

DATED 13<sup>th</sup> September 2017

- (1) UNIVERSITY OF LIVERPOOL  
(2) UNIVERSITY OF LIVERPOOL PENSION FUND TRUSTEES LIMITED

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DEED  
adopting  
NEW RULES  
for  
UNIVERSITY OF LIVERPOOL PENSION FUND

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CERTIFIED TO BE A TRUE AND COMPLETE  
COPY OF THE ORIGINAL  
DATED THIS 25<sup>th</sup> DAY OF September 2017  
*Pinsent Masons LLP*  
Pinsent Masons LLP .....



Pinsent Masons

DEED

Dated

13<sup>th</sup> September

2017

BETWEEN -

- (1) UNIVERSITY OF LIVERPOOL ("the Principal Employer"); and
- (2) UNIVERSITY OF LIVERPOOL PENSION FUND TRUSTEES LIMITED (registered number 999912) whose registered office is at Foundation Building, 765 Brownlow Hill, Liverpool, Merseyside L69 7ZX (the "Trustee").

#### INTRODUCTION

- (A) By a declaration of trust approved by resolution of the Council of the Principal Employer on 20 March 1934 the Principal Employer established a pension scheme now called the University of Liverpool Pension Fund (the "**Scheme**").
- (B) The Scheme is now principally governed by the rules adopted by the deed dated 19 May 2008 ("**the Current Rules**"), as amended.
- (C) The Trustee is the present trustee of the Scheme.
- (D) The Principal Employer, with the consent of the Trustee (as testified by its execution of this deed) now wishes to exercise its powers under Rule 25 of the Current Rules to alter the terms of the Current Rules in the manner and to the extent set out in the new edition of the rules annexed to this deed ("**the New Rules**").
- (E) Words or expressions used in this deed which commence with capital letters and which are not otherwise defined in this deed shall have the meanings given to them in the New Rules.
- (F) The amendments set out in this deed (a) are exempt from section 67 of the Pensions Act 1995; or (b) are not regulated modifications (as defined in section 67A(2) of the Pensions Act 1995).
- (G) For the purposes of section 259 of the Pensions Act 2004 (Consultation by employers: occupational pension schemes), none of the decisions to make any of the amendments set out in this deed constitutes a prescribed decision.
- (H) For the purposes of section 37(1) of the Pension Schemes Act 1993 (Alteration of rules of contracted-out schemes), the alterations set out in this deed are permitted by regulation 17 or regulation 20 of the Occupational Pension Schemes (Schemes that were Contracted-out) (No 2) Regulations 2015.

#### EFFECT OF THIS DEED

1. In accordance with the power granted to the Trustee by regulation 7ZA of the Occupational Pension Schemes (Modification of Schemes) Regulations 2006 and having received the consent of the Employers the Trustee hereby **RESOLVES** that the following modification be made to the Scheme with effect on and from the date of this deed ("**the Effective Date**") in relation to all of each Member's (including without limitation each Member who is no longer an Active Member irrespective of when they ceased to be such) subsisting rights at that date, namely: that same sex marriages shall be treated in the same way as opposite sex marriages and in construing the provisions of the Scheme words such as "marriage", "spouse", "widow", "widower" and "divorce" shall be interpreted accordingly: Provided that in relation to a Member's Guaranteed Minimum Pension the survivor of the same sex marriage shall regardless of gender be treated as a man whose deceased spouse was a woman except where section 17 of the Pension Schemes Act 1993 otherwise requires, paragraph 2 of the Contracting-out Appendix (as defined in the Current Rules) notwithstanding.

2. With effect from the Effective Date and immediately after Clause 1 above has taken effect the Principal Employer, with the consent of the Trustee and in accordance with Rule 25 of the Current Rules and any other enabling power, **HEREBY REPLACES** the provisions of the Current Rules with the New Rules, but subject to the other clauses of this deed and not so as to prejudice the validity of any decision, act, omission or other thing made, done or omitted to be done in accordance with the provisions of any other documentation of the Scheme, before the execution of this deed.
3. The provisions of the New Rules shall take effect as of and from a date later than the Effective Date where:-
  - (a) such a date is specified as the operative date of a particular provision (in which case the provision as set out in the Current Rules shall continue to apply until the operative date of the provision as set out in the New Rules); or
  - (b) the provision is included to accord with or to comply with a subsequent legislative or regulatory requirement (in which case the provision shall take effect as of and from the operative date of that requirement).
4. Nothing in this deed or the New Rules shall override the effect of the deed of resolution dated 18 May 2016 relating to the revaluation of guaranteed minimum pensions following the abolition of contracting – out with effect from 6 April 2016.
5. Any benefit payable to or in respect of any employee or former employee of the Employers whose Normal Retirement Date fell before the Effective Date or who before that date died or otherwise ceased to be in Pensionable Service shall be calculated in accordance with the provisions of the Scheme that would have applied but for this deed Provided that for the avoidance of doubt the provisions of Rule 1.8 [*Joining and Leaving: late admission and readmission*], Rule 6.1 [*Leaving Service before Normal Retirement Date: Option 1: Preserved Pension*], Rule 10 [*Exchange of Pension for Lump Sum*], Rule 17 [*Payment of Benefits*], Rule 18 [*Increases in Benefits*], Rule 19 [*Additional Benefits*], Rule 28.1.1 [*Other powers: securing benefits by the purchase of annuities*], Rule 29 [*Alteration of the Rules*], Rule 38 [*Termination and Winding up*], Rule 39 [*Finance Act 2004: Unauthorised payments*] and the Pension Sharing on Divorce Appendix of the New Rules shall apply to such employees and former employees and any other person entitled to benefits under the Scheme by virtue of any such employee or former employee subject to any terms and conditions specified in the Rules and to the Scheme's status as a Registered Pension Scheme not being prejudiced thereby.
6. The adoption of the New Rules shall not cause any Member to cease to be a Member.
7. If the operation of any of the amendments made by this deed would otherwise be invalid for any reason then the amendments made by this deed shall be construed or restricted as far as may be necessary to ensure their validity but not further or otherwise and shall in all other respects operate as set out in this deed.
8. This deed may be executed in any number of counterparts and by each of the parties as separate counterparts each of which when executed and delivered shall be deemed to be an original, but all the counterparts together shall constitute one and the same agreement.

IN WITNESS whereof this deed has been executed on the date set out above.

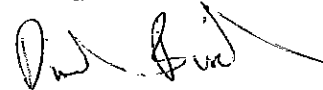
**THE COMMON SEAL of the  
UNIVERSITY OF LIVERPOOL**  
Was hereunto affixed in the presence of

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)

Member of Council



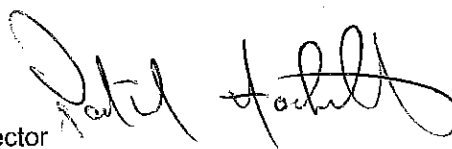
Member of Council



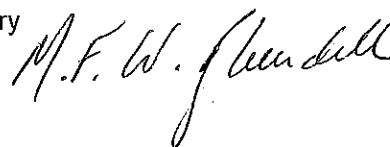
**EXECUTED** as a deed (but not  
delivered until dated)  
by  
**UNIVERSITY OF LIVERPOOL PENSION FUND  
TRUSTEES LIMITED**  
Acting by two Directors or a Director and the  
Secretary

)  
)  
)

Director



Director/Secretary



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**UNIVERSITY OF LIVERPOOL PENSION FUND**

**DEFINITIVE RULES**

adopted by a Deed dated *13<sup>th</sup> September* 2017

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In these Rules –

**"Accrued Rights"**

means for any Member the rights conferring respective entitlement under the Scheme for the Member and his Widow and her Widower to a GMP.

**"Active Member"**

means a Member who has been admitted to membership of the Scheme under Rule 1 [*Joining and Leaving*] or Rule 2 [*Auto-enrolment*] but who has not –

- (a) subsequently left Service (unless he has since returned to Service and been re-admitted to Active Membership under Rule 1.8 [*Joining and Leaving: Late admission and re-admission*] or Rule 2 [*Auto-enrolment*]); or
- (b) opted-out of Active Membership under Rule 1.7 [*Joining and Leaving: Opting-out*] or Rule 2 [*Auto-enrolment*] (unless he has since been re-admitted to Active Membership under Rule 1.8 [*Joining and Leaving: Late admission and re-admission*] or Rule 2 [*Auto-enrolment*]); or
- (c) in the case of a Member who is not a CARE Member, reached Normal Retirement Date; or
- (d) in the case of a Member who is not a CARE Member, otherwise permanently ceased to accrue Pensionable Service provided that for the purposes of this definition a Member who is in Service and who is eligible to make Extra Service Contributions but is not doing so shall not be taken to have permanently ceased to accrue Pensionable Service.

**"Active Membership"**

means the state of being an Active Member.

**"the Actuary"**

means the individual, firm or company appointed by the Trustees as actuary of the Scheme under Rule 32.1 [*The Actuary and Actuarial Reports: Appointment and removal of Actuary*] except that where there is a statutory requirement that a particular function of an actuarial nature must be carried out in relation to the Scheme by an individual appointed for the purposes of Section 47(1)(b) of the Pensions Act 1995, the expression means the individual so appointed who satisfies section 47(5)(b) of that Act.

**"Administrator"**

means the scheme administrator of the Scheme appointed pursuant to Rule 24.6 [*General: Administrator*].

**"Appropriate Policy"**

means a policy of insurance or an annuity contract, appropriate for the purposes of Sections 19(3) and 19(4) of the Pension Schemes Act 1993.

**"Associated Scheme"**

means any other Pension Scheme (other than a Personal Pension Scheme) of the Employers or any of them or to which the Employers or any of them contribute or have contributed and in relation to a Member includes any FSAVC Scheme to which he has contributed or to which contributions have been credited in respect of him.

**"the Auditor"**

means the person appointed by the Trustees as auditor of the Scheme under Rule 31.2 [*Accounts and Auditor: Appointment and removal of Auditor*] and for the purposes of section 47(1)(a) of the Pensions Act 1995, being a person who satisfies Section 47(5)(b) of that Act.

<b>"Authorised Life Office"</b>	means an insurance company which satisfies the conditions described in Regulation 2(1) of the Occupational Pension Schemes (Discharge of Liability) Regulations 1997 (S.I. No. 784).
<b>"Authorised Recipient"</b>	<p>in relation to any Member or beneficiary, comprises any of the following in the circumstances specified:-</p> <p>(a) such Member or beneficiary; or</p> <p>(b) the trustee in bankruptcy of the relevant Member or beneficiary who has obtained a Court Order under Sections 310 and 342A-C of the Insolvency Act 1986; or</p> <p>(c) the spouse or former spouse of the relevant Member or beneficiary who has the benefit of a Court Order under Section 23 of the Matrimonial Causes Act 1973 by virtue of Section 25B or 25C of that Act (earmarking of pensions and other benefits on divorce) or of a Pension Sharing Order (as defined in the Pension Sharing on Divorce Appendix).</p>
<b>"AVCs"</b>	means additional voluntary contributions paid under Rule 4.1 [ <i>Members' Voluntary Contributions: Voluntary contributions to buy additional benefits</i> ].
<b>"CARE Member"</b>	means a person who becomes an Active Member after 31 July 2011 other than a person who becomes an Active Member after 31 July 2011 and in respect of whom the Principal Employer exercises its power under Rule 1.5 [ <i>Membership on special terms</i> ].
<b>"Contracting-out Appendix"</b>	means the appendix to these Rules entitled Contracting-out Appendix of which it forms part.
<b>"Contracting-out Requirements"</b>	means the requirements of Part III of the Pension Schemes Act 1993 and any other requirements under that Act which relate to schemes that were contracted-out schemes (as defined in section 7B of that Act).
<b>"Contributions"</b>	<p>in relation to a Member's benefits means his contributions to the Scheme and includes that part (and only that part) of any money or other assets transferred to the Scheme in respect of him under Rule 22 [<i>Transfers to the Scheme</i>] from a Pension Scheme, expressed as an amount, which arises from:-</p> <p>(a) his contributions to the transferring Pension Scheme; and/or</p> <p>(b) (where appropriate) his contributions to another Pension Scheme which have been secured under an Appropriate Policy, in respect of which a transfer has been made under Rule 22 [<i>Transfers to the Scheme</i>]</p> <p>but excludes AVCs and any amounts which have been refunded.</p>
<b>"Dependant"</b>	in relation to a Member means any individual (whether or not a Relative) who, in the opinion of the Trustees, is or was at the time of such Member's death wholly or partly dependent upon him.
<b>"Disclosure Requirements"</b>	means the requirements of Sections 113 to 115 inclusive of the Pension Schemes Act 1993 and Section 41 of the Pensions Act 1995.

## "Discretionary Trusts"

means that, in regard to any sum directed to be held on them in respect of a deceased Member:-

- (a) the Trustees have power, at their discretion, to pay or apply the whole or any part of that sum to or for the benefit of all or any of the Relatives, Dependants, personal representatives or nominated beneficiaries or statutory next of kin of such deceased Member or any beneficiary of the deceased person (other than the Crown or the Duchy of Lancaster or the Duchy of Cornwall) in such shares and proportions as the Trustees in their absolute discretion decide but so that, if the Member does not leave any Relative or Dependant, the Trustees may elect to retain all or any part of the sum as part of the Fund; and without prejudice to the generality of the foregoing power, the Trustees have power to declare in respect of any sum or part thereof such separate trusts terms and limitations including such provisions for maintenance, education, advancement and accumulation of income during a minority, and including such discretionary trusts and powers, as the Trustees shall from time to time by deed revocable or irrevocable appoint, but without infringing the rule against perpetuities, and the Trustees have power to appoint as trustees of such fund any two persons or a trust corporation as the Trustees shall in their absolute discretion decide and to remove any of such trustees and appoint any other trustee in place of anyone so removed and provide for the remuneration of any such appointee;
- (b) if or to the extent that the Trustees shall not exercise the powers contained in paragraph (a) hereof within two years of the death of a Member, the Trustees shall hold such sum as a separate fund from the Fund constituted hereunder upon trust for the personal representatives of the deceased Member or, if there are none, the statutory next of kin of the deceased Member;
- (c) the Trustees may, but without being in any way bound to do so, have regard to any document signed by the Member concerned expressing his wishes relating to the disposal of any sum to be held upon the Discretionary Trusts, and may issue forms to Members for the purpose, and so that for the purposes of this definition any person named in such expression of wish who is not a Relative or Dependant of the Member, and any charity, association, club, society or other body named in such expression of wish, shall be a "nominated beneficiary";
- (d) notwithstanding the provisions of this definition the Trustees shall be entitled to recover out of any payment to which this definition applies any sum due to the Trustees by way of arrears of contribution at the date of death.

