option may only be exercised before the date when any pension becomes payable to the Member under the Rules.
- (2) The pension remaining after surrender under this rule and exchange of pension for cash under rule 4.10 must not be less than the Member's GMP payable under Appendix 3 and any Reference Pension Payable under rule 4.9(2) and is referred to below as "**the Reduced Pension**".
- (3) On receiving a Member's notice of surrender under (1) above, the Trustees may either accept it or reject it and may require evidence of the Member's state of health. The Trustees need not give any reason for refusing to accept a notice of surrender. The Trustees must reject a notice if the person named does not, in their opinion, fall within the definition of "Nominated Dependant" in Section 1.
- (4) If accepted by the Trustees, the surrender will become effective on the Member's retirement.
- (5) On the death of the Member before the surrender becomes effective, the surrender shall be deemed to be cancelled.
- (6) On the death of the Nominated Dependant before the surrender becomes effective, the surrender shall be deemed to be cancelled.
- (7) If the surrender is in favour of the Member's spouse, it shall be deemed to be cancelled on the divorce, annulment of marriage or judicial separation of the Member and his or her spouse before the surrender becomes effective.
- (6) If the whole of the Member's pension is exchanged for a cash sum, the surrender shall be deemed to be cancelled.
- (7) The Nominated Dependant's pension shall begin from the day of the Member's death.

- (8) If the Nominated Dependant dies after the surrender has become effective, the pension payable to the Pensioner will nevertheless continue to be the Reduced Pension.
- (9) The amount of a Nominated Dependant's pension shall be determined by the Trustees (acting on the advice of the Actuary) and will be equal in value to the part of the Member's pension surrendered. The total pension payable to the Member's Nominated Dependant on the death of the Member under this rule shall not exceed the Member's Reduced Pension before exercise of the option to exchange pension for cash (see rule 4.10).
- (10) The exercise of an option under this rule shall not (except where expressly stated otherwise) affect the amount of any pension or allowance payable under Section 5 following the Member's death.
- (11) A surrender may not be cancelled unless the Trustees consent and then only before commencement of the Member's pension.

4.12 RE-ARRANGED PENSION OPTION

- (1) At a Member's request when his or her pension becomes payable, the Trustees, may increase the pension from when it starts until State Pension Age and then reduce it for the rest of his or her life.
- (2) The amount of the increase and reduction will be decided by the Trustees, on the Actuary's advice, to the intent that, when the pension that the Member is entitled to receive from the Scheme and the single person's Basic State Pension are aggregated, the Member's total income from those two pensions (taking their amounts at the time the Member's pension from the Scheme starts) remains approximately level throughout retirement. Provided that the Trustees must not reduce the pension below the GMP.
- (3) The pension adjustment under (1) above does not affect the amount of any pension payable under rule 5.2 following the Member's death.

4.13 SPECIAL PROVISIONS APPLICABLE TO CERTAIN MEMBERS

This rule overrides other provisions of the Rules unless the context requires otherwise.

Men and women who were in Service as Active Members on 1 August 1986 and who joined the Scheme before that date

- (1) A man or a woman who was in Service as an Active Member on 1 August 1986 and who joined the Scheme before that date has the right to remain in Service as an Active Member until his or her 65th birthday and receive a pension starting the following day.

Women who were in Service as Active Members on 1 May 1989 who joined the Scheme before that date

- (2) A woman who was in Service as an Active Member on 1 May 1989 and who joined the Scheme before that date has:

- (a) on and after 1 May 1989 and up to (but excluding) 1 December 2001, the right to remain in Service as an Active Member until her 63rd birthday and to receive a pension starting the following day (or the date of her actual retirement if after her 60th birthday but before her 63rd birthday) of an amount equal to the Scale Pension; and
- (b) on and after 1 December 2001, the right to retire on or after her 60th birthday and to receive the Scale Pension reduced by the Early Retirement Discount (except in respect of that part of the Scale Pension that relates to Pensionable Service accrued up to (but excluding) 1 December 2001 which shall not be reduced), and if she retires on or after her 50th birthday and before her 60th birthday, the Early Retirement Discount will not be applied in respect of the period from her 60th birthday to Normal Retiring Date to that part of the Scale Pension that relates to Pensionable Service accrued up to (but excluding) 1 December 2001; and
- (c) if she leaves Service on or after 1 December 2001, the right to receive her deferred pension at her 60th birthday calculated as the Scale Pension reduced by the Early Retirement Discount (except in respect of that part of the Scale Pension that relates to Pensionable Service accrued up to (but excluding) 1 December 2001 which shall not be reduced), and if she takes her deferred pension on or after her 50th birthday and before her 60th birthday, the Early Retirement Discount will not be applied in respect of the period from her 60th birthday to Normal Retiring Date to that part of the Scale Pension that relates to Pensionable Service accrued up to (but excluding) 1 December 2001.

Men who were in Service as Active Members on 1 May 1989 and who joined the Scheme before that date

- (3) A man who was in Service as an Active Member on 1 May 1989 and who joined the Scheme before that date has:
 - (a) on and after 1 May 1989 and up to (but excluding) 1 December 2001, the right to retire on or after his 60th birthday and to receive the Scale Pension unreduced by the Early Retirement Discount, and if he retires on or after his 50th birthday and before his 60th birthday, the Early Retirement Discount will not be applied to the Scale Pension in respect of the period from his 60th birthday to Normal Retiring Date;
 - (b) if he leaves Service on or after 1 May 1989 and before 1 December 2001, the right to receive his deferred pension at his 60th birthday calculated as the Scale Pension unreduced by the Early Retirement Discount, and if he takes his deferred pension on or after his 50th birthday and before his 60th birthday, the Early Retirement Discount will not be applied to the Scale Pension in respect of the period from his 60th birthday to Normal Retiring Date;
 - (c) on and after 1 December 2001, the right to retire on or after his 60th birthday and to receive the Scale Pension reduced by the Early Retirement Discount (except in respect of that part of the Scale Pension that relates to Pensionable Service accrued up to (but excluding) 1 December 2001 which shall not be reduced), and if he retires on or after

his 50th birthday and before his 60th birthday, the Early Retirement Discount will not be applied in respect of the period from his 60th birthday to Normal Retiring Date to that part of the Scale Pension that relates to Pensionable Service accrued up to (but excluding) 1 December 2001; and

- (d) if he leaves Service on or after 1 December 2001, the right to receive his deferred pension at his 60th birthday calculated as the Scale Pension reduced by the Early Retirement Discount (except in respect of that part of the Scale Pension that relates to Pensionable Service accrued up to (but excluding) 1 December 2001 which shall not be reduced), and if he takes his deferred pension on or after his 50th birthday and before his 60th birthday, the Early Retirement Discount will not be applied in respect of the period from his 60th birthday to Normal Retiring Date to that part of the Scale Pension that relates to Pensionable Service accrued up to (but excluding) 1 December 2001.

Men and women who joined the Scheme as Active Members on or after 1 May 1989 and before 1 May 2000

- (4) A woman or man who joined the Scheme as an Active Member on or after 1 May 1989 and before 1 May 2000 has:
- (a) on and after 1 May 1989 and up to (but excluding) 1 May 2000, the right to retire on or after his or her 60th birthday and to receive the Scale Pension unreduced by the Early Retirement Discount, and if he or she retires on or after his or her 50th birthday and before his or her 60th birthday, the Early Retirement Discount will not be applied to the Scale Pension in respect of the period from his or her 60th birthday to Normal Retiring Date;
- (b) if he or she leaves Service on or after 1 May 1989 and before 1 May 2000, the right to receive his or her deferred pension at his or her 60th birthday calculated as the Scale Pension unreduced by the Early Retirement Discount, and if he or she takes his or her deferred pension on or after his or her 50th birthday and before his or her 60th birthday, the Early Retirement Discount will not be applied to the Scale Pension in respect of the period from his or her 60th birthday to Normal Retiring Date;
- (c) on and after 1 May 2000, the right to right to retire on or after his or her 60th birthday and to receive the Scale Pension reduced by the Early Retirement Discount (except in respect of that part of the Scale Pension that relates to Pensionable Service accrued up to (but excluding) 1 May 2000 which shall not be reduced), and if he or she retires on or after his or her 50th birthday and before his or her 60th birthday, the Early Retirement Discount will not be applied in respect of the period from his or her 60th birthday to Normal Retiring Date in relation to that part of the Scale Pension that relates to Pensionable Service accrued up to (but excluding) 1 May 2000; and
- (d) if he or she leaves Service on or after 1 May 2000, the right to receive his or her deferred pension at his or her 60th birthday calculated as the Scale Pension reduced by the Early Retirement Discount (except in respect of that part of the Scale Pension that relates to Pensionable Service accrued up to (but excluding) 1 May 2000 which shall not be reduced), and if he or she takes her deferred pension on or after his or her 50th birthday and

before his or her 60th birthday, the Early Retirement Discount will not be applied in respect of the period from his or her 60th birthday to Normal Retiring Date to that part of the Scale Pension that relates to Pensionable Service accrued up to (but excluding) 1 May 2000.

SECTION 5

STANDARD DEATH BENEFITS

Summary

Following a Member's death the Scheme provides -

- *a cash sum in certain circumstances*
- *a pension for the Qualifying Spouse (defined in rule 5.6)*
- *in the absence of a Qualifying Spouse, a pension for a Qualifying Child or Qualifying Children (defined in rule 5.7)*

Extra pension and other benefits may be provided through AVCs (rule 3.2), transfers-in, special terms etc. (Section 7)

5.1 DEATH IN SERVICE

If a Member dies whilst an Active Member, the following benefits will be payable -

(1) Cash sum

The Trustees will:

- (a) in respect of Active Members who die on or after 11 January 1985 hold on the Discretionary Trusts a cash sum equal to 4 times the annual rate of the Member's Earnings at the date of death as determined by the Employer;
- (b) in respect of Active Members who die before 11 January 1985 and on or after 30 April 1974 hold on the Discretionary Trusts a cash sum equal to 2 times the annual rate of the Member's Earnings at the date of death as determined by the Employer;
- (c) in respect of Active Members who die before 30 April 1974, pay to the Member's personal representatives a cash sum equal to 2 times the annual rate of the Member's Earnings at the date of death as determined by the Employer; and
- (d) in respect of Active Members who die before 1 December 2001, pay to the Member's personal representatives, and in respect of Active Members who die on or after 1 December 2001, hold on the Discretionary Trusts, a cash sum equal to the Member's Compulsory Contributions (other than those which have already been the subject of a refund from the Scheme in the Member's lifetime) and, if previously agreed between the Member and the Trustees, a cash sum equal to his or her AVCs.

(2) Qualifying Spouse's pension

The Member's Qualifying Spouse will be entitled to a pension, with effect from the date of the Member's death. Its initial annual amount will be 25% of the

Member's Earnings at the date of death. The pension will be payable for life and will include any GMP payable under Appendix 3 and any Reference Pension payable under rule 5.5(2). If there is a Widow or Widower who is not a Qualifying Spouse, the pension will be reduced by the amount of any GMP payable to the Widow or Widower under Appendix 3 and any Reference Pension payable under rule 5.5(2).

If the Qualifying Spouse is more than 10 Years younger than the Member, the Trustees may reduce the pension by such amount (if any) as they may determine to be appropriate. The amount of the reduction may not exceed 2.5% of the pension for each complete Year of age disparity over 10.

If a Qualifying Spouse dies whilst in receipt of a Qualifying Spouse's pension and is survived by a Qualifying Child or by Qualifying Children, the Trustees will pay a pension in respect of that Qualifying Child or Children with effect from the date of the Qualifying Spouse's death. The initial amount of the pension will be equal to the amount of pension the Qualifying Spouse was receiving at the date of his or her death. If there is more than one Qualifying Child, the pension will be divided between the Qualifying Children in such proportions as the Trustees in their absolute discretion decide.

(3) **Qualifying Children's pension**

If the Member is not survived by a Qualifying Spouse but is survived by a Qualifying Child or by Qualifying Children, the Trustees will pay a pension in respect of that Qualifying Child or Children, with effect from the date of the Member's death.

The initial annual amount of the pension will be 25% of the Member's Earnings at the date of death. If there is a Widow or Widower who is not a Qualifying Spouse, the pension will be reduced by the amount of any GMP payable to the Widow or Widower under Appendix 3 and any Reference Pension payable under rule 5.5(2)

If there is more than one Qualifying Child, the pension will be divided between the Qualifying Children in such proportions as the Trustees in their absolute discretion decide.

5.2 DEATH IN RETIREMENT

If a Member dies whilst a Pensioner the following benefits will be payable -

(1) **Cash sum**

(a) If death occurs within 5 Years of the pension starting, the Trustees will pay to his or her personal representatives a cash sum of an amount equal to the pension payments that would have been made to the Pensioner during the balance of the 5 Years, at the rate payable immediately before death and ignoring any future pension increases.

(b) In the case of a Member who became an Active Member before 1 December 2001 and whose pension commenced before Normal Retiring Date, the amount payable under (a) above shall not be less than the amount by which the total of the Member's contributions excluding:

- (i) those contributions which have already been the subject of a refund in the Member's lifetime;
- (ii) AVCs unless the Trustees and the member have previously agreed to include them; and
- (iii) any contributions allocated to pension which has been surrendered by the member under rule 4.11.

exceeds the total of the instalments of pension paid to the Member before his or her death.

(2) ***Qualifying Spouse's pension***

The Pensioner's Qualifying Spouse will be entitled to a pension, with effect from the date of the Pensioner's death. Its initial annual amount will be 50% of the Pensioner's Full Pension. The pension will be payable for life and will include any GMP payable under Appendix 3 and any Reference Pension payable under rule 5.5(2). If there is a Widow or Widower who is not a Qualifying Spouse, the pension will be reduced by the amount of any GMP payable to the Widow or Widower under Appendix 3 and any Reference Pension payable under rule 5.5(2).

If the Qualifying Spouse is more than 10 Years younger than the Member, the Trustees may reduce the pension by such amount (if any) as they may determine to be appropriate. The amount of the reduction may not exceed 2.5% of the pension for each complete Year of age disparity over 10.

If a Qualifying Spouse dies whilst in receipt of a Qualifying Spouse's pension and is survived by a Qualifying Child or by Qualifying Children, the Trustees will pay a pension in respect of that Qualifying Child or Children with effect from the date of the Qualifying Spouse's death. The initial amount of the pension will be equal to the amount of pension the Qualifying Spouse was receiving at the date of his or her death. If there is more than one Qualifying Child, the pension will be divided between the Qualifying Children in such proportions as the Trustees in their absolute discretion decide.

(3) ***Qualifying Children's pension***

If the Pensioner is not survived by a Qualifying Spouse but is survived by a Qualifying Child or by Qualifying Children, the Trustees will pay a pension in respect of that Qualifying Child or Children, with effect from the date of the Pensioner's death.

The initial annual amount of the pension will be 50% of the Pensioner's Full Pension. If there is a Widow or Widower who is not a Qualifying Spouse, the pension will be reduced by the amount of any GMP payable to the Widow or Widower under Appendix 3 and any Reference Pension payable under rule 5.5(2).

If there is more than one Qualifying Child, the pension will be divided between the Qualifying Children in such proportions as the Trustees in their absolute discretion decide.

(4) **"Pensioner's Full Pension"**

In this rule **"Pensioner's Full Pension"** means the annual amount of the Pensioner's pension at the date of death, as it would have been but for any exercise of the option to exchange pension for cash under rule 4.10 or surrender under rule 4.11.

5.3 DEATH OF A LATE RETIRER

If a Member who remains in Service after Normal Retiring Date dies, the following benefits will be payable -

(1) **Cash sum**

- (a) The Trustees will pay to the Member's personal representatives a cash sum. The cash sum will be equal to the aggregate of 5 Years' pension payments that would have been paid to the Member from the Scheme (reduced by any exercise of the option to exchange pension for cash by the Member under rule 4.10 or surrender under rule 4.11 which had not been cancelled or if (b) below applies, reduced by the cash sum paid by the Trustees under (b)) had he or she started to receive the pension on the day before his or her death (or on Normal Retiring Date if that was the date of death) ignoring future pension increases.
- (b) If the Member has not exercised the option to exchange pension for cash under rule 4.10, the Trustees shall in respect of any amount of pension (other than any pension surrendered under rule 4.11) which they shall determine could have been exchanged for cash by the Member under that rule, if his or her pension had become payable on the day before death, pay in addition to the cash sum in (a) above, the amount of the cash sum which they shall determine would have been payable to the Member on the day before death if he or she had exercised the commutation option.

(2) **Qualifying Spouse's pension**

The Member's Qualifying Spouse will be entitled to a pension, with effect from the date of the Member's death. Its initial annual amount will be 50% of the Member's Prospective Pension. The pension will be payable for life and will include any GMP payable under Appendix 3 and any Reference Pension payable under rule 5.5(2). If there is a Widow or Widower who is not a Qualifying Spouse, the pension will be reduced by the amount of any GMP payable to the Widow or Widower under Appendix 3 and any Reference Pension payable under rule 5.5(2).

If the Qualifying Spouse is more than 10 Years younger than the Member, the Trustees may reduce the pension by such amount (if any) as they may determine to be appropriate. The amount of the reduction may not exceed 2.5% of the pension for each complete Year of age disparity over 10.

If a Qualifying Spouse dies whilst in receipt of a Qualifying Spouse's pension and is survived by a Qualifying Child or by Qualifying Children, the Trustees will pay a pension in respect of that Qualifying Child or Children with effect from the date of the Qualifying Spouse's death. The initial amount of the pension will be equal to the amount of pension the Qualifying Spouse was receiving at the date of his or

her death. If there is more than one Qualifying Child, the pension will be divided between the Qualifying Children in such proportions as the Trustees in their absolute discretion decide.

(3) ***Qualifying Children's pension***

If the Member is not survived by a Qualifying Spouse but is survived by a Qualifying Child or by Qualifying Children, the Trustees will pay a pension in respect of that Qualifying Child or Children, with effect from the date of Member's death.

The initial annual amount of the pension will be 50% of the Member's Prospective Pension. If there is a Widow or Widower who is not a Qualifying Spouse, the pension will be reduced by the amount of any GMP payable to the Widow or Widower under Appendix 3 and any Reference Pension payable under rule 5.5(2).

If there is more than one Qualifying Child, the pension will be divided between the Qualifying Children in such proportions as the Trustees in their absolute discretion decide.

(4) ***"Member's Prospective Pension"***

In this rule "**Member's Prospective Pension**" means the annual amount of the pension that would have been payable to the Member under the Rules if he or she had started to receive the pension on the day before the Member's death (or on Normal Retiring Date if that was the date of death) as it would have been but for any exercise of the option to exchange pension for cash under rule 4.10 or surrender under rule 4.11.

5.4 DEATH IN DEFERMENT

If a Member dies whilst a Deferred Pensioner the following benefits will be payable -

(1) ***Cash sum***

The Trustees will pay to the Member's personal representatives a cash sum equal to the Member's Compulsory Contributions (other than those which have already been the subject of a refund from the Scheme in the Member's lifetime) and, if previously agreed between the Member and the Trustees, a cash sum equal to his or her AVCs.

(2) ***Qualifying Spouse's pension***

The Deferred Pensioner's Widow or Widower will be entitled to a pension with effect from the date of the Deferred Pensioner's death equal to the GMP payable under Appendix 3 and the Reference Pension payable under rule 5.5(2).

5.5 CONTRACTING-OUT REQUIREMENTS AND INLAND REVENUE LIMITS

(1) ***Contracted-out Employment before 6 April 1997 (GMPs)***

The Scheme provides, to a Widow or Widower who is entitled to it, a GMP in respect of a Member's Contracted-out Employment before 6 April 1997. The

statutory requirements governing the calculation and payment of GMPs are set out in Appendix 3. When a Widow or Widower is entitled to a GMP it will be paid (in accordance with Appendix 3) as part of the Qualifying Spouse's pension under this Section in respect of the Member's Pensionable Service before 6 April 1997.

(2) ***Contracted-out Employment after 5 April 1997 ("Reference Pension")***

A Widow or Widower is entitled to a pension ("**the Reference Pension**") in respect of a Member's Contracted-out Employment after 5 April 1997. The amount of the Reference Pension is the amount which would have been payable to the Widow or Widower by a reference scheme under section 12B of the Pension Schemes Act 1993 if the Member had been in membership of that scheme instead of the Scheme and the Widow or Widower met any payment conditions.

The Reference Pension will be paid as part of the Qualifying Spouse's pension under this Section in respect of the Member's Pensionable Service after 5 April 1997.

(3) ***Inland Revenue limits***

Each benefit payable under this Section must not exceed the Revenue Maximum and will (if necessary) be reduced to the Revenue Maximum.

(4) ***Overriding Rule***

In the event of conflict between this rule and any other rule of this Section, this rule shall override.

5.6 "QUALIFYING SPOUSE"

"**Qualifying Spouse**" means the spouse to whom the Member was, at the time of the Member's death, married provided that :

- (a) if the Member married on the date of his or her death, or married on or after the date on which his or her pension became payable under the Scheme and died within six months of the marriage, the Trustees have absolute discretion to decide whether the Member's spouse is a "Qualifying Spouse" for the purposes of the Rules; and
- (b) there can only be one Qualifying Spouse for the purposes of the Rules and in the event of two or more persons claiming to be the Member's spouse, the Trustees shall have absolute discretion to decide which one of such persons is the Qualifying Spouse for the purposes of the Rules.

If the Member died before 1 April 1988, the reference to "spouse to whom the Member was, at the time of the Member's death, married" in the above definition of "Qualifying Spouse" shall be deemed to be a reference to "the Member's widow" and references to "spouse" in the rest of the definition shall be construed accordingly.

5.7 "QUALIFYING CHILD"

(1) **"Qualifying Child"** means, in relation to a Member:

- (a) a child born of, or legitimised by, a marriage entered into by the Member;
- (b) a step-child by virtue of a marriage entered into by the Member;
- (c) a child legally adopted by the Member before the date of the Member's death, or if earlier, the date the Member's pension became payable; or
- (d) any other child towards whose maintenance the Member become legally liable to contribute before the date of the Member's death, or if earlier, the date the Member's pension became payable, otherwise than under the terms of a deed of covenant or other contract voluntarily entered into by the Member

who is under age 18 provided that if the Member married on the date of his or her death, or married on or after the date his or her pension became payable under the Scheme and died within six months of the marriage, the Trustees have absolute discretion to decide whether or not any child who would, but for this proviso, have become a Qualifying Child by virtue of such marriage is a "Qualifying Child" for the purposes of the Rules.

(2) Once a child no longer falls within the definition of Qualifying Child, any entitlement to a Qualifying Children's pension under the Rules will stop. On any change in the number of a Member's Qualifying Children the amount of the Qualifying Children's pension will be recalculated by reference to the number of Qualifying Children following the change.

SECTION 6
LIFE ASSURANCE BENEFITS

Summary

- *A cash sum is payable when a Life Assurance Member dies.*

6.1 BENEFIT

If a Life Assurance Member dies the Trustees will hold on the Discretionary Trusts a cash sum equal to 2 times the annual rate of his or her Earnings (as determined by the Principal Employer) at the date of death.

6.2 MEMBER'S WISHES

In exercising its powers under the Discretionary Trusts to determine the recipients of the cash sum under rule 6.1, the Trustees may (but are not required to) take into account any wishes the deceased may have expressed.

SECTION 7

NON-STANDARD BENEFITS

Summary

- *Transfers-in*
- *Membership on special terms*
- *Part-time employment*
- *Maternity Absence and Parental Leave*
- *Other Absences*
- *Discretionary benefits and increases*
- *Preservation Requirements*
- *Equal treatment*

7.1 **TRANSFER-IN**

- (1) The Trustees may, with the Principal Employer's consent, accept into the Scheme a transfer of assets in respect of a person (the "**Transferring Member**") from another Retirement Benefits Scheme or a Personal Pension Scheme or such other scheme (wherever established) which is capable of providing annuities or lump sums for a person or persons or the surrender proceeds of a buy-out policy or retirement annuity contract relating to a person. In consideration of the transfer, such benefits will be provided from the Scheme to or in respect of that person as the Trustees decide (with the approval of the Actuary) are appropriate. Provided that -
- (a) the Trustees must not accept a transfer if it would prejudice Approval;
 - (b) the benefits provided must not, when aggregated with the Member's Scale Pension (calculated by reference to Pensionable Service other than that credited on the transfer-in), exceed the Revenue Maximum;
 - (c) the benefits provided must be consistent with Approval and the Preservation Requirements relating to Transfer Credits;
 - (d) the Trustees must require the administrator or approved insurer of the transferring scheme to certify:
 - (i) what part of the transfer represents employee contributions (such contributions are to be treated as employee contributions in the Scheme);
 - (ii) whether there are any conditions relating to the return of member contributions;
 - (iii) the period of pensionable employment to which the transfer relates.