## "Earnings"

subject to Rule 23 [*Members who participate in a "salary sacrifice scheme for pension contributions"*] means a Member's Salary plus any enhancements to the basic annual rate of the salary or wages payable to a Member plus pay (if any) relating to any additional hours worked for the Member's Employer including any enhancements to the rate of that pay provided that pay in respect of any hours worked by the Member which are in excess of the normal full-time hours of an Employee of the same grade as the Member shall be excluded.

<b>"Effective Date"</b>	is as defined in Clause 1 of the Deed which adopted these Rules.
<b>"Employee"</b>	means an employee (including a director) of an Employer except for any person in respect of whom the Trustees have received written notification from the Principal Employer that he is a casual worker or a student worker.
<b>"Employer"</b>	in relation to a Member, means whichever of the Employers is currently employing him or, if none, the one which last employed him.
<b>"Employers"</b>	means collectively the Principal Employer and such companies as are for the time being participating in the Scheme under the terms of Rule 36 [ <i>Participating Companies</i> ].
<b>"Enrolment Information"</b>	means the information specified in regulation 2 of the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010.
<b>"Equivalent Pension Benefits"</b>	means pensions complying with the requirements for non-participation under the National Insurance Acts.
<b>"Extra Service"</b>	in relation to a Member means Service in respect of which the Member pays Extra Service Contributions.
<b>"Extra Service Contributions"</b>	in relation to a Member means contributions paid by the Member under Rule 3.2 [ <i>Extra Service Contributions</i> ].
<b>"FSAVC Scheme"</b>	means a Pension Scheme that was approved by HMRC by virtue of section 591(2)(h) of the Taxes Act.
<b>"Fund"</b>	means the pension fund constituted under the Rules.
<b>"GMP"</b>	means where applicable any guaranteed minimum pension, as defined in the Pension Schemes Act 1993, of a Member, Widow or Widower.
<b>"HMRC"</b>	means HM Revenue and Customs (and, previously, the Inland Revenue).
<b>"Incapacity"</b>	is defined in Rule 6.2.1(b)(ii).
<b>"the Index"</b>	means the Index of Retail Prices published by the Office for National Statistics or any other official index published in substitution for that Index.
<b>"ITEPA"</b>	means the Income Tax (Earnings and Pensions) Act 2003
<b>"Jobholder"</b>	means an Employee who meets the requirements of Section 1(1) of the Pensions Act 2008 in relation to his Employer and who is determined by the Principal Employer not to be eligible to be a member of the Universities Superannuation Scheme and whose eligibility for auto-enrolment or opting in as an Active Member his Employer has confirmed to the Trustees provided that without prejudice to the definition in these Rules of "Employee" no person whose contract is within Section 88(3)(b) of the Pensions Act 2008 shall be a Jobholder and neither shall any "agency worker" within the meaning of Section 89 of that Act.

<b>"Jobholder Information"</b>	means the information specified in regulation 3 of the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010.
<b>"Lifetime Allowance"</b>	means the relevant individual's lifetime allowance in accordance with Section 218 of the Finance Act 2004.
<b>"Lifetime Allowance Charge"</b>	has the meaning given in Section 214 of the Finance Act 2004.
<b>"Maternity Leave"</b>	means in relation to a Member who returns or is entitled to return to work after an absence for pregnancy or confinement (whether in exercise of a right under the Employment Rights Act 1996 or otherwise with the agreement of her Employer) the period of absence.
<b>"Member"</b>	means any person admitted to membership of the Scheme so long as he is presently or prospectively entitled to benefits or to a refund of Contributions from the Scheme in respect of his own membership. An Ex-Spouse Participant and an Ex-Spouse (as defined in the Pension Sharing on Divorce Appendix) shall be a Member only for the purposes of Rule 17 [ <i>Payment of Benefits</i> ] and the definitions of "Dependant" and "Qualifying Spouse".
<b>"National Insurance Acts"</b>	means the National Insurance Act 1965 and the National Insurance Act (Northern Ireland) 1966.
<b>"Non-Qualifying Member"</b>	means a Member who has completed less than three months' Qualifying Service other than a Member in respect of whom a transfer has been received from a Personal Pension Scheme under Rule 22 [ <i>Transfers to the Scheme</i> ].
<b>"Normal Minimum Pension Age"</b>	in respect of a Member means:- <ul style="list-style-type: none"> <li>(a) before 6th April 2010: age 50; and</li> <li>(b) on and after that date: age 55.</li> </ul>
<b>"Normal Retirement Date"</b>	means the date on which a Member attains age 65 or such other date not being later than the last day of the pay period in which the Member attains age 65 as the Principal Employer may decide. The Normal Retirement Date of a female member who left the Scheme before 17 May 1990 shall be the date on which she attains age 60.
<b>"Occupational Pension Scheme"</b>	has the meaning given in Section 1 of the Pension Schemes Act 1993
<b>"Opt in Notice"</b>	means a notice under section 7(3) of the Pensions Act 2008.
<b>"Opt out Notice"</b>	means a notice under section 8 of the Pensions Act 2008.
<b>"Part-Time Conversion Factor"</b>	means in relation to any period of Part-Time Pensionable Service the fraction – $\frac{PTH}{FTH}$ <p>where</p> <p><b>"PTH"</b> is the Member's contracted hours of Service; and</p>

**"FTH"** is 35 (or such other number as is equal to the number of hours which the Principal Employer designates in relation to such period as the number of hours in the normal full-time working week).

**"Part-Time Pensionable Service"** in relation to a Member means Pensionable Service in respect of which the Member has contracted to work a certain number of hours a week which is less than 35 (or such other number which is the number of hours which the Principal Employer designates in relation to such period as the number of hours in the normal full-time working week) provided that in construing this definition for the purposes of the definition 'Salary' the restriction excluding any period of service over 40 years in the definition of 'Pensionable Service' is to be disregarded.

**"Pay Reference Period"** means the period (not shorter than one week) by reference to which a Jobholder is paid his regular wage or salary.

**"Pension Scheme"** has the meaning given in Section 150 of the Finance Act 2004.

**"Pension Sharing on Divorce Appendix"** means the Appendix to these Rules entitled Pension Sharing on Divorce Appendix, of which it forms part.

**"Pensionable Earnings"** means a Member's Earnings during the year immediately before Normal Retirement Date, death or leaving Pensionable Service whichever is the earliest multiplied by (if during any part of that year the Member was in Part-Time Pensionable Service) the Variable-Time Conversion Factor For Pensionable Earnings provided that in this definition for the purpose of determining the date of leaving Pensionable Service and for the purpose of construing 'Part-Time Pensionable Service' the restriction excluding any period of Service over 40 years in the definition of Pensionable Service is to be disregarded.

**"Pensionable Salary"** means a Member's Salary during the year immediately before Normal Retirement Date, death or leaving Pensionable Service, whichever is the earliest provided that in this definition for the purposes of determining the date of leaving Pensionable Service the restriction excluding any period of Service over 40 years in the definition of 'Pensionable Service' is to be disregarded.

**"Pensionable Service"** in relation to a Member means the aggregate following his satisfying the requirements of Rule 1 or Rule 2 of the following periods –

- (a) subject to the provisions of Rule 5 [*Temporary Absence*] his last or only continuous period of Service falling before Normal Retirement Date provided that:-
  - (i) where any Pensionable Service accrued before 1 August 2005 is Part-Time Pensionable Service, such Pensionable Service shall be multiplied by the Part-Time Conversion Factor applicable to that period of Part-Time Pensionable Service;
  - (ii) where any Pensionable Service accrued on or after 1 August 2005 is Part-Time Pensionable Service then Pensionable Service accrued on or after 1 August 2005 shall be multiplied by the Variable-Time Conversion Factor For Pensionable Service; and

- (iii) any previous period of Service shall also rank as Service for this purpose if the interval between the two periods is one month or less and the Member repays any benefits which may have been paid to him in respect of any previous period.
- (b) credited to a Member by reason of a transfer under Rule 22 [*Transfers to the Scheme*];
- (c) any period credited to a Member under Rule 19.1 [*Additional benefits: augmented benefits*];
- (d) any period credited to a member under Rule 4.1.5 [*Voluntary contributions to buy additional benefits*];
- (e) notwithstanding anything elsewhere in this definition Extra Service.

but excludes any period of Service over 40 years except where such Service has accrued pursuant to sub-clause (e) of this definition or any period in respect of which a refund of Contributions has been paid under Rule 6.4 or Rule 6.5 [*Leaving Service before Normal Retirement Date*].

Where the Rules refer to being, or ceasing to be, in Pensionable Service or to cessation of Pensionable Service, such reference relates only to Pensionable Service ranking under (a) above.

<b>"Personal Pension Scheme"</b>	has the meaning given in Section 1 of the Pension Schemes Act 1993.
<b>"Post-NRD Member"</b>	means a Member in Service after Normal Retirement Date by agreement with the Employer who ceased to be an Active Member at that date.
<b>"Preservation Regulations"</b>	means the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991 (S.I. 1991 No. 167).
<b>"the Preservation Requirements"</b>	means the requirements of Chapter I of Part IV of the Pension Schemes Act 1993 or the Preservation Regulations, as the context admits.
<b>"Pre-1997 Rights"</b>	means the rights in relation to a Member or a Member's Widow or Widower, or prospective rights of that person, to receive a GMP under the Scheme which accrued before 6 April 1997.
<b>"Principal Employer"</b>	means the University of Liverpool or its replacement for the time being in accordance with Rule 35 [ <i>Replacement of Principal Employer</i> ].
<b>"Protected Member"</b>	means a Member who is an Active Member on 1 August 2011; who entered Service before 1 December 2004; who last became an Active Member before 1 February 2005; and whose 55th birthday falls on or before 1 August 2011.
<b>"Qualifying Child"</b>	in relation to a deceased Member means the lawful, adopted or legitimated child of the Member including a stepchild and illegitimate child who was wholly or mainly dependent on the Member, or a child conceived but not born at the time of the Member's death (or at the date of retirement, if death occurs after retirement) and who would

have been so dependent when born if the Member had been alive who:-

- (a) is under age 18;
- (b) is under age 23 and is, and has been continuously since age 18, receiving full-time education or undergoing full-time training of at least two years' duration for any trade or profession or vocation, the remuneration for which is not more than the maximum allowable remuneration as from time to time specified by the Employer; or
- (c) is in the opinion of the Administrator dependent on the Member because of physical or mental incapability and the Trustees in their absolute discretion decide is to be treated as a Qualifying Child.

Provided that the provisions of Rule 39 [*Finance Act 2004: Unauthorised payments*] shall apply to any payments to a Qualifying Child which are Unauthorised Payments.

**"Qualifying Recognised Overseas Pension Scheme"** has the meaning given in Section 169(2) of the Finance Act 2004.

**"Qualifying Service"** in relation to a Member means the aggregate of the following periods, no period being reckoned more than once –

- (a) his Pensionable Service; and
- (b) all periods of employment to which a transfer under Rule 22 [*Transfers to the Scheme*] relates

Provided that –

- (A) no account shall be taken of any Pensionable Service during which the Member was not in Service nor of any period which would not have qualified him for benefits at Normal Retirement Date had he remained in Service until then;
- (B) a previous period of Pensionable Service shall rank as Qualifying Service notwithstanding any intervening break in Service if the break –
  - (i) does not exceed one month; or
  - (ii) is Maternity Leave; or
  - (iii) is of any length provided the Member had previously completed two years' Qualifying Service ending after 5 April 1975, excluding any period –
    - (a) for which a refund of Contributions has been paid;
    - (b) for which a transfer payment has been made in respect of him to another Pension Scheme other than an Associated Scheme; and/or



- (c) for which an Appropriate Policy has been purchased for him;
- (C) the Trustees with the consent of the Employer may allow such other period or periods as they shall decide to reckon as Qualifying Service either generally or in any particular case.
- "Qualifying Spouse"** in relation to a deceased Member means the person to whom he was married or was in a civil partnership with at the date of his death Provided that for the purposes of Rule 12.2.3 subject to the Contracting-out Appendix it means the person to whom the Member was married or was in a civil partnership with at retirement or after retirement if the Trustees shall so determine.
- "Recognised Transfer"** has the meaning given in Section 169 of the Finance Act 2004.
- "Refund Date"**
- (a) the date one month from the date on which the Employer is given a valid Opt out Notice, or
- (b) where the Opt out Notice is given to the Employer after its payroll arrangements have closed, the last day of the second applicable Pay Reference Period following the date on which the valid Opt out Notice is given.
- "Registered Pension Scheme"** is a Pension Scheme for the time being registered as a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004.
- "Relative"** means and includes in relation to any deceased Member:-
- (a) the widow, widower, or civil partner of the Member
- (b) the father or mother (whether lawful or adoptive) of the Member and the widow or widower of such father or mother
- (c) any person (except such Member) who is the child or remoter issue (whether lawful or adoptive) of such father or mother or of the Member's grandparents, and the spouse or widow or widower of any such person, and
- (d) any person who has been the wife, husband or civil partner of the Member.
- "Remuneration"** in relation to any year means total emoluments from the Employer in the year in question which are assessable to Income Tax under Part 2 of ITEPA 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 Taxes Act.
- "Retirement"** is defined in Rule 6.2.1(b)(iii) [*Early Retirement on the grounds of ill-health*].
- "Retiring Employer"** is defined in Rule 38.3.1 [*Termination and Winding-up: Withdrawal of an individual employer*].
- "Revaluation Requirements"** means Sections 83 to 86 inclusive of the Pension Schemes Act 1993.
- "Rules"** means these Rules together with any alteration, modification or addition made under Rule 29 [*Alteration of the Rules*].

<b>"Salary",</b>	subject to Rule 23 [ <i>Members who participate in a "salary sacrifice scheme for pension contributions"</i> ], means the basic annual rate of the salary or wage payable to a Member but excluding overtime earnings and any other bonus or other emolument unless the Principal Employer with the consent of the Trustees decides otherwise. For the purpose of calculating Pensionable Salary all Salary earned during periods of Part-Time Pensionable Service shall be divided by the Part-Time Conversion Factor.
<b>"the Scheme"</b>	means the University of Liverpool Pension Fund constituted by these Rules, the Deed adopting these Rules and the Deeds and other documents to which the adopting Deed is expressed to be supplemental.
<b>"the Scheme Year"</b>	means a year commencing on 1 August.
<b>"Service"</b>	means employment with an Employer subject to Rule 5 [ <i>Temporary Absence</i> ] and also includes the employment of salaried directors satisfying the eligibility requirements. A Member who leaves Service with an immediate or preserved pension and subsequently re-enters Service but is not readmitted to Active Membership shall be treated for the purposes of all the Rules, other than the Interpretation Section and Rule 1.1 [ <i>Joining and Leaving: Eligibility</i> ] and Rule 2 [ <i>Auto-enrolment</i> ] as if he was not in Service.
<b>"State Pensionable Age"</b>	has the meaning given to pensionable age in Section 181 of the Pension Schemes Act 1993.
<b>"Tax Year"</b>	means a year beginning on 6 April.
<b>"the Taxes Act"</b>	means the Income and Corporation Taxes Act 1988.
<b>"Total Incapacity"</b>	is defined in Rule 6.2.1(b)(i) [ <i>Early retirement on the grounds of ill-health</i> ].
<b>"Transfer Option Member"</b>	means a Member who has completed at least three months' but less than 2 years' Qualifying Service other than a Member in respect of whom a transfer has been received from a Personal Pension Scheme under Rule 22 [ <i>Transfers to the Scheme</i> ].
<b>"Transfer Regulations"</b>	means those provisions of the Preservation Requirements, the Contracting-Out (Transfer and Transfer Payment) Regulations 1996 (S.I. 1996 No. 1462), the Occupational Pension Schemes (Transfer Values) Regulations 1996 (S.I. 1996 No. 1847) and the Occupational Pension Schemes (Early Leavers: Cash Transfer Sums and Contribution Refunds) Regulations 2006 (S.I. 2006 No. 33) which are relevant to transfers between Appropriate Policies, Personal Pension Schemes, Occupational Pension Schemes and Qualifying Recognised Overseas Pension Schemes.
<b>"Transfer Value Laws"</b>	means the laws on transfer values in Chapter 1 of Part 4ZA of the Pension Schemes Act 1993.
<b>"the Trustees"</b>	means the University of Liverpool Pension Fund Trustees Limited (Registered Number 999912) or such other trustees or trustee appointed for the time being to act alongside or in place of that company as trustee or trustees of the Scheme pursuant to Rule 24.2 [ <i>Power of appointment and removal</i> ].
<b>"Unauthorised Payment"</b>	has the meaning given under section 160(5) of the Finance Act 2004.

**"Variable-Time Conversion Factor For Pensionable Service"**

means in relation to a Member the fraction:-

$$\frac{VTH}{FTH}$$

where

"VTH" is to be calculated as follows. "Monthly VTH" is to be determined for each pay period or part of a pay period which falls in the period of Pensionable Service accrued after 31 July 2005 and before the date of Normal Retirement Date, death or leaving Pensionable Service as the case may be. "Monthly VTH" means the aggregate of the Member's contracted hours for the pay period or part of a pay period in question and additional hours (if any) worked by the Member during that pay period or part of a pay period provided that "Monthly VTH" for any pay period or part of a pay period shall not exceed the number of contracted hours of Service that the Member would have worked during that pay period or part of a pay period had he been contracted to work during the whole of that pay period or part of a pay period the full-time hours of an Employee of his grade. VTH is the aggregate of every "Monthly VTH" so calculated; and

"FTH" the number of contracted hours of Service that the Member would have worked in the period of Pensionable Service accrued after 31 July 2005 and before the date of Normal Retirement Date, death or leaving Pensionable Service as the case may be had he been contracted to work during the whole of that period the full-time hours of an Employee of his grade.

**"Variable-Time Conversion Factor For Pensionable Earnings"**

in relation to a Member means the fraction:-

$$\frac{FTH}{VTH}$$

Where:-

"FTH" is the number of contracted hours of Service that the Member would have worked in the period used in the determination of the Member's Pensionable Earnings had he been contracted to work during the whole of that period the full-time hours of an Employee of his grade; and

"VTH" is to be calculated as follows. "Monthly VTH" is to be determined for each pay period or part of a pay period which falls in the period used in the determination of the Member's Pensionable Earnings. "Monthly VTH" means the aggregate of the Member's contracted hours for the pay period or the part of a pay period in question and additional hours (if any) worked by the Member during that pay period or part of a pay period provided that "Monthly VTH" for any pay period or part of a pay period shall not exceed the number of contracted hours of Service that the Member would have worked during that pay period or part of a pay period had he been contracted to work during the whole of that pay period or part of a pay period the full-time hours of an Employee of his grade. VTH is the aggregate of every "Monthly VTH" so calculated.

**"Widow" and "Widower"**

have the meanings given in the Contracting-out Appendix.

**"Winding-up Regulations"**

means the Occupational Pension Schemes (Winding-up) Regulations 1996 (S.I. 1996 No. 3126).

**"Year"**

includes a fraction of a year calculated by reference to the number of complete months in any incomplete year which shall be taken into account for all purposes as representing twelfths of a year.

Throughout these Rules, the following principles of construction and interpretation shall apply –

1. Where the context so admits, words relating to men also relate to women and vice versa and words importing the singular include the plural and vice versa.
2. References to any statutory provision include any pre-enactment, modification, re-enactment or extension thereof for the time being in force and any statutory instruments, orders or regulations from time to time made thereunder.
3. References to any statutory instrument, order or regulation include the statutory provision under which it is made including any amendment for the time being in force.
4. The expression "person" includes any firm, organisation or body of persons corporate or unincorporate.
5. The expression "employee" and "director" shall include any person occupying the position of director, by whatever name called.
6. Definitions relating to contracting-out are given in the Contracting-out Appendix, but if not will have the meanings given in the Pension Schemes Act 1993.
7. The headings to the Rules and the references in square brackets to the headings of any Rules do not affect their interpretation.
8. These principles and the definitions above all form part of the Rules.
9. Definitions relating to pension sharing on divorce pursuant to the Welfare Reform and Pensions Act 1999 are given in the Pension Sharing on Divorce Appendix.

## 1. JOINING AND LEAVING

### 1.1 Eligibility

An Employee is eligible for membership if he –

- 1.1.1 is in Service;
- 1.1.2 has not attained age 75;
- 1.1.3 is determined by the Principal Employer not to be eligible to be a member of the Universities Superannuation Scheme; and
- 1.1.4 is not receiving a pension from the Scheme.

However, the Principal Employer may waive the eligibility conditions set out above for any Employee or class of Employees.

### 1.2 Date of admission

An Employee who satisfies the eligibility conditions in Rule 1.1 will be admitted as a Member automatically, with effect from when he first satisfies those eligibility conditions. Such an Employee or a person who has become a Member by virtue of Rule 2 [*Auto-enrolment*] and who has ceased to have the right to opt out under Rule 2.3 [*Opting out*] may choose to opt-out of the Scheme under Rule 1.7 within three months of being admitted as a Member. If he decides to do so he will be treated as if he had never been a Member in respect of that employment.

### 1.3 Application for membership

Except where Rule 2 [*Auto-enrolment*] applies, every Employee who is eligible to join the Scheme and who wishes to join must complete a written application for membership, if requested to do so by the Trustees, in such form as the Trustees shall from time to time require. Every Employee who becomes a Member automatically under Rule 1.2 shall if requested to do so by the Trustees sign a written application or acceptance of membership in such form as the Trustees shall from time to time require and any refusal to sign such application may be taken as evidence that the Employee concerned has opted to withdraw from the Scheme under Rule 1.7.

### 1.4 CARE Members

The benefits of CARE Members are set out in the Schedule to these Rules which overrides the Rules to the extent set out in that Schedule.

### 1.5 Membership on special terms

The Principal Employer may decide that an Employee who satisfies the eligibility conditions in Rule 1.1 shall not be admitted as a CARE Member but shall instead be admitted as a Member on the terms and conditions applicable as at the date of admission to an Active Member who last became a Member of the Scheme on or before 31 July 2011 and who is not a Protected Member with such adjustments as the Principal Employer may deem appropriate. The Principal Employer shall forthwith notify the Trustees in writing of any Member in respect of whom it has exercised the power set out in this Rule.

### 1.6 End of eligibility

If –

- 1.6.1 the Member ceases to be an Employee (except in the circumstances set out in Rule 5 [*Temporary Absence*] in which case the provisions of that Rule apply);

1.6.2 the Member leaves or retires from Service (except in the circumstances set out in Rule 5 in which case the provisions of that Rule apply); or

1.6.3 the Member attains Normal Retirement Date (except where the Member continues to contribute in accordance with Rule 3.3 [*Contributions after Normal Retirement Date*] in which case this Clause will apply as if "Normal Retirement Date" is the date the Member ceases to make such contributions,

the Member will be treated as if he had opted-out under Rule 1.7 from that date.

However, the Principal Employer may determine that, notwithstanding the provisions set out in this Rule 1.6, a Member continues to be eligible and has not opted out under Rule 1.7.

## 1.7 **Opting-out**

A Member who does not have the right to opt out under Rule 2.3 may elect to opt out of Pensionable Service by signed written notice to the Trustees. Subject to Rule 1.2 the last day of his Pensionable Service shall be no later than the end of the month in which such notice is received by the Trustees. Notification to the Employer shall, for this purpose, be regarded as notification to the Trustees.

Between the last day of the Member's Pensionable Service and the date he leaves Service, dies or is re-admitted to Active Membership under Rule 1.8 or Rule 2, the provisions of Rule 6 [*Leaving Service Before Normal Retirement Date*] shall apply to him as if he had left Service when his Pensionable Service came to an end.

## 1.8 **Late admission and re-admission**

Subject to Rule 2 [*Auto-enrolment*], an Employee who does not join the Scheme or a Member who opts out of the Scheme may only join or rejoin and start again to accrue benefits if the Principal Employer in its absolute discretion permits and then only on such terms as the Principal Employer and the Trustees shall notify to him. Any such terms shall not amount to unlawful discrimination as prohibited by the Disability Discrimination Act 1995.

## 2. **AUTO-ENROLMENT**

### 2.1 **Enrolment and re-enrolment**

2.1.1 A Jobholder in respect of whom an Employer is required to make prescribed arrangements under Section 3 (Automatic enrolment) of the Pensions Act 2008 shall be eligible for auto-enrolment with effect from the "automatic enrolment date" (within the meaning of Section 3).

2.1.2 A Jobholder in respect of whom the Employer is required to make prescribed arrangements under Section 5 (Automatic re-enrolment) of the Pensions Act 2008 shall be eligible for auto-enrolment with effect from the "automatic re-enrolment date" (within the meaning of Section 5).

2.1.3 Within one month of a Jobholder becoming eligible for auto-enrolment his Employer must give him the Enrolment Information and must give the Trustees the Jobholder Information. The Jobholder shall become an Active Member of the Scheme with effect from the date he became eligible for auto-enrolment.

### 2.2 **Opting in**

2.2.1 A Jobholder who by virtue of Section 7 of the Pensions Act 2008 may require an Employer to arrange for him to become an active member of an automatic enrolment scheme may opt in as an Active Member. To opt in, he must give his Employer a valid Opt in Notice.

- 2.2.2 As soon as reasonably possible after the Employer receives a valid Opt in Notice from a Jobholder, it must inform the Trustees of that Notice.
- 2.2.3 The Jobholder shall become an Active Member with effect from the "enrolment date" (within the meaning of regulation 18 of the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010).

### 2.3 **Opting out**

- 2.3.1 A Jobholder who has been automatically enrolled or who has opted in pursuant to Rule 2.2 may opt out of Active Membership. To opt out, he must give his Employer a valid Opt out Notice within one month of the later of:
- (a) the date he was automatically enrolled; and
  - (b) the date his Employer gave him the Enrolment Information.
- 2.3.2 If a Jobholder gives his Employer a valid Opt out Notice-
- (a) the Employer must inform the Trustees as soon as reasonably possible that it has received that notice. The Trustees must then refund to the Employer before the Refund Date any contributions made to the Scheme by or on behalf of the Jobholder;
  - (b) the Employer must refund to the Jobholder before the Refund Date any contributions paid by or on behalf of the Jobholder except where any of those refunds are required to be paid as tax; and
  - (c) the Jobholder shall be treated as if he had never been an Active Member.

## 3. **MEMBERS' CONTRIBUTIONS**

### 3.1 **Compulsory Contributions**

- 3.1.1 Subject to Rule 23 [*Members who participate in a "salary sacrifice scheme for pension contributions"*] and to Rules 3.1.1(a) and 3.1.1(b) below, each Active Member shall contribute to the Scheme at the rate of 7.5% of Earnings or such other rate as is agreed by the Principal Employer and the Trustees acting upon the advice of the Actuary from time to time.
- (a) An Active Member's contributions under this Rule 3.1 shall commence with the first payment of Earnings following the date of becoming an Active Member.
  - (b) An Active Member's contributions under this Rule 3.1 shall cease upon his attaining 40 years' Pensionable Service but he may choose to continue to contribute under Rule 3.2.

### 3.2 **Extra Service Contributions**

- 3.2.1 Subject to Rule 23 [*Members who participate in a "salary sacrifice scheme for pension contributions"*], an Active Member who attains 40 years' Pensionable Service may choose to continue to contribute to the Scheme.
- 3.2.2 An Active Member's contributions under this Rule 3.2 shall cease upon the earlier of:-
- (a) attainment of Normal Retirement Date; and
  - (b) the expiry of one months' notice in writing from the Active Member to the Trustees that he wishes to cease contributing under this Rule 3.2.

### 3.3 Contributions after Normal Retirement Date

- 3.3.1 Subject to Rule 23 [*Members who participate in a "salary sacrifice scheme for pension contributions"*] and to Rules 3.3.2, 3.3.3 and 3.3.4, a Post-NRD Member may elect to contribute to the Scheme as if Rule 3.1.1 applies to him in the way which would apply to an Active Member who has not attained Normal Retirement Date and who has not attained 40 years' Pensionable Service.
- 3.3.2 A Post-NRD Member's contributions under this Rule 3.3 shall commence with the first payment of Earnings following the date of becoming a Post-NRD Member.
- 3.3.3 Except as provided under Rule 3.3.4, a Post-NRD Member's contributions under this Rule 3.3 shall cease on the thirty-first day of July following his 65th birthday or when he leaves Service or when he chooses under Rule 9.1 to take all of his benefits on any one occasion between Normal Retirement Date and the date of his actual retirement, whichever is the earliest date.
- 3.3.4 The Principal Employer may at his discretion allow a Post-NRD Member to continue to contribute beyond the thirty-first day of July following his 65th birthday until such time as he leaves Service or until such time as he chooses under Rule 9.1 to take all of his benefits on any one occasion between Normal Retirement Date and the date of his actual retirement whichever is the earliest date.