- (e) the benefits must be provided in accordance with the contracting-out legislation. Accordingly -
 - (i) if the transferred assets represent GMPs or protected rights (as defined in section 10 of the Pension Schemes Act 1993) derived from payments before 6 April 1997, the person and his or her Widow or Widower must be entitled to GMPs in accordance with rule 9 of Appendix 3;
 - (ii) if the transferred assets represent protected rights derived from payments after 5 April 1997 or rights accrued under a contracted-out salary-related scheme after 5 April 1997, the person and his or her Widow or Widower must be entitled to rights which, had they accrued in the Scheme, would be provided in accordance with the rules relating to Members in Contracted-out Employment after 5 April 1997.
- (2) The Trustees will notify the Transferring Member of the benefits to be provided to and in respect of him or her under the Scheme as soon as practicable after admission to the Scheme.
- (3) The Trustees may at any time (with the consent of the Principal Employer and the approval of the Actuary and Board of Inland Revenue) make such arrangements upon such terms as they think fit:
 - (i) for accepting into the Scheme as Members any employees of any body which becomes a Participating Employer whether or not all or any of such employees thereupon become Eligible Employees;
 - (ii) for the block transfer to Membership of the Scheme of persons in membership of any other Retirement Benefits Scheme to which any of the Participating Employers has contributed;
 - (iii) for undertaking in consideration of a money payment or the receipt of assets all or any residual obligations of any other Retirement Benefits Scheme to which any of the Participating Employers has contributed, in order to facilitate the winding-up of such scheme.

7.2 MEMBERSHIP ON SPECIAL TERMS

If so requested by an Employer and if satisfied that Approval will not be prejudiced, the Trustees may subject to the approval of the Principal Employer -

- (a) admit a person (whether or not an Employee) to membership of the Scheme, even if he or she would not otherwise be entitled under the Scheme; or
- (b) permit a person to remain a Member

upon such special terms (if any) as the Trustees determine. These terms must be consistent with Approval and the Preservation Requirements. Where special terms apply in accordance with this rule or any other rule of the Scheme, the contributions and benefits otherwise expressed as payable under the Rules shall be modified to give effect to such special terms.

7.3 **PART-TIME EMPLOYMENT**

- (1) This rule applies to a Member who has been in Part-Time Employment whilst an Active Member.
- (2) This rule overrides other provisions of the Rules as follows -

- (a) If an Active Member has been in Part-Time Employment whilst an Active Member but is in full-time employment throughout the period used to calculate "Final Pensionable Earnings", "Final Pensionable Earnings" has the meaning given in Section 1.
- (b) If an Active Member has been in Part-Time Employment during any part of the period used to calculate "**Final Pensionable Earnings**", "**Final Pensionable Earnings**" will be the sum of the full-time equivalent Pensionable Earnings for that period. The full-time equivalent Pensionable Earnings for the period will be calculated by the following formula:-

$$\text{Basic salary} \times \frac{\text{Full-time hours}}{\text{Part-time hours}}$$

- (c) For all Members who have been in Part-Time Employment at any time whilst an Active Member "**Pensionable Service**" for the purpose of calculating the amount of any benefit will be reduced to a "Part-Time Pensionable Service Equivalent". The Part-Time Pensionable Service Equivalent is calculated by the following formula:-

$$\text{Period of Part-time Employment} \times \frac{\text{Part-time hours}}{\text{Full-time hours}}$$

If a Member has more than one Period of Part-Time Employment, separate calculations will be made for each such period.

- (3) For the purposes of this rule 7.3:

"**Full-time hours**" means, in relation to a Member, the minimum number of hours during a normal working week for which he or she would be contracted to work for the Employer if employed on a full-time basis, as determined by the Employer;

"**Part-time hours**" means, in relation to a Member, the minimum number of hours for which he or she is contracted to work for an Employer during a normal working week.

"**Period of Part-Time Employment**" means a period during which the proportion of Part-time hours to Full-time hours remains the same.

7.4 **MATERNITY ABSENCE AND PARENTAL LEAVE**

- (1) This rule applies to Active Members only. In this rule -

"**Final Pensionable Earnings**" and "**Pensionable Earnings**" in relation to a period of Maternity Absence or Parental Leave mean Final Pensionable Earnings and Pensionable Earnings (as determined in each case by the Employer) as they would have been but for that Maternity Absence or Parental Leave (but subject to the provisos to each definition relating to the

Earnings Cap) except that, in relation to a period of Maternity Absence, for the purposes of rule 3.1 (Compulsory Contributions), Pensionable Earnings means the lower of the above and the Member's actual remuneration, including statutory maternity pay, from the Employer.

"Maternity Absence" means absence authorised by or pursuant to the terms of Chapter I of Part VIII of the Employment Rights Act 1996 and any extension of those terms allowed by the Employer.

"Parental Leave" means absence authorised by or pursuant to the terms of Chapter II of Part VIII of the Employment Rights Act 1996 and any extension of those terms allowed by the Employer.

"Right to Return" means the right to return to work in terms of the Employment Rights Act 1996 and any extension of that right granted by the Employer.

- (2) The following provisions apply to a Member during Maternity Absence and override any other provisions of the Rules -
- (a) The Member shall remain an Active Member throughout any period of Maternity Absence in respect of which the Member is entitled to remuneration, including statutory maternity pay, from the Employer and she and the Employer must contribute to the Scheme under rules 3.1 and 3.4 respectively.
 - (b) The Member will cease to be an Active Member on the date when her right to contractual remuneration or statutory maternity pay ceases as to which the Employer's certificate will be final.
 - (c) If the Member ceases to be an Active Member under (b) above and has a Right to Return and serves notice on her Employer of her intention to return to work, she will nevertheless be treated as remaining an Active Member for the purposes of rule 5.1 (death in service) only (but not rule 3.1 (compulsory contributions)) until the date of the expiry of her Right to Return or such later date as the Trustees in their absolute discretion determine and provided that:
 - (i) "Earnings" for the purposes of calculating death in service benefits under rule 5.1 shall mean Earnings (as determined by the Employer) as they would have been but for the Maternity Absence; and
 - (ii) the Employer shall pay contributions to the Scheme under rule 3.4 in respect of the death in service cover provided.
 - (d) If the Member ceases to be an Active Member under (b) above and later returns to work in exercise of her Right to Return, periods of Pensionable Service as an Active Member immediately before during and after the Maternity Absence shall be aggregated.
- (3) The following provisions apply to a Member during Parental Leave and override any other provisions of the Rules -

- (a) The Member shall remain an Active Member throughout any period of Parental Leave provided he or she contributes to the Scheme under rule 3.1. The Employer must also contribute to the Scheme under rule 3.4.
- (b) If the Member elects not to contribute under rule 3.1 during the period of Parental Leave, he or she will cease to be an Active Member on the date his or her Parental Leave commences as to which the Employer's certificate will be final.
- (c) If (b) above applies, the Member will nevertheless be treated as remaining an Active Member for the purposes of rule 5.1 (death in service) until the date of the expiry of the Parental Leave and provided that:
 - (i) "Earnings" for the purposes of calculating death in service benefits under rule 5.1 shall mean Earnings (as determined by the Employer) as they would have been but for the Parental Leave; and
 - (ii) the Employer shall pay contributions to the Scheme under rule 3.4 in respect of the death in service cover provided.
- (d) If the Member ceases to be an Active Member and returns to work on the expiry of the Parental Leave, periods of Pensionable Service as an Active Member immediately before, during and after the Parental Leave shall be aggregated.

7.5 OTHER ABSENCES

- (1) This rule 7.5 applies where a Member is for the time being Absent if, when the period of Absence started, rule 7.4 does not apply.
- (2) In respect of a Member (other than a Life Assurance Member), a period of Absence will be Pensionable Service only if all of the following conditions are satisfied -
 - (a) the Member and the Employer have agreed with the Trustees that the period of Absence will be a period of Pensionable Service;
 - (b) the Absence does not exceed 3 Years if it is not due to injury or illness or to secondment to a United Kingdom Government Department or work of national importance of like nature;
 - (c) whilst Absent the Member does not join another Retirement Benefits Scheme which is exempt-approved or seeking exempt-approval (under Chapter I Part XIV of the Taxes Act) or contribute to a Personal Pension Scheme (unless concurrent membership of that scheme will not prejudice Approval, in which case, membership of the scheme shall be ignored for the purposes of this rule 7.5(2)(c));
 - (d) Approval is not thereby prejudiced.

Provided that -

- (i) subject to (3) below, the Member and the Employer pay contributions to the Scheme during the Absence in accordance with rules 3.1(compulsory contributions) and rule 3.4 (Employer's contributions); and
- (ii) the Principal Employer with the consent of the Trustees may determine that special terms apply to the Member during a period of Absence that is Pensionable Service and these terms must be consistent with Approval and the Preservation Requirements.

Subject to the above, Absence will not be Pensionable Service.

- (3) If by reason of Absence, the Active Member's Pensionable Earnings, Earnings or Final Pensionable Earnings are less than would otherwise have been the case or are non-existent, the Member's Pensionable Earnings, Earnings or Final Pensionable Earnings will be determined as that which in the opinion of the Employer they would have been but for the Absence and shall be reviewed from time to time by the Employer when requested by the Trustees if the Absence is longer than one Year.
- (4) If the period of Absence is not Pensionable Service under rule 7.5(2), the Member will cease to be an Active Member at the date such Absence starts and be treated as leaving Service, except that:
 - (a) no pension may start or be exchanged for cash until he or she actually leaves Service;
 - (b) if the Trustees agree, he or she may, nevertheless be treated as remaining an Active Member for the purposes of rule 5.1 (death in service) until the earlier of the end of the Absence or the date one Year after the commencement of the Absence; and
 - (c) if the period of Absence does not exceed one Year, and the Trustees agree, periods of Pensionable Service as an Active Member immediately before and after the Absence shall be aggregated.
- (5) If the Member ceases to be an Active Member under (4) above and is later re-admitted to the Scheme as an Active Member, rule 2.3 (Re-admission of a deferred pensioner or pensioner) will apply.
- (6) A Life Assurance Member will cease to be in Life Assurance Membership and to be covered for life assurance benefits under Section 6 at the date the Absence starts unless the Employer determines otherwise. If an Employer makes a determination under this rule, the life assurance benefits payable during the Absence will be determined by the Employer.

7.6 PAYMENT OF DISCRETIONARY BENEFITS AND INCREASES TO MEMBERS AND OTHERS

- (1) The Trustees may, with the consent of the Principal Employer-

- (a) award a different benefit equivalent to and in lieu of a benefit to which a person is entitled. The award will discharge the Trustees from liability for the payment of the original benefit;
 - (b) award a benefit to or in respect of any person including any person who is not prima facie entitled to a benefit under the Scheme;
 - (c) increase, or vary the duration or time of payment of, any benefit or all or any category of the benefits payable or prospectively payable to any person under the Scheme or provide (by substitution or otherwise) an additional benefit for or in respect of any such person.
- (2) The Participating Employers (or, as the case may be, the Employer) shall pay to the Trustees such sum or sums as the Trustees (with the advice of the Actuary) estimate to be required to make provision for any award or increase or additional benefit granted under this rule and, for the avoidance of doubt, the Trustees may require such sum or sums from the Participating Employers (or, as the case may be, the Employer) even if there are sufficient assets in the Fund to fund the award, increase or additional benefit in question.
- (3) No benefit may be provided under (1) above which would exceed the Revenue Maximum or prejudice Approval.

7.7 PRESERVATION REQUIREMENTS

- (1) For the purpose of calculating 2 Years' (or, as the case may be, 5 Years') Qualifying Service for the purposes of rules 4.5 and 4.6, if a Member leaves and later rejoins Pensionable Service, Qualifying Service will be treated as continuous if the break is -
- (a) not more than one month;
 - (b) due to Maternity Absence, where the Member exercises her right to return to work under the Employment Rights Act 1996 and returns to Pensionable Service no later than one month after returning to work; or
 - (c) due to the Member's absence from work in furtherance of a "trade dispute" as defined in section 35(1) of the Jobseekers Act 1995.

The period of the break itself does not count as Qualifying Service. The Trustees may by regulations alter this sub-rule as they think fit, following any relevant change in the Preservation Requirements.

- (2) If a Member -
- (a) is prospectively entitled at Normal Retiring Date to increased benefits because of "supplementary credits" (as defined in section 75 of the Pension Schemes Act 1993); and
 - (b) leaves Service before Normal Retiring Date entitled to Short Service Benefit

his or her Short Service Benefit must include a due proportion of all the supplementary credits to the extent required under section 75.

- (3) The Trustees may make any determination they think necessary for ensuring that the Scheme complies with the Preservation Requirements. The determination's provisions will override any provision of the Rules to the extent that they are inconsistent.

7.8 EQUAL TREATMENT RULE

The Rules will be treated as including an equal treatment rule, as described in sections 62-66 of the Pensions Act 1995, to the extent (if any) necessary for compliance with the requirements of that Act.

SECTION 8

PAYMENT OF BENEFITS

Summary

- *Increase of pensions*
- *Payment of benefits*
- *Incapable Beneficiaries*
- *Discretionary trusts*
- *Review of incapacity pensions*

8.1 INCREASE OF PENSIONS

- (1) This rule relates to all pensions payable under the Scheme except:
- (a) any pension payable on the death of a Deferred Pensioner;
 - (b) any pension provided by AVCs paid by the Member (unless otherwise agreed between the Trustees and the Member);
 - (c) any pension provided on Special Terms which did not provide for it to be increased in the same manner as standard pensions under the Scheme; and
 - (d) any other pension to which the Trustees and the Principal Employer agree this rule should not apply.

- (2) In this rule -

"Anniversary Date" means:

- (a) in relation to a pension payable to a Member, the anniversary of the date on which the pension became payable to the Member under the Scheme;
- (b) in relation to a pension payable to a Qualifying Spouse or Qualifying Child on the death in Service before Normal Retiring Date of an Active Member or on the death in Service of a Member who remained in Service after Normal Retiring Date, the anniversary of the Member's death;
- (c) in relation to a pension payable to a Qualifying Spouse or Qualifying Child on the death of a Pensioner, the anniversary of the date on which the Pensioner's pension became payable to the Pensioner under the Scheme.

"Pension" means the current yearly amount of a pension. If the pension has been re-arranged under rule 4.12, it means that amount of the pension after re-arrangement.

"Rate" means, at any date:

- (a) in relation to pension payable to or in respect of Members who retire or die in Service before 10 October 1987, 2.5% per annum compound;
- (b) in relation to pension payable to or in respect of Members who retire or die in Service on or after 10 October 1987 but before 6 April 1997, 3% per annum compound;
- (c) in relation to pension payable to Members who joined the Scheme before 1 December 2001 and who retire on or after 6 April 1997:
 - (i) in relation to pension accrued in respect of Pensionable Service on or before 5 April 1997, 3% per annum compound;
 - (ii) in relation to pension accrued in respect of Pensionable Service on or after 6 April 1997, the annual percentage increase in the Index published for the most recently declared twelve month period at the date the pension increase is paid, rounded up or down to the nearest 0.1%, subject to a minimum of 3% per annum and to a maximum of 5% per annum;
- (d) in relation to pension payable in respect of Members who joined the Scheme before 1 December 2001 and who die in service on or after 6 April 1997, the annual percentage increase in the Index published for the most recently declared twelve month period at the date the pension increase is paid, rounded up or down to the nearest 0.1%, subject to a minimum of 3% per annum and to a maximum of 5% per annum;
- (e) in relation to pension payable to or in respect of Members who joined the Scheme on or after 1 December 2001, the annual percentage increase in the Index published for the most recently declared twelve month period at the date the pension increase is paid, rounded up or down to the nearest 0.1%, subject to a maximum of 5% per annum.

For the purposes of this definition:

- (i) the percentage increase in the Index will be taken as zero if it would otherwise be negative;
- (ii) if the Index is not published in respect of the relevant period, the Trustees may substitute such percentage as they consider to be a reasonably likely figure on the basis of the information available to them; and
- (iii) if (ignoring (i) above), the percentage increase in the Index is negative in respect of the relevant period, the percentage decrease in the Index below zero will be carried forward and taken into account, in such manner as the Trustees (having consulted the Actuary) determine, as a reduction to increases which would otherwise apply in the future to the pension entitlement of Members who joined the Scheme on or after 1 December 2001, and Beneficiaries of such Members, who are in receipt of a pension at a time when the percentage increase in the Index is taken as zero under (i), until the percentage decrease has been fully taken into account.

"**Index**" means the Government index of retail prices for all items, or such other published index of prices which the Trustees may decide is the nearest readily available equivalent index if it stops being published or its constituents are, in the Trustees' opinion, substantially altered.

(3) ***Pensions in payment***

Each Pension in payment will increase on its Anniversary Date each year by the Rate.

(4) ***Pensions in deferment***

The prospective Pension (to the extent that it exceeds the GMP) of:

- (a) a Deferred Pensioner who left Service on or after 1 January 1986 and before 1 January 1991, will increase each year on the anniversary of the date the Deferred Pensioner left Service by:
 - (i) in relation to pension accrued in respect of Pensionable Service on or after 1 January 1985, 5% per annum compound; and
 - (ii) in relation to pension accrued in respect of Pensionable Service before 1 January 1985, 0% per annum.
- (b) a Deferred Pensioner who joined the Scheme as an Active Member before 1 December 2001 and who left Service on or after 1 January 1991, will increase each year on the anniversary of the date the Deferred Pensioner left Service as follows:
 - (i) in relation to pension accrued in respect of Pensionable Service on or after 1 January 1991 and up to (but excluding) 1 December 2001, by 5% per annum compound; and
 - (ii) in relation to pension (if any) accrued in respect of Pensionable Service on or after 1 December 2001, in accordance with the revaluation requirements of Chapter II of Part IV of the Pension Schemes Act 1993.
- (c) a Deferred Pensioner who joined the Scheme as an Active Member on or after 1 December 2001 will increase each year in accordance with the revaluation requirements of Chapter II of Part IV of the Pension Schemes Act 1993.

A Deferred Pensioner's GMP will be revalued in accordance with Appendix 3.

(5) ***Statutory increases***

The increases under (3) and (4) above will be treated as satisfying (to the maximum extent consistent with the Pension Schemes Act 1993 and the Pensions Act 1995) the requirement to revalue accrued rights to GMP under rule 6 of Appendix 3 and the following provisions of that Act and the Pensions Act 1995 -

- (a) the "anti-franking" requirement;

- (b) the requirement to revalue deferred pensions;
 - (c) the requirement to provide increases on that part of any GMP attributable to earnings in the Tax Years from (and including) 1988/89; and
 - (d) the (limited price) indexation requirement under section 51 of the Pensions Act 1995.
- (6) ***Review and discretionary increases***

The Trustees and the Principal Employer will jointly at least once in every calendar year (or at such other regular intervals as they may from time to time jointly determine) review the categories of benefits in payment and deferment and consider whether to exercise the power to increase benefits conferred by rule 7.6(1)(c). This power may also be exercised at any other time.

(7) ***General***

Increases under (3) shall be payable as part of the pension to which they relate and shall terminate when that pension terminates.

8.2 PAYMENT OF BENEFITS

- (1) Unless the Trustees decide otherwise, each pension under the Scheme is payable by equal monthly instalments in advance on such regular payment date as the Trustees may determine and shall notify to the person entitled thereto, except that -
- (a) if the first regular payment date is later than the date from which the pension is due to commence, the first instalment will be apportioned as necessary to include an amount in respect of the period between those dates;
 - (b) the last instalment will be paid on the last regular payment date falling before the date of the Member's death;
 - (c) small pensions, as decided by the Trustees, may be paid annually; and
 - (d) a Qualifying Children's pension payable to a Qualifying Child is recalculated on a change in the number of Qualifying Children and stops if the child no longer falls within the definition of "Qualifying Child" (as explained in the definition).
- (2) The Trustees may make any arrangements they think fit to facilitate the calculation or payment of benefits and may round instalments of pension or other benefits to avoid fractional amounts.
- (3) The Trustees may make any arrangements they think fit for the payment of benefits. Any payment sent by post will be at the risk of the Beneficiary. The Trustees will not be responsible for, nor be bound to take any steps to recover, any loss which may arise from their method of payment.

- (4) The Trustees may pay a Qualifying Child's pension directly to the Qualifying Child or in accordance with rule 8.3(4).

8.3 INCAPABLE BENEFICIARIES

- (1) If the Trustees consider that a Beneficiary is incapable of acting (because of the individual's minority, mental disorder, illness or otherwise) they may exercise any option or give any notice under the Rules on behalf of the individual.
- (2) Subject to (4) below, the Trustees may apply, for his or her benefit, the pension or other benefit due under the Scheme to a minor or pay it to any person appearing to the Trustees to be in loco parentis to the minor, or to any person or institution in whose care he or she is for the time being, or to the trustees of any irrevocable trust or settlement under which he or she is beneficially interested, to apply for the minor's benefit.
- (3) The receipt of a minor over the age of 16 shall be a good discharge to the Trustees for any payment which they may in their discretion make to the minor direct.
- (4) When under rule 5, a Qualifying Child's pension is payable, or a Qualifying Spouse's pension becomes payable to a Qualifying Child, the Trustees may in their absolute discretion pay the pension to the Qualifying Child's guardian or to any person with whom the Qualifying Child resides or under whose care and control he or she appears to be or to the person best qualified in the Trustees' judgement to receive the allowance on behalf of the Qualifying Child, without being obliged to ascertain whether that guardian or other person has any right to the care and control of the Qualifying Child or to supervise the application of the pension by that guardian or other person and without being responsible for any misapplication.
- (5) The Trustees may apply, for his or her benefit, the pension or other benefit due under the Scheme to a Beneficiary who in the opinion of the Trustees is incapable of acting (because of the individual's mental disorder, illness or otherwise) or pay it to the Beneficiary's spouse or any relative or dependant of the Beneficiary or to any person or institution in whose care the Beneficiary is for the time being, to apply for the Beneficiary's benefit.
- (6) A receipt given by the person to whom payment is made under (2), (4) or (5) above shall be a good discharge to the Trustees, who may (but need not) oversee the application of the payment.
- (7) The Trustees may, for the purposes of (1) and (5) above, accept as conclusive evidence a qualified medical practitioner's certificate regarding an individual's mental or physical capacity.

8.4 "DISCRETIONARY TRUSTS"

- (1) Any cash sum payable under Section 5 or 6, following the death of a Member or Life Assurance Member, will be held by the Trustees with power (to be exercised, if at all, within two Years after the death) -
- (a) to pay all or any part of the sum to any one or more of the following persons -

- (i) the deceased's Dependants (as defined in (4) below);
- (ii) the persons entitled under his or her will to any interest in the estate;

or

- (b) to determine that all or any part of the sum will be held upon trust for any one or more of the persons referred to in (a) above, at such age or time or respective ages or times and in such shares and either absolutely or for such period or respective periods and with such gifts over and with or subject to such discretionary trusts, powers and provisions and generally in such manner in all respects as the Trustees think fit;

or

- (c) to pay all or any part of the sum to the deceased's personal representatives, to be held by them as an accretion to his or her residuary estate for all purposes.

- (2) If and to the extent that the Trustees do not exercise their power under (1) above, they will hold the cash sum upon trust for the person or persons (other than the Crown, the Duchy of Lancaster or the Duke of Cornwall for the time being) who, under the Administration of Estates Act 1925, would have become entitled to the deceased's residuary estate if he or she had died wholly intestate, solvent and domiciled in England. Those persons will take, if more than one, in the shares and in the events specified by that Act and on the footing that the property falling to be dealt with under this sub-rule comprises his or her entire residuary estate.
- (3) If the Trustees do not apply the cash sum under (1) or (2) above, they will hold it on the trusts of the Scheme as an accretion to the Fund for the general purposes of the Scheme.
- (4) In this rule "**Dependant**" means in relation to a deceased Member -
 - (a) any person, charity, club or society notified to the Trustees in writing by the deceased as a possible recipient of a benefit arising on his or her death. Provided that the Trustees may (but are not obliged to) enquire as to the objects of any such club or society and, if satisfied they are not lawful in the United Kingdom or any other sovereign state, they will not exercise any discretion in favour of that club or society; and
 - (b) the following relatives (and their spouses and descendants) of the deceased or of his or her spouse - the spouse, children, parents, brothers, sisters, uncles and aunts, grandparents (including those relatives of the half-blood and stepchildren and illegitimate, legitimated or adopted children); and
 - (c) any person who was, in the Trustees' opinion dependent in any way and to any extent on the deceased or his or her spouse or for whom, in the Trustees' opinion, the deceased may have been expected to provide.
- (5) Sections 31 and 32 of the Trustee Act 1925 will be deemed to apply to any trusts under this rule, subject to the following -

- (a) section 31 will apply as if "the Trustees may think fit" had replaced "may in all the circumstances be reasonable" in paragraph (i) of sub-section (1) and the proviso at the end of sub-section (1) had been omitted;
 - (b) section 32 will apply as if paragraph (a) of the proviso to sub-section (1) had been omitted.
- (6) (a) The Trustees may exercise their power under 1(a) above, in respect of an incapable Beneficiary, as provided in rule 8.3;
- (b) The Trustees may exercise their power under (1)(b) above by paying the cash sum (or a part of it) to the trustees of any settlement (so as to become subject to the trusts of that settlement), which contains trusts for the benefit of all or any of the persons specified in (1)(b) (whether or not it contains trusts for the benefit of other persons).
- (7) The Trustees may appoint separate trustees of any trust arising under this rule. Any such appointment may provide that -
- (a) the power of appointing new or additional trustees of such trust will be vested in such persons as may be specified;
 - (b) the power of investment applicable to the Fund will be varied or not varied in its application to such trust.
- (8) The Trustees, or any separate trustees of any trust arising under this rule, shall be entitled to the payment out of the property subject to that trust of -
- (a) all costs, charges and expenses incurred by them in the execution of that trust; and
 - (b) such reasonable remuneration for their services as trustees of the trust as (in the case of the Trustees) is provided by the Rules and (in the case of separate trustees) is determined by the Trustees on the appointment of those separate trustees. But if the amount of such costs, charges and expenses incurred by the Trustees in the execution of any trust arising under this rule is trivial, or is not reasonably ascertainable, the Trustees may charge them to the Fund.
- (9) If any person has paid the funeral expenses of a deceased Member the Trustees may deduct from any lump sum which is expressed to be payable in accordance with this rule 8.4 on the death of such Member an amount equal to reasonable funeral expenses and pay the amount so deducted to the person who has paid such funeral expenses.