### 3.4 Deduction of Contributions

A Member's contributions under Rules 3.1, 3.2 or 3.3 shall be deductible by the Employer from Earnings becoming payable to the Member and shall then become a debt due by the Employer to the Trustees and shall be paid not later than the date determined in accordance with the schedule of contributions binding on the Employer by virtue of Section 227 of the Pensions Act 2004 and in any event within nineteen days following the end of the month in which they were deducted.

The provisions in Rule 34.2 [*Contributions: Employers' Obligations – Collection and payment of Contributions*] for interest on late payment of Employer's contributions shall apply to late payment of Members' contributions under Rules 3.1, 3.2, or 3.3.

### 3.5 Reduction in salary

It may be that a Member who is contributing under Rule 3.1 or Rule 3.2 suffers a reduction in his Salary during the ten years immediately preceding Normal Retirement Date. If the reduction in his Salary is a consequence of an action or at the instigation of the Members' Employer such Member shall be entitled to contribute to the Scheme on the basis of Earnings calculated using his Salary as it stood immediately before such reduction and if he does so contribute his Pensionable Salary (if applicable) and Pensionable Earnings shall be calculated as if he had been actually in receipt of the Salary appropriate to the contribution made by him. If the reduction occurs for any other reason then the Member's Pensionable Earnings shall be calculated in such a manner as the Principal Employer in its absolute discretion deems appropriate.

## 4. MEMBERS' VOLUNTARY CONTRIBUTIONS

### 4.1 Voluntary contributions to buy additional benefits

If an Active Member wishes to buy additional benefits he may elect to make AVCs to the Scheme in accordance with tables approved from time to time by the Trustees acting on the advice of the Actuary on such terms as may be agreed between the Trustees and the Member; and on such election the following provisions shall apply:-

- 4.1.1 the Member shall give to the Trustees a minimum of two calendar months' notice in writing of his election to make or vary AVCs;



- 4.1.2 no Member shall elect while he is absent from Service through sickness or under notice to leave;
- 4.1.3 AVCs can be in the form of a lump sum or periodic contributions and may continue up to Normal Retirement Date or leaving Pensionable Service if earlier. A lump sum contribution must be paid within three months of the Members' election;
- 4.1.4 unless the Trustees and the Principal Employer agree otherwise, AVCs shall not exceed the contribution limits set out in Rule 4.1.9;
- 4.1.5 the additional benefit may, at the discretion of the Trustees, be expressed as an additional amount of pension or as an addition to the number of years of Pensionable Service or as an additional percentage of Pensionable Salary;
- 4.1.6 the amount of additional benefit shall be certified as reasonable by the Actuary;
- 4.1.7 the benefits secured by the AVCs under this Rule 4.1 shall be additional to all other benefits payable under the Rules, and shall subject to the following proviso be in such form (additional pension, lump sum, benefit for spouses, civil partners and Dependants etc) as may be agreed between the Trustees and the Member at the time when the AVCs commence or from time to time thereafter provided that if a Member who has paid AVCs dies and Rule 14.1.1 or Rule 14.1.4 applies the Trustees shall pay a lump sum equal to his AVCs to the date of death with compound interest at 3% per annum (or such other rate of interest as the Trustees acting on the advice of the Actuary may decide) and Rule 14.2 shall apply to this lump sum. Unless the Member elected to pay AVCs before 8 April 1987, the additional benefits provided under this Rule 4.1 cannot be paid as a lump sum, except:-
- (a) on the Member's death; or
- (b) if the Trustees so decide and then on such basis as the Trustees may decide;
- 4.1.8 any lump sum payable under this Rule 4.1 on the Member's death shall be paid or applied by the Trustees in accordance with the provisions of Rule 17.2 [*Payment of Benefits: Payment of lump sums on death*].
- 4.1.9 The total contributions payable by a Member in a Tax Year to the Scheme under this Rule shall not exceed 9% of his Remuneration for that year.

## 4.2 Deduction of contributions

Periodic contributions made by a Member under Rule 4.1 shall be deductible by the Employer from Salary becoming payable to the Member and shall then become a debt due by the Employer to the Trustees and shall be paid within nineteen days following the end of the month in which they were deducted.

The provisions in Rule 34.2 [*Contributions: Employers' Obligations – Collection and payment of Contributions*] for interest on late payment of Employer's contributions shall apply to late payment of AVCs.

## 5. TEMPORARY ABSENCE

### 5.1 Maternity, Paternity, Adoption, Parental and Shared Parental Leave

- 5.1.1 If an Active Member is absent from work for a period of leave covered by this Rule 5.1, the Member's membership of the Scheme continues during the leave subject to the provisions set out in this Rule.

5.1.2 In this Rule:-

- (a) "**Ordinary Adoption Leave**" means leave as defined in Section 75A of the Employment Rights Act 1996;
- (b) "**Additional Adoption Leave**" means leave as defined in Section 75B of the Employment Rights Act 1996;
- (c) "**Ordinary Maternity Leave**" means leave as defined in Section 71 of the Employment Rights Act 1996;
- (d) "**Additional Maternity Leave**" means leave as defined in Section 73 of the Employment Rights Act 1996;
- (e) "**Parental Leave**" means leave as defined in Section 76 of the Employment Rights Act 1996;
- (f) "**Ordinary Paternity Leave**" means leave as defined in Section 80A or section 80B of the Employment Rights Act 1996;
- (g) "**Additional Paternity Leave**" means leave as defined in the Additional Paternity Leave Regulations 2010;
- (h) "**Shared parental Leave**" means leave as defined in Section 75E or Section 75G of the Employment Rights Act 1996;
- (i) "**Paid Leave**" means each of the following:-
  - (i) Ordinary Maternity Leave;
  - (ii) Additional Maternity Leave during which remuneration is paid;
  - (iii) Ordinary Adoption Leave;
  - (iv) Additional Adoption Leave during which remuneration is paid;
  - (v) Ordinary Paternity Leave;
  - (vi) Additional Paternity Leave during which remuneration is paid; and
  - (vii) Shared Parental Leave during which remuneration is paid.
- (j) "**Unpaid Leave**" shall mean each of the following:-
  - (i) Additional Maternity Leave during which no remuneration is paid;
  - (ii) Additional Adoption Leave during which no remuneration is paid;
  - (iii) Additional Paternity Leave during which no remuneration is paid; and
  - (iv) Shared Parental Leave during which no remuneration is paid.
- (k) "**Pensionable Parental Leave**" means unpaid Parental Leave during which the Member continues to pay the contributions which he would have paid had he worked normally and had he been paid such remuneration as the Employer determines the Member would have been likely to receive had he or she done so;

- (l) **"Non-Pensionable Parental Leave"** means unpaid Parental Leave during which the Member does not pay Contributions.

5.1.3 If a Member is absent from work for a period of Paid Leave or Pensionable Parental Leave, the period of absence is Pensionable Service, and cover is maintained under Rules 12 [*Qualifying Spouses' Pensions and Qualifying Children's Allowances*], 14 [*Lump sum benefits on death*], and 6.2.1 [*Leaving Service before Normal Retirement Date: Option II – Early Retirement Pension, Early Retirement on the grounds of Ill-health*], on the following basis:-

- (a) subject to Rule 23 [*Members who participate in a "salary sacrifice scheme for pension contributions"*], the Member need pay contributions only on the lower of Earnings and the pay (including statutory pay) paid to or for the Member;
- (b) benefits shall be provided for and in respect of the Member as if throughout the period of Paid Leave or Pensionable Parental Leave the Member had worked normally and had been paid such remuneration as the Employer determines the Member would have been likely to receive had he or she done so.

5.1.4 If a Member is absent from work for a period of Unpaid Leave or Non-Pensionable Parental Leave the Member is not required to pay contributions and the period of absence is not Pensionable Service but cover is maintained under Rules 12 and 14 and benefits will be provided under those Rules as if throughout the period of Unpaid Leave or Non-Pensionable Parental Leave, the Member had worked normally and had been paid such remuneration as the Employer determines the Member would have been likely to receive had he or she done so. Cover is also maintained under Rule 6.2.1 and for this purpose:-

- (a) the Member's pension shall be calculated on the basis of his actual Pensionable Service plus such longer period as Rule 6.2.1 allows but always excluding the period of Unpaid Leave and Non Pensionable Parental Leave; and
- (b) Pensionable Salary (if applicable) and Pensionable Earnings shall be calculated as if throughout the period of Unpaid Leave or Non-Pensionable Parental Leave the Member had worked normally and had been paid such remuneration as the Employer determines the Member would have been likely to receive had he or she done so.

5.1.5 If a Member informs the Employer that he does not intend to return to work, or loses the right to do so or does not in fact return to work, the Member will be treated as having left Service on:-

- (a) the day the Member stops receiving statutory maternity, adoption leave, paternity or shared parental pay or contractual remuneration;
- (b) in the case of Parental Leave, unpaid Shared Parental Leave, unpaid Additional Maternity Leave, unpaid Additional Adoption Leave or unpaid Additional Paternity Leave, the day when that period of leave ended for the purposes of the Employment Rights Act 1996,

and the provisions of Rule 6 shall automatically apply in respect of him with effect from that date.

- 5.1.6 Eligibility for the payment of benefits under Rules 12, 14 and 6.2.1 ends on the earlier of:-
- (a) The day on which the Employer is informed that the Member does not intend to return to work; and
  - (b) The day on which the Member loses the right to return to work
- but not before the day in Rule 5.1.5(a).

## 5.2 III health

In the case of absence from work due to illness or any other incapacity –

- 5.2.1 Subject to Rule 23 [*Members who participate in a "salary sacrifice scheme for pension contributions"*], during such period of absence as the Member shall be in receipt of any remuneration from the Employer he shall continue to make the appropriate contributions under Rule 3.1 [*Members' Contributions: Compulsory Contributions*] based on his Earnings at the rate which the Trustees consider would have been applicable had he not been absent, and his Pensionable Service shall not cease to accrue. However, if the Trustees consider that his remuneration during such period is significantly less than if he had not been absent, they may with the consent of the Principal Employer excuse the Member from liability for all or some of his contributions for a period not exceeding twelve months during such period, whilst his Pensionable Service shall nevertheless continue to accrue;
- 5.2.2 During such period after the expiration of the period mentioned in Rule 5.2.1 as the Employer with the consent of the Trustees, in its absolute discretion, continues payment of contributions payable by or in respect of the Member, his Pensionable Service shall not cease to accrue;
- 5.2.3 After the end of such periods as are mentioned in Rules 5.2.1 and 5.2.2, or on the Member ceasing to pay full contributions, whichever is the later, then unless the Trustees with the consent of the Principal Employer shall otherwise decide, the Pensionable Service of the Member shall cease to accrue until such time as he is again making contributions to the Scheme or would have been making contributions but for his participation in a salary sacrifice scheme for pension contributions under Rule 23 [*Members who participate in a "salary sacrifice scheme for pension contributions"*];
- 5.2.4 Notwithstanding that Pensionable Service has ceased to accrue under Rule 5.2.3, the Member shall remain an Active Member of the Scheme so long as he is not deemed to have left Service;
- 5.2.5 On resumption of employment, the Member concerned may elect to make such additional contributions (but not, unless the Trustees and the Principal Employer agree otherwise, so as to exceed the contribution limits set out in Rule 4.1.9) as the Trustees, acting on the advice of the Actuary, may determine in order that all or any part of the period during which his Pensionable Service has ceased to accrue may be restored;
- 5.2.6 In the event of the death of any Member whose Pensionable Service has ceased to accrue under this Rule 5.2 the benefits payable on his death shall be calculated as if he had died the day before his Pensionable Service ceased to accrue.

## 5.3 Other cases of absence including secondment

In the event of the absence of an Employee from Service for any of the reasons specified in Rule 5.3.1 below, the absence shall not be treated as a withdrawal from Service qualifying for benefits in accordance with Rule 6 [*Leaving Service before Normal Retirement Date*], with the result that except as is provided in Rule 5.3.4 the Member shall retain his Active Membership for the periods specified in Rule 5.3.2 below and all or part of such periods during which contributions are made shall accrue to him as Pensionable Service: -

- 5.3.1 Periods of absence approved by the Employer are –
- (a) A period of absence to enable the Member to take up work of national importance
  - (b) A period of absence to take a course of study or training which the Member applies to have approved within three months of starting the course and the application is granted
  - (c) A period during which the Member is granted leave of absence or seconded to another employer.
- 5.3.2 A period of absence may be unlimited in a case to which Rule 5.3.1(a) applies, and in other cases shall not exceed three years or such longer period as the Employer may be prepared to agree.
- 5.3.3 The Employer may at its discretion arrange for the continuation of the contributions in respect of the Member and shall include therein a sum on account of the Employer's contributions as may be specified by the Trustees acting on the advice of the Actuary. However, contributions shall not be payable if the Member becomes a member of another pension scheme during a period of absence in which event his Active Membership of the Scheme shall end immediately.
- 5.3.4 In the event of the death of a Member during a period of absence to which this Rule 5.3 applies then:–
- (a) If his contributions are being continued under Rule 5.3.3 he shall be deemed to have died while in Active Membership.
  - (b) If contributions in respect of him have ceased he shall be deemed to have left Service on the day before his contributions ceased to be payable.
  - (c) The Trustees with the consent of the Principal Employer may make an agreement with a Member covering the provision of death benefits notwithstanding that normal contributions have ceased and if such agreement is entered into it shall override the provisions of Rule 5.3.4(b).
- 5.3.5 Temporary periods of absence that are not approved by the Employer but which do not exceed one month shall not be treated as a withdrawal from Service but such period shall not in any event be treated as a period of Pensionable Service and if the Member dies during such temporary period of absence benefits in respect of him shall be payable under Rules 12.2.2 and 14.1.4.

## 6. LEAVING SERVICE BEFORE NORMAL RETIREMENT DATE

An Active Member who leaves Service before Normal Retirement Date otherwise than on death shall be entitled to select and exercise any one of the following Options that is applicable to him.

A Non-Qualifying Member may only select Option IV and a Transfer Option Member may only select Option V. However, with the consent of the Trustees, such Members may alternatively select Option III.