8.5 BENEFITS NOT ASSIGNABLE

- (1) If:
- (a) a Beneficiary attempts to assign, charge, alienate or anticipate his or her entitlement or prospective entitlement under the Scheme, or if an event occurs by which the entitlement or prospective entitlement would (but for this rule) become payable to some other person, including in either case a transaction or purported transaction made ineffective by section 91 of the Pensions Act 1995 or

- (b) a bankruptcy order is made against a Beneficiary

the Beneficiary's entitlement or prospective entitlement under the Scheme will cease to be payable. The Trustees may in their absolute discretion pay or apply from time to time (in such proportions as they decide) an amount equivalent to the entitlement or prospective entitlement (or any part of it) for the support and maintenance -

- (a) the Beneficiary;
- (b) his or her spouse, children or remoter issue;
- (c) any person financially dependent on the Beneficiary.

- (2) Notwithstanding (1) above -

- (a) nothing in (1) will apply to any GMP (which remains payable to the Beneficiary under Appendix 3);
- (b) no payment will be made to an assignee or chargee or purported assignee or chargee by virtue of the attempted assignment or charge;
- (c) the cessation of payment of the benefit will, in determining entitlement to or the amount any other pension, be treated as not having occurred.
- (d) if, in the opinion of the Trustees, the Beneficiary's entitlement or prospective entitlement is subject to a lien under rule 8.6 below at the time the Beneficiary attempts to assign or charge that entitlement or prospective entitlement, nothing in (1) above will affect the validity of that lien.

- (3) This rule is subject to sections 91 and 94 of the Pensions Act 1995.

8.6 LIEN

- (1) If as a result of a criminal, negligent or fraudulent act by or omission of the Member he or she (or his or her estate) is under a monetary obligation to the Employer, the beneficial interest under the Scheme of the Member, will (insofar as it is not attributable to Transfer Credits other than Prescribed Transfer Credits or to Pensionable Service accrued before 1 December 2001) be subject to a lien in favour of the Employer so as to entitle it to be recouped out of the Fund.
- (2) The amount of the lien under (1) above shall be limited to the lesser of:
 - (a) the value as determined by the Actuary of the Member's beneficial interest under the Scheme (excluding Transfer Credits other than Prescribed Transfer Credits); and
 - (b) the amount notified to the Trustees by the Employer.
- (3) The lien under this Rule:
 - (a) shall not have effect:

- (i) in relation to any GMP; or
 - (ii) if it would infringe or operate otherwise than in accordance with the Preservation Requirements.
- (b) shall not be exercised unless:
- (i) the Member has been notified in writing of the amount recoverable and its effect on his or her entitlement or prospective entitlement under the Scheme;
 - (ii) the monetary obligation has become enforceable under a court order or the award of an arbitrator, if the Member disputes it, provided that the payment of the benefits concerned shall be suspended pending the outcome of any such order or award.
- (4) In any case where the lien is exercised by the Employer in accordance with this rule, the benefits payable to or in respect of the Member under the Scheme shall be reduced or curtailed in such manner as the Trustees on the advice of the Actuary determine as appropriate to the amount paid over to the Employer and the Member shall be entitled to a certificate showing the amount so paid and the effect on his or her entitlement or prospective entitlement under the Scheme.
- (5) The Employer's receipt shall be a good discharge to the Trustees for any payment up to the amount notified to them under (2)(b) above.

8.7 TAX

- (1) The Trustees may deduct from any payment under the Scheme a sum not exceeding the amount of any tax payable by them in respect or in consequence of that payment.
- (2) If any liability for inheritance tax or any other fiscal imposition arises in respect of any benefit under the Scheme, the Trustees may apply the benefit in whole or in part in the payment of such tax (including any interest due) and deduct the amount so paid from the benefit or postpone the payment of the benefit until the liability has been met or provision made for it to their satisfaction.

8.8 BENEFITS NOT CLAIMED

- (1) A cash sum benefit or an instalment of pension ceases to be payable 6 years after it has fallen due, if the reason for its non-payment is the failure of any person to make any claim and the lack of any knowledge by the Trustees of the existence or continued existence or whereabouts of any person or of any relevant fact.
- (2) The provisions of (1) above are without prejudice to the right of the Trustees to pay any such instalment or benefit, or any part of it, if they think fit to do so. No interest will be added on any such payment, unless the Trustees decide otherwise.

8.9 BENEFITS PAID TO WRONG PERSON

If the Trustees pay a benefit to a person who appeared to them to be entitled to such payment, the payment shall be deemed valid and effectual with respect to any demand from any other person and they shall be indemnified from the assets of the Scheme against any subsequent demand in respect of the same benefit.

8.10 INCORRECT INFORMATION

- (1) If any relevant date notified to the Trustees or material information supplied to the Trustees is subsequently proved to the satisfaction of the Trustees to be incorrect or insufficient or there has been non-disclosure of some material fact, the Trustees may pay the benefit which would have been payable had it been calculated by reference to the correct information.
- (2) The Trustees may off-set the whole or part of any overpayment in consequence of such incorrect information or non-disclosure against future payment of benefits.

8.11 PRODUCTION OF INFORMATION

Payment of any pension or other benefit under the Scheme is subject to the production to the Trustees of such relevant information and evidence as they may require. The Trustees may send to a person's last known address a request for confirmation of continued existence and, in the absence of a reply within the period specified in the request, may assume that the person is no longer alive.

8.12 NO CLAIMS EXCEPT IN ACCORDANCE WITH SCHEME

- (1) No person will have any claim, right or interest under the Scheme or any claim against the Trustees except under and in accordance with the Trust Deed and the Rules.
- (2) No Member shall be entitled to or have any right whatsoever to make any claim upon or against the Trustees or the Principal Employer if the financial position of the Scheme through any cause be such as to compel the Trustees to reduce or stop payment of pensions out of the Scheme.

8.13 DETERMINATION OF EMPLOYMENT OF MEMBER

Nothing in the Trust Deed or the Rules shall restrict the right of any Employer to determine the employment of a Member or be construed so as to form part of any person's contract of employment except as expressly incorporated therein.

8.14 EXERCISE OF DISCRETIONS

In exercising any power of discretion with respect to any benefit under the Rules, the Trustees shall not be required to inquire for or take into consideration any potential Beneficiary other than one whose existence and claim to be considered is expressly brought to the Trustees' notice.

8.15 SUMS PAYABLE TO PERSONAL REPRESENTATIVES

- (1) Where the total amount payable under the Rules to the personal representatives of a deceased Member does not exceed £5,000 and at the expiration of 3 months after the Member's death no grant of representation to the Member's estate has been obtained, the Trustees may make payment to anyone appearing to them to be the Member's surviving spouse or one of the Member's statutory next of kin.
- (2) A receipt given by the person to whom payment is made under (1) above will operate as a valid and effectual discharge as if it had been given by the personal representatives of the deceased.

8.16 REVIEW OF INCAPACITY PENSIONS

This rule applies to a Pensioner receiving an Incapacity Pension under rule 4.7 where that Incapacity Pension was granted on or after 1 December 2001. This rule and any Trustees' decision under it are subject to the Preservation Requirements, the contracting-out requirements of the Pension Schemes Act 1993 and Approval not being prejudiced.

(1) *Re-entry to Pensionable Service*

Unless -

- (a) the Trustees otherwise determine; or
- (b) the terms of re-entry are inconsistent with this provision

the Incapacity Pension will stop if the Pensioner re-enters Pensionable Service before Normal Retiring Age. Thereafter, in lieu of the Incapacity Pension, the same benefits (in particular a deferred pension, payable from Normal Retiring Age) will be payable at the same time as if he or she had originally left Service, and remained throughout, in normal health, except the Trustees may vary these benefits as they decide to be appropriate having regard to any pension instalment or cash sum previously paid to the Pensioner.

(2) *Recovery without re-entry to Pensionable Service*

If the Trustees believe that the Pensioner has recovered from Incapacity to any extent (without re-entering Pensionable Service) or earns an income from any employment or self-employment, they may reduce, suspend or terminate the Pensioner's pension on such terms (including terms relating to survivor's benefits and pension increases) as they think fit. The Trustees may review and vary their decisions (including reducing further, increasing or restarting a pension) at any time.

(3) *Medical Examination*

The Trustees may require any Pensioner to whom this rule applies to undergo any examination by a qualified medical practitioner named by the Trustees. The Trustees may accept a certificate by this practitioner that the Pensioner had recovered from Incapacity to any extent as conclusive evidence of such recovery. If the Pensioner refuses or neglects to undergo the examination within one

month after being required to do so by the Trustees (or within such longer period as they may allow), the Trustees may exercise any discretion conferred on them by this rule on such assumption as to the Pensioner's recovery from his or her Incapacity as they think fit.

SECTION 9

TRANSFERS OUT AND BUY- OUTS

<p>Summary</p> <ul style="list-style-type: none"> • <i>Members' rights to a cash equivalent</i> • <i>Transfers out</i> • <i>Buy-outs</i>
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9.1 MEMBERS' STATUTORY RIGHTS

Certain Members have a statutory right (under Part IV of Chapter IV of the Pension Schemes Act 1993) to require the Trustees to use the cash equivalent of their accrued benefits to -

- (a) acquire rights under another occupational pension scheme or under a Personal Pension Scheme;
- (b) purchase one or more "buy-out" annuities with one or more insurance companies.

The Trustees will, to the extent that they are obliged to do so under Chapter IV, comply with a Member's requirement as to the use of his or her cash equivalent. The following rules of this Section apply if and to the extent that a person does not have this statutory right, or has it but has not exercised it.

9.2 TRANSFER OUT**(1) "Receiving Scheme"**

In this rule "**Receiving Scheme**" means -

- (a) another Retirement Benefits Scheme; or
- (b) a Personal Pension Scheme.

(2) Individual Transfers

The Trustees may, with the Employer's consent, pay a transfer value out of the Scheme in respect of an individual to the trustees or managers of a Receiving Scheme, and may make such arrangements as they think fit for termination of membership of the individual transferring out, the payment of transfer values and such other matters as they consider appropriate. A transfer may only be made without the individual's consent if the conditions in (4) and (5) below are fulfilled.

The amount transferred in respect of any individual will be that determined by the Trustees to be appropriate, after consulting the Actuary, but, in respect of Members who were in Pensionable Service on and after 1 April 1988 and who took a transfer before 1 December 2001, shall not be less than the Member's

Money Purchase Pension Account as at the date of the transfer, reduced by any contributions equivalent premium payable under the Pensions Schemes Act 1993.

(3) **Group Transfers**

The Trustees may, with the consent of the Principal Employer and subject to the approval of the Actuary, make arrangements on such terms as they think fit for the transfer to a Receiving Scheme of the total or partial responsibility for securing and making payment of all or any particular benefits under the Scheme in respect of any group or category of Members or Beneficiaries or for the provision of alternative benefits in a Receiving Scheme for any group or category of Members, in lieu of their entitlements under the Scheme.

The amount of any transfer value may not exceed the proportion of the Fund which is attributable to the group or category of people in respect of whom the transfer value is paid. Subject to (4) and (5) below, the transfer may be made without the persons' consent.

- (4) In making a transfer under (2) or (3) above the Trustees must comply with any relevant requirements of the Inland Revenue, the contracting-out requirements of the Pension Schemes Act 1993 and the Preservation Requirements. In particular -
- (a) the Receiving Scheme must be approved under section 591 (if a Retirement Benefits Scheme) or section 630 (if a Personal Pension Scheme) of the Taxes Act, or approved for the purpose of the transfer by the Board of Inland Revenue;
 - (b) the Trustees will provide the trustees or managers of the Receiving Scheme with any certificates (relating to maximum lump sum benefits, the amount of a Member's own contributions to the Scheme, the period of Qualifying Service to which the transfer relates, the amount of any GMP covered by the transfer or any other matter) required by legislation or by the Board of Inland Revenue in connection with the transfer; and
 - (c) if a Member is entitled to Short Service Benefit a transfer to another occupational pension scheme may be made without his or her consent only in the circumstances and subject to the conditions prescribed by regulation 12 of The Occupational Pension Schemes (Preservation of Benefit) Regulations 1991.
- (5) Where a transfer is made without consent the Trustees must be reasonably satisfied that the transfer value is at least equal to the value of the benefits transferred.
- (6) The Trustees may enter into an agreement with the trustees or managers of a Receiving Scheme, to transfer under (2) or (3) above. The agreement may include whatever provisions the Trustees think appropriate. Pending completion of the agreement, the person or persons to whom the agreement relates (and any persons claiming through them) will not be entitled to any benefit under the Scheme, except in accordance with the agreement.
- (7) Once the transfer has been completed then (except to the extent (if any) that the terms of transfer provide to the contrary) -

- (a) the person or persons in respect of whom it has been made will have no entitlement; and
- (b) the receipt by the trustees or managers of the Receiving Scheme will be a complete discharge to the Trustees in respect of that person or persons; and
- (c) the Trustees will not be under any liability to oversee the application of the amount transferred.

9.3 **BUY-OUT**

- (1) The Trustees may in their absolute discretion "buy-out" the whole or any part of any entitlement or prospective entitlement to Scheme benefits payable to or in respect of any person by purchasing an insurance policy or annuity contract with an Insurance Company.
- (2) Any insurance policy or annuity contract effected under (1) above may be purchased in the name of the person concerned or jointly in his or her name and the Trustees' name or may be assigned to the person concerned (or to the Trustees on his or her behalf) and (subject to (4) below) will be in such form and subject to such conditions as the Trustees think fit.
- (3) Where the Trustees exercise their power under this rule in respect of a Member who leaves Service before Normal Retiring Date then, at the request of the Member concerned, the benefits to be provided under the policy or contract and its terms:
 - (a) may differ from the benefits otherwise payable under the Scheme and may in particular, but without prejudice to the generality of the foregoing, provide for lesser benefits or no benefit to be payable on the Member's death; and
 - (b) will be as selected by the Deferred Pensioner or in default of such selection, as agreed between the Trustees and the Insurance Company.
- (4) Any insurance policy or annuity contract effected under this rule above must comply with any relevant requirements of the Inland Revenue, the contracting-out requirements of the Pension Schemes Act 1993 and the Preservation Requirements. In particular -
 - (a) it must provide only approvable "relevant benefits" (as defined in section 612(1) of the Taxes Act) and contain any other provisions (relating to non-assignment, maximum lump sum benefits, or any other matter) required by the Board of Inland Revenue;
 - (b) it must satisfy the conditions of sections 19 and 81 of the Pension Schemes Act 1993 (relating respectively to discharge of GMP and Short Service Benefit liability); and
 - (c) where the Member ceases to be in Pensionable Service on or after 1 January 1986, the Trustees must be reasonably satisfied that the payment made to the Insurance Company at least equals the value of the benefits that would otherwise have been provided under the Scheme.

- (5) This rule does not apply if the person concerned has an outstanding application for a cash equivalent (under Chapter IV of the Pension Schemes Act 1993).
- (6) Any insurance policy or annuity contract effected under this rule may provide for any lump sum becoming payable on death to be held on trust.
- (7) Once the purchase has been completed then (unless the terms of purchase provide to the contrary) -
 - (a) the person or persons in respect of whom it has been made will have no entitlement under the Scheme; and
 - (b) the receipt by the Insurance Company will be a complete discharge to the Trustees from further liability in respect of that person or persons and anyone claiming in respect of him or her to provide the benefits which are secured (or instead of which different benefits under the policy are substituted) and shall satisfy and exhaust all entitlement to all or that part (as the case may be) of the benefits for and in respect of the Member under the Scheme; and
 - (c) the Trustees will not be under any liability to oversee the performance by the Insurance Company of its obligation under the policy or contract.

SECTION 10

TRUSTEES - APPOINTMENT AND CONDUCT

Summary

- *Appointment and removal of Trustees*
- *Trustees' meetings and resolutions*
- *Sole corporate Trustee*
- *Records of Trustees' proceedings and resolutions*
- *Exercise of discretions by Trustees or the Principal Employer*
- *Protection of persons dealing with the Trustees*
- *Professional advice*
- *Limits on Trustees' liability*

10.1 APPOINTMENT AND REMOVAL OF TRUSTEES

- (1) The power of appointing new trustees contained in the Trustee Act 1925 shall be vested in the Principal Employer subject to, and in accordance with, the requirements of the Pensions Act 1995 and related regulations in relation to the appointment of Member-Nominated Trustees (or the opting out of such appointment). Any such appointment shall be made by deed.
- (2)
 - (a) A body corporate may be appointed to act as the sole trustee or as one of a number of trustees of the Scheme (whether or not it is a trust corporation).
 - (b) Unless a body corporate is, for the time being, the sole trustee of the Scheme, there shall be no less than two trustees.
 - (c) The Trustees may continue to act notwithstanding any casual or temporary vacancy in their number.
 - (d) Part III of the Trustee Act 1925 will apply as if the references in it to a trust corporation were replaced by reference to a body corporate having power to act as a trustee of the Scheme.
- (3) A Trustee may resign by giving one month's written notice to the Principal Employer. On the expiry of such written notice the Trustee so resigning shall be deemed to have retired from the trusts of the Scheme and the Principal Employer, the continuing Trustees and the retiring Trustee shall do such things (if any) and execute such documents as may be necessary to give proper effect to such retirement.
- (4) Subject to the requirements of the Pensions Act 1995 and related regulations in relation to the appointment of Member-Nominated Trustees (or the opting out of such appointment), the Principal Employer may by deed remove a Trustee from office after giving him or her seven days' written notice of removal and the Principal Employer, the continuing Trustees and the retiring

Trustee shall do such things (if any) and execute such documents as may be necessary to give proper effect to such removal.

10.2 TRUSTEES' MEETINGS AND RESOLUTIONS

- (1) The following provisions will have effect unless a body corporate is, for the time being, the sole Trustee of the Scheme.
- (2) Subject to the provisions of the Pensions Act 1995, the Trustees will make such regulations for the holding of meetings (including the notice period required for such meetings) as they think fit.
- (3) The quorum for a meeting shall be a majority of the Trustees.
- (4) If there is no quorum at 2 consecutive meetings and 14 days notice of the second meeting was given the second meeting will be quorate if there are 2 Trustees present.
- (5) A Trustee not in the United Kingdom shall not be entitled to a notice of a meeting of the Trustees.
- (6) Questions arising at a meeting shall be decided by a majority of the votes of the Trustees present, and in the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.
- (7) A resolution signed by all the Trustees will be as valid and effectual as if passed at a Trustees' meeting and may consist of one or more documents in similar form each signed by one or more Trustees. For this purpose a written document includes copies sent by telex, or facsimile transmission or in a similar form and they shall be deemed to be signed if purporting to be authorised by the relevant Trustee.
- (8) Should there be an equality of votes on the election of a chairman at any meeting the Trustee to take the chair at the meeting shall be chosen by lot.
- (9) A Trustee may participate in a meeting by means of the telephone, a video link or any other interactive media and participation by such means shall constitute presence in person at such meeting.

10.3 SOLE CORPORATE TRUSTEE

Where a corporate trustee is the sole Trustee of the Scheme, its shall regulate its proceedings in accordance with its articles of association and its decisions, properly taken in accordance with its articles, shall constitute decisions of the Trustees.

10.4 RECORDS OF TRUSTEES' PROCEEDINGS AND RESOLUTIONS

- (1) The Trustees will keep minutes of all their proceedings and records of all their resolutions in accordance with the terms of the Pensions Act 1995.
- (2) Any minute, if signed by the person who presided over the meeting at which the proceeding took place or who presides over the next following meeting, will be sufficient evidence of the matters to which it relates.

10.5 EXERCISE OF DISCRETIONS BY TRUSTEES OR THE PRINCIPAL EMPLOYER

- (1) Every discretion or power conferred by the Rules on the Trustees will be absolute and uncontrolled, except-
 - (a) it must not be exercised so as to infringe any undertaking given by the Trustees to the Board of Inland Revenue in connection with Approval or so as to be likely, in the Trustees' opinion, to prejudice Approval;
 - (b) it must, if necessary, be exercised in such a manner as, in the Trustees' opinion, is necessary for the retention of Approval.
- (2) The Trustees may vary or revoke any regulation or decision made by them under the Rules, unless -
 - (a) doing so would infringe (1)(a) or (b) above; or
 - (b) the consent of another party was required to the original regulation or decision and that other party does not consent to its being varied or revoked.
- (3) Sub-rules (1) and (2) above, with all references to the Trustees replaced by references to the Principal Employer, apply to the Principal Employer's discretions, powers and regulations.

10.6 PROTECTION OF PERSONS DEALING WITH TRUSTEES

No person dealing with the Trustees will be concerned -

- (a) to enquire whether any power purported to be exercised by the Trustees is exercisable;
- (b) to enquire as to the necessity or expediency of any term of such dealing or as to its propriety or regularity; or
- (c) to see to the application of any moneys paid to the Trustees.

In the absence of fraud by that person, the dealing will, so far as regards that person's safety and protection, be deemed to be within the Trustees' powers and valid and effectual. Nothing in this rule 10.6 affects the Trustees' duty to act in accordance with the provisions of the Trust Deed and Rules, applicable trust law or statutory requirements.

10.7 PROFESSIONAL ADVICE

Subject to the provisions of the Pensions Act 1995:

- (1) The Trustees may engage or act on the advice or opinion (whether or not obtained by them) of -
 - (a) any lawyer, broker, actuary, accountant, investment manager, medical practitioner or other professional person; or

- (b) any other person whom the Trustees reasonably believe to be qualified (by ability and practical experience) to advise on a matter.
- (2) The Trustees will not be liable for any loss resulting from so acting.

10.8 LIMITS ON TRUSTEES' LIABILITY

- (1) Subject to the Pensions Act 1995, no Trustee will be liable for, or for the consequences of -
 - (a) any loss of or any depreciation in or default upon any of the assets of the Scheme or for any delay which may occur from whatever cause in the investment of any moneys forming part of the Fund or for the safety of any securities or documents of title deposited by the Trustees for safe custody; or
 - (b) any act or omission by any nominee, delegate, sub-delegate or agent; or
 - (c) any mistake or forgetfulness, whether of law or fact, or for any breach of duty or trust whatsoever (whether by way of commission or omission) unless it is proved to have been made, given, done or omitted in personal conscious bad faith of the Trustee sought to be made liable.
- (2) No decision of or exercise of a power by the Trustees may be invalidated or questioned on the ground that the Trustees, or any of them, had a direct or indirect interest in that decision or in the exercise of that power but this shall not affect any duty owed by anyone who has such a direct or indirect interest to disclose it.
- (3) Any of the Trustees who is or has been a Member will be entitled to retain any benefit to which he or she is entitled by virtue of his or her membership of the Scheme.
- (4) The Trustees shall not be liable for failure to claim or recover any balance of pension paid in respect of a period after entitlement has ceased.
- (5) The Trustees may, for their personal protection and for the benefit of the Scheme, effect such insurance (which may include, but is not limited to, indemnity insurance for their benefit) as they consider appropriate and this shall be an expense of the Scheme.
- (6) In this rule references to the Trustees or a Trustee include any director officer or employee of a body corporate which is a Trustee of the Scheme.

SECTION 11

INVESTMENT PROVISIONS

11.1 **INVESTMENT OF THE FUND**

The Trustees will have, subject to compliance with the restrictions on employer-related investments imposed by section 112 of the Pension Schemes Act 1993, the following powers in relation to the Fund (and any assets comprising part of it) -

- (a) the same full and unrestricted powers of investing in any property (anywhere in the world, whether or not it is tangible or produces income or involves liability) and disinvesting as if they were an individual absolutely and beneficially entitled to the Fund, except they may invest in investments that are open to trustees of exempt-approved schemes but not to individuals;
- (b) power to lend money to any person or place or retain moneys on deposit or current account, without being chargeable for interest in excess of the interest (if any) actually paid;
- (c) power to enter into, vary or terminate any futures contract or traded option or any form of contract comprising or relating to a future or option regarding the purchase, sale or carrying out of a transaction relating to any such subject-matter as is mentioned in (a) above or any currency, notional subject-matter (whether relating to an index or otherwise) or other thing;
- (d) power to deal with any land or interest in land forming part of the Fund as if they were absolutely and beneficially entitled to it (including leasing, mortgaging, exchanging, selling or developing it). Any land or interest in land forming part of the Fund will, subject to the relevant national law or any contrary decision by the Trustees, be held subject to a "trust of land" under the Trusts of Land and Appointment of Trustees Act 1996;
- (e) power to underwrite or sub-underwrite and to enter into any agreement for underwriting or sub-underwriting any investments or securities, whether on issue or sale and whether jointly with others or not; and,
- (f) to do all things incidental to any exercise of those powers.

11.2 **DEALINGS WITH EMPLOYERS, OTHER TRUSTEES AND JOINT INVESTMENTS**

The Trustees may enter into any transaction with any of the Participating Employers or with the trustees of any other trust, even though the Trustees (or any of them, or any of the directors of any body corporate which is a Trustee of the Scheme) may be or be included amongst the trustees or directors of a corporate trustee of the other trust.

11.3 BORROWING

The Trustees may -

- (a) raise or borrow any sum or sums in any currency and in any manner for investment or for any other purpose of the Scheme or for the exercise of any power conferred on the Trustees under the Scheme;
- (b) secure the performance of any obligation arising in connection with (a) above in such manner and upon such terms (including any obligation to make a margin payment and the giving of any guarantee or indemnity) as they think fit; and
- (c) charge the sums so raised or borrowed or any part of them on all or any part of the Fund.

11.4 APPOINTMENT OF NOMINEE, CUSTODIAN AND INVESTMENT MANAGER

(1) The Trustees may appoint any body corporate to act as -

- (a) the custodian of any investments of the Scheme;
- (b) their nominee. Any investments of the Scheme may be made in the name of or transferred to the nominee, on terms that it will hold them as nominee for and on behalf of the Trustees;
- (c) their investment manager, to exercise all or any of the investment powers conferred on the Trustees under rule 11.1 and such other powers (if any) as the Trustees decide.

The Trustees may enter into any agreement with the body corporate as to the terms and conditions of its appointment which may include power to sub-delegate. Any such agreement will be binding on the Scheme. The Trustees may vary or revoke the appointment or agreement.

- (2) Subject to the Pensions Act 1995, the Trustees will not be bound to supervise the actions of any body appointed under this clause or its sub-delegate, or be responsible for any loss (however caused) suffered as a result of any appointment or sub-delegation.

11.5 INSURANCES, ANNUITIES ETC.

- (1) The Trustees may effect (and subsequently vary, surrender, sell, exchange or dispose of) any insurance which they believe is suited for the purposes of the Scheme. Every annuity contract effected under this rule must comply with any relevant requirements of the Inland Revenue.
- (2) The Trustees may appropriate any insurance forming part of the Fund to the provision, in whole or in part, of any benefit payable or prospectively payable under the Scheme, whereupon -
 - (a) the rights of the person entitled or prospectively entitled to that benefit or the relevant part will be limited to that insurance;

- (b) no person will have any right to resort to that insurance in priority to the person entitled to that benefit; and
 - (c) Section 16 (freezing and winding-up) will have effect subject to this provision.
- (3) The Trustees may assign the appropriated insurance to the person in (2) above, following which he or she will have no claim to the benefit or the relevant part under the Scheme. The insurance must -
- (a) correspond or substantially correspond with; and
 - (b) be expressed to be non-assignable and non-commutable except in the same circumstances and to the same extent as
- the benefits to the provision of which (in whole or in part) it is appropriated.

11.6 **RECEIPTS, CUSTODY AND DISCHARGES**

- (1) The Trustees may -
- (a) make such arrangements as they think fit for dealing with receipts and discharges under the Scheme; and
 - (b) give, vary and revoke instructions as to the custody and disposal of any securities and as to the giving of receipts and discharges for payments in connection with the Scheme.
- (2) If and so long as the Trustees are a body corporate, the production of any authority of the Trustees contained in a copy of a minute (as referred to in rule 10.4 and certified by an officer of such body corporate to be a true copy) will be sufficient protection to any person taking receipts and discharges or otherwise acting in accordance with that authority. Unless that person has received notice in writing of the revocation of the authority, he or she will be entitled to act on the assumption that it remains in force notwithstanding any change of Trustees.

11.7 **BANK ACCOUNTS**

The Trustees may make such arrangements as they think fit for the operation of bank accounts and the signing of cheques.

11.8 **RESERVE**

The Trustees shall have power at their discretion to retain part of the capital and/or income of the Fund as a reserve but not to apply such part in the provision of benefits for Members so long as the total amount so retained at any one time shall not exceed 1 year's Ordinary Annual Contribution at the rate then prevailing in accordance with 3.4(1) above. For the purposes of this rule "**Ordinary Annual Contribution**" means an annual contribution of a fixed amount or an annual contribution calculated on some definite basis by reference to the earnings, contributions or number of Members.

SECTION 12

ADMINISTRATIVE PROVISIONS

Summary

- *This section contains a miscellaneous set of administrative powers to allow the Trustees to operate the Scheme effectively*

12.1 ADMINISTRATION AND MANAGEMENT OF SCHEME

The administration and management of the Scheme is vested in the Trustees.

12.2 EXPENSES OF ADMINISTRATION AND INVESTMENT

- (1) Subject to (5) below, the Participating Employers will pay all costs, charges and expenses in connection with the administration of the Scheme and the Fund in the shares that the Trustees think appropriate.
- (2) A Trustee is entitled to receive out of the Fund a fee or other remuneration and expenses (including any premium for trustee indemnity insurance) in connection with his or her trusteeship of such amount as the Principal Employer authorises.
- (3) A body corporate which is a Trustee shall be entitled to charge and be paid such remuneration for its services as it may agree with the Principal Employer.
- (4) A solicitor or other professional who is a Trustee shall be entitled to charge and be paid all fees and expenses for work done by him or her or his or her firm in relation to the trusts or administration of the Scheme.
- (5) The Trustees have power to charge a Member a reasonable fee for:
 - (a) any special verification or actuarial calculation that the Trustees are required to undertake in consequence of a Member's request to subscribe to a Free Standing AVC arrangement; and
 - (b) disclosure of those matters for which the Trustees are entitled to charge a reasonable fee under the provisions of the Pensions Act 1995 and the Welfare Reform and Pensions Act 1999.

12.3 TRUSTEES' ADMINISTRATIVE POWERS

- (1) The Trustees may make regulations or other provisions relating to the Scheme or the administration of the Fund which are not already provided for. The regulations or provisions must not conflict with the Rules.
- (2) The Trustees may, appoint a person or persons to act as Manager, Secretary, cashier, clerk or other staff on such terms and, subject to the approval of the

Principal Employer, remuneration (including pension provision) as the Trustees determine and may fix the duties of every such person or persons.

- (3) In particular, but without limiting (1), the Trustees may exercise their powers under (1) for all or any of the following purposes -
- (a) to require evidence of the truth of any statement and the notification of any information relevant to the Scheme; and
 - (b) if any person does not comply with any requirement of or made pursuant to the Rules, to make forfeit, reduce or withhold all or any part of the benefit payable to or in respect of that person (subject however to section 78 of the Pension Schemes Act 1993).

12.4 DETERMINATION OF QUESTIONS BY TRUSTEES

- (1) Subject to the powers conferred on the Participating Employers, the Trustees may decide all questions and matters of doubt arising under the Scheme and may receive and act upon such evidence on any question of fact as they shall in their absolute discretion think proper.
- (2) Any decision (as referred to in (1) above) (whether made upon a question actually raised or implied in the acts or proceedings of the Trustees) will, so far as the law permits, be conclusive.

12.5 EVIDENCE SUPPLIED BY PARTICIPATING EMPLOYERS

The Trustees may accept any information relevant to the Scheme (about individuals or otherwise) supplied to them by a Participating Employer as conclusive evidence of the matter to which it relates.

12.6 CLAIMS AND LEGAL PROCEEDINGS

The Trustees may -

- (a) settle, compromise or submit to arbitration any claim or dispute;
- (b) commence, carry on or defend proceedings

relating in any way to the Scheme or any person's rights under it.

12.7 RESOLUTION OF DISPUTES

The Trustees must, by regulations, establish and maintain arrangements for the resolution of disputes about matters relating to the Scheme, in accordance with the requirements of section 50 of the Pensions Act 1995.

12.8 GUARANTEES AND INDEMNITIES

The Trustees may with the consent of the Principal Employer guarantee the payment of any sum or the performance of any obligation or indemnify any person against liability, loss or expense.

12.9 DELEGATION

- (1) The Trustees may delegate all or any of their powers, duties authorities and discretions under the Scheme to any body corporate or to any committee consisting of two or more persons (whether or not a Trustee or Trustees) and on any terms (which may include power to sub-delegate). The Trustees may vary or revoke the delegation.
- (2) Subject to the Pensions Act 1995 and the Trustees' duty to act prudently in selecting and monitoring the performance of the delegate, the Trustees will not be bound to supervise the action of the delegate or its sub-delegate, or be in any way responsible for any loss (however caused) suffered as a result of any delegation or sub-delegation.
- (3) The powers of delegation in this rule are in addition to and separate from those in rule 11.4.

12.10 INLAND REVENUE

The Trustees may make any determination they think necessary for ensuring that the Scheme complies with the requirements of the Board of Inland Revenue for Approval. The determination's provisions will override any provisions of the Rules to the extent that they are inconsistent and are not part of the Preservation Requirements.

12.11 COPIES OF TRUST DEED AND RULES

Members and others are entitled to certain information about the Scheme and their benefits, under the Occupational Pension Schemes (Disclosure of Information) Regulations 1996. In addition each Active Member will be entitled, on application, to receive a copy of the Trust Deed and the Rules and of any special terms of membership which apply to him or her on payment of reasonable copying charges if the Trustees so decide.

12.12 NOTICES

Notice of any matter under the Rules must be given to the Trustees at the time and place and in the form and manner and with the supporting evidence (if any) stipulated by the Trustees.

12.13 TRUSTEES' GENERAL POWER

The Trustees will have power generally to execute and do all such acts and things as they consider necessary or expedient for the maintenance and preservation of the Fund and the Scheme and of the rights of the Members and others under the Scheme.

12.14 DONATIONS

The Trustees may accept donations or bequests from any person or body for the purposes of the Scheme.

12.15 ACTUARIAL ADVICE

Where any sum, amount or value is in these Rules expressed to be determined by Trustees, the Trustees may rely and act upon the advice of the Actuary and shall not in any event incur any liability or responsibility whatsoever in the event of such determination proving subsequently to be incorrect or inaccurate or in any way insufficient for its purposes.

SECTION 13

ACTUARIAL INVESTIGATION, AUDIT AND ACCOUNTS

<p>Summary</p> <ul style="list-style-type: none"> • <i>Appointment of a Scheme actuary, auditor and other officers</i> • <i>Actuarial valuations</i> • <i>Records and audit</i>

13.1 APPOINTMENT OF ACTUARY AND AUDITOR

- (1) The Trustees must appoint, on such terms as they think fit, an actuary ("**the Actuary**") and an auditor ("**the Auditor**") for the Scheme. The Trustees may vary or revoke the appointments.
- (2) The Actuary must be a Fellow of the Institute of Actuaries or of the Faculty of Actuaries. The Auditor must be an individual or a firm qualified for appointment as auditor of a company under section 389 of the Companies Act 1985.

13.2 ACTUARIAL INVESTIGATION

- (1) The Trustees must fix valuation dates, subject to the requirements of the Pensions Act 1995 and Regulations made pursuant to that Act. The Trustees must instruct the Actuary, as soon as practicable after each valuation date, to investigate the financial condition of the Fund at that date.
- (2) The Actuary will report in writing to the Trustees (copied to the Principal Employer) and make such recommendations as he or she thinks fit.
- (3) The Actuary will be provided by the Participating Employers and the Trustees (as the case may require) with access to all relevant records, data and information necessary for the proper discharge of his duties.

13.3 RECORDS AND AUDIT

- (1) The Trustees must keep, or cause to be kept, a complete record of all matters essential for the working of the Scheme and keep accounts to show the position of and dealings with the Fund and the amounts contributed to it.
- (2) The Trustees must cause to be prepared a statement of accounts of the Fund at least once in every calendar year (or at such shorter interval as may be required under the Occupational Pension Schemes (Disclosure of Information) Regulations 1996, or at such longer interval, as the Trustees may decide, allowed under those Regulations).

- (3) Every such statement of accounts must be audited by the Auditor appointed under rule 13.1, who must have access to all relevant records, books, papers, vouchers, accounts and documents and will report on the statement to the Trustees.
- (4) Each Participating Employer will be entitled to a copy of the audited statement of accounts.

13.4 ACTUARIAL VALUATION AND FUNDING

(1) **Surplus**

If the Actuary in his or her report following a periodic valuation under rule 13.2(1) concludes that the value of the Scheme's assets exceeds the value of its liabilities and certifies that such excess is not required for the purposes of the Scheme, the Trustees, on the advice of the Actuary and with the consent of the Principal Employer, shall determine how the excess shall be utilised either in whole or in part only, having regard to the Actuary's analysis of how the surplus has arisen. It may be utilised in any one or more of the following ways:-

- (a) retained as a provision against possible liabilities in the future; or
- (b) subject to any necessary rule change first being made:
 - (i) to reduce (including to nil) for a period the contributions required from all or any of the Participating Employers and/or the Members;
 - (ii) to improve existing benefits and/or to provide new benefits under the Scheme; or
 - (iii) in such other ways (provided they would not prejudice the Scheme's Approval) as may be permitted by statute. This includes, for the avoidance of doubt, a payment to an Employer or the Principal Employer, but such payment shall be subject to the conditions set out in section 37 of the Pensions Act 1995.

(2) **Deficit**

If the Actuary in his or her report following a periodic valuation under rule 13.2(1), concludes that the value of the Scheme's assets are less than the value of its liabilities, or are likely to be less in the foreseeable future, then:

- (a) the Trustees will take such steps as the Actuary advises in order to comply with the Minimum Funding Requirement under the Pensions Act 1995; and
- (b) subject to (a) above, the Trustees will (subject to the consent of the Principal Employer), make alterations to the Scheme to remedy the deficiency by:
 - (i) increasing the rate of Employer contributions or Member Compulsory Contributions; and/or

- (ii) reducing any of the benefits payable under the Scheme but only in respect of Service after the date of the amendment to the Scheme effecting the reduction (unless the Members affected consent otherwise) and subject always to section 67 of the Pensions Act 1995;

having regard to the Actuary's advice and to any additional contributions to the Scheme which the Participating Employers agree to pay.

SECTION 14

PARTICIPATING EMPLOYERS

14.1 "ASSOCIATED EMPLOYER"

"Associated Employer" means:

- (a) any body corporate which is, for the time being, deemed to be a subsidiary or holding company of the Principal Employer or a subsidiary of any such holding company under section 736 of the Companies Act 1985; or
- (b) any individual, body corporate or partnership which is otherwise associated with the Principal Employer

and which is, for the time being, designated by the Principal Employer as an "Associated Employer". The written certificate of the Secretary for the time being of the Principal Employer will be conclusive evidence that the individual, body corporate or partnership satisfies the condition in (a) or (b) above, as appropriate.

14.2 BECOMING A PARTICIPATING EMPLOYER

An Associated Employer will become a Participating Employer if, subject to the Approval of the Inland Revenue, the Associated Employer, with the Principal Employer's and the Trustees' consent, covenants with the Trustees (in such form as the Trustees shall require) to observe and perform the provisions of the Trust Deed and the Rules so far as they apply to it.

14.3 PARTICIPATING EMPLOYERS AS AT 1 OCTOBER 2001

As at 1 October 2001 in addition to the Principal Employer, each Associated Employer listed in the Schedule was a Participating Employer.

14.4 EMPLOYERS' CONTRIBUTIONS

Each Participating Employer will pay contributions in accordance with rule 3.4.

14.5 EMPLOYERS' DUTIES

Each Participating Employer must do all things and give to the Trustees all information in its power or possession which are necessary for the working of the Scheme.

14.6 CEASING BEING A PARTICIPATING EMPLOYER

A Participating Employer (except the Principal Employer) will cease being a Participating Employer if -

- (a) it gives written notice to the Trustees terminating its liability to contribute to the Scheme; or
- (b) it has failed to pay the Trustees any contributions payable under rule 3.4 or sum payable under rule 7.6(2) within 14 days of a written demand from the

Trustees and the Trustees pass a resolution that the Participating Employer shall cease to participate in the Scheme; or

- (c) the Participating Employer has failed to observe and perform any other of its obligations under the Trust Deed and Rules or in any deed or agreement supplementary to the Trust Deed and Rules and the Trustees pass a resolution that the Participating Employer shall cease to participate in the Scheme; or
- (d) the Participating Employer is wound up or is in receivership; or
- (e) the Principal Employer notifies the Trustees that the Participating Employer is no longer an Associated Employer; or
- (f) the Trustees believe (or are notified by the Inland Revenue) that its continued participation would prejudice Approval and the Trustees give the Participating Employer notice to that effect.

The cessation will take effect from the date determined by the Trustees, or, if the Trustees allow the Participating Employer to remain in the Scheme for a limited period under rule 14.7 below, the end of such period.

14.7 INTERIM PERIOD OF PARTICIPATION

In the event of rule 14.6(f) above applying, the Trustees may, in their absolute discretion, allow the Participating Employer to remain as a Participating Employer for a limited period (not extending beyond the end of the Tax Year after the Tax Year in which it would (but for this exception) have stopped being an Associated Employer or such longer period as allowed by the Inland Revenue) so long as the Approval of the Scheme is not prejudiced.

14.8 MEMBERS' BENEFITS WHEN PARTICIPATING EMPLOYER CEASES

Any Active Member whose Employer ceases being a Participating Employer will be treated as leaving Service when the cessation takes effect, unless he or she remains in Service with a continuing Participating Employer.

14.9 RECORDS OF ALTERATIONS

The Trustees will keep records of any alterations in the composition of the Employers together with the dates from which such alterations took effect.

SECTION 15

REPLACEMENT OF PRINCIPAL EMPLOYER

- 15.1** (1) The Trustees may, subject to (2), permit the substitution of a different body (the "**Substitute**") as the Principal Employer for the purposes of the Scheme.
- (2) The consent of the existing Principal Employer shall be necessary unless it has been dissolved.
- 15.2** The Substitute will be appointed by deed ("**the Deed of Substitution**") made between the Substitute and the Trustees and (unless it has entered into liquidation or been dissolved) the Principal Employer and the Trust Deed will then have effect (but without prejudice to Pensionable Service existing before the substitution) as if the Substitute had been a party to, and had executed, the Trust Deed in place of The National Council of Young Men's Christian Associations Incorporated.
- 15.3** The Principal Employer will be released from all its obligations under the Scheme on the date from which the Deed of Substitution takes effect except where those obligations arose, or relate to matters which arose, before the date of such Deed.

SECTION 16

FREEZING AND WINDING-UP

Summary

- *This section deals with total and partial closure of the Scheme and the effects and priorities on a total or partial winding-up of the Scheme*

16.1 **FREEZING EVENTS**

The Scheme will be frozen if -

- (a) the Principal Employer gives written notice to the Trustees terminating its liability to contribute to the Scheme; or
- (b) without another body corporate becoming the Principal Employer under rule 15.1, an order of the Court or an effective resolution for the winding-up of the Principal Employer is made (other than for the purposes of reorganisation, amalgamation or reconstruction); or
- (c) the Trustees pass a resolution to freeze the Scheme because -
 - (i) it appears to them that the Scheme is insolvent or they have received advice from the Actuary to that effect;
 - (ii) the Principal Employer has failed to pay to the Trustees any contributions payable by it under rule 3.4 or sum payable by it under rule 7.6(2) within 14 days of receipt of a written demand from the Trustees; or
 - (iii) the Principal Employer has failed to observe and perform any other of its obligations under the Trust Deed and Rules or in any deed or agreement supplementary to the Trust Deed and Rules; or
- (d) the Occupational Pensions Regulatory Authority has given a direction that the Scheme be frozen; or
- (e) a date one year before the end of the Trust Period is reached.

In this Section "**the Freezing Event**" means the moment at which the notice in (a) expires or the event in (b), (c) or (d) occurs.

16.2 **EFFECTS OF FREEZING**

Following the Scheme becoming frozen under rule 16.1 -

- (a) unless the Trustees determine otherwise (either in individual cases or generally), any Active Member will be treated as leaving Service, under rule

- 4.5 or 4.6, at the Freezing Event and no Service after that will be Pensionable Service;
- (b) no Employees of any Participating Employer shall be permitted to join the Scheme;
- (c) no Participating Employer will be required to make any payment into the Scheme, except for any payment due before the Freezing Event;
- (d) rule 17 (Power of alteration) will remain in force and operable except that the Principal Employer's consent will not be required if the Scheme became frozen under rule 16.1(b). The Trustees may make such arrangements or agreements as they think fit for the continuance of the Scheme. However, any alteration arrangement or agreement must not impose any liability upon any of the Participating Employers to contribute to the Scheme without its consent;
- (e) if the Scheme became frozen under rule 16.1(b), the Trustees immediately before the Freezing Event will (notwithstanding rule 9.1) continue as the Trustees and rule 10.1 will have effect as if it provided that -
- (i) the power to appoint new Trustees vested in the Trustees; and
 - (ii) any individual Trustee who is engaged in any profession or business will be paid for all acts, done and time expended in or about the business of the Scheme by himself or any partner of his or her, either personally or by an employee or agent; and
 - (iii) any corporate Trustee will be entitled to such fees and remuneration as may be agreed between it and the person appointing it at the time of such appointment.

16.3 **WINDING-UP**

At any time on or after the Freezing Event, the Trustees may resolve to wind up the Scheme in the manner set out in this rule. In this Section "**the Termination Event**" means the moment at which the Trustees so resolve. For the avoidance of doubt rules 16.2(d) and (e) shall continue to apply after the Termination Event.

The Trustees shall reserve out of the Scheme assets such amount as they consider may be necessary to meet any costs, charges and expenses of the administration and winding-up which, in their opinion, may not be recoverable from the Participating Employers and to meet any tax, duty or other payments for which they may be accountable under the Scheme and, subject thereto, the Trustees must use the Scheme's assets to secure, in accordance with rule 16.5, the benefits payable under the Scheme in the order of priorities required under section 73 of the Pensions Act 1995 (insofar as it applies to the winding-up of the Scheme) and, subject to that, the following order of priorities -

(1) Additional Voluntary Contributions

pensions and other benefits referable to Eligible AVCs. "Eligible AVCs" are AVCs which are being used to provide benefits equivalent on a money purchase basis to the AVCs paid and there are separately identifiable assets attributable to those AVCs.

(2) Lump sum benefits / Pensioners

- (a) cash sums which shall have become payable before the Termination Event on the death or retirement of any Member;
- (b) pensions in the course of payment under the Scheme at the Termination Event;
- (c) retirement benefits to which Members in Service after Normal Retiring Date would have been entitled if they had left Service immediately before the Termination Event (such benefits to be payable immediately and to be appropriately increased in amount in accordance with the Rules); and
- (d) any retirement benefits from Normal Retiring Date not included in the foregoing which shall have arisen from rights and benefits conferred under rule 7.1 (transfer-in) provided always that, in securing those benefits, the Trustees shall secure only such of those benefits as derive from property forming part of the Scheme Assets at the Amendment Date;

(3) Active Members and Deferred Pensioners

- (a) retirement benefits at Normal Retiring Date in respect of Active Members and Deferred Pensioners of such amount and subject to such terms and conditions as the Trustees shall determine to be just and equitable having regard to each such Member's respective interest in the Scheme and to the Preservation Requirements. An Active Member's benefits for this purpose are those that he or she would have been entitled to if he or she had left Service immediately before the Termination Event (which may consist of a refund of contributions if rule 4.5 would have applied to him or her in that event) provided that the only Scheme assets to be applied shall be the Specified Scheme Assets and the Specified Scheme Assets shall be applied only in respect of benefits attributable to Service before the Amendment Date for and in respect of persons who were members immediately before the Amendment Date;
 - (b) to the extent that the required amounts of benefit have not already been secured under (a) above, EPBs;
 - (c) to the extent that the required amounts of benefit have not already been secured under (a) above, GMPs and accrued rights to GMPs;
 - (d) any state scheme premiums payable by the Scheme;
- (4) in securing the payment of any benefits which would have fallen to be secured under (2)(d) above but for the proviso thereto;
- (5) in securing the payment of any further benefits which would have fallen to be secured under (3)(a) above but for the proviso thereto;

(6) Benefits payable under rule 8.5

insofar as they have not already been secured, such benefits payable under rule 8.5 as the Trustees in their sole discretion may think fit;

(7) Augmentation - Active Members

such additional retirement benefits at Normal Retiring Date for the benefit of all or any of the Active Members at the Termination Event who have not reached Normal Retiring Date as the Trustees in their sole and absolute discretion may think fit provided that the benefits payable must not exceed the Revenue Maximum;

(8) Augmentation - Pensioners

such additional retirement benefits for the benefit of all or any of the persons in priority 2(b) and (c) above of such amounts as the Trustees in their sole and absolute discretion may think fit provided that the benefits payable must not exceed the Revenue Maximum;

(9) Survivors' benefits

in securing, so far as they have not already done so, payment of such benefits (whether immediate or deferred) for the benefit of all or any of the widows, widowers or other dependants of the persons who are or have been Members as the Trustees in their sole and absolute discretion may think fit provided that the benefits payable must not exceed the Revenue Maximum.