### 6.1 OPTION I: Preserved Pension

A preserved pension, subject to Rule 6.1.2, calculated as under Rule 8 [*Retirement at Normal Retirement Age*] but based on Pensionable Salary (if applicable) and Pensionable Earnings at, and Pensionable Service up to, the date of leaving Service. The pension shall be subject to the following provisions –

#### 6.1.1 Commencement

The pension shall commence at Normal Retirement Date provided that:-

(a) In the case of any Member who has suffered illness or incapacity which in the opinion of the Trustees would have led to retirement on the grounds of ill-health under Rule 6.2.1 had he remained in Pensionable Service, the Trustees shall have a discretion, subject to the consent of the Principal Employer, to allow such a Member to retire on pension prior to Normal Retirement Date. However if the Member has not attained Normal Minimum Pension Age, or protected pension age for the purposes of the Finance Act 2004 if different, the Trustees shall not allow such Member to retire on pension unless they have received evidence from a registered medical practitioner that the Member is (and will continue to be) incapable of carrying on his occupation because of physical or mental impairment and has in fact ceased to carry on his occupation. In respect of a Member who becomes a Member before 1 December 2004 or who enters Service before 1 December 2004 and becomes a Member on or before 31 January 2005 the amount of pension shall be based on the Member's preserved pension but shall be reduced as follows, namely: (a) if the Member is a Protected Member the pension shall be reduced in respect of the period (if any) up to age 60 on a basis certified as reasonable by the Actuary and (b) if the Member is not a Protected Member the pension shall be reduced as follows, namely: (i) that part of it which is attributable to Pensionable Service before 1 August 2011 shall be reduced in respect of the period (if any) up to age 60 and (ii) that part of it which is attributable to Pensionable Service on or after 1 August 2011 shall be reduced in respect of the period up to age 65 in both cases on a basis certified as reasonable by the Actuary. In respect of a Member who becomes a Member on or after 1 December 2004, other than a Member who enters Service before 1 December 2004 and becomes a Member on or before 31 January 2005 the amount of pension shall be based on the Member's preserved pension but shall be reduced in respect of the period up to age 65 on a basis certified as reasonable by the Actuary.

(b) If a Member:-

- (i) becomes a Member before 1 December 2004 or enters Service before 1 December 2004 and becomes a Member on or before 31 January 2005; and
- (ii) has attained age 60 (although he has not reached Normal Retirement Date)

he may retire on pension. The amount of pension shall be equal to his preserved pension provided that in the case of a Member who is not a Protected Member that part of the pension which is attributable to Pensionable Service on or after 1 August 2011 shall be reduced in respect of the period up to age 65 on a basis certified as reasonable by the Actuary.

(c) If a Member:-

- (i) becomes a Member before 1 December 2004 or enters Service before 1 December 2004 and becomes a Member on or before 31 January 2005; and
- (ii) has attained Normal Minimum Pension Age (although he has not attained age 60)

the Trustees shall have discretion, subject to the consent of the Principal Employer, to allow the Member to retire on pension. The amount of pension shall be based on his preserved pension but shall be reduced as follows, namely: (a) if the Member is a Protected Member the pension shall be reduced in respect of the period up to age 60 on a basis certified as reasonable by the

Actuary and (b) if the Member is not a Protected Member the pension shall be reduced as follows, namely: (i) that part of it which is attributable to Pensionable Service before 1 August 2011 shall be reduced in respect of the period up to age 60 and (ii) that part of it which is attributable to Pensionable Service on or after 1 August 2011 shall be reduced in respect of the period up to age 65 in both cases on a basis certified as reasonable by the Actuary.

(d) If a Member:-

- (i) becomes a Member on or after 1 December 2004, other than a Member who enters Service before 1 December 2004 and becomes a Member on or before 31 January 2005; and
- (ii) has attained Normal Minimum Pension Age (although he has not reached Normal Retirement Date)

the Trustees shall have discretion, subject to the consent of the Principal Employer, to allow such a Member to retire on pension. The amount of pension shall be based on his preserved pension but shall be reduced in respect of the period up to age 65 on a basis certified as reasonable by the Actuary.

- (e) Any Member may, if the Principal Employer permits, give to the Trustees written notice to defer payment of his preserved pension until the date stipulated in his notice, being a date not later than the date upon which he ceases to be in employment. The amount of such pension shall as from the date on which it commences to be payable be increased by such amount as the Trustees acting on the advice of the Actuary shall consider appropriate.

Where a pension payable to a Member under this Rule 6.1 would constitute an alternative to short service benefit for the purposes of Section 73 of the Pension Schemes Act 1993 the Trustees must be reasonably satisfied that the benefits (including death benefits) for the Member are at least equal in value to the benefits that would otherwise have been provided for the Member under the Scheme.

#### 6.1.2 Adjustment

At its commencement the preserved pension shall have been adjusted by the amount necessary to satisfy the following requirements –

- (a) that part of the pension which is attributable to his GMP shall be subject to increase in respect of the period of deferment in accordance with the Contracting-out Appendix; and
- (b) if the Member ceased to be in Active Membership at least one year before Normal Retirement Date and the pension commences at Normal Retirement Date, the Trustees shall ensure that at Normal Retirement Date any part of the pension payable to or in respect of the Member shall have been increased to the extent required by, and in accordance with the provisions of the Revaluation Requirements.

#### 6.1.3 Additional increases

- (a) The Trustees in consultation with the Principal Employer shall in each year review all preserved pensions for the purpose of determining whether the powers conferred by Rule 6.1.3(b) below should be exercised.
- (b) Subject to Rule 6.1.2 the Trustees, acting on the advice of the Actuary and with the consent of the Principal Employer, may grant increases in preserved pensions by such further amounts as they may decide to be appropriate.

#### 6.1.4 Relationship to other Options

The terms of Option III shall remain applicable, until the pension commences, to a Member who has selected a preserved pension under this Option I.

#### 6.1.5 Additional benefits and credits

Benefits payable under this Rule 6.1 shall include any additional benefit to which the Member would have been entitled as long service benefit (as defined in Section 70 of the Pension Schemes Act 1993), including any additional benefit which:-

- (a) has been granted either at the time membership commenced or subsequently in respect of Service prior to the date of grant; or
- (b) is not related to length of Pensionable Service or the number or amount of contributions paid; or
- (c) represents a transfer of accrued rights from another scheme;

provided that in the case of:-

- (i) an additional benefit to which the Member is to contribute the whole or part of the cost where such whole or part has not been fully contributed by the time Service is terminated; and
- (ii) an additional benefit under (a) or (b) above to which the Member has not contributed

benefits payable under this Rule 6.1 shall include only such portion of the additional benefit as the period of Pensionable Service since the date on which the benefit commenced to accrue bears to the period from such date until normal pension date (as defined in Section 180 of the Pension Schemes Act 1993) or the date on which the benefit would have fully accrued, if earlier.

### 6.2 OPTION II: Early Retirement Pension

#### 6.2.1 Early retirement on the grounds of ill-health

- (a) If the Member:-
  - (i) is in Service on or before 30 September 2001;
  - (ii) has at least two years' Pensionable Service;
  - (iii) has become in the opinion of the Employer and the Trustees incapable of discharging his duties by reason of permanent breakdown of health not arising from the Member's own misconduct and the Trustees have received evidence from a registered medical practitioner that the Member is (and will continue to be) incapable of carrying on his occupation because of physical or mental impairment; and
  - (iv) retires from Service in consequence thereof,

an immediate pension calculated in the manner described in Rule 8 by reference to his Pensionable Salary (if applicable) and Pensionable Earnings at the date of leaving and to his Pensionable Service accrued to the date of leaving which shall except in the case of a Member who has accrued 40 or more years of Pensionable Service at the date of leaving be enhanced by the number of Years between the date of leaving and Normal Retirement Date



provided that the enhancement (if any) shall if necessary be restricted so that the aggregate of his Pensionable Service accrued to the date of leaving and the enhancement does not exceed 40 years and further provided that in the case of a Member who is in Part-Time Pensionable Service at the date of his retirement the enhancement shall be deemed to be based on Pensionable Service accrued before 1 August 2005 throughout which the Member worked the hours he was contracted to work and calculated using Pensionable Salary.

A pension payable under this Rule 6.2.1(a) shall be subject to the following provisions:-

- (1) The Trustees may require the Member to submit to a medical examination into his state of health at the time of his proposed retirement and, at their discretion from time to time thereafter; and
- (2) The Trustees may, in any case where any Member who has not attained Normal Retirement Date shall have been granted a pension, withdraw, suspend or reduce such pension (but not if such action would result in the pension in question becoming an Unauthorised Payment) if there shall have been an improvement in the Member's health or if for any reason he is able to carry on remunerative employment, whether with an Employer or otherwise; but the Trustees may at any time and for any reason restore such pension and shall restore such pension to the extent of the benefits accrued up to the date of retirement when the Member attains Normal Retirement Date.

(b) Rules 6.2.1(c) and 6.2.1(h) (inclusive) apply to all Members who become Members of the Scheme after 30 September 2001. In the Rules just mentioned:-

- (i) "**Total Incapacity**" means physical or mental deterioration which, in the opinion of the Employer, is serious enough to prevent the individual from following his current duties or carrying out such other duties as the Employer may reasonably request and in addition is likely to involve permanent inability to earn anything or anything more than modest amounts from employment provided for remedial activity;
- (ii) "**Incapacity**" means physical or mental deterioration which, in the opinion of the Employer, is serious enough to prevent the individual from following his current duties and which seriously impairs his earning capacity where the Employer does not have any suitable employment available to offer the individual, but the individual is not totally incapable of some form of remunerative work;
- (iii) "**Retirement**" means the termination of an Employee's employment with an Employer by the Employee actively and voluntarily retiring from his employment and shall not mean, for the avoidance of doubt, the termination of an Employee's employment by the Employer whether as a consequence of redundancy (voluntary or compulsory) or otherwise unless the Principal Employer and the Trustees in their absolute discretion agree otherwise.

(c) If the Member:-

- (i) has at least two years' Pensionable Service;
- (ii) in the opinion of the Trustees is suffering from Total Incapacity and the Trustees have received evidence from a registered medical practitioner that the Member is (and will continue to be) incapable of

carrying on his occupation because of physical or mental impairment;  
and

(iii) retires from Service in consequence thereof

an immediate pension calculated in the manner described in Rule 8 by reference to his Pensionable Salary (if applicable) and Pensionable Earnings at the date of leaving and to his Pensionable Service accrued to the date of leaving which shall except in the case of a Member who has accrued 40 or more years of Pensionable Service at the date of leaving be enhanced by the number of Years between the date of leaving and Normal Retirement Date provided that the enhancement (if any) shall if necessary be restricted so that the aggregate of his Pensionable Service accrued to the date of leaving and the enhancement does not exceed 40 years and further provided that in the case of a Member who is in Part-Time Pensionable Service at the date of his retirement the enhancement shall be deemed to be Pensionable Service accrued before 1 August 2005 throughout which the Member worked the hours he was contracted to work at the date of his retirement from Service.

(d) If the Member:-

(i) has at least five years' Pensionable Service;

(ii) in the opinion of the Trustees is suffering from Incapacity short of Total Incapacity and the Trustees have received evidence from a registered medical practitioner that the Member is (and will continue to be) incapable of carrying on his occupation because of physical or mental impairment; and

(iii) retires from the Service in consequence thereof

an immediate pension calculated in the manner described in Rule 8 by reference to his Pensionable Salary (if any) and Pensionable Earnings at the date of leaving and to his Pensionable Service accrued to his date of leaving.

(e) At any time or times prior to Normal Retirement Date, the Trustees shall have a discretion to require a Member who has retired pursuant to Rules 6.2.1(c) or 6.2.1(d) to supply such evidence of his continued incapacity and the amount of his earnings as they may deem to be satisfactory.

(f) The Trustees may withdraw, suspend or reduce (but not if such reduction would result in the pension in question becoming an Unauthorised Payment) a Member's pension under Rule 6.2.1(c) or Rule 6.2.1(d) if it transpires that his Incapacity or Total Incapacity has been caused by the Member's own misconduct or is the result of a medical condition known by the Member at the time of becoming a Member.

(g) The Trustees may in the case of any Member prior to his Normal Retirement Date who shall have been granted a pension under Rule 6.2.1(c) or Rule 6.2.1(d) withdraw, suspend or reduce (but not if such action would result in the pension in question becoming an Unauthorised Payment) such pension if in the opinion of the Trustees on medical evidence there shall have been an improvement in the Member's health or if he shall have refused without reasonable excuse in the opinion of the Trustees to have supplied evidence requested pursuant to Rule 6.2.1(e) above or if they consider him to be capable of carrying on remunerative employment, whether with the Employer or otherwise.

(h) If a Member to whom Rule 6.2.1(f) or 6.2.1(g) applies returns to Service he shall, subject to compliance with the provisions of Rule 1 [*Joining and Leaving*]

or if Rule 2 [*Auto-enrolment*] applies, be entitled to be readmitted as a Member and to retire in accordance with the Rules as if he had never ceased to be employed by the Employer. On the Member's subsequent retirement, the Member's pension shall be calculated by reference to the total of:-

- (i) the Member's Pensionable Service before commencement of his pension payable under Rule 6.2.1(c) or 6.2.1(d); and
- (ii) the Member's Pensionable Service after returning to Service.

Nevertheless such pension shall not be less than the ill-health pension previously payable, increased in respect of the period between its cessation and the date on which the Member subsequently enters into receipt of pension in accordance with the increases that would have applied under the provisions of Rule 18 [*Increases in Benefits*]. For the purposes of this paragraph any reduction or suspension made under Rule 6.2.1(f) or Rule 6.2.1(g) shall be disregarded.

#### 6.2.2 Early retirement in other cases

(a) If the Member:-

- (i) becomes a Member before 1 December 2004 or enters Service before 1 December 2004 and becomes a Member on or before 31 January 2005;
- (ii) has attained Normal Minimum Pension Age; and
- (iii) retires from Service, in the case of a Member who has not attained age 60 with the approval of the Principal Employer,

an immediate pension calculated in accordance with the provisions of Rule 8 by reference to his Pensionable Salary (if applicable) and Pensionable Earnings at, and his Pensionable Service up to, the date of leaving but such pension shall be reduced as follows, namely: (a) if the Member is a Protected Member the pension shall be reduced in respect of the period (if any) up to age 60 on a basis certified as reasonable by the Actuary and (b) if the Member is not a Protected Member the pension shall be reduced as follows, namely: (i) that part of it which is attributable to Pensionable Service before 1 August 2011 shall be reduced in respect of the period (if any) up to age 60 and (ii) that part of it which is attributable to Pensionable Service on or after 1 August 2011 shall be reduced in respect of the period up to age 65 in both cases on a basis certified as reasonable by the Actuary.

(b) If the Member:-

- (i) becomes a Member on or after 1 December 2004, other than a Member who enters Service before 1 December 2004 and becomes a Member on or before 31 January 2005;
- (ii) has attained Normal Minimum Pension Age; and
- (iii) retires from Service, in the case of a Member who has not attained age 65 with the approval of the Principal Employer,

an immediate pension calculated in accordance with the provisions of Rule 8 by reference to his Pensionable Salary (if applicable) and Pensionable Earnings at, and his Pensionable Service up to, the date of leaving but such pension shall be reduced or modified in such manner as shall be certified as reasonable by the Actuary to allow for the Member's age at retirement.