Provided that -

- (i) If a person is entitled to the same benefit under more than one of the above priority categories, he or she will only be entitled to that benefit under the first category which refers to it;
- (ii) any Member's benefits under the above priority categories (2) and (3) will include survivors' benefits (except death benefits in lump sum form unless ascertainable by reference to a pension benefit) in accordance with that Member's entitlement to survivors' benefits under the Scheme

In the case of a deficiency of assets the provision to be made under sub-rule (1) shall be accorded priority over (2) and so on subject to there being a rateable apportionment as between entitlements made by the Actuary in circumstances where there are insufficient assets to secure all of the liabilities in a single priority class.

In this rule 16.3, the following expressions have the following meanings:

"Amendment Date" means the Scheme Anniversary Date coincident with, or if not coincident with, next following 9 March 1978 being the date of the interim contracting-out deed.

"Specified Scheme Assets" means at any given time date, the Frozen Scheme Assets or the property representing the Frozen Scheme Assets at that date (including due allowance for bonuses declared or other increments added before that date under any assurance or annuity contracts or policies effected by the

Trustees) insofar as the Frozen Scheme Assets or the property for the time being representing the Frozen Scheme Assets have not been applied by the Trustees at or before that date in the provision or securing of benefits under the Scheme.

"Frozen Scheme Assets" means those Scheme assets which were in the hands of the Trustees immediately before the Amendment Date and which would have fallen to be applied under (2) and (3) above if the Scheme had been determined immediately before such dates.

The winding-up of the Scheme shall be completed before the expiration of the Trust Period. The trusts of the Scheme shall cease and determine at the expiration of the Trust Period or upon any earlier date upon which the winding-up of the Scheme shall have been completed.

16.4 SURPLUS ON WINDING-UP

If, after securing all benefits under rule 16.3, any surplus balance of the Fund then remaining will, subject to the requirements of section 76 of the Pensions Act 1995, be paid to the Employers in such shares as the Trustees after consulting the Actuary think appropriate. If the termination is a partial termination under rule 16.6, such surplus balance shall be retained for the general purposes of the Fund.

16.5 METHODS OF SECURING BENEFITS

- (1) The Trustees may use any one or more of the following ways to secure benefits under rule 16.3 or 16.7 -
 - (a) a transfer out to another Retirement Benefits Scheme or a Personal Pension Scheme under rule 9.2;
 - (b) a buy-out under rule 9.3;
 - (c) the purchase of an annuity contract under rule 11.5;
 - (d) the payment of a cash sum to a person in total commutation of any benefits payable to or in respect of him or her under the Scheme, if the benefits would be Trivial (as defined in rules 4.10(1)(e));
 - (e) the payment of a cash sum to a person in total commutation of any benefits, other than GMP, payable to or in respect of him or her under the Scheme, if the person is in an exceptional state of serious ill-health.

Any consent or request of the Principal Employer or any Member required under the rules referred to in (a) or (b) above will not be required to be obtained by the Trustees in securing benefits under this rule.

In exercising any discretion under this rule the Trustees must comply with any relevant requirements of the Inland Revenue, the contracting-out requirements of the Pension Schemes Act 1993 and the Preservation Requirements.

- (2) In securing benefits under this rule, the Trustees shall expend the Scheme assets to the extent that they determine to be reasonable and practicable in providing such benefits in each case up to the Revenue Maximum.

(3) The Trustees -

- (a) may with the Approval of the Actuary; or
- (b) shall at the direction of the Principal Employer by written notice;

transfer all or any of the assets of the Fund to any one or more Receiving Scheme (as defined in rule 9.2) or such terms as it thinks fit so as to make provision for Members on an individual or group basis, either in whole or part substitution for any entitlement under rule 16.3.

Provided that the requirements of rules 9.1 or 9.2 are complied with (if applicable).

16.6 PARTIAL WINDING-UP

(1) Partial termination of the Scheme shall occur upon either -

- (a) the Principal Employer giving at least one month's prior written notice to the Trustees directing that part of the Scheme be terminated in respect of a specified proportion of the Members or Beneficiaries; or
- (b) the Trustees passing a resolution that the Scheme be terminated in respect of part of its Members or Beneficiaries because:
 - (i) an Employer is being wound up or is in receivership; or
 - (ii) an Employer has ceased to be a Participating Employer without all the Members then in its Service being transferred to another Employer or to another scheme under section 9.
- (c) the Trustees resolving to terminate a part of the Scheme in respect of a specified proportion of the Members or Beneficiaries in circumstances where the Occupational Pensions Regulatory Authority has directed that that part of the Scheme be terminated.

(2) Upon a partial termination event occurring, the Trustees shall determine on the advice of the Actuary that part of the Fund which is appropriate to be applied for the benefit of the Members and Beneficiaries concerned .

(3) The Trustees shall wind-up that part of the Fund subject to partial termination by either -

- (a) securing the liabilities in the order set out in rule 16.3 using the methods set out in rule 16.5 above: or
- (b) retaining them in the Fund.

16.7 ALTERNATIVE AND DISCRETIONARY BENEFITS

- (1) The Trustees may, in lieu of providing benefits for an Active Member or Deferred Pensioner under rule 16.3, provide alternative benefits, secured in accordance with rule 16.5. The provision of alternative benefits must be consistent with the requirements of the Pension Schemes Act 1993.

- (2) If any entitlement, or its nature or amount, under the Scheme is dependent on the future exercise of any discretion by the Trustees, they may, for the purposes of this Section, exercise that discretion to determine the existence, nature and/or amount of the entitlement before the Termination Event.
- (3) The Trustees may determine the amount and duration of any Qualifying Child's pension which is immediately or contingently payable at the Termination Event. The value of all Qualifying Children's pensions in respect of a Member must be as nearly as practicable the same as the value of those pensions which were payable or contingently payable immediately before the Termination Event.

SECTION 17

POWER OF ALTERATION

17 ALTERATIONS OF TRUST DEED AND RULES

17.1 The Trustees, with the consent of the Principal Employer, may from time to time by deed alter, amend, rescind or add to the provisions of the Trust Deed and Rules and any such alteration, amendment, rescission or addition may have retrospective effect. Provided always that no such alteration, amendment, rescission or addition:-

- (1) shall operate so as to affect in any way prejudicially:
 - (a) any pension already being paid in accordance with the Trust Deed and Rules on the date such alteration, amendment, rescission or addition takes effect;
 - (b) any rights or interests which shall have accrued to each prospective beneficiary in respect of pension or other retirement benefits secured under the Scheme up to the date on which such alteration or addition takes effect;
- (2) must not authorise or permit, or have the effect of authorising or permitting, the payment or transfer (or any increase in the payment or transfer) to any of the Employers of any part of the Fund if such payment or transfer (or increase in payment or transfer) would prevent the continued Approval of the Scheme;
- (3) must not create any surplus under the Fund if such surplus would prevent the continued Approval of the Scheme;
- (4) affect in any way the duration of the Trust Period except to extend it to such other period (whether limited or unlimited) as may for the time being be allowed by law;
- (5) must not cause the main purpose of the Scheme to be other than the provision of pensions for Members on retirement at a specified age;
- (6) will not be effective if it contravenes the restrictions on alterations set out in the Pensions Act 1995.

17.2 Notice in writing of the changes must be given to those Members affected by them.

SECTION 18

PENSION SHARING ON DIVORCE

Summary

- *Definitions applicable to this Section - (rule 18.1)*
- *Implementing a pension sharing order - (rule 18.2)*
- *Ex-Spouse Participants - (rule 18.3)*
- *Impact of pension sharing on Members - (rule 18.4)*
- *Death of an Ex-Spouse before pension sharing order implemented - (rule 18.5)*
- *Safeguarded Rights - (rule 18.6)*
- *Charging - (rule 18.7)*

18.1 DEFINITIONS APPLICABLE TO THIS SECTION

In this Section 18 the following expressions have the meanings set out below:-

"Ex-Spouse" means a person who has been or will be granted Pension Credit Rights following a Pension Sharing Order.

"Ex-Spouse Participant" means an Ex-Spouse who the Trustees have determined may participate in the Scheme either:-

- (1) solely for the provision of a Pension Credit Benefit; or
- (2) for the wholly separate provision of a Pension Credit Benefit, where the Ex-Spouse is already a Member or dependant of a Member or former Member

and includes a person who becomes an Ex-Spouse Participant by virtue of Rule 18.4(2) below (transferred in Pension Credit Rights)

"Pension Credit" means a credit under section 29(1)(b) of the 1999 Act or under corresponding Northern Ireland legislation.

"Pension Credit Benefit" means the benefits (if any) which the Trustees have determined will be payable under the Scheme in respect of a Pension Credit.

"Pension Credit Rights" means rights to future benefits under a scheme which are attributable (directly or indirectly) to a Pension Credit.

"Pension Debit" means a debit under section 29(1)(a) of the 1999 Act or under corresponding Northern Ireland legislation.

"Pension Debit Member" means a Member whose benefits have been permanently reduced by a Pension Debit and who is:-

- (1) a Controlling Director (as defined in Appendix 1) at the date on which the marriage was dissolved or annulled or at any time within the period of ten years before that date; or
- (2) whose earnings as at the date on which the marriage was dissolved or annulled exceeded one quarter of the Earnings Cap for the year of assessment in which the dissolution or annulment occurred. Earnings for these purposes shall be taken to be the total emoluments:-
 - (a) which were paid to the Member in consequence of Service during the year of assessment before the year of assessment in which the marriage was dissolved or annulled; and
 - (b) from which tax was deducted in accordance with the Income Tax (Employments) Regulations 1993.

"Pension Sharing Order" means any order or provision as is mentioned in section 28(1) of the 1999 Act or under corresponding Northern Ireland legislation.

"1999 Act" means the Welfare Reform and Pensions Act 1999.

18.2 IMPLEMENTING A PENSION SHARING ORDER

- (1) If a Pension Sharing Order is made in respect of a Member's or Ex-Spouse Participant's benefits, the Trustees shall reduce those benefits by the amount of the Pension Debit and provide the Ex-Spouse with a Pension Credit.
- (2) The Trustees shall discharge their liability in respect of the Pension Credit by:-
 - (a) transferring the Pension Credit to another pension arrangement; or
 - (b) admitting the Ex-Spouse to participation in the Scheme as an Ex-Spouse Participant, on the terms set out in rule 18.3 below;

in each case with the Ex-Spouse's consent and in accordance with Schedule 5 of the 1999 Act (method of discharging Pension Credits).
- (3) Participation in the Scheme pursuant to sub-rule (2)(b) above may be restricted to such individuals or categories of individuals, or be permitted in such circumstances, as the Trustees may from time to time decide.
- (4) If the Ex-Spouse fails to give his or her consent under sub-rule (2) above, the Trustees may nevertheless make a transfer, or grant participation in the Scheme, under sub-rule (2)(a) or (b) (as appropriate) in the circumstances permitted by Schedule 5 of the 1999 Act. Subject to section 33 of the Pensions Act 1995 (investment powers: duty of care), the Trustees shall not be liable for any resulting loss whatsoever which may be suffered by the Ex-Spouse.
- (5) Rule 8.5 (Benefits not assignable) is amended to permit:-
 - (a) the assignment of part or all of the Member's benefits or rights to benefits under the Scheme to his/her Ex-Spouse; or

- (b) the assignment of part or all of any Ex-Spouse Participant's benefits or rights to benefits under the Scheme to his/her Ex-Spouse;

to the extent necessary to comply with a Pension Sharing Order.

18.3 EX-SPOUSE PARTICIPANTS

- (1) This rule 18.3 applies to:-
 - (a) Ex-Spouse Participants admitted to the Scheme pursuant to rule 18.2(2)(b) above; and
 - (b) Members who acquire the status of Ex-Spouse Participants by virtue of rule 18.4(2) (transferred-in Pension Credit Benefits) but only in respect of such Pension Credit Benefits.
- (2) The Pension Credit Benefits to be provided for an Ex-Spouse Participant shall be in such form and payable on such terms as (in either case) the Trustees shall determine. Such benefits shall comply with rule 18.6(2) (Safeguarded rights) and shall be subject to Appendix 2 (Pension Sharing /Revenue Maximum).
- (3) Any Pension Credit Benefits under the Scheme shall be treated as provided separately from any benefits provided under the Scheme for the same person as a Member or as the dependant of a Member or former Member.
- (4) The Rules of the Scheme will be subject to the following modifications in respect of an Ex-Spouse Participant:-
 - (a) Priority (2) in section 16.3 (winding-up) shall include the benefits payable to and in respect of Ex-Spouse Participants who are in receipt of their pensions; and
 - (b) Priority 3 in section 16.3 (winding up) shall be deemed to include the benefits payable to and in respect of Ex-Spouse Participants who are not in receipt of their pensions (including their Safeguarded Rights);

provided that if an Ex-Spouse Participant is also a Member or dependant of a Member or former Member, the above modifications shall apply only in respect of his or her Pension Credit Benefits.

- (5) (a) The Ex-Spouse Participant may request that the Trustees arrange a transfer of his or her Pension Credit Rights to:-
 - (i) another scheme approved under Chapter I Part XIV of the Taxes Act if he or she is already a member of that scheme or an ex-spouse participant in that scheme;
 - (ii) to a scheme approved under Chapter IV Part XIV of the Taxes Act; or
 - (iii) to any other scheme if the Inland Revenue's requirements are satisfied in relation to a transfer to that scheme.
- (b) If the Ex-Spouse Participant is also a Member of the Scheme:-

- (i) the transfer of Pension Credit Rights will only be permitted if the Ex-Spouse Participant also requests a transfer of his or her other Scheme benefits under rule 9.2(2) (Individual transfers); and
 - (ii) a transfer of the Ex-Spouse Participant's other Scheme benefits under rule 9.2(2) (Individual transfers) will only be permitted if he/she also requests a transfer of his or her Pension Credit Rights.
- (c) The Trustees must confirm to the receiving scheme or arrangement, that a transfer value consists wholly or partly of Pension Credit Rights for the benefit of an Ex-Spouse Participant.
- (6) The rights to a Pension Credit Benefit under the Scheme shall not be absolute, but shall be forfeited upon the bankruptcy of the Ex-Spouse Participant (subject to the 1999 Act). Such benefits may then be paid to any individuals or individual as specified by the Trustees, in their absolute discretion.

18.4 IMPACT OF PENSION SHARING ON MEMBERS

- (1) A Pension Debit Member's benefits payable in respect of Pensionable Service shall be subject to the additional Inland Revenue limits set out in Appendix 2 (Pension Sharing/Revenue Maximum).
- (2) Where:-
- (a) the Trustees accept a transfer payment for a person who is already a Member of the Scheme; and
 - (b) are informed by the transferor that the transfer value consists wholly or partly of Pension Credit Rights;

the Trustees must separately identify the transfer payment, or the part of the transfer payment, relating to the Pension Credit Rights from the person's other benefits in the Scheme. Furthermore the Trustees must comply with the requirements of rule 18.3(2) above in respect of the transferred-in Pension Credit Rights.

The Member will then acquire the status of an Ex-Spouse Participant in the Scheme in relation to his or her transferred-in Pension Credit Benefits and such Pension Credit Benefits will not be included for the purposes of calculating the person's maximum allowable benefits under Appendix 1 ("Revenue Maximum": Inland Revenue limits).

18.5 DEATH OF AN EX-SPOUSE BEFORE PENSION SHARING ORDER IS IMPLEMENTED

If an Ex-Spouse dies after a Pension Sharing Order is made but before the Trustees have discharged their liability in accordance with Rule 18.2, the Trustees may, in their absolute discretion, pay a lump sum death benefit pursuant to Rule 8.4 (Discretionary trusts), as though the Ex-Spouse were a Member.

The amount of the lump sum shall be determined by the Trustees but shall not exceed an amount equal to 25% of the amount which would have comprised the Ex-Spouse's Pension Credit.

If the Trustees so determine, the balance (or if no lump sum death benefit is paid under this rule 18.5, the whole) of the amount which would have comprised the Ex-Spouse's Pension Credit (or part of it) may be used to provide a non-commutable pension to a dependant of the Ex-Spouse.

If no lump sum death benefit or dependant's pension is paid under this rule, an amount equal to the amount which would have comprised the Ex-Spouse's Pension Credit will fall back into the Fund and be applied for the general purposes of the Scheme.

If the amount (or aggregate amount) of the lump sum death benefit and/or dependant's pension paid under this rule 18.5 is less than the amount which would have comprised the Ex-Spouse's Pension Credit, the balance will fall back into the Fund to be applied for the general purposes of the Scheme.

18.6 SAFEGUARDED RIGHTS

- (1) (a) **"Safeguarded Rights"** under the Scheme in relation to any person shall mean only such part of that person's rights, falling within subsection 68A(l) of the Pension Schemes Act 1993, as are described in subsections 68A(2)(a) and (b) thereof.
- (b) The Trustees must make provision for the identification of such Safeguarded Rights
- (2) Safeguarded Rights shall be valued and given effect to in a manner determined by the Trustees, which shall be consistent with the requirements of section 68B of the Pensions Act 1993 and The Pension Sharing (Safeguarded Rights) Regulations 2000.
- (3) A transfer of the Scheme 's liability in respect of Safeguarded Rights may be made in accordance with Regulations 16 to 19 of The Pension Sharing (Pension Credit Benefit) Regulations 2000.

18.7 CHARGING

The Trustees shall be entitled to charge the Member and/or Ex-Spouse for the provision of information in connection with, and the implementation of, a Pension Sharing Order. Such charges being imposed in accordance with section 41 of the 1999 Act and the regulations made thereunder.

SCHEDULE

PARTICIPATING EMPLOYERS AS AT 1 OCTOBER 2001

Employers employing Active Members of the Scheme

Aberdeen YMCA
Ashton in Makerfield
Barbican YMCA
Barnsley YMCA
Barry YMCA
Bath YMCA - Tria Aktive (UK)
Bedford YMCA
Bellshill & Mossend YMCA
Birchwood YMCA
Birmingham YMCA
Bishops Stortford YMCA
Bolton YMCA
Bournemouth YMCA
Bradford City YMCA
Bridgend YMCA
Bridgwater YMCA
Brighton YMCA
Bristol YMCA
Levenmouth YMCA, Buckhaven Theatre
Burgess Hill YMCA
Bury St Edmunds YMCA
Cambridge YMCA
Cardiff YMCA
Central YMCA
Chelmsford YMCA
Cheltenham YMCA
Chesterfield & District YMCA
City of Leeds YMCA
City Of Liverpool Young Men's Christian Association
Colchester YMCA
Consett YMCA
Coventry YMCA
Craven YMCA
Crewe & District YMCA
Croydon YMCA
Cumbernauld YMCA
Dartford YMCA
Derby YMCA (Inc.)
Dumfries YMCA
Dundee Drugs & Aids Project
Earls Court YMCA
Forest YMCA of East London
Flyde Coast YMCA
German YMCA
Glasgow YMCA
Glenrothes YMCA - YWCA
YMCA Delta Project

Gloucester, Hereford YMCA
Greenwich & District YMCA
Greenwich & Dorset YMCA
Grimsby & Cleethorpes YMCA
Guildford YMCA Limited
Halifax YMCA
Halton YMCA Limited
Henley on Thames YMCA
Herrington Burn & District YMCA
Herrington Burn Pine Products
High Wycombe YMCA
Hornsey YMCA
Hove YMCA
Huddersfield YMCA
Ipswich YMCA
Kingston YMCA
Kircaldy Homeless Trust
Kircaldy YMCA
Lancaster YMCA
Leicester YMCA
Lincoln YMCA Ltd
London City YMCA
Maidstone YMCA
Manchester YMCA
Mendip YMCA
Milton Keynes YMCA
National Council of YMCAs (England)
National Council of YMCAs of Wales
Newbury YMCA
Newcastle Upon Tyne YMCA
Newport YMCA
North Hampshire YMCA
North Shields YMCA
Patterdale Hall Estate Limited
Northampton YMCA
Northumberland Federation of YMCAs
Norwich YMCA
Nottingham YMCA
Paisley YMCA
Peterborough YMCA
Plymouth YMCA Limited
Reading YMCA
Redditch YMCA
Reigate & Redhill YMCA
Richmond YMCA
Ripon YMCA
Romford YMCA
Rotherham YMCA
Ryedale YMCA
Scarborough YMCA
Scottish National Council of YMCAs
Sheffield YMCA
Slough YMCA
Southampton YMCA
Southend On Sea YMCA

Southport YMCA
 St Helens YMCA
 Stoke on Trent YMCA
 Sutton Coldfield YMCA
 Taunton YMCA
 Wakefield YMCA
 Warrington YMCA
 Watford & District YMCA
 Welwyn Hatfield YMCA
 West Bromwich YMCA
 West Kent YMCA
 West London YMCA
 Whitley Bay YMCA
 Wimbledon YMCA
 Worcester YMCA
 Y Care International
 YMCA Cornwall
 YMCA George Williams College
 YMCA of Lambeth, Lewisham and Southwark
 YMCA South Devon

Employers employing Life Assurance only members of the Scheme

Bradford City YMCA
 Colchester YMCA
 Darlington YMCA
 Forest YMCA of East London
 Grimsby & Cleethorpes YMCA
 Guildford YMCA
 High Wycombe YMCA
 National Council of YMCAs (England)
 Norwich YMCA
 Plymouth YMCA Limited
 Reading YMCA
 Ryedale YMCA
 Stoke on Trent YMCA
 West Bromwich & District YMCA Community Enterprises
 West Bromwich YMCA
 Worcester YMCA
 Y Care International
 YMCA of Lambeth, Lewisham and Southwark

APPENDIX 1
"REVENUE MAXIMUM"
(INLAND REVENUE LIMITS)

The Revenue Maximum appropriate to a Member's contributions and any benefit is the greatest of:-

- (i) the maximum amount specified in this Appendix in relation to those contributions or that benefit;
- (ii) the minimum amount thereof which is consistent with the Preservation Requirements; and
- (iii) such other amount as is accepted by the Board of Inland Revenue as being consistent with the Fund's approval as an exempt-approved scheme under the Act.

Provided that where a transfer payment from another scheme has been received in respect of a Member the Revenue Maximum shall be increased by such amount as is consistent with the Fund's approval under the Act.

(A) DEFINITIONS

In this Appendix:-

- (1) words and expressions defined in the Trust Deed or the Rules (and not differently defined below) have the meanings given in the Trust Deed or the Rules; and
- (2) the following words and expressions have the following meanings:-
 - 1. "**Act**" means the Income and Corporation Taxes Act 1988.
 - 2. "**Aggregate Retirement Benefit**" means the aggregate of:-
 - a. the Member's pension under the Scheme in respect of Service and any Associated Scheme; and
 - b. the pension equivalent of the Member's Lump Sum Retirement Benefit.

In calculating the amount of the Aggregate Retirement Benefit of a Class A Member whose Relevant Date is after August 1991 the pension equivalent of the Member's Lump Sum Retirement Benefit is one twelfth of its total cash value.
 - 3. "**Allocated Pension**" means any part of the pension which has been commuted for a lump sum or surrendered to provide a Dependant's pension.
 - 4. "**Appropriate Benefits**" means, in relation only to a Controlling Director, (limited, in the case only of a Class A Member, to those benefits arising from premiums or contributions paid out of relevant earnings from the Employer) benefits from retirement annuity contracts or trust schemes approved under section 620 of the Act and/or from personal pension schemes approved under section 631 of the Act (other than arrangements thereunder to which minimum contributions only are paid).
 - 5. "**Associated Employers**" means, in relation to 2 or more employers, that one controls the others, or all are controlled by a third party. Control has the meaning in section 840 of the Act, or in the case of a close company, section 416 of the Act.
 - 6. "**Associated Employment**" means 2 or more concurrent employments held by the Member which are associated i.e. where:-

- a. there is a period during which the Member has held all of them;
 - b. the period counts under the Scheme in the case of all of them as a period in respect of which benefits are payable;
 - c. during the period all the employers in question are Associated Employers.
7. **"Associated Scheme"** means any Relevant Scheme which provides benefits in respect of Service.
8. **"Class A Member"** means (subject to proviso i. to 8 and 9 below) any Member who is not a Class B or C Member and any Class B or C Member who has elected to become a Class A Member before the Relevant Date.
9. **"Class B Member"** means (subject to proviso i. to 9 below) any Member in respect of whom the Trustees are satisfied that by reason of regulations made under the Finance Act 1989 or of the discretion of the Inland Revenue the classification is appropriate (and in such case 7 above shall not apply).

Provided that the Member may (if the Trustees and the Council both consent) elect at any time before the Relevant Date to become a Class A Member.

10. **"Class C Member"** means any Member in respect of whom the Trustees are satisfied that by reason of regulations made under the Act and/or the Finance Act 1989 or of the discretion of the Inland Revenue the classification is appropriate (and in such case 7 and 8 above shall not apply).

Provided that the Member may (if the Trustees and the Council both consent) elect at any time before the Relevant Date to become a Class A Member.

11. **"Connected Scheme"** means any Relevant Scheme which is connected with the Scheme in relation to the Member i.e. if:-
- a. there is a period during which the Member has been the employee of 2 Associated Employers; and
 - b. that period counts under both schemes as a period in respect of which benefits are payable; and
 - c. the period counts under one scheme for service with one employer and under the other for service with the other employer.

12. **"Controlling Director"** means:-
- a. a Member who, at any time on or after 17th March 1987 and in the last 10 years before the Relevant Date, has, in relation to the Employer, been both within the definition of a director in section 612(1) of the Act and within paragraph (b) of section 417(5) of the Act; and
 - b. a Class C Member whose Relevant Date preceded 17th March 1987 and who was a director who, either alone or together with his spouse and minor children, is or becomes the beneficial owner of shares which, when added to any shares held by the trustees of any settlement to which the director or his spouse had transferred assets, carry more than 20% of the voting rights in the company providing the pension or in a company which controls that company.
13. **"Dependant"** means a Member's spouse or any other person who was at the Member's death dependent on the Member to the extent required by the Board of Inland Revenue for the continued Approval of the Scheme.

14. **"Final Remuneration"** means in relation to a Member the greater of:-
- a. the highest remuneration from his Employer which is assessable to income tax under Case I or II of Schedule E and upon which tax liability has been determined for any one of the 5 years preceding the Relevant Date being the aggregate of:-
 - i. the basic pay for the year in question; and
 - ii. the yearly average over 3 or more consecutive years ending with the expiry of the corresponding basic pay year, of any fluctuating emoluments. Provided that fluctuating emoluments of a year other than the basic pay year may be increased in proportion to any increase in the Index from the last day of that year up to the last day of the basic pay year; and
 - b. the yearly average of the total emoluments from his Employer which are assessable to income tax under Case I or II of Appendix E and upon which tax liability has been determined for any 3 or more consecutive years ending not earlier than 10 years before the Relevant Date.

Provided that:-

- i. for the purposes of a.ii. and b. above remuneration that is received after the Relevant Date and is assessable to income tax under Case I or II of Schedule E and upon which tax liability has been determined will be treated as a fluctuating emolument (providing it was earned or qualified for prior to the Relevant Date). In these circumstances the yearly average of 3 or more consecutive years must not begin later than the commencement of the basic pay year;
- ii. remuneration and total emoluments do not include any amounts which arise from the acquisition or disposal of shares or an interest in shares or from a right to acquire shares (except where the shares or rights were acquired or granted before 17th March 1987) or anything in respect of which tax is chargeable by virtue of section 148 of the Act;
- iii. in relation to a Controlling Director, Final Remuneration shall be the amount ascertained in accordance with b. above and a. above shall not apply;
- iv. where Final Remuneration is computed by reference to any year other than the last complete year ending on the Relevant Date, the Member's remuneration (as calculated in a. above) or total emoluments (for the purposes of b. above) of any year may be increased in proportion to any increase in the Index from the last day of that year up to the Relevant Date;
- v. the total amount of any profit related pay (whether relieved from income tax or not) may be classed as pensionable remuneration and treated as a fluctuating emolument;
- vi. an early retirement pension in payment from the Employer may not be included in Final Remuneration;
- vii. in relation to a Member in receipt of a much reduced remuneration by reason of incapacity (i.e. under a sick pay or permanent health insurance scheme) for more than 10 years up to the Relevant Date, Final Remuneration under a. or b. above may be computed with the Final Remuneration calculated at the cessation of normal pay and increased in accordance with the Index;
- viii. in relation only to a Class A Member, Final Remuneration shall not exceed the Permitted Maximum;

- ix. in relation only to a Class B Member, for the purpose of the calculation of the maximum Lump Sum Retirement Benefit in accordance with paragraph (C)4. below Final Remuneration shall not in any event exceed £100,000 (or such other sum as may be specified in an order made by the Treasury).
- x. in relation only to a Class B or C Member whose remuneration in any year subsequent to 5th April 1987 used for the purpose of calculating benefits has exceeded £100,000 (or such other sum as may be specified in an order made by the Treasury), Final Remuneration shall be the amount ascertained in accordance with b. above and a. above shall not apply unless the Member chooses to adopt £100,000 as his Final Remuneration.

Notes to "Final Remuneration":-

- i. For the purposes of providing immediate benefits at the Relevant Date it will be permitted to calculate Final Remuneration on the appropriate basis above using remuneration assessable to tax under Case I or II of Schedule E and upon which tax liability has not been determined. On determination of this liability Final Remuneration must be recalculated. Should this result in a lower Final Remuneration then benefits in payment should be reduced (if necessary to ensure compliance with Inland Revenue limits). Where Final Remuneration is greater the Trustees may augment the benefits in payment. Such augmentation, however, must take the form of a non-commutable pension.
 - ii. Where immediate benefits are not being provided or where a transfer payment is to be made in respect of accrued benefits then Final Remuneration may only be calculated using remuneration assessable to income tax under Case I or II of Schedule E and upon which tax liability has been determined.
 - iii. Final Remuneration for a Member who works abroad in an overseas branch of a United Kingdom company and who belong to the United Kingdom Employer's pension scheme, may be calculated using the remuneration paid to him even though this has not been subjected to income tax under Case I or II of Schedule E in the United Kingdom.
 - iv. Where a Member has become temporarily absent through secondment to another employer in the United Kingdom, Final Remuneration may include remuneration paid by the Employer to whom he has been seconded providing the remuneration has been assessed to income tax under Case I or II of Schedule E and falls within the definition above.
 - v. Final Remuneration for a Member temporarily seconded abroad by a UK resident employer to work for a non resident employer may be calculated using a notional salary based on the equivalent UK rate of remuneration for the job.
 - vi. Where a Member retires during a period of unpaid absence, Final Remuneration may be determined under a. or b. above by calculating it as at cessation of paid employment with his Employer and increasing it in accordance with the Index.
15. **"Incapacity"** means physical or mental deterioration in health (being more serious than a mere decline in energy or ability) which is bad enough to prevent the Member from following his normal employment or which seriously impairs his earning capacity.
16. **"Index"** means the Government's Index of Retail Prices.
17. **"Lump Sum Retirement Benefit"** means the total value of all retirement benefits payable in any form other than non-commutable pension under this and any Associated Scheme.

18. **"Normal Retirement Date"** has the same meaning as "Normal Retiring Date" in Section 1 of the Rules.
19. **"Pensionable Service"** has the meaning ascribed to it by section 70 of the Pension Schemes Act 1993.
20. **"Permitted Maximum"** has the meaning ascribed to it by section 590C(2) of the Act.
21. **"Relevant Date"** means:-
- a. for the purpose of determining the date before which an election may be made to become a Class A Member - the earliest of the date on which the Member's benefits commence, are bought out or otherwise transferred outside the Scheme or the Member attains his 75th birthday or dies as the case may be; and
 - b. for all other purposes of this Appendix - the earliest of the date on which the Member's benefits commence, he leaves Pensionable Service or attains his 75th birthday or dies as the case may be.
22. **"Relevant Employer"** has the meaning ascribed to it by Regulation 2 of The Occupational Pension Schemes (Transitional Provisions) Regulations 1988 (S.I. 1988/1436).
23. **"Relevant Scheme"** means:-
- a. any other scheme approved or seeking approval under Chapter I Part XIV of the Act; or
 - b. a relevant statutory scheme as defined in section 611A of the Act; or
 - c. any scheme which has been accepted by the Inland Revenue as "corresponding" for the purposes of section 596(2)(b) of the Act.
24. **"Remuneration"** in relation to any year means:-
- a. as regards a Class A Member, the aggregate of the total emoluments for the year in question
 - i. from his Employer, and
 - ii. in respect of any Associated Employment or any Connected Scheme

which are assessable to Income Tax under Schedule E, but excluding any amounts which arise from the acquisition or disposal of shares or an interest in shares or a right to acquire shares or anything in respect of which tax is chargeable by virtue of section 148 of the Act. Provided that in arriving at such emoluments there shall be disregarded any emoluments in excess of the Permitted Maximum;
 - b. as regards a Class B Member and a Class C Member, total emoluments from the Employer in the year in question which are assessable to Income Tax under Schedule E, but excluding any amounts which arise from the acquisition or disposal of shares or an interest in shares or a right to acquire shares or anything in respect of which tax is chargeable by virtue of section 148 of the Act.
25. **"Retained Benefits"** means all benefits other than Retained Death Benefits, in whatever form the context demands, derived from:-

- a. Retirement Benefits Schemes approved or seeking approval under Chapter I Part XIV of the Act or relevant statutory schemes as defined in section 611A of the Act, excluding benefits in respect of Service;
- b. funds to which section 608 of the Act applies, excluding benefits in respect of Service;
- c. Retirement Benefits Schemes which have been accepted by the Inland Revenue as "corresponding" for the purposes of section 596(2)(b) of the Act, excluding benefits in respect of Service;
- d. retirement annuity contracts or trust schemes approved under section 620 of the Act, or personal pension schemes approved under section 631 of the Act (other than arrangements thereunder to which only minimum contributions are paid) which related to relevant earnings from (in the case only of a Class B or C Member) the current employment, or (for all Members) previous employments (including periods of self employment whether alone or in partnership);
- e. transfer payments from overseas schemes held in a type of arrangement defined in a. or d. above, excluding those in respect of Service.

If the total of the Retained Benefits is less than a pension of £260 p.a. or, in relation to paragraphs (C)3. or 4., the total of Retained Benefits in lump sum form is less than £2,500 those Retained Benefits may be disregarded.

If in the period ending 12 months after entry to the Scheme (in this context the Scheme includes any Relevant Schemes providing benefits in respect of Service which for this purpose is strictly defined as service with the current Employer) the Member is in receipt of annual earnings which are less than one quarter of the Permitted Maximum, all Retained Benefits may be disregarded unless the Member is a Controlling Director.

Benefits from the above sources which have been transferred to another scheme (whether or not in the United Kingdom) or bought out must be treated as Retained Benefits.

Benefits may be disregarded as Retained Benefits where they relate to concurrent employment(s), that is where the other employment(s) overlap(s) with this employment for at least one day and during the period of overlap service with both/all employers is pensioned via an arrangement as at a. to e. above.

Class A and B Members

Where transfers are derived from Service with Relevant Employers or Associated Employers the definition of Service may be extended to include aggregate years of service but only with the specific agreement of the Board of Inland Revenue (concurrent service to count only once). In the absence of such agreement the transfer value will be treated as Retained Benefits. Any other transfer values received other than those from a scheme of the current Employer will be treated as Retained Benefits.

Class C Member

All transfer values, other than those from a scheme of the current Employer, will be treated as Retained Benefits, unless the Board of Inland Revenue specifically agree otherwise (aggregation of service having been agreed).

26. **"Retained Lump Sum Death Benefits"** means any lump sum benefits payable on the Member's death derived from the sources set out in the definition of Retained Benefits above, but if the total of the Retained Lump Sum Death Benefit is less than £2,500 it may be disregarded. Benefits representing a return of the Member's own contributions plus interest thereon may be ignored for this purpose: benefits derived from a return of fund under retirement annuity contracts approved under section 620 of the Act or

personal pensions approved under section 631 of the Act may also be ignored for this purpose.

27. **"Retained Dependant's Death Benefits"** means all reversionary benefits derived from the sources set out in the definition of Retained Benefits above, but not those provided by the surrender of a Member's own pension.
28. **"Rules"** means the rules to which this is an Appendix.
29. **"Scheme"** means The National Council of Young Men's Christian Associations (Incorporated) Pension and Assurance Plan.
30. **"Service"** means service with the Employer, plus any period of service in respect of another employment which the Board of Inland Revenue specifically agree may be aggregated (concurrent service to count only once).
31. **"Trustees"** means the trustees or administrators of the Scheme.

Calculations below by reference to years of Service shall include incomplete years of Service pro rata to a full year.

For a Controlling Director who is a Class A Member, Service may not include a period of service for an employer who is associated with the Employer by virtue of a permanent community of interest rather than because they are Associated Employers. Where both such employers are participating in the Scheme separate calculations of maximum benefits are required in respect of the separate periods of Service.

(B) **MEMBER'S CONTRIBUTIONS**

- a. Each Member is required to contribute in accordance with rule 3.1.
- b. In addition the Member may make Additional Voluntary Contributions to the Scheme under rule 3.3 to secure additional benefits for himself and/or his Dependants.

Any retirement benefits so secured must be in the form of non-commutable pension except:-

- i. to the extent to which the provisions of the Scheme allow commutation of trivial pensions or on the grounds of serious ill health; or
- ii. where the circumstances set out in Regulation 10(2) of The Occupational Pension Schemes (Transitional Provisions) Regulations 1988 (S.I. 1988/1436) apply.
- c. The total contributions paid by the Member in a year of assessment to this and any Relevant Scheme providing benefits by virtue of Service shall not exceed 15% of his Remuneration for that year in respect of that Service, subject to a maximum of the Permitted Maximum unless the provisions of Regulation 3 of the Retirement Benefits Schemes (Tax Relief on Contributions) (Disapplication of Earnings Cap) Regulations 1990 (S.I. 1990/586) apply to that Member.

Where a Member has more than one pensionable employment and:-

- i. he is not subject to the provisions of the said Regulation 3 in respect of any of those employments, the Member is additionally subject to a maximum aggregate contribution to all Relevant Schemes of 15% of the Permitted Maximum;

or

- ii. the provisions of the said Regulation 3 do not apply to all such employments, the Member may pay 15% of his remuneration in respect of the employments to which the provisions of that Regulation apply, but in respect of other employments may only contribute, if at all, the amount by which 15% of the Permitted Maximum exceeds the contributions paid in respect of the employments to which the provisions of Regulation 3 apply.

(C) **PENSION AND LUMP SUM BENEFITS LIMITS**

Notwithstanding anything to the contrary in the Scheme's provisions (other than this Appendix):-

- i. any term used in the Scheme as a measure of annual earnings for the purpose of calculating benefits for a Class A Member is to be interpreted as though those earnings are no greater than the Permitted Maximum; and
- ii. the benefits payable to a Member or to his Dependants or other Beneficiaries in respect of him shall not, when aggregated with all benefits of a like nature provided under all Relevant Schemes providing benefits in respect of Service, exceed the limits set out below.

(C) 1. **CLASS A MEMBER'S AGGREGATE RETIREMENT BENEFIT**

A Class A Member's Aggregate Retirement Benefit shall not exceed the following:-

- a. On retirement at any time between attaining age 50 and attaining age 75, except before Normal Retirement Date on grounds of Incapacity, a pension of 1/60th of Final Remuneration for each year of Service (not exceeding 40 years) (less, in the case of a Controlling Director, any Appropriate Benefits) or, if greater, the lesser of:-
 - I. 1/30th of Final Remuneration for each year of Service (not exceeding 20 years); and
 - II. 2/3rds of Final Remuneration minus the pension value of all Retained Benefits.
- b. On retirement before Normal Retirement Date on grounds of Incapacity, an immediate pension of the amount calculated in accordance with paragraph a. above on the basis of the number of years which would have counted as Service had the Member remained in the employer's service to Normal Retirement Date.
- c. On leaving Pensionable Service before Normal Retirement Date:-
 - I. for a Member who remains in Service, a deferred pension of that proportion of the amount calculated in accordance with paragraph b. above that the number (not exceeding 40) of years of Service completed before leaving Pensionable Service bears to the potential number (not exceeding 40) of years of Service had the Member remained in Service to Normal Retirement Date.

On subsequently leaving Service the Member's benefits may be augmented to provide benefits in respect of total Service with the Employer, but where this occurs any benefits arising from a personal pension scheme (other than minimum contribution only schemes) taken out subsequent to leaving pensionable service in respect of the current employment, should be treated as a benefit arising from an Associated Scheme rather than a Retained Benefit;
 - II. for a Member who does not remain in Service, a deferred pension of the amount calculated in accordance with paragraph a. above.

The amount so computed may be increased by 5% for each year, or, if more beneficial, in proportion to any increase in the Index between the termination of Pensionable Service and the date on which the pension commences. Any further increase necessary to comply with preservation or contracting-out requirements of Social Security legislation is also allowable.

- d. Benefits for a Class A Member are further restricted to ensure that his total pension benefit from the Scheme and from any

Associated Scheme or Connected Scheme in respect of Service does not exceed 1/30th of the Permitted Maximum for each year of Service, subject to a maximum of 20/30ths. For the purpose of this limit:-

- i. no period is to be counted more than once;
- ii. benefits derived from a transfer-in from a scheme which is neither an Associated Scheme nor a Connected Scheme are to be disregarded;
- iii. any period of service which has been included in Service as a result of discretionary aggregation is to be excluded unless such service relates to employment which gave rise to benefits under a Connected Scheme or unless such service relates to service in an Associated Employment.

(C) 2. CLASS B OR C MEMBER'S AGGREGATE RETIREMENT BENEFIT

A Class B or C Member's Aggregate Retirement Benefit shall not exceed the following:-

- a. On retirement at Normal Retirement Date a pension of 1/60th of Final Remuneration for each year of Service (not exceeding 40 years) (less, in the case of a Controlling Director, any Appropriate Benefits) or, if greater, the lesser of:

- I.
 - i. for a Class B Member 1/30th of Final Remuneration for each year of Service (not exceeding 20 years);
 - ii. for a Class C Member the fraction of Final Remuneration ascertained from the following table

<u>Years of Service</u>	<u>Appropriate fraction</u>
6	8/60
7	16/60
8	24/60
9	32/60
10 or more	40/60

and

- II. 2/3rds of Final Remuneration minus the pension value of all Retained Benefits.

- b. On retirement or leaving Pensionable Service before Normal Retirement Date:-

- I. on grounds of Incapacity, an immediate pension of the amount calculated in accordance with paragraph a. above on the basis that Service is taken as the potential number of years of Service had the Member remained in Service to Normal Retirement Date;

- II. other than on grounds of Incapacity, an immediate pension (if the Member is retiring) or a deferred pension (if the Member is not retiring) of the greater of:-
- i. 1/60th of Final Remuneration for each year of Service (not exceeding 40 years) (less, in the case of a Controlling Director, any Appropriate Benefits); and
 - ii. that proportion of the amount calculated in accordance with paragraph I. above that the number (not exceeding 40) of years of Service completed before leaving Service bears to the potential number (not exceeding 40) of years of Service had the Member remained in Service to Normal Retirement Date.

The amount of the deferred pension so computed under this paragraph b. may be increased by 5% for each year or, if more beneficial, in proportion to any increase in the Index, between the cessation of Pensionable Service and the date on which the pension commences. Any further increase necessary to comply with the preservation or contracting-out requirements of Social Security legislation is also allowable.

- c. On retirement after Normal Retirement Date, a pension of the greatest of:-
- I. the amount calculated in accordance with paragraph a. above on the basis that the actual date of retirement was the Member's Normal Retirement Date;
 - II. the amount which could have been provided at Normal Retirement Date in accordance with paragraph a. above, increased either actuarially in respect of the period of deferment or in proportion to any increase in the Index during that period; and
 - III. where the Member's total Service with the Employer has exceeded 40 years, the aggregate of 1/60th of Final Remuneration for each year of Service before Normal Retirement Date (not exceeding 40 such years) and of a further 1/60th of Final Remuneration for each year of Service after Normal Retirement Date, with an overall maximum of 45 reckonable years; (and less, in the case of a Controlling Director, any Appropriate Benefits).

Final Remuneration shall be computed in respect of I. and III. above as at the actual date of retirement.

Provided that if a Member elects to take any part of his benefits under the Scheme in advance of actual retirement, the limits set out above shall apply as if he had retired at the date of the election as aforesaid, no account being taken of subsequent Service, save that the maximum amount of any uncommuted pension not commencing immediately may be increased either actuarially in respect of the period of deferment or in proportion to any increase in the Index during that period.

- d. The maxima under paragraph c. above for a Member who is a Controlling Director shall be further restricted as follows:-
- i. where retirement takes place after Normal Retirement Date but not later than the Member's 70th birthday paragraphs c.II. and c.III. shall not apply and if retirement is at a later age the said paragraphs shall apply as if the Member's 70th birthday has been specified in the Rules as his Normal Retirement Date so as not to treat as Service after Normal Retirement Date any Service before the Member reaches the age of 70;

- ii. where the proviso to paragraph c.i. applies to the Member the rate of actuarial increase in relation to any period prior to the attainment of age 70 shall not exceed the percentage increase in the Index during that period.

(C) 3. **CLASS A MEMBER'S LUMP SUM RETIREMENT BENEFIT**

A Class A Member's Lump Sum Retirement Benefit shall not exceed the following:-

- a. On retirement at any time between attaining age 50 and attaining age 75, or at any age if retirement is on the grounds of Incapacity, a lump sum of the greater of:-
 - I. 3/80ths of Final Remuneration for each year of Service (not exceeding 40 years) (less, in the case of a Controlling Director, any Appropriate Benefits received or receivable in lump sum form). If the retirement is on grounds of Incapacity Service may be taken as the number of years which would have counted as Service had the Member remained in the Employer's service to Normal Retirement Date; and
 - II. the lesser of:-
 - i. 2.25 times the initial annual rate of the Aggregate Retirement Benefit in payment plus the value of any Allocated Pension; and
 - ii. 1.5 times Final Remuneration minus the value of any Retained Benefits in form other than non-commutable pension.
- b. On leaving Pensionable Service before Normal Retirement Date a lump sum calculated in accordance with paragraph a. above. Amounts computed on the basis of 3/80ths for each year of Service may be increased in proportion to any increase in the Index between the termination of Pensionable Service and the date of payment (i.e. the date on which any pension commences).
- c. Benefits for a Class A Member are further restricted to ensure that his total lump sum benefit from this scheme and from any Associated Scheme or Connected Scheme in respect of Service does not exceed the greater of:-
 - i. 3/80ths of the Permitted Maximum for each year of Service (not exceeding 40); and
 - ii. 2.25 times the maximum pension calculated in accordance with paragraph (C)1.d. above.

For the purpose of this limit Service is the total aggregate of service which relates to employment giving rise to benefits under a Connected Scheme or which relates to service with an Associated Employment. No period may count more than once.

(C) 4. **CLASS B AND C MEMBER'S LUMP SUM RETIREMENT BENEFIT**

A Class B or Class C Member's Lump Sum Retirement Benefit shall not exceed the following:-

- a. On retirement at Normal Retirement Date, a lump sum of 3/80ths of Final Remuneration for each year of Service (not exceeding 40 years) (less, in the case of a Controlling Director, any Appropriate Benefits received or receivable in lump sum form) or, if greater, the lesser of:-
 - I. i. for a Class B Member the product of the formula

$$\{(A - B) \times (D - E)\} + E$$
 where:-

$$\{(C - B) \}$$

A is the initial Aggregate Retirement Benefit in payment plus the value of any Allocated Pension

B is an amount equivalent to 1/60th of Final Remuneration for each year of Service (not exceeding 40 years)

C is an amount equivalent to 1/30th of Final Remuneration for each year of Service (not exceeding 20 years)

D is an amount equivalent to the fraction of Final Remuneration ascertained by reference to Service and the table in paragraph ii. below

E is an amount equivalent to 3/80ths of Final Remuneration for each year of Service (not exceeding 40 years);

or

ii. for a Class C Member the fraction of Final Remuneration ascertained from the following table:

<u>Years of Service</u>	<u>Fraction</u>
9	30/80ths
10	36/80ths
11	42/80ths
12	48/80ths
13	54/80ths
14	63/80ths
15	72/80ths
16	81/80ths
17	90/80ths
18	99/80ths
19	108/80ths
20 or more	120/80ths

and

II. 1.5 times Final Remuneration minus the amount of any Retained Benefits in form other than non-commutable pension.

b. On retirement or leaving Pensionable Service before Normal Retirement Date:-

I. on grounds of Incapacity, a lump sum of the amount calculated in accordance with paragraph a. on the basis that Service is taken as the potential number of years of Service had the Member remained in Service to Normal Retirement Date.

II. other than on grounds of Incapacity, a lump sum of the greater of 3/80ths of Final Remuneration for each year of Service (not exceeding 40 years) (less, in the case of a Controlling Director, any Appropriate Benefit received or received in lump sum form) and

i. for a Class B Member, the product of the formula

$$\frac{N}{NS} \times LS \text{ where:-}$$

N is the number (not exceeding 40) of completed years of Service

NS is the number (not exceeding 40) of potential years of Service had the Member remained in the Employer's Service to Normal Retirement Date

LS is calculated in accordance with the formula in paragraphs a.I.i. and a.II. where

A is the product of the accrual rate multiplied by Service (including potential Service to Normal Retirement Date) and Final Remuneration at the Relevant Date

and

Service in B, C, D and E includes potential Service to Normal Retirement Date;

and

- ii. for a Class C Member, that proportion of the amount calculated in accordance with paragraph I. above that the number (not exceeding 40) of years of Service completed before leaving Service bears to the potential number (not exceeding 40) of years of Service had the Member remained in Service to Normal Retirement Date.

The amount calculated in this paragraph b. may be increased in proportion to any increase in the Index between the date of termination of Pensionable Service and the date of payment (i.e. the date on which any pension commences). Provided that, in respect of a lump sum paid to a Class A Member, the amount may be so increased only if and to the same extent as the total benefits have been so increased under paragraph (C)2.b. above.

- c. on retirement after Normal Retirement Date, a lump sum of the greatest of:-
 - I. the amount calculated in accordance with paragraph a. above on the basis that the actual date of retirement was the Member's Normal Retirement Date;
 - II. the amount which could have been provided at Normal Retirement Date in accordance with paragraph a. above together with an amount representing interest thereon; and
 - III. where the Member's total Service has exceeded 40 years, the aggregate of $\frac{3}{80}$ ths of Final Remuneration for each year of Service before Normal Retirement Date (not exceeding 40 such years) and of a further $\frac{3}{80}$ ths of Final Remuneration for each year of Service after Normal Retirement Date, with an overall maximum of 45 reckonable years;

Final Remuneration being computed in respect of I. and III. above as at the actual date of retirement.