Where a pension payable to a Member under this Rule 6.2 would constitute an alternative to short service benefit for the purposes of Section 73 of the Pension Schemes Act 1993 the Trustees must be reasonably satisfied that the benefits (including death benefits) for the Member are at least equal in value to the benefits that would otherwise have been provided for the Member under the Scheme.

### 6.3 **OPTION III: Transfer of Cash Equivalent**

If the Member has acquired a right under the Transfer Value Laws to take a cash equivalent of his transferable rights under the Scheme in relation to a category of benefits, the exercise of that right in accordance with Rule 7 [*Right to transfer*] provided that if the Member cannot acquire such right owing to his having ceased to accrue benefits under the Scheme within one year of his normal pension age within the meaning of the Transfer Value Laws, the Trustees may at their discretion decide that the Member shall be treated as if he had such right and if so then he may exercise that right in accordance with Rule 7.

### 6.4 **OPTION IV: Refund of Contributions**

If he is a Non-Qualifying Member, a refund of his Contributions. Such refund may be reduced by any amount required to satisfy any or all of Rules 15.6 [*Non-participation under the National Insurance Acts: Member takes refund of contributions*], Rule 16 [*Contracting-out*] and 17.5 [*Payment of Benefits: Tax*].

### 6.5 **OPTION V: Transfer Option Members**

#### 6.5.1 **Entitlement**

If he is a Transfer Option Member (and subject to the option procedures in Rule 6.5.2 below) –

- (a) the application in one of the ways set out in section 101AE of the Pension Schemes Act 1993 of a cash transfer sum calculated in accordance with section 101AF of that Act; or
- (b) a contribution refund calculated as the sum of:-
  - (i) the Member's Employee Contributions that have been paid to the Scheme; and
  - (ii) in respect of a transfer payment from another Occupational Pension Scheme to the Scheme: such of the Member's Employee Contributions that were paid to that Occupational Pension Scheme as relate to the transfer payment and as do not in aggregate exceed the amount of the transfer payment.

The refund shall otherwise be calculated and adjusted in accordance with Section 101AF of the Pension Schemes Act 1993. "Employee Contributions" is defined in section 101AB(5) of Pension Schemes Act 1993.

#### 6.5.2 **Option procedures**

Within a reasonable period after the Transfer Option Member has left Service, the Trustees must –

- (a) give him a statement in writing that complies with the requirements set out in Section 101AC of the Pension Schemes Act 1993; and
- (b) afford him a reasonable period to exercise the right set out in the statement by issuing a notice to the Trustees that complies with Section 101AD of the Pension Schemes Act 1993.

The Trustees may inform him in the statement that if he does not exercise the right by the end of the stated period he will be treated as having chosen the contribution refund rather than the application of the cash transfer sum.

Within a reasonable period of the date on which the right is exercised (or, if applicable, the Transfer Option Member fails to exercise that right), the Trustees will receive a discharge in accordance with Section 101AG or 101AH of the Pension Schemes Act 1993 if they do what is required. Otherwise, the Trustees may allow the Transfer Option Member to exercise the right on or before such later date as they may determine if he applies in accordance with Section 101AI(2) of the Pension Schemes Act 1993.

## **7. RIGHT TO TRANSFER**

### **7.1 Right to transfer**

If a Member has acquired a right under the Transfer Value Laws to take a cash equivalent of his transferable rights under the Scheme in relation to a category of benefits he may exercise that right in accordance with the Transfer Value Laws.

### **7.2 Adjustment of cash equivalent**

The cash equivalent may be adjusted in accordance with the Transfer Value Laws.

### **7.3 Cessation of Liability**

Once the Trustees have done all that they need to do in order to carry out what the Member requires under this Rule 7 the Scheme shall cease to have any liability to or in respect of the benefits to which the cash equivalent related other than in respect of any retained liability for GMP's.

## **8. RETIREMENT AT NORMAL RETIREMENT DATE**

### **8.1 On retirement from Service at Normal Retirement Date an Active Member shall be entitled to:-**

- 8.1.1 in respect of Pensionable Service accrued prior to 1 August 2005 and any Pensionable Service granted under Rule 4.1.5 or Rule 22 in respect of AVCs paid before 1 August 2011 (or paid on or after that date if the Member had entered into an agreement with the Trustees before that date to pay those AVCs) or in respect of a transfer of money or other assets received by the Scheme before 1 November 2011 (or received on or after that date if the Trustees had before that date agreed to receive the money or other assets), a pension equal to 1/60th of Pensionable Salary for each Year of Pensionable Service; plus
- 8.1.2 in respect of Pensionable Service accrued on and from 1 August 2005 and before 1 August 2011 (other than Pensionable Service granted under Rule 4.1.5 or Rule 22), a pension equal to 1/60th of Pensionable Earnings for each Year of Pensionable Service;
- 8.1.3 in respect of Pensionable Service accrued on and from 1 August 2011 (other than Pensionable Service granted under Rule 4.1.5 or Rule 22):
  - (a) a pension equal to 1/80th of Pensionable Earnings for each Year of Pensionable Service; and
  - (b) a lump-sum of an amount equal to 3/80ths of Pensionable Earnings for each Year of Pensionable Service;
- 8.1.4 in respect of Pensionable Service granted under Rule 4.1.5 or Rule 22 in respect of AVCs paid on or after 1 August 2011 (unless the Member had entered into an agreement with the Trustees before that date to pay those AVCs) or in respect of a transfer of money or other assets received by the Scheme on or after 1 November 2011 (unless the Trustees had before that date agreed to receive the money or other assets):

- (a) a pension equal to 1/80th of Pensionable Salary for each Year of Pensionable Service; and
- (b) a lump-sum of an amount equal to 3/80ths of Pensionable Salary for each Year of Pensionable Service.

## 9. LATE RETIREMENT

9.1 Subject to Rule 9.2, a Post-NRD Member shall on actual retirement from Service be entitled to receive the same pension in all respects as he would have received if he had retired on attaining Normal Retirement Date which shall be increased by such amount as the Trustees acting on the advice of the Actuary may consider to be appropriate, but not taking into account for this purpose any additional pension earned if he contributes to the Fund beyond Normal Retirement Date pursuant to Rule 3.3 [*Members' Contributions: Contributions after Normal Retirement Date*]. However, the Member may choose to take all of his benefits on any one occasion between Normal Retirement Date and the date of his actual retirement.

9.2 A Post-NRD Member who makes contributions to the Fund beyond Normal Retirement Date pursuant to Rule 3.3 shall in respect of such contributions receive in addition such pension as the Trustees acting on the advice of the Actuary shall decide.

## 10. EXCHANGE OF PENSION FOR LUMP SUM

### 10.1 Time of election

At the time a Member's pension is due to commence, he may, subject to the Contracting-out Appendix, exchange part of it for a lump sum provided that the whole of the lump sum constitutes a pension commencement lump sum as defined in paragraphs 1 to 3A of Schedule 29 to the Finance Act 2004; and the consideration for such lump sum shall be a reduction in the pension payable to the Member by such fraction of such lump sum as the Trustees, acting on the advice of the Actuary, decides.

Provided that --

10.1.1 if a Member is in exceptional circumstances of serious ill-health (as determined by the Trustees who shall before reaching a decision have obtained evidence from a registered medical practitioner that the Member is expected to live for less than one year) and has not become entitled to any pension or lump sum from the Scheme, the Trustees may in their absolute discretion exchange the whole of the Member's pension for a lump sum not exceeding the actuarial equivalent of the pension concerned; and for the purpose of calculating that actuarial equivalent the recipient shall be deemed to be in normal health and to have reached his Normal Retirement Date;

10.1.2 the amount of pension which the Member is entitled to exchange is subject to the restrictions of the Contracting-out Appendix and the Contracting-out Requirements.

### 10.2 Trivial Pensions – Members

Subject to the Contracting-out Appendix and the Contracting-out Requirements, the Trustees may in their absolute discretion exchange the whole of a Member's pension for a lump sum equal to the actuarial equivalent of the pension concerned (but not being less than an amount certified as reasonable by the Actuary) if the lump sum constitutes a trivial commutation lump sum (as defined in paragraph 7 of Schedule 29 to the Finance Act 2004).

### 10.3 Trivial Pensions – Dependants

Subject to the Contracting-out Appendix and the Contracting-out Requirements, the Trustees in their absolute discretion may exchange the whole of a pension payable to a Dependant for a lump sum equal to the actuarial equivalent of the pension concerned (but not being less than an amount certified as reasonable by the Actuary) if the whole of the lump sum constitutes a trivial

commutation lump sum death benefit (as defined in paragraph 20 of Schedule 29 to the Finance Act 2004).

#### 10.4 **Lifetime Allowance excess lump sums**

Where none of a Member's Lifetime Allowance is available in accordance with section 219 of the Finance Act 2004, the Trustees may, subject to the Contracting-out Appendix and the Contracting-out Requirements and with the Member's consent, pay all or part of his benefits under the Scheme as a lump sum provided that the payment constitutes a lifetime allowance excess lump sum as defined in paragraph 11 of Schedule 29 to the Finance Act 2004.

#### 10.5 **Other lump sums**

Subject to the Contracting-out Appendix and the Contracting-out Requirements, the Trustees may otherwise exchange pension benefits for a lump sum provided that the payment of this lump sum does not constitute an Unauthorised Payment and may make any other lump sum payment that does not constitute an Unauthorised Payment and that is not otherwise provided for under this Rule 10.

#### 10.6 **Commutation basis under Rules 10.4 and 10.5**

Commutation under Rules 10.4 and 10.5 shall be calculated on a basis certified as reasonable by the Actuary.

### 11. **EXCHANGE OF LUMP SUM FOR PENSION**

11.1 At the time a Member's pension is due to commence he may exchange for a pension some or all of the lump sum to which he has become entitled by virtue of his Pensionable Service after 31 July 2011.

11.2 The pension shall be payable on the same terms and conditions that would have applied had the Member become entitled to it in respect of his Pensionable Service after 31 July 2011 (without having to invoke Rule 11.1) including without limitation terms and conditions as to the amount by which it shall increase whilst in course of payment and as to the benefits (if any) which shall be payable when the Member dies.

11.3 The initial amount of any pension payable under this Rule shall be determined by the Trustees acting on the advice of the Actuary.

### 12. **QUALIFYING SPOUSES' PENSIONS AND QUALIFYING CHILDREN'S ALLOWANCES**

#### 12.1 **Qualifying Spouse's pension**

Upon the death of a Member leaving a Qualifying Spouse in any of the circumstances set out in Rule 12.2 below a pension shall be paid to such Qualifying Spouse.

#### 12.2 **Amount**

The amount of the pension payable under Rule 12.1 shall be whichever of the following is appropriate to the Member's circumstances at the date of his death –

##### 12.2.1 **in Active Membership before Normal Retirement Date having completed two or more years Pensionable Service:-**

2/3rds of the pension calculated in the manner described in Rule 8 as modified below by reference to his Pensionable Salary (if applicable) and Pensionable Earnings at the date of death and to his Pensionable Service accrued to the date of death which shall except in the case of a Member who has accrued 40 or more years of Pensionable Service at the date of death be enhanced by the number of Years between the date of death and Normal Retirement Date provided that the enhancement (if any) shall if necessary be

restricted so that the aggregate of his Pensionable Service accrued to the date of death and the enhancement does not exceed 40 years and further provided that in the case of a Member who is in Part-Time Pensionable Service at the date of death the enhancement shall be deemed to be Pensionable Service accrued before 1 August 2005 throughout which the Member worked the hours he was contracted to work at the date of his death where the said modifications to Rule 8 are as follows:

- (a) the words "and before 1 August 2011" shall be omitted from Rule 8.1.2; and
- (b) Rule 8.1.3 shall be omitted.

**12.2.2 having left Service with entitlement to a preserved pension under Option I in Rule 6 [Leaving Service before Normal Retirement Date: Preserved Pension], or being treated as having done so by virtue of opting-out under Rule 1.7 [Joining and Leaving: Opting-out], and in either case before payment of his pension has commenced and in either case before Normal Retirement Date:-**

1/90th of the Member's Pensionable Salary for each Year of Pensionable Service prior to 1 August 2005 and for each Year of any Pensionable Service granted under Rule 4.1.5 or Rule 22 in respect of AVCs paid before 1 August 2011 (or paid on or after that date if the Member had entered into an agreement with the Trustees before that date to pay those AVCs) or in respect of a transfer of money or other assets received by the Scheme before 1 November 2011 (or received on or after that date if the Trustees had before that date agreed to receive the money or other assets); plus 1/90th of the Member's Pensionable Earnings for each Year of Pensionable Service on or after 1 August 2005 and before 1 August 2011 other than Pensionable Service granted under Rule 4.1.5 or Rule 22; plus 1/120th of the Member's Pensionable Earnings for each Year of Pensionable Service on or after 1 August 2011 other than Pensionable Service granted under Rule 4.1.5 or Rule 22; plus 1/120th of the Member's Pensionable Salary for each Year of Pensionable Service granted under Rule 4.1.5 or Rule 22 in respect of AVCs paid on or after 1 August 2011 (unless the Member had entered into an agreement with the Trustees before that date to pay those AVCs) or in respect of a transfer of money or other assets received by the Scheme on or after 1 November 2011 (unless the Trustees had before that date agreed to receive the money or other assets).

**12.2.3 in receipt of a pension from the Scheme:-**

Two-thirds of the pension payable to the Member at the date of his death. If the Member's pension shall have been reduced under Rule 10.1 [Exchange of Pension for lump sum: Time of Election], or under Rule 13 [Voluntary Dependant's Pension] the Qualifying Spouse's pension shall be calculated as if those reductions had not taken place, and if the Member's pension shall have been increased under Rule 11 [Exchange of lump-sum for pension] the Qualifying Spouse's pension shall be calculated as if that increase had not taken place.

**12.2.4 in Service on or after Normal Retirement Date but not in receipt of a pension from the Scheme having completed two or more years' Pensionable Service:-**

The pension which would have been payable to the Qualifying Spouse under Rule 12.2.3 above had the Member retired on the day before the date of his death.

**12.2.5 having left Service with entitlement to a preserved pension under Option I in Rule 6 [Leaving Service before Normal Retirement Date: Preserved Pension], or being treated as having done so by virtue of opting-out under Rule 1.7 [Joining and Leaving: Opting-out], and in either case before payment of his pension has commenced and in either case on or after Normal Retirement Date:-**

The pension which would have been payable to the Qualifying Spouse under Rule 12.2.3 above had payment of the Member's pension commenced on the day before the date of his death.