Provided that if a Member elects to take any part of his benefits under the Scheme in advance of actual retirement, the limits set out above shall apply as if he had retired at the date of the election as aforesaid, no account being taken of subsequent Service.

- d. The maxima under paragraph c. above for a Member who is a Controlling Director shall be further restricted so that, where retirement takes place after Normal Retirement Date but not later than the Member's 70th birthday, paragraphs c.II. and c.III. shall not apply and if retirement is at a later age the said paragraphs shall apply as if the Member's 70th birthday has been specified in the Rules as his Normal Retirement Date so as not to treat as Service after Normal Retirement Date any Service before the Member reaches the age of 70.

(D) **MISCELLANEOUS LIMITS AND CONDITIONS**

Notwithstanding anything to the contrary in the Scheme's provisions the following paragraphs shall have full effect, save that paragraphs 2, 4 and 5 below shall not be construed as conferring powers on the Trustees that it would not otherwise have by virtue of the Trust Deed and Rules.

(D) 1. **LUMP SUM BENEFIT ON DEATH BEFORE RETIREMENT**

The lump sum benefit (exclusive of any refund of the Member's own contributions (excluding any which the Trustees determine to have been applied in the provision of life cover) and any interest thereon) payable on the death of a Member while in Service or (having left Pensionable Service with a deferred pension) before the commencement of his pension shall not, when aggregated with all like benefits under Associated Schemes, exceed the greater of:-

- I. £5,000; and
- II. 4 times the greater of:-
 - i. Final Remuneration;
 - ii. the annual rate of the Member's Remuneration at the date of death

less the amount of any Retained Lump Sum Death Benefits.

Provided that on the death while in Service on or after his 75th birthday of a Controlling Director any lump sum benefit shall be paid to his surviving spouse or, in the absence of any surviving spouse, to his personal representatives. This proviso does not apply to any lump sum benefit in respect of a guarantee of a pension already in payment.

(D) 2. **CLASS A MEMBER : CONTINUED LIFE COVER**

Any provision of the Scheme to provide a lump sum benefit on the death of a Member after retirement on pension (other than a payment under a guarantee of pension provision) shall be restricted, in respect of a Class A Member (unless he joined the Former Scheme before 1st October 1991), to exclude any such provision other than in respect of the Member's death occurring before Normal Retirement Date and after retirement on grounds of Incapacity. The amount of the benefit shall not exceed the amount payable had the Member died immediately before retirement, increased in proportion to any increase in the Index between the date of the Member's retirement and the date of the Member's death.

(D) 3. **DEPENDANTS' PENSIONS**

Any pension for a Dependant, when aggregated with the pensions, other than those provided by surrender of the Member's own pension, payable to that Dependant under all Associated Schemes, shall not exceed an amount equal to 2/3rds of the appropriate maximum Aggregate Retirement Benefit payable to the Member immediately before his death under paragraph (C)1. or 2. above (if the Member dies in Service the appropriate maximum will be that applicable to retirement on grounds of Incapacity), ignoring any restriction for the Member's Retained Benefits but taking into account the amount of any Retained Dependant's Death Benefits, as increased in accordance with paragraph (D)4. below (if appropriate).

If pensions are payable to more than one Dependant of a Member, the aggregate of all Dependents' pensions payable in respect of him under this and all Associated Schemes must

not exceed the full amount of the appropriate maximum Aggregate Retirement Benefit for the Member.

(D) 4. **PENSION INCREASES**

The maximum amount of:-

- a. any Member's Aggregate Retirement Benefit determined in accordance with Section (C) above, less part of the pension which has been surrendered to provide a Dependant's pension; and
- b. any Dependant's pension determined under paragraph (D)3. above;

may be increased by 3% each year or, if greater, in proportion to the increase in the Index which has occurred since the pension commenced to be paid.

(D) 5. **CLASS A MEMBER : POST-RETIREMENT INCREASES OF PENSION**

The amount of any pension of a Class A Member which may be increased under any provision of the Scheme to take account of increases in the cost of living may not notionally include any amount of pension which has been commuted for a lump sum.

(D) 6. **AUGMENTATION OF BENEFITS**

Where in addition to being a member of the Scheme the Member is also a member of an approved scheme (the voluntary scheme) which provides additional benefits to supplement those provided by the Scheme and to which no contributions are made by any employer of his, the provisions of the paragraph that follows shall apply in relation to any augmentation of the benefits provided for him by the Scheme after he has ceased to participate in it.

Any provisions in the Scheme imposing a limit on the amount of a benefit provided for the Member shall have effect (notwithstanding anything in them to the contrary) as if they provided for the limit to be reduced by the amount of any like benefit provided for the Member by the voluntary scheme.

(D) 7. **CLASS A MEMBER : PAYMENT OF BENEFITS**

The Scheme provisions shall have effect (notwithstanding anything in them to the contrary) as if they provided:-

- a. that the Member's retirement benefit shall be paid no later than the date on which he attains age 75;
- b. (subject to a. above) that no part of a Member's retirement benefit shall be paid in advance of actual retirement or leaving Service except to the extent necessary to comply with Social Security legislation;
- c. that pension and lump sum benefits must be taken simultaneously; and
- d. that the earliest age at which immediate benefits may be taken having left Service on other than Incapacity grounds is age 50.

(D) 8. **PENSION GUARANTEES**

The Scheme may not provide for a pension to be guaranteed:-

- a. for a minimum period by reference to the value of a Member's contributions; or
- b. for a minimum period exceeding 10 years.

(D) 9. **SURPLUS AVCs**

Where the application of the limits in this Appendix requires the quantum of the Aggregate Retirement Benefit to be restricted and the Member has paid additional voluntary contributions to supplement Scheme benefits, that restriction shall first be effected on those supplementary benefits so as to permit the repayment of the surplus additional voluntary contributions in accordance with rule 3.3(2) of the Rules, subject to section 599A of the Act.

APPENDIX 2

PENSION SHARING / REVENUE MAXIMUM

1. **INTERPRETATION**

In this Appendix:-

- (a) the following terms have the respective meanings given to them in rule 18.1 of the Rules - "Ex-Spouse", "Ex-Spouse Participant", "Pension Credit", "Pension Credit Benefit", "Pension Credit Rights", "Pension Debit", "Pension Debit Member", "Pension Sharing Order" and "1999 Act";
- (b) the terms "Associated Scheme", "Class A Member", "Class B Member", "Class C Member", "Connected Scheme" and "Controlling Director" have the same meaning as in Appendix 1 (Revenue Maximum: Inland Revenue limits);
- (c) words and expressions defined in the Trust Deed and the Rules (and not differently defined below) have the meanings in the Trust Deed and the Rules; and
- (d) the following expression has the meanings set out below.

"Negative Deferred Pension" means the amount by which the Member's pension or deferred pension under the Scheme in respect of Service is reduced at the Relevant Date by section 31 of the 1999 Act (reduction of benefit), or under corresponding Northern Ireland legislation, following a Pension Sharing Order. For these purposes, Service includes all periods of service with other employers in respect of which a transfer payment has been made to the Scheme.

"Relevant Date" means-

- (1) the date of retirement, leaving Pensionable Service, or death; or
- (2) where the Member's pension is in payment on the date the Pension Debit is made, that date.

2. **MAXIMUM ALLOWABLE BENEFITS PAYABLE TO EX-SPOUSE PARTICIPANTS**

Pension for Ex-Spouse Participant

Any Pension Credit Benefits payable under the Scheme to or in respect of an Ex-Spouse Participant shall be subject to the following restrictions.

- (1) Normal benefit age must be between age 60 and 65.
- (2) Subject to sub-paragraph (1) above, a pension can be paid to an Ex-Spouse Participant:-
 - (a) at any time between attaining age 50 and 75; or
 - (b) earlier on grounds of incapacity, where the Ex-Spouse Participant is simultaneously drawing benefits from the Scheme arising from Service on incapacity grounds.

Additionally, a pension not yet in payment can be fully commuted, at any age, on the grounds of exceptional circumstances of serious ill-health.

The Ex-Spouse Participant cannot defer commencement of the pension beyond his/her 75th birthday. If he or she is aged 75 or over at the date the Pension Sharing Order is implemented, the pension must come into payment immediately.

- (3) There is no limit on the amount of any pension payable to the Ex-Spouse Participant. Such a pension may not be commuted, surrendered or assigned except in accordance with the Rules (including Rule 18 pension sharing on divorce). Such a pension must be payable for life, unless it is fully commuted under sub-paragraph (11) below, and may be guaranteed.

Lump sums

- (4) No lump sum may be paid to the Ex-Spouse Participant where:-
- (a) the Member (who was formerly married to the Ex-Spouse Participant) has already received a lump sum retirement benefit from the Scheme before the date of the implementation of the Pension Sharing Order; or
 - (b) all of the Pension Credit Rights under the Scheme have been transferred into the Scheme with a lump sum nil certificate.

Otherwise, a lump sum in commutation of part of the pension can be given, at the time the pension first becomes payable.

- (5) The lump sum in sub-paragraph (4) above is limited to a maximum of 2.25 x the initial annual pension. For this purpose, the initial annual pension should be calculated on the following bases:-
- (a) if the pension payable for the year changes, the initial pension payable should be taken;
 - (b) it should be assumed that the Ex-Spouse Participant will survive for a year;
 - (c) the effect of commutation should be ignored.
- (6) If an Ex-Spouse dies after a Pension Sharing Order is made, but before it is acted on by the Trustees:-
- (a) any lump sum death benefit shall not exceed 25% of what would have been the cash equivalent of the fund which would have provided the Pension Credit Rights for the Ex-Spouse; and
 - (b) the amount of any non-commutable pension payable to a dependant of the Ex-Spouse will be limited to a maximum of 2/3rds of the amount of the pension that could have been paid to the Ex-Spouse at the date of death if the whole of the cash equivalent described in (a) above had been used to purchase an annuity at an available market rate.

Where more than one dependant's pension is to be paid, the total of all those pensions cannot exceed the amount of the pension that could have been paid to the Ex-Spouse.

Such dependants' pensions must be payable for life, except that pensions paid to children must cease on the attainment of age 18 or, if later, on the cessation of full time education.

Such pensions may be fully commuted for a lump sum on the grounds of triviality at the time such a pension becomes payable.

Death before Ex-Spouse Participant's benefits come into payment

- (7) If an Ex-Spouse Participant dies before his or her benefits come into payment, any lump sum can be paid to any person at the discretion of the Trustees and will be limited to 25% of what would have been the cash equivalent of the Pension Credit Rights at the Ex-Spouse Participant's date of death.

- (8) If balance of the cash equivalent in sub-paragraph (7) above is used to provide a non-commutable pension to a dependant of the Ex-Spouse Participant, the amount of any such pension payable to a dependant will be limited to a maximum of 2/3rds of the amount of the pension that could have been paid to the Ex-Spouse Participant at the date of death had the whole of the cash equivalent of the Pension Credit Rights been used to purchase an annuity at an available market rate.

For the purpose of determining the pension which could have been paid to the Ex-Spouse Participant, it should be assumed that he or she was aged 50 at the date of death, where he or she died at an earlier age.

Where more than one dependant's pension is to be paid, the total of all the pensions cannot exceed the amount of the pension that could have been paid to the Ex-Spouse Participant.

Such dependants' pensions must be payable for life, except that pensions paid to children must cease no later than the attainment of age 18 or, if later, on cession of full-time education. Such pensions may, however, be fully commuted for a lump sum on the grounds of triviality at the time that they become payable.

Death after Ex-Spouse Participant's benefits come into payment

- (9) Where the Ex-Spouse Participant dies after his or her pension has come into payment, any non-commutable pension payable to a dependant of the Ex-Spouse Participant will be limited to a maximum of 2/3rds of the initial annual pension which was paid to the Ex-Spouse Participant, as increased by any rise in the Index since the commencement of the Ex-Spouse Participant's pension.

Where more than one dependant's pension is to be paid, the total of all those pensions cannot exceed the amount of the initial annual pension which was paid to the Ex-Spouse Participant, as increased by any rise in the Index since the commencement of the Ex-Spouse Participant's pension.

For these purposes, the Ex-Spouse Participants' initial annual pension should be calculated on the same basis as in sub-paragraph (3) above.

Such dependants' pensions must be payable for life, except that pensions paid to children must cease on the attainment of age 18 or, if later, on cessation of full-time education. Such pensions may, however, be fully commuted for a lump sum on the grounds of triviality at the time that they become payable.

Where the Ex-Spouse Participant was offered and selected a guarantee not exceeding 5 years and the guarantee period has not expired, the remaining balance of the pension installments can be paid as a lump sum. Where the Ex-Spouse Participant was offered and selected a guarantee exceeding 5 years and the guarantee period has not expired, the remaining balance of the pension installments must be paid in pension form to an individual or individuals at the discretion of the Trustees.

- (10) On the date the Ex-Spouse Participant's pension becomes payable (but not where the pension is paid in the form of income draw down), the Ex-Spouse Participant may be permitted to surrender part of this pension for the provision, on the death of the Ex-Spouse Participant, of a pension payable to a dependant of the Ex-Spouse Participant. The amount of pension surrendered should not exceed the reduced pension which the Ex-Spouse Participant retains.

Trivial Pensions

- (11) Full commutation of the Pension Credit Rights on the grounds of triviality or exceptional circumstances of serious ill-health is permitted when the pension first becomes payable.

Where the Ex-Spouse Participant is also entitled to benefits under the Scheme arising from Service, for the purposes of determining the aggregate value of the total benefits payable to the Member for triviality purposes, benefits from Pension Credit Rights must be included. Where the Ex-Spouse Participant is also entitled to benefits under the Scheme arising from Service, full commutation of the Pension Credit Rights on the grounds of triviality will only be permitted where benefits arising from Service are simultaneously commuted.

3. **MAXIMUM ALLOWABLE BENEFITS FOR PENSION DEBIT MEMBERS**

- (1) Notwithstanding any other provisions of the Rules, the benefits for a Pension Debit Member are additionally subject to the following limits, subject to compliance with the Preservation Requirements:-

Pension

- (1) The pension shall not exceed the Aggregate Retirement Benefit in Appendix 1 ("Revenue Maximum": Inland Revenue limits) less;
- (a) the Negative Deferred Pension in this Scheme and in any Associated Scheme; and
 - (b) in the case of a Class A Member or Optant Class A Member, the Negative Deferred Pension in any Connected Scheme.

Lump Sum

- (2) The lump sum from this and any Associated Scheme shall not exceed:-
- (a) for Pension Debit Members who are Class A Members or Class B Members or Optant Class A Members, an amount determined by 2.25 x the initial annual pension payable;
 - (b) for Pension Debit Members who are Class C Members, an amount of the greater of:
 - (i) 2.25 x the initial annual pension payable or,
 - (ii) an amount determined in accordance with Appendix 1 ("Revenue Maximum": Inland Revenue limits) as if there had been no Pension Debit, less 2.25 x the Negative Deferred Pension.

For the purposes of this paragraph, the initial annual pension should be calculated on the following bases:

- (aa) if the pension payable for the year changes, the initial pension payable should be taken;
- (bb) it should be assumed that the Pension Debit Member will survive for a year; and
- (cc) the effect of commutation should be ignored.

Dependants' pensions

- (3) On the death of the Pension Debit Member, any pension for a dependant shall not exceed $\frac{2}{3}$ x an amount determined in accordance with Appendix 1 ("Revenue Maximum"; Inland Revenue limits) as if there had been no Pension Debit less:-

- (a) the Negative Deferred Pension in the Scheme and in any Associated Scheme; and
- (b) in the case of a Class A Member or Optant Class A Member, the Negative Deferred Pension in any Connected Scheme.

Where more than one pension is to be paid, the total of all the pensions cannot exceed 100% of an amount determined in accordance with Appendix 1 ("Revenue Maximum": Inland Revenue limits) as if there had been no Pension Debit, less the Negative Deferred Pensions in (a) and, if applicable, (b) above.

Transfers

- (4) If a Pension Debit Member's benefits are transferred to another scheme approved under Chapter I Part XIV of the Taxes Act or under Chapter IV Part XIV of the Taxes Act, the Trustees must give full details of the Pension Debit and a lump sum certificate specifying the maximum permissible lump sum to the receiving scheme or arrangement.
- (5) Where the Trustees accept a transfer payment and are informed by the transferor of the details of a Pension Debit relating to the transfer payment, the Trustees must take account of the Pension Debit, if appropriate, in the calculation of any limit on benefits for that Member. If a subsequent transfer of the fund underlying the benefits for the Member is made to a scheme approved under Chapter I Part XIV of the Taxes Act or under Chapter IV Part XIV of the Taxes Act, the Trustees must give full details of the Pension Debit to the receiving scheme.

APPENDIX 3

CONTRACTED-OUT SALARY RELATED SCHEMES

GMP MODEL RULES

SECTION A: THE BASIC RULES

- 1 DEFINITIONS
- 2 OVERRIDING EFFECT OF THESE GMP MODEL RULES
- 3 ALTERATIONS TO THESE GMP MODEL RULES
 - 3.1 Power to alter GMP Model Rules
 - 3.2 OPB Consent
- 4 MEMBERSHIP OF THE SCHEME
- 5 ENTITLEMENT TO GMP
 - 5.1 Guaranteed Minimum
 - 5.2 Member's GMP
 - 5.3 Widow's GMP
 - 5.4 Payment of Widow's GMP
 - 5.5 Widower's GMP
 - 5.6 Payment of Widower's GMP
 - 5.7 Offsetting pension against GMP
- 6 REVALUATION OF GMP
 - 6.1 Revaluation before State Pensionable Age
 - 6.2 Transfers in
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- 7 INCREASE OF GMP
 - 7.1 Increase after State Pensionable Age
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- 8 ANTI-FRANKING
- 9 TRANSFERS INTO THE SCHEME
 - 9.1 Acceptance of transfers
 - 9.2 Effect of transfers
- 10 TRANSFERS OUT OF THE SCHEME
 - 10.1 Conditions for transfer of GMPs
 - 10.2 Effect of such transfers
- 11 TRANSFER PREMIUMS
- 12 COMMUTATION OF GMP
 - 12.1 Circumstances in which GMP may be commuted
 - 12.2 Commutation Condition
- 13 SECURING GMPs
- 14 WINDING-UP THE SCHEME
 - 14.1 Priorities on winding-up
 - 14.2 Order of priorities
 - 14.3 Voluntary contributions
- 15 SCHEME CEASES TO BE A CONTRACTED-OUT SALARY RELATED SCHEME
- 16 SUSPENSION OF GMP
- 17 FORFEITURE OF GMP
- 18 CONTRIBUTIONS EQUIVALENT PREMIUMS

SECTION B: THE EMPLOYER'S COMPULSORY ALTERNATIVES

SECTION C: THE EMPLOYER'S VOLUNTARY OPTIONS

SECTION D: CERTIFICATE TO CONFIRM WHICH PARTS OF SECTIONS B AND C HAVE BEEN INCORPORATED INTO SECTION A OF THE MODEL RULES

GUIDANCE NOTE TO GMP MODEL RULES

(This Guidance Note does not form part of the Rules.)

The documentation attached to this Guidance Note includes everything necessary to enable schemes to adopt contracting-out rules acceptable to the Occupational Pensions Board (OPB). The documentation comprises:-

Section A the Basic Rules

Section B the Employer's Compulsory Alternatives - the Employer **must** select one (only) of each set

Section C the Employer's Voluntary Options - these will only apply if the Employer so indicates

Section D a certificate confirming which parts of Sections B and C have been incorporated into Section A of the Model Rules

The OPB will rely on the documentation certificate (Schedule 11) as evidence that a scheme has adopted acceptable contracting-out rules, although they reserve the right to inspect all of the documentation in any particular case. The OPB assume, however, that employers will prepare a version of the contracting-out rules based upon Section A and the relevant parts of Sections B and C which their scheme is to adopt.

Each of the Rules 14.3, 16, 17 and 18 is optional and may be omitted entirely. If any of these Rules are omitted, the numbering of the Rules and the Contents table may need to be adjusted.

Where these Rules are to be adopted as part of an existing scheme, practitioners must satisfy themselves that the scheme can be amended so as to include the power of alteration in Rule 3.1.

Interpretation: References to any legislation or any provision includes references to any previous legislation or provision relating to the same subject matter and to any modification or re-enactment for the time being in force

CONTRACTED-OUT SALARY RELATED SCHEMES

GMP MODEL RULES

SECTION A

1. DEFINITIONS

In these GMP Model Rules the following words have the following meanings:-

"**the Act**" means the Pension Schemes Act 1993.

"**Actuary**" means a Fellow of the Institute of Actuaries or a Fellow of the Faculty of Actuaries, or a person with other actuarial qualifications who is approved by the Secretary of State for Social Security, at the request of the Trustees, as being a proper person to act in this capacity.

"**Contracted-out Employment**" means a Member's Contracted-out Employment by reference to the Scheme (as in section 8(1)(a)(i) and 8(1)(b) of the Act).

"**Fixed Rate Revaluation**" means the method of revaluing a GMP before State Pensionable Age described in Rule 6.1 (C) below.

"**GMP**" means the guaranteed minimum pension of a Member, Widow or Widower as defined in the Act.

"**Insurer**" means an insurance company, an EC company or a friendly society as defined in regulation 30 of the Occupational Pension Schemes (Contracting-out) Regulations 1984 (SI 1984/380) as amended by regulation 2 of SI 1995/35.

"**Limited Revaluation**" means the method of revaluing a GMP before State Pensionable Age described in Rule 6.1 (B) below.

"**Member**" means a member of the Scheme (including a person who is not in the pensionable service of any employer participating in the Scheme but to whom, or in respect of whom, benefits are still immediately or prospectively payable under the Scheme in respect of previous membership of the Scheme or another scheme).

"**Normal Retiring Date**" means the day on which a Member attains normal pension age (within the meaning of the Act) under the Scheme.

"**Protected Rights**" has the same meaning as in section 10 of the Act.

"**Qualifying Service**" has the same meaning as in section 71(7) of the Act.

"**Rule**" (followed by a number) means the Rule (with that number) in this Appendix.

"**Scheme**" means this occupational pension scheme.

"**Section 53 money purchase scheme**" means a scheme which was a contracted-out scheme, providing protected rights and satisfying section 9(3) of the Act, and which the Occupational Pensions Board are under a duty to supervise under section 53 of the Act.

"**Section 53 salary related scheme**" means a scheme which was a contracted-out scheme, providing guaranteed minimum pensions and satisfying section 9(2) of the Act, and which the Occupational Pensions Board are under a duty to supervise under section 53 of the Act.

"**Section 148 Revaluation**" means the method of revaluing a GMP before State Pensionable Age described in Rule 6.1 (A) below.

"**Short Service Benefit**" means the benefit to which an early leaver who satisfies the qualifying conditions must be entitled under the preservation requirements.

"**State Pensionable Age**" means a man's 65th birthday and a woman's 60th birthday.

"Trustees" means the trustees or administrators of the Scheme.

"Widow" and "Widower" means respectively the widow and the widower of a Member. If a Member has married under a law which allows polygamy and, on the day of the member's death, has more than one spouse, the Trustees must decide which, if any, survivor is the Widow or Widower. In reaching that decision, the Trustees must have regard to the practice of the Department of Social Security and any relevant provisions of existing Social Security legislation, in particular section 17(5) of the Act and regulation 2 of the Social Security and Family Allowance (Polygamous Marriages) Regulations 1975 (SI 1975/561).

2. OVERRIDING EFFECT OF THESE GMP MODEL RULES

These Rules shall apply if any Member's employment becomes Contracted-out Employment by reference to the Scheme and the Scheme is not contracted-out on a money purchase basis. These Rules will only apply for so long as anyone has a GMP or a prospective right to receive a GMP under the Scheme which subjects the Scheme to the continuing supervision of the Occupational Pensions Board.

These Rules override any inconsistent provisions elsewhere in the Scheme except provisions which are necessary in order that Inland Revenue approval for the purposes of Chapter I of Part XIV of the Income and Corporation Taxes Act 1988 is not prejudiced.

3. ALTERATIONS TO THESE GMP MODEL RULES

3.1 **Power to alter GMP Model Rules.** The persons or bodies having the power of alteration in relation to the rest of the Scheme may at any time in writing make any alteration to these GMP Model Rules necessary to comply with the contracting-out requirements of the Act applicable to salary related contracted-out schemes and Section 53 salary related schemes. This power of alteration may be exercised by them without any condition except the one in 3.2 below. It is additional to, and independent of, any other power of alteration in relation to the Scheme.

3.2 **OPB Consent.** No alteration to these GMP Model Rules may be made without the consent of the Occupational Pensions Board. This applies whether the alteration is made under 3.1 above or under any other power of alteration in relation to the Scheme.

4. MEMBERSHIP OF THE SCHEME

Membership of the Scheme must be open to persons who enter employment to which the Scheme relates more than 6 years before Normal Retiring Date. If the Scheme has an annual entry date, this 6 year period may be increased to a period of 6 years plus the part of a year until the next entry date. Where the Scheme and one or more other contracted-out schemes relate to employment with the same employer, those schemes may be treated as if they were a single scheme in deciding whether the requirements of this Rule are satisfied.