12.3 **Dependant's pension**

Subject to the requirements of the Contracting-out Appendix, notwithstanding the foregoing provisions of this Rule 12, where at the time of his death the Member was neither married nor in a civil partnership, or was not living with the Qualifying Spouse (and whether or not the Qualifying Spouse was in any way financially dependent upon the Member), the Trustees shall have discretion to pay by way of a pension an amount not exceeding the amount of pension payable under Rule 12.2.1, 12.2.2, 12.2.3, 12.2.4, or 12.2.5 as the case may be, to another Dependant. To the extent that the Trustees exercise the discretion conferred by this Rule 12.3, the rights of any Qualifying Spouse of the Member shall be abrogated in whole or in part, as the case may be.

12.4 **Qualifying Children's Allowance**

Upon the death of a Member in any of the circumstances specified in Rules 12.2.1, 12.2.2, 12.2.3, 12.2.4, or 12.2.5 above his Qualifying Children shall be entitled to an annual allowance.

The allowance payable shall be  $\frac{1}{4}$  of the Qualifying Spouse's pension which is, or where the Member leaves no Qualifying Spouse would have been, payable under Rules 12.2.1, 12.2.2, 12.2.3, 12.2.4, or 12.2.5 for each Qualifying Child not exceeding two provided that:-

12.5 If no pension is payable under Rules 12.2.1, 12.2.2, 12.2.3, 12.2.4, or 12.2.5 the Trustees shall have a discretion to increase the allowance payable to the Qualifying Children by such amount as they shall decide, acting on the advice of the Actuary.

12.6 The allowance payable to the Qualifying Children shall commence on the death of the Member and shall continue so long as there are any Qualifying Children. The allowance shall be paid to any one or more of the Qualifying Children or applied for their benefit in such proportions as the Trustees see fit from time to time, and may be paid to any person who undertakes to apply the benefit for the maintenance or benefit of the Qualifying Child or Qualifying Children. The Trustees will not be under any obligation to see to the application of any such benefit in respect of a Qualifying Child which has been paid to such a person.

12.7 The provisions of Rule 39 [*Finance Act 2004: Unauthorised payments*] shall apply to any payments under this Rule which are Unauthorised Payments.

13. **VOLUNTARY DEPENDANT'S PENSION**

13.1 **Timing of election**

At any time before his pension is due to commence a Member may, at the absolute discretion of the Trustees subject to Rules 15.4 and 15.7 [*Non-participation under the National Insurance Acts*] and the Contracting-out Appendix, elect to surrender a part of his pension to provide a pension for one or more of his spouse, civil partner, or Dependents, payable from the date of the Member's death. The pension shall be payable for such period as the Trustees may agree with the Member.

13.2 **Limits**

The pension provided under this Rule shall not exceed any amount which would mean that it together with any pension payable to the Dependant under Rule 12 above [*Qualifying Spouses' Pensions And Qualifying Children's Allowances*] would not be a dependants' scheme pension for the purposes of the Finance Act 2004. Disregarding any reduction made under Paragraph 7.1.2 of the Contracting-out Appendix but, subject thereto, such pension shall be of such amount as the Trustees, after consulting with the Actuary, consider to be equal in value to the amount of pension surrendered by the Member.

13.3 **Cancellations**

13.3.1 If –

- (a) the spouse, civil partner or Dependant as the case may be predeceases the Member or vice versa before the Member has become entitled to payment of a pension from the Scheme;
- (b) the Member opts out of Pensionable Service under Rule 1.7; or
- (c) the spouse, civil partner or Dependant ceases to be the spouse, civil partner or a Dependant

then any election made under Rule 13.1 shall be cancelled.

13.3.2 If the spouse, civil partner, or Dependant as the case may be predeceases the Member after the Member has become entitled to payment of a pension from the Scheme, the reduced pension and no more shall continue to be paid to the Member.

## 14. LUMP SUM BENEFITS ON DEATH

### 14.1 Amount

If a Member dies in any of the circumstances set out below the Trustees shall pay lump sums of the following amount –

14.1.1 **before Normal Retirement Date as an Active Member or on or after Normal Retirement Date as a Post - NRD Member who pays contributions under Rule 3.3:-**

a lump sum equal to the aggregate of –

- (a) his Contributions to the date of death with compound interest at 3% per annum, (or such other rate of interest as the Trustees acting on the advice of the Actuary may decide);
- (b) the lump sum (if any) payable by virtue of the proviso to Rule 4.1.7; and
- (c) four times his Salary at the date of his death;

14.1.2 **on or after Normal Retirement Date but before his pension has commenced other than as a Post – NRD Member who pays contributions under Rule 3.3:-**

the aggregate of –

- (a) the amount which the Member would have received under Rule 10.1 [*Exchange of Pension for Lump sum: Time of Election*] if he had retired on the day immediately preceding the date of his death and elected to receive the maximum possible lump sum (but in the case of a Member who is not in Service, disregarding any prospective Service which the Member would have completed after the last date on which he actually left Service); and
- (b) 60 times the initial rate of the monthly instalment of the balance of pension (after exchange for a lump sum as aforesaid) which would have been payable to him if his pension had commenced on the day immediately preceding the date of his death;

14.1.3 **before the expiry of five years from the date his pension commenced to be payable:-**

an amount equal to the number of remaining instalments of pension that would have been payable to him had he lived until the expiry of such period multiplied by the amount of the last monthly instalment of pension paid to the Member;

14.1.4 before Normal Retirement Date with entitlement to a preserved pension under Option I in Rule 6 [*Leaving Service before Normal Retirement Date: Preserved Pension*], or having opted-out under Rule 1.7 [*Joining and Leaving: Opting-out*] is treated as having such entitlement, and in either case retaining such entitlement on the day before the date of death:-

his Contributions to date of death with compound interest at 3% per annum together with the lump sum (if any) payable by virtue of the proviso to Rule 4.1.7;

#### 14.2 Payment of lump sum

Any lump sum becoming payable under Rule 14.1 shall be paid or applied by the Trustees in accordance with the provisions of Rule 17.2 [*Payment of Benefits: Payment of lump sums on death*].

The provisions of Rule 39 [*Finance Act 2004: Unauthorised payments*] shall apply to any payments under this Rule.

### 15. NON-PARTICIPATION UNDER THE NATIONAL INSURANCE ACTS

#### 15.1 Application

This Rule applies to a Member who is assured of Equivalent Pension Benefits, the liability for which has earlier arisen by virtue of non-participating employment (as defined in the National Insurance Acts) completed as a Member or which has been accepted by the Trustees under Rule 22.1 [*Transfers to the Scheme: Trustees' power to accept transfers*] and has not in either case been accepted in turn by some other Pension Scheme other than a Personal Pension Scheme or under an Appropriate Policy taken out under Option III in Rule 6 [*Leaving Service before Normal Retirement Date: Transfer of Cash Equivalent*] or under Rule 28.1.1 [*Other Powers*] (in this Rule called a "**Non-participating Member**").

#### 15.2 Minimum Amount

The pension from the Scheme to which a Non-participating Member is entitled shall be increased from State Pensionable Age as may be necessary to ensure that it is then of the amount of such assured Equivalent Pension Benefits (in this Rule called "**the Assured Amount**").

#### 15.3 Termination or suspension

The Assured Amount shall not be capable of termination or suspension unless the provisions of the appropriate Rule are within the permitted causes prescribed under the National Insurance Act 1965.

#### 15.4 Surrender

A Non-participating Member may not surrender under Rule 13 [*Voluntary Dependant's Pension*] so much of his pension that the amount remaining (before exchange under Rule 10.1 [*Exchange of Pension for lump sum: Time of election*]) would be less than the Assured Amount.

#### 15.5 Commencement before State Pensionable Age

If but for this Rule 15.5 the pension of a Non-participating Member would commence before State Pensionable Age for an amount less than the Assured Amount it shall until State Pensionable Age be deferred and/or reduced as the Trustees, after consulting the Actuary, decide is required to compensate for the increase in entitlement taking effect at State Pensionable Age.

#### 15.6 Member takes refund of contributions

If a Non-participating Member becomes entitled to a refund of Contributions under Option IV or V in Rule 6 [*Leaving Service before Normal Retirement Date*] the Trustees shall provide for the Member

a preserved pension of the Assured Amount which shall start to be payable at State Pensionable Age.

Where such a preserved pension is provided Rules 12 [*Qualifying Spouses' Pensions and Qualifying Children's Allowances*], 13 [*Voluntary Dependant's Pension*] and 14 [*Lump Sum Benefits on Death*] shall not apply to the Member and the Trustees shall, at the request of the Employer, make a deduction from any refund of Contributions of an amount equal to the lesser of –

15.6.1 one half of the payment in lieu which could have been made to the National Insurance Scheme had the contracting out provisions of the National Insurance Act 1965 not been brought to an end; and

15.6.2 the Contributions paid by the Non-participating Member during the period that such contracting out provisions applied to him.

## 15.7 **Relationship to the Contracting-out Appendix**

Nothing done under the Contracting-out Appendix shall be taken into account for the purposes of this Rule.

## 16. **CONTRACTING-OUT**

### 16.1 **Contracting-out and Pre-1997 Rights**

The provisions of the Contracting-out Appendix shall apply in relation to Pre-1997 Rights with effect on and from 6 April 1997.

### 16.2 **Contracting-out from 6 April 1997: Reference Scheme Test**

16.2.1 From 6 April 1997 and before 6 April 2016 the employment of a Member of the Scheme was contracted-out under the "reference scheme test" pursuant to section 9(2B) of the Pension Schemes Act 1993.

16.2.2 In the circumstances set out in section 55 of the Pension Schemes Act 1993, the Trustees may elect to pay a contributions equivalent premium in accordance with and subject to sections 56 to 57 of the Pension Schemes Act 1993. Payment of a contributions equivalent premium extinguishes the Member's accrued rights to pension under the Scheme so far as attributable to the amount of the premium.

## 17. **PAYMENT OF BENEFITS**

### 17.1 **Payment of pensions**

All pensions from the Scheme shall, unless otherwise stated, be paid for the lifetime of the beneficiary. All pensions from the Scheme shall be paid at such periods as the Trustees shall from time to time, either generally or in any particular case, decide and any pension may be paid in advance if the Trustees think fit. No pension from the Scheme shall be apportioned until the date of death or the date on which it otherwise ceases to be payable and, if paid in arrear or partly in arrear, the beneficiary concerned shall have no claim against the Trustees or the Fund for payment up to the cessation of the pension, provided that no more than one month's payments of pension are in arrears. All pensions shall be payable in respect of the complete month in which a Member dies and any pension payable upon the Member's death shall commence to be payable on the first day of the month following the month of death.

Before making or sanctioning the payment of any pension out of the Fund, the Trustees may require the production of a certificate, or such other evidence as they may think fit, of the birth, marriage, continued existence or death of the person claiming benefit or of a Member, his spouse, civil partner or Dependant or the identity of any person named in a certificate or any other material fact.

All payments of pension from the Scheme shall be made to a bank account maintained by the beneficiary or by such other method as the Trustees may in any particular case determine, and any agreement for a payment through the post, or otherwise, which may in any particular case be made by the Trustees, shall be at the risk of the beneficiary concerned.

If the Trustees have acquired any Appropriate Policy they may from time to time arrange with the Authorised Life Office which issued it to pay any benefit thereunder direct to the person entitled and may cancel or alter any such arrangement.

#### 17.2 **Payment of lump sums on death**

17.2.1 Any lump sum becoming payable under Rule 14 shall be held on Discretionary Trusts.

17.2.2 No lump sum may be paid as a pension protection lump sum death benefit as defined in paragraph 14 of Schedule 29 to the Finance Act 2004 unless the Member has specified in writing that the payment be treated accordingly.

#### 17.3 **Payment of benefit to those with incapacity**

If the Trustees are of the opinion that any person entitled to a pension under the Scheme is incapable of managing his affairs due to physical or mental infirmity the Trustees shall be entitled at their discretion to pay any person approved by them who undertakes to apply such pension to or for the maintenance or benefit of the person concerned, and the Trustees shall not be under any obligation to see to the application of any pensions so payable and actually paid to such person as aforesaid and the receipt of any such person shall be a complete discharge to the Trustees.

#### 17.4 **Evidence and information**

If any Member or Dependant of a Member shall make any misstatement whether to the Principal Employer, the Employer or the Trustees or to any officer of the Scheme, and whether such misstatement is made deliberately or innocently, affecting any of the matters referred to in the Rules, the Trustees on discovering or being informed of this misstatement, shall have power, acting on the advice of the Actuary, to make, subject to the requirements of Chapter I of Part IV of the Pension Schemes Act 1993 and to Rule 15.2 [*Non- Participation under the National Insurance Acts: Minimum Amount*], such arrangements as they shall consider fair by way of adjustment of any pension, or other money payable out of the Fund, and taking into account any Salary or other benefits that the Member may have received consequent upon such misstatement.

Every Member or person who is receiving a pension out of the Fund shall give notice in writing to the Trustees of his place of residence at the time he becomes a Member or entitled to a pension out of the Fund and thereafter shall give immediate notice of any change of residence.

The Trustees may ask a Member to declare the extent to which his Lifetime Allowance is available in accordance with Section 219 of the Finance Act 2004 before paying any benefit to him. If the Member fails to provide a declaration within a reasonable time of the Trustees' request, the Trustees may assume that he has no available Lifetime Allowance and deduct tax under Rule 17.5 [*Tax*] accordingly.

#### 17.5 **Tax**

The Trustees or any person who the Principal Employer with the consent of the Trustees has appointed as Administrator shall deduct from any sum becoming payable under the Scheme any tax or duty (including interest thereon) for which the Trustees or Administrator are liable or accountable thereon.

For the avoidance of doubt, the Trustees may pay:-

17.5.1 any short service refund lump sum charge or special lump sum death benefits charge under Sections 205 and 206 of the Finance Act 2004 for which they are liable; and

17.5.2 any Lifetime Allowance Charge for which, under Section 217 of the Finance Act 2004, they are jointly and severally liable with the individual to whom the charge relates.

## 17.6 Insured benefits

Subject to the Equality Act 2010 and to prior notification to the Member, if any lump sum benefits under the Scheme following the death of a Member are insured, they shall be subject to any restrictions imposed by the Authorised Life Office with whom they are insured.

## 17.7 Health evidence

Subject to the Equality Act 2010, the Trustees may decide that benefits payable on death shall be restricted for any Member who fails to provide evidence of good health and/or assurability satisfactory to the Trustees.