5. ENTITLEMENT TO GMP

5.1 **Guaranteed Minimum.** This Rule 5 applies to a Member, Widow or Widower where the Member has a guaranteed minimum in relation to the pension provided for the Member under the Scheme in accordance with section 14 of the Act.

5.2 **Member's GMP.** The Member shall be entitled to a pension for life paid at a rate equivalent to a weekly rate of not less than that guaranteed minimum. The pension will be paid from State Pensionable Age but commencement of the pension may be postponed for any period during which the Member remains in employment after State Pensionable Age:-

- (1) if the employment is employment to which the Scheme relates and the postponement is not for more than 5 years after State Pensionable Age; or
- (2) if the Member consents to the postponement.

5.3 **Widow's GMP.** Where the Member is a man and dies at any time leaving a Widow, she shall be entitled, subject to 5.4 below, to receive a pension from the Scheme paid at a rate equivalent to a weekly rate of not less than half that guaranteed minimum.

5.4 **Payment of Widow's GMP.** [see Section B].

5.5 **Widower's GMP.** Where the Member is a woman and dies at any time on or after 6 April 1989 leaving a Widower, he shall be entitled, subject to 5.6 below, to receive a pension from the Scheme paid at a rate

equivalent to a weekly rate of not less than half of that part of the guaranteed minimum which is attributable to earnings for the tax year 1988/1989 and subsequent tax years.

5.6 **Payment of Widower's GMP.** [see Section B].

5.7 **Offsetting pension against GMP.** Any pension payable to the Member, Widow or Widower under any other provision of the Scheme may be offset against the pension entitlement under this Rule 5 except to the extent that:-

- (1) any part of the pension is an equivalent pension benefit within the meaning of the National Insurance Act 1965; or
- (2) any part of the pension is an increase, calculated in accordance with Schedule 3 of the Act and added to the amount that would be payable but for Chapter II of Part IV of the Act or regulations made under it; or
- (3) offsetting would contravene the anti-franking legislation (see Rule 8 below).

6. REVALUATION OF GMP

6.1 **Revaluation before State Pensionable Age.** Where a Member ceases to be in Contracted-out Employment before State Pensionable Age, the Member's GMP at State Pensionable Age or at the Member's earlier death will be calculated by increasing the accrued rights to GMP at cessation of Contracted-out Employment under one of the options (A), (B) or (C) below.

(A) **Section 148 Revaluation.**

The increase will be by the percentage by which earnings factors for the tax year in which Contracted-out Employment ceases are increased by the last order under section 148 of the Social Security Administration Act 1992 to come into force before the tax year in which the Member reaches State Pensionable Age (or dies, if earlier).

(B) **Limited Revaluation.**

The increase will be by the lesser of:-

- (1) 5 per cent (5%) compound for each tax year after that in which Contracted-out Employment ceases up to and including the last complete tax year before the Member reaches State Pensionable Age (or dies, if earlier); and
- (2) the percentage by which earnings factors for the tax year in which Contracted-out Employment ceases are increased by the last order under section 148 of the Social Security Administration Act 1992 to come into force before the tax year in which the Member reaches State Pensionable Age (or dies, if earlier).

The Trustees must pay a limited revaluation premium in respect of the Member to the Secretary of State for Social Security.

(C) **Fixed Rate Revaluation.**

The increase will be by such rate as regulations made under section 55(5) of the Act specify as being relevant at the date Contracted-out Employment ceases, for each complete tax year after the tax year containing that date up to and including the last complete tax year before the member reaches State Pensionable Age (or dies, if earlier).

The Trustees and the principal employer participating in the Scheme shall decide which of the options (A), (B) or (C) applies to the Scheme. They may at any time decide that one of the other two methods shall be used, instead of the method currently being used, for all Members ceasing to be in Contracted-out Employment after a specified date. They must notify the Occupational Pensions Board whenever the method of revaluation for the Scheme is changed.

6.2 **Transfers in.** Where a transfer payment is received in respect of a Member from another scheme ("the transferring scheme") which includes accrued rights of the Member to a GMP (or includes protected rights in respect of which the receiving scheme will provide a GMP) the earnings factors used in calculating that GMP will normally be revalued using Section 148 Revaluation during the Member's Contracted-out Employment, and 6.1 above will apply if that Contracted-out Employment ceases before State Pensionable Age. The Trustees may,

however, decide, if the provisions of the transferring scheme so allow, to use either Limited Revaluation or Fixed Rate Revaluation from the date on which the Member ceased to be in Contracted-out Employment by reference to the transferring scheme until the Member attains State Pensionable Age (or dies, if earlier) but:-

- (1) Limited Revaluation may not be used as regards any part of the GMP being transferred which arose from Contracted-out Employment in relation to a previous scheme and which the transferring scheme is already revaluing by Fixed Rate Revaluation (or vice versa); and
- (2) the Trustees may not make that decision if, on becoming a Member, the Member's Contracted-out Employment in relation to a previous scheme is treated as continuing for the purposes of the Act.

Where, under this Rule 6.2, Limited Revaluation is to be used, the Trustees shall have power to pay out of the transfer payment in respect of that Member any limited revaluation premium payable as a result of the Member ceasing to be in Contracted-out Employment by reference to the transferring scheme.

Where the Scheme accepts the proceeds of, or the assignment of, an insurance policy which consists of, or includes, accrued rights to GMP, the Trustees may use either Section 148 Revaluation or the method of revaluation that was in use under the policy (and condition (1) above applies).

6.3 **Transfers out.** Where a Member's accrued rights to GMP are transferred to another contracted-out salary related scheme or to a Section 53 salary related scheme, the Trustees may agree with the administrator of that scheme that the Member's GMP shall, instead of being revalued using the method currently being adopted under 6.1 above, be revalued using another method which would be permitted if that scheme contained a rule in the same terms as 6.2 above but, where Limited Revaluation is to be used, that administrator must make arrangements for the payment of any limited revaluation premium (unless it has already been paid by the Trustees).

7. INCREASE OF GMP

7.1 **Increase after State Pensionable Age.** If the commencement of any Member's GMP is postponed for any period after State Pensionable Age, that GMP shall be increased to the extent, if any, specified in section 15 of the Act.

7.2 **Increase after State Pensionable Age or Member's death.** Any GMP to which a Member, Widow or Widower is entitled under Rule 5 above shall, insofar as it is attributable to earnings in the tax years from and including 1988/1989, be increased in accordance with the requirements of section 109 of the Act.

8. ANTI-FRANKING

Except as provided in sections 87-92 and 110 of the Act, no part of a Member's, Widow's or Widower's pension under the Scheme may be used to frank an increase in the Member's, Widow's or Widower's GMP under Rule 6 or Rule 7 above.

9. TRANSFERS INTO THE SCHEME

9.1 **Acceptance of transfers.** The Trustees may accept:-

- (1) a transfer payment in respect of the Member's accrued rights to GMPs under a contracted-out salary related scheme, a Section 53 salary related scheme or a policy of insurance or an annuity contract of the type described in section 19 of the Act;
- (2) a transfer of the liability for the payment of GMPs to, or in respect of, any person who has become entitled to them;
- (3) a transfer of Protected Rights
 - (a) in respect of the Member or a former Member from another scheme which is, or was, an appropriate personal pension scheme
 - (b) in respect of the Member or a former Member from another scheme which is, or was, a scheme contracted-out on a money purchase basis or a Section 53 money purchase scheme.

Transfers may be accepted only as provided in the appropriate regulations.

9.2 **Effect of transfers.** Where a transfer is accepted under 9.1(1) above, the Member's accrued rights to GMPs under the Scheme will be increased accordingly.

Where a transfer is accepted under 9.1(3) above, the Member's, Widow's and Widower's GMPs under the Scheme will be increased by amounts equal to the GMPs to which they would have been treated as entitled by reason of the Member's membership of the transferring scheme if the transfer payment had not been made.

10. TRANSFERS OUT OF THE SCHEME

10.1 **Conditions for transfer of GMPs.** A transfer payment made out of the Scheme may include a Member's accrued rights to GMPs or the liability for the payment of GMPs to, or in respect of, any person who has become entitled to them only if the following conditions are fulfilled. These conditions depend on the type of scheme, policy or contract to which the transfer is being made.

(1) All schemes and arrangements

The Member must consent to the transfer unless:-

- (a) it is made to another contracted-out salary related scheme or a Section 53 salary related scheme where either the scheme is a scheme of the same employer or the transfer involves all of, or a group of, the Members, and either the transfer results from a financial transaction between the Member's old and new employers, or the receiving scheme is a scheme of an employer connected with the Member's old employer for the purposes of section 35 of the Act. The transfer must be made in accordance with the appropriate regulations (SI 1991/167) which may involve an actuarial certificate;
- (b) it is to allow benefits to be bought out where the Member has less than 5 years Qualifying Service, or to allow the Trustees to buy out the benefits of the Widow or Widower of such a Member.

The transfer will be subject to any requirements of the Inland Revenue.

The receiving scheme, policy or contract must be an appropriate personal pension scheme, a contracted-out occupational pension scheme, a Section 53 money purchase scheme, a Section 53 salary related scheme, an overseas occupational pension scheme to which the Occupational Pensions Board approve the transfer, or an insurance policy or annuity contract of the type described in section 19 of the Act.

(2) Contracted-out salary related schemes and section 19 insurance policies or annuity contracts

The receiving scheme, policy or contract must provide the Member and the Member's Widow or Widower with GMPs equal to their accrued GMPs under the Scheme up to the date of transfer, together with revaluation until the Member reaches State Pensionable Age (or dies, if earlier). In the case of GMPs already in payment, the receiving scheme must provide for the pensions to commence from the date from which liability for payment has been assumed by it, and for the conditions of payment relating to its own GMPs to apply equally to such pensions.

(3) All occupational pension schemes (except overseas schemes covered by (6))

The Member must have entered employment with an employer which is (or, in the case of a Section 53 scheme, is or was) a contributor to the receiving scheme. If the employment is not contracted-out, the transfer must be in accordance with regulations 2(4) and 2A(4) of SI 1985/1323.

(4) Appropriate personal pension schemes and occupational pension schemes which are or were contracted-out by the money purchase test

That part of the transfer payment which relates to the Member's accrued rights to GMPs must be of an amount at least equal to the cash value of those accrued rights and applied by the receiving scheme in providing money purchase benefits for, or in respect of, the Member.

(5) **Section 53 money purchase or Section 53 salary related schemes**

No transfer payment may be made to such a scheme without the approval of the Occupational Pensions Board, who may impose any conditions they consider appropriate.

(6) **Overseas occupational pension schemes not covered by (2), (4) or (5) above**

The Member must have entered employment outside the United Kingdom to which the receiving scheme applies.

No transfer payments may be made to such a scheme without the approval of the Occupational Pensions Board, who may impose any conditions they consider appropriate.

10.2 **Effect of such transfers.** Where the Member's accrued rights to GMPs or liability for GMPs already in payment are transferred in accordance with 10.1 above, the Member and the Member's Widow or Widower will cease to have any entitlement to a GMP under the Scheme. If the transfer does not relate to the whole of the Member's rights to benefits under the Scheme, the Member's remaining benefits under the Scheme may be reduced to allow for the fact that the Member's GMP rights have been transferred.

11. TRANSFER PREMIUMS

Where a Member ceases to be in Contracted-out Employment before Normal Retiring Date and the Member's accrued rights to benefits (other than GMPs) are transferred to another occupational pension scheme which is neither a contracted-out scheme nor one which was formerly contracted-out and which remains under the supervision of the Occupational Pensions Board in accordance with section 53 of the Act, or to a non-appropriate personal pension scheme, the Trustees may elect to pay a transfer premium to the Secretary of State for Social Security. No such election may be made where the Member has completed less than 2 years' Qualifying Service or where an accrued rights premium is payable in respect of the Member.

Where a transfer premium is paid, the Member's accrued rights to GMPs under the Scheme shall be extinguished.

12. COMMUTATION OF GMP**12.1 Circumstances in which GMP may be commuted.**

- (1) **Member's GMP.** The Member's GMP may be commuted if the Commutation Condition is satisfied and all the Member's other benefits under the Scheme are being commuted, and
 - (a) the benefits have become payable; or
 - (b) the Scheme is being wound-up.
- (2) **Widow's or Widower's GMP.** The Widow's or Widower's GMP may be commuted if the Commutation Condition is satisfied and all the Widow's or Widower's other benefits under the Scheme are being commuted, and
 - (a) the benefits have become payable; or
 - (b) the Member's benefits are being commuted on grounds of triviality.
- (3) **More than one retirement benefit scheme relating to the same employment.** If the Member is a member of more than one retirement benefit scheme relating to the same employment the requirements of this Rule must be satisfied by all of the schemes.

12.2 **Commutation Condition.** The Commutation Condition is that the aggregate of the pensions and the pension equivalent of any lump sum benefits to which the person is entitled under the Scheme, and under all other retirement benefit schemes relating to employment with the same employer as the employment in respect of which the benefits are payable, does not exceed £260 per annum (or such greater amount as may be prescribed by regulations made under section 21 and section 77 of the Act and is permitted by the Inland Revenue). In addition:-

- (1) Where commutation is taking place before State Pensionable Age, other than on the death of the Member, Limited Revaluation or Fixed Rate Revaluation must be applied to any GMP included in the aggregate pension, and such GMP must be revalued to State Pensionable Age for the purposes of calculating that aggregate. For this purpose, Limited Revaluation is to be taken as 5% per annum compound.

- (2) Where the Member's pension, being an alternative to Short Service Benefit, becomes payable before or after Normal Retiring Date, the value of that pension must, to the reasonable satisfaction of the Trustees, be at least equal to the value of the Short Service Benefit, plus the revaluation to Normal Retiring Date that the deferred pension would have attracted in accordance with Chapter II of Part IV of the Act had it been provided by the Scheme at Normal Retiring Date, and the revaluation of GMP referred to in (1) above.
- (3) Where commutation of the whole of a Member's deferred pension is taking place at Normal Retiring Date (or on the winding-up of the Scheme if earlier), the Members pension in excess of GMP must be revalued up to Normal Retiring Date in accordance with Chapter II of Part IV of the Act and the GMP revalued in accordance with (1) above.
- (4) In any event, the Trustees must be satisfied that the basis of commutation is reasonable. The basis must be certified as reasonable by an Actuary or be in accordance with commutation factors agreed with the PSO as suitable for the Scheme.

13. SECURING GMPs

GMPs may be secured through the Scheme provided it has been established under an irrevocable trust subject to the laws of any part of the United Kingdom. Otherwise, a GMP must be secured by means of an insurance policy or annuity contract with an Insurer.

14. WINDING-UP THE SCHEME

14.1 **Priorities on winding-up.** If the Scheme winds-up for any reason, priority must be given, over any other liability to provide benefits, to any benefit which falls within any one or more of the following:-

- (1) pensions and other benefits in respect of which entitlement to payment has already arisen;
- (2) GMPs and accrued rights to GMPs;
- (3) state scheme premiums;
- (4) equivalent pension benefits within the meaning of the National Insurance Act 1965.

[see Section C for further priorities which may be added]

14.2 **Order of priorities.** The Trustees and the principal employer participating in the Scheme may elsewhere in the provisions of the Scheme specify an order of priorities amongst the items listed in 14.1 above, but the order of priorities shall not give any liability to provide benefits which are not listed in 14.1 above priority equal to or exceeding the priority given to any item which is listed there.

14.3 **Voluntary contributions.** [Optional - see Section C]

15. SCHEME CEASES TO BE A CONTRACTED-OUT SALARY RELATED SCHEME

If the Scheme ceases to be a contracted-out salary related scheme, the Trustees must seek the approval of the Occupational Pensions Board to any proposed arrangement for securing GMPs. If it is decided to buy Members back into the State Earnings Related Pension Scheme (SERPS), then accrued rights premiums or pensioner's rights premiums must be paid to the Secretary of State for Social Security in the manner required by regulations made under the Act. Once these premiums have been paid, the GMPs will be extinguished. The other benefits of the Members, Widows or Widowers concerned under the Scheme shall be reduced by the amount of the GMP accrued at the date the Scheme ceased to be contracted-out, increased to State Pensionable Age (or the Member's death, if earlier) by Fixed Rate Revaluation or Section 148 Revaluation.

16. **SUSPENSION OF GMP** [Optional - see Section C]

17. **FORFEITURE OF GMP** [Optional - see Section C]

18. **CONTRIBUTIONS EQUIVALENT PREMIUMS** [Optional - see Section C]

SECTION B

THE EMPLOYER'S COMPULSORY ALTERNATIVES

The Employer must select one (only) of each set of Compulsory Alternatives, and indicate the choice by ticking the appropriate box on the Certificate

RULE 5.4

- Alternative A: 5.4** The pension shall be paid for life to any Widow.
- Alternative B: 5.4** The pension shall be paid for life to any Widow who is eligible for payment of a State benefit as described in section 17(5) of the Act.
- Alternative C: 5.4** The pension shall be payable to any Widow. It shall cease if the Widow remarries before her 60th birthday, but otherwise it shall be payable for life.
- Alternative D: 5.4** The pension shall be payable to any Widow who is eligible for payment of a State benefit as described in section 17(5) of the Act. It shall cease if she remarries before her 60th birthday, but otherwise it shall be payable for life.
- Alternative E: 5.4** The pension shall be payable to any Widow who is eligible for payment of a State benefit as described in section 17(5) of the Act. It shall cease when the Widow ceases to be entitled to receive payment of those State benefits.

RULE 5.6

- Alternative A: 5.6** The pension shall be paid for life to any Widower.
- Alternative B: 5.6** The pension shall be paid for life to any Widower who is eligible for payment of a GMP under Regulation 33B of the Occupational Pension Schemes (Contracting-out) Regulations 1984.
- Alternative C: 5.6** The pension shall be payable to any Widower. It shall cease if the Widower remarries before his 65th birthday, but otherwise it shall be payable for life.
- Alternative D: 5.6** The pension shall be payable to any Widower who is eligible for payment of a GMP under Regulation 33B of the Occupational Pension Schemes (Contracting-out) Regulations 1984. It shall cease if the Widower remarries before his 65th birthday, but otherwise it shall be payable for life.
- Alternative E: 5.6** The pension shall be payable to any Widower who is eligible for payment of a GMP under Regulation 33B of the Occupational Pension Schemes (Contracting-out) Regulations 1984. It shall cease when the Widower ceases to be entitled to receive payment of that GMP under Regulation 33C of those Regulations.

SECTION C

THE EMPLOYER'S VOLUNTARY OPTIONS

These Voluntary Options will apply only if the Employer indicates that they are to apply by ticking the appropriate box on the Certificate. The Employer should include only those options of Rule 14.1 which he wishes to apply to the Scheme.

Rule 14.3 is optional and may be omitted entirely.

Rules 16, 17 and 18 are optional. They should be included only if the Employer wishes one or more of the Options to apply to the Scheme, but may be omitted entirely.

RULE 14.1

- Option A:** in the case of a serving Member who has attained Normal Retiring Date before the winding-up began, the benefits to which the Member would have been entitled if the Member had retired on the day the winding-up began.
- Option B:** benefits attributable to the Member's service before the Scheme became a contracted-out scheme.
- Option C:** benefits attributable to the Member's service before the Scheme became a contracted-out scheme and calculated in accordance with the provisions of the Scheme in force and relevant earnings at that time.
- Option D:** benefits to which the widow or widower or any dependant of a Member to whom 14.1(1) applies will be entitled on the Member's death.
- Option E:** benefits to which any dependant of a deceased Member will be entitled on the death of any widow or widower or dependant of that Member.
- Option F:** benefits to which the widow or widower or any dependant of a serving Member who has attained Normal Retiring Date before the winding-up began will become entitled on the death of the Member.
- Option G:** benefits resulting from transfer credits.

RULE 14.3

14.3 **Voluntary Contributions.** Where Members' voluntary contributions to the Scheme are being used to provide benefits equivalent on a money purchase basis to the voluntary contributions paid, and where there are separately identifiable assets attributable to those voluntary contributions within the Scheme, 14.1 above shall not apply to those separately identifiable assets. That part of those assets which is attributable to the voluntary contributions of a Member shall be used to provide benefits for, or in respect of, that Member of the types specified in the other provisions of the Scheme. No regular payments may be made by the employer to those separately identifiable assets unless they are used solely for the purpose of meeting administrative expenses.

RULE 16

16. **SUSPENSION OF GMP**

Payment of a GMP may be suspended during any period when:-

Option A:

the person receiving the GMP is unable to act (by reason of mental disorder or otherwise) but the amount of the GMP must either be paid or applied for the maintenance of the recipient or his dependants, or paid to the recipient when that recipient is again able to act, or paid to the recipient's estate after that recipient's death.

Option B:

the recipient of the GMP is in prison or detained in legal custody but the amount of the GMP must then be paid or applied for the maintenance of such one or more of the recipient's dependants as the Trustees shall determine.

Option C:

the Member is receiving the GMP but is then re-employed in an employment to which the Scheme relates. The GMP must then be increased under Rule 7.1 above during the period of suspension.

RULE 17**17. FORFEITURE OF GMP****Option A:**

Any instalment of a GMP may be forfeited if it is not paid within 6 years of the date on which the instalment became due and the Trustees do not know the whereabouts of the recipient.

Option B:

A GMP may be forfeited if the person entitled to the GMP has been convicted of one or more offences under the Official Secrets Act 1911 to 1989, for which the recipient has been sentenced to a term or consecutive terms of imprisonment totalling at least 10 years, or of an offence of treason.

RULE 18**18. CONTRIBUTIONS EQUIVALENT PREMIUMS**

18.1 A contributions equivalent premium shall be paid, subject to 18.2 below, in respect of a Member who ceases to be in Contracted-out Employment before whichever is the earlier of the Member's Normal Retiring Date and the end of the tax year preceding that in which the Member will reach State Pensionable Age with less than 2 years' Qualifying Service and less than 2 years' Contracted-out Employment. A contributions equivalent premium shall not be paid where the Member's accrued rights include rights transferred from a personal pension, nor where the Member is a woman who dies in Contracted-out Employment in respect of Widower's GMP.

Payment of the contributions equivalent premium extinguishes the Member's accrued rights to GMPs under the Scheme. Therefore, where the premium is paid, any refund of contributions to the member or any transfer payment from the Scheme in respect of a Member shall be reduced by the certified amount (as defined in the Act) in relation to that premium and any pension benefit under the Scheme for the Member or the Member's Widow or Widower shall be reduced so as to allow for the fact that their accrued rights to GMPs have been extinguished.

18.2 The premium shall not be payable if:-

Option A:

its amount is less than £17 (or such greater amount as is specified in regulations made under the Act).

Option B:

the Member's accrued rights to GMPs are transferred to another scheme, policy or contract in accordance with Rule 10 above.

Option C:

the Member has become entitled to an immediate or a deferred pension under the Scheme on ceasing to be in Contracted-out Employment.

SECTION D

<p>This certificate forms part of the Model Rules documentation</p>

OCCUPATIONAL PENSIONS BOARD

CONTRACTED-OUT SALARY RELATED SCHEMES

CERTIFICATE TO CONFIRM WHICH PARTS OF SECTIONS B AND C HAVE BEEN INCORPORATED INTO SECTION A OF THE MODEL RULES

I certify that **THE NATIONAL COUNCIL OF YOUNG MEN'S CHRISTIAN ASSOCIATIONS INCORPORATED PENSION AND ASSURANCE PLAN** has adopted with effect from **1st July 1996** as part of the documentation of the scheme an Overriding Appendix of GMP Model Rules, coded OPB/SR/1995, which incorporates the whole of Section A of Appendix 10 of Memorandum No 77 and the parts of Section B and C specified below.

SECTION B - THE EMPLOYER'S COMPULSORY ALTERNATIVES

(Tick the appropriate box to indicate which Compulsory Alternative is adopted. ONE ONLY of each set of Compulsory Alternatives must be adopted.)

Rule 5.4:-

Alternative A	(.....✓.....)
Alternative B	(.....)
Alternative C	(.....)
Alternative D	(.....)
Alternative E	(.....)

Rule 5.6:-

Alternative A	(.....✓.....)
Alternative B	(.....)
Alternative C	(.....)
Alternative D	(.....)
Alternative E	(.....)

SECTION C - THE EMPLOYER'S VOLUNTARY OPTIONS

(Tick the appropriate box only if the Option is to apply.)

Rule 14.1:-

Option A	(.....✓.....)
Option B	(.....)
Option C	(.....)
Option D	(.....✓.....)
Option E	(.....✓.....)
Option F	(.....✓.....)
Option G	(.....)

Rule 14.3:-

Applies	(.....✓.....)
Does not Apply	(.....)

Rule 16:-

Option A	(.....✓.....)
Option B	(.....)

Option C (.....✓.....)

Rule 17:-

Option A (.....✓.....)

Option B (.....✓.....)

Rule 18:-

Applies (.....✓.....)

Does not Apply (.....)

Rule 18.2 (only if Rule 18 applies to the scheme):-

Option A (.....✓.....)

Option B (.....✓.....)

Option C (.....✓.....)

Signature (The Certificate must be signed by either:-

- (i) the administrator of the scheme; or
- (ii) a director of the insurance company concerned; or

Name (iii) an employee authorised by the insurance company to sign such a certificate on its behalf; or

- (iv) a person who is recognised by a self-regulating organisation under the Financial Services Act 1986 or regulated by a professional body under that Act; or a person who is authorised by a consultancy which is so recognised or regulated.)