## 18. INCREASES IN BENEFITS

### 18.1 Pensions in payment

During any period while Section 51 of the Pensions Act 1995 (annual increase in rate of pension) applies to the Scheme the Trustees shall comply with its requirements and for this purpose that part of any pension currently in payment that is attributable to "pensionable service" (within the meaning of Section 51) on or after 6 April 2005 and before 1 August 2005 shall be deemed to be a "category X pension" (within the meaning of Section 51).

Subject to the previous paragraph, each pension currently in payment shall in so far as it is attributable to a Member's Pensionable Service on or after 1 August 2005 be increased in each year by the lower of the percentage increase in the Index and 2.5%.

### 18.2 Additional increases

18.2.1 Subject to Rule 18.1, the Trustees in consultation with the Principal Employer shall in each year review all pensions currently in payment for the purpose of determining whether the powers conferred by Rule 18.2.2 should be exercised.

18.2.2 The Trustees, acting on the advice of the Actuary shall increase pensions in course of payment in accordance with Rules 18.2.2(a) and 18.2.2(b).

(a) The Trustees acting on the advice of the Actuary and with the consent of the Principal Employer, may increase all pensions in payment by such amount as they decide.

(b) The pensions referred to in this Rule 18.2.2 shall exclude after State Pensionable Age or in the case of a pension payable to a Widow or Widower, the GMP except to the extent referred to in paragraph 6 of the Contracting-out Appendix.

## 19. ADDITIONAL BENEFITS

### 19.1 Augmented Benefits

The Trustees shall have power, with the consent of the Principal Employer, to augment any benefit payable or prospectively payable under the Rules, and shall at the request of the Employer augment any such benefit. In augmenting any such benefits the Trustees may impose such terms as to payment of additional contributions, whether by way of lump sum or periodical payments, and either by the Employer or the Member or both of them, as they shall acting on the advice of the Actuary decide.

The Employer with the consent of the Trustees and the Principal Employer may credit an Active Member with additional Pensionable Service in such manner and upon such terms as the Trustees,

acting on the advice of the Actuary, may decide, which terms may include provisions for the additional Pensionable Service to accrue over the period of the Member's Active Membership.

## 20. RECOVERY OF INDEBTEDNESS BY EMPLOYER

### 20.1 Deduction from benefits

Where an amount becomes due to an Employer as a result of a criminal, negligent or fraudulent act or omission by a Member, the Trustees, at the request of the Employer, shall pay to the Employer an amount not exceeding whichever is the lesser of the amount of the debt and the value, as estimated by the Actuary, of the Member's actual or prospective benefits at the time when the request is made. In estimating such value the Actuary shall disregard the aggregate of any part of such benefits derived from a transfer under Rule 22 [*Transfers to the Scheme*] and any part which he certifies as being payable solely to comply with the requirements of Rule 15.2 [*Non-Participation under the National Insurance Acts: Minimum Amount*] or the Contracting-out Appendix. Upon such payment being made the Member's benefits shall, subject to Rule 16 [*Contracting-out*], be extinguished or reduced as the Actuary considers appropriate.

### 20.2 Member's certificate

The Trustees shall give the Member a certificate showing the amount recovered and its effect on his benefits.

### 20.3 Disputes

In the event of a dispute about the amount due no recovery shall be effected under this Rule 20 until the debt has become enforceable under a court order, the award of an arbitrator or, in Scotland, an arbiter. Subject thereto, if the Member has selected Option III in Rule 6 [*Leaving Service before Normal Retirement Date: Transfer of cash equivalent*] no recovery may be effected under this Rule 20 until the conclusion of any disciplinary or court proceedings taken against the Member (as described in Section 99 of the Pension Schemes Act 1993) and then only to the extent that such recovery is authorised by the judgment or decision of such proceedings.

### 20.4 Indemnity from Employer

Any Employer receiving a payment under this Rule 20 will indemnify the Trustees in respect of any claims arising because of such payment.

## 21. FORFEITURE OF BENEFITS

### 21.1 Assignment of Benefits

Except as expressly permitted by the Rules, where Rule 21.1.1, 21.1.2 or 21.1.3 applies, the Member or other beneficiary shall, subject to Rule 15.2 [*Non-Participation under the National Insurance Acts: Minimum Amount*] and the Contracting-out Appendix, forfeit all rights to the benefit.

This Rule 21.1 applies –

21.1.1 where the Member or other beneficiary becomes bankrupt, and

- (a) the pension rights of the Member or beneficiary under the Scheme form part of the Member's or beneficiary's estate (as defined in section 283 of the Insolvency Act 1986), or
- (b) the Member or beneficiary is in receipt of a pension, or
- (c) in the case of a Member, the Member is within three years of his Normal Retirement Date;

21.1.2 where the Member or other beneficiary wholly or partially assigns or charges any benefit under the Scheme in favour of any person who is not an Authorised Recipient, or attempts or purports to do so; or

21.1.3 if any other act is done or event happens whereby the benefit would, if not for this Rule, be vested in or payable to or charged in favour of any person who is not an Authorised Recipient.

## 21.2 **Payment of forfeited assets**

The Trustees may pay or apply any benefit forfeited under Rule 21.1 (or any part thereof) at their discretion to or for the benefit of the Member, or his spouse, civil partner or Dependants, or other beneficiary concerned Provided that:-

21.2.1 in no circumstances shall any payment be made to an assignee or chargee, actual or purported, who is not a Dependant, or the Member's spouse or civil partner;

21.2.2 any GMP payable to a Member or Widow or Widower shall not be so forfeited.

## 21.3 **Provisions about divorce**

The provisions dealing with Pension Sharing Orders (as defined in the Pension Sharing on Divorce Appendix) and earmarking orders are set out in the Pension Sharing on Divorce Appendix.

## 22. **TRANSFERS TO THE SCHEME**

### 22.1 **Trustees' power to accept transfers**

The Trustees may accept by way of a transfer to the Scheme money or other assets in respect of any Member from another Registered Pension Scheme or from a Qualifying Recognised Overseas Pension Scheme Provided that the transfer constitutes a Recognised Transfer.

Such transfer shall be on terms that the relevant Member or other person shall be entitled to such additional benefits (which may be in the form of an additional period of Pensionable Service) as the Trustees, acting on the advice of the Actuary, may determine.

The Trustees may place the transfer payment referred to in the first paragraph of this Rule 22.1 on deposit with any investment institution of their choice or may invest it in an investment specifically appropriated to the provision of additional benefits for the Member to be secured by such payment.

### 22.2 **Terms**

On any transfer being made under this Rule the Trustees shall obtain from the trustees or administrators of the Registered Pension Scheme or Qualifying Recognised Overseas Pension Scheme from which it is made such relevant information as the Trustees may require.

### 22.3 **Statutory pensions**

In exercising their powers under this Rule the Trustees, in their discretion, may accept liability for Equivalent Pension Benefits. They may also accept liability for Accrued Rights to, and payment of, GMPs in accordance with the Transfer Regulations and the terms of the Contracting-out Appendix.

### 22.4 **Preservation**

The Trustees shall ensure that if the Member leaves Service before Normal Retirement Date the requirements of Chapter I Part IV of the Pension Schemes Act 1993 are complied with in respect of benefits provided by virtue of a transfer made under this Rule.



23. **MEMBERS WHO PARTICIPATE IN A "SALARY SACRIFICE SCHEME FOR PENSION CONTRIBUTIONS"**

23.1 Active Members and Post-NRD Members who participate in an arrangement which the Principal Employer designates as a "salary sacrifice scheme for pension contributions" accept a reduction in their pay in return for non-contributory membership of the Scheme. The reduction in each Member's pay is equal to the contributions that the Member would otherwise be required to pay:

23.1.1 under Rule 3.1 [*Compulsory Contributions*], taking account of any election which the Member has made under Rule 3.5;

23.1.2 under Rule 3.2 [*Extra Service Contributions*], if the Member has, under the terms of that Rule, chosen to contribute to the Scheme, and taking account of any election which the Member has made under Rule 3.5; or

23.1.3 Rule 3.3 [*Contributions after Normal Retirement Date*], if the Member has, under the terms of that Rule, elected to contribute to the Scheme.

23.2 For any period during which a Member participates in a salary sacrifice scheme for pension contributions the following modifications to these Rules apply:

23.2.1 Members who participate in a salary sacrifice scheme for pension contributions are not required to pay any contributions to the Scheme under Rule 3.1, Rule 3.2 (if they have, under the terms of that Rule, chosen to contribute to the Scheme), or Rule 3.3 (if they have, under the terms of that Rule, elected to contribute to the Scheme); or for the purposes of Rule 5 [*Temporary Absence*].

23.2.2 to ensure that a Member's benefits are not affected:

(a) "Earnings" and "Salary" at any date and for any period while a Member participates in a salary sacrifice scheme for pension contributions will be of such amount as would have applied had the Member not participated in such arrangement; and

(b) For the purposes of Rules 14.1.1 [*Lump sum benefits on death: Amount – before Normal Retirement Date as an Active Member*] and 14.1.4 [*Lump sum benefits on death: Amount – before Normal Retirement Date with entitlement to a preserved pension etc*], "Contributions" at any time and for any period while a Member participates in a salary sacrifice scheme for pension contributions will be of such amount as would have applied had the Member not participated in such arrangement.

24. **GENERAL PROVISIONS RELATING TO TRUSTEES**

24.1 **Confirmation of Trustees**

The Principal Employer confirms the appointment of the Trustees as the current trustee of the Scheme and acknowledges that, at the date that these Rules are adopted, the current Trustees is a corporate trustee within the meaning of Rule 25.1.

24.2 **Power of appointment and removal**

The Fund is vested in the Trustees (being as at the Effective Date a corporate trustee subject to the provisions of Rule 25.1) and the statutory power of appointing new trustees of the Scheme shall be vested in the Principal Employer. The Principal Employer may in its absolute discretion at any time and from time to time remove all or any of the Trustees or any future trustee of the Scheme from office for any reason and shall have power at any time to appoint an additional trustee of the Scheme or a corporate body as sole trustee of the Scheme (whether or not it is a trust corporation).

### 24.3 **Member-nominated trustees**

The provisions of Rule 24 do not apply to any arrangements made under Sections 241 or 242 of the Pensions Act 2004 to the extent that those arrangements conflict with this Rule 24, for as long as the Trustees are obliged to ensure that such arrangements are maintained.

### 24.4 **Disqualification of Trustees**

A Trustee who becomes disqualified from acting as a trustee under the Pensions Act 1995 will immediately cease to be a Trustee. Things done by a person so disqualified while purporting to be a Trustee shall not be invalid merely because of that disqualification.

### 24.5 **Books and records**

The Trustees must ensure that the Scheme books and records, and records of Trustees' meetings (including meetings of any sub-committees) are kept and recorded in accordance with section 49 of the Pensions Act 1995.

### 24.6 **Administrator**

The Trustees or such other person as the Principal Employer, with the consent of the Trustees shall appoint in accordance with section 270 of the Finance Act 2004, shall be the scheme administrator of the Scheme for the purposes of the Finance Act 2004. The power of appointment and removal of the administrator is vested in the Principal Employer with the consent of the Trustees.

### 24.7 **Remuneration of Trustees**

The Trustees shall be entitled to such remuneration (if any) as may from time to time be agreed between them and the Principal Employer.

### 24.8 **Interested professional parties**

Any individual trustee of the Scheme or any director or officer of the Administrator or of any corporate trustee of the Scheme who is an accountant, solicitor, stockbroker or other person engaged in any profession or business may act by himself or his firm in a professional capacity for the Trustees and shall be entitled to charge and be paid for all work done by him or his firm for or on account of the Trustees.

### 24.9 **Indemnity**

24.9.1 The Trustees shall be entitled to an indemnity against the assets of the Fund and from the Employers (and each of them) in respect of:-

- (a) all liabilities of any description incurred by them in the performance of their obligations hereunder or in the administration of the Scheme so long as those liabilities shall have been incurred in good faith and without any fraudulent or wrongful intent or deliberate disregard of the interest of the beneficiaries of the Scheme on their part; and
- (b) all expenses properly incurred by them in the execution of the trusts of the Scheme including all expenses incurred in connection with any such liabilities as is referred to in Rule 24.9.1(a) above or in connection with any breach of trust for which they are exonerated from liability by virtue of Rule 24.9.2 below.

24.9.2 The Trustees shall not be liable for any actual or alleged maladministration, error of judgment or breach of trust of whatever nature whether by way of omission or commission by any of them or by any other person but this paragraph shall not operate to release any liability attaching to any Trustee in respect of that person's fraud or deliberate disregard of the interests of the beneficiaries under the Scheme. Nothing in this

Rule 24.9.2 shall be taken to relieve the Trustees from any liability which may attach to them by virtue of Section 33 of the Pensions Act 1995, subject however to the protections afforded to the Trustees under Section 34 of that Act.

24.9.3 The indemnity from the Employers in Rule 24.9.1 shall not apply where the Trustees are personally indemnified in respect of any loss caused to any of them under any such policy of insurance as is referred to in Rule 24.9.4 below to the extent that the insurer in relation to that policy in fact pays sums due or payable under the policy (and attributable to that loss) to the Trustees in respect of an insured event under that policy.

24.9.4 Subject to Section 256 of the Pensions Act 2004 the Trustees may insure themselves in their capacity as trustees of the Scheme, for the benefit of the Scheme, against any loss to the Scheme howsoever caused by the Trustees or in respect of any personal liability of any of the Trustees howsoever arising from the exercise of any discretionary powers conferred on the Trustees (including any such loss caused by, or any such personal liability arising in respect of, the acts or omissions of any of their agents or delegates appointed under the Scheme) so long as those liabilities shall have been incurred in good faith and without any fraudulent or wrongful intent or deliberate disregard of the interests of the beneficiaries of the Scheme on their part.

24.9.5 The Trustees may pay the premiums in respect of any such policy of insurance entered into by them out of the assets of the Scheme insofar as any such premium is not recoverable against or borne by the Employers as an expense of administration under Rule 30 [*Expenses of Administration*].

24.9.6 Where the Trustees have a right of indemnity against the assets of the Fund for any matter referred to in this Rule 24.9, they shall exercise that right before calling on the indemnity conferred upon them by the Employers and shall use all reasonable endeavours to pursue claims in respect of any such subsisting policy of insurance as is referred to in Rule 24.9.4, where in the opinion of the Trustees this is practicable, prior to having recourse to the Fund or to Employers under the indemnity contained in Rule 24.9.1.

24.9.7 To the extent that an indemnity under this Rule 24.9 would otherwise be void under section 232 of the Companies Act 2006, the indemnity shall apply only to the extent permitted by section 235(3) of that Act, so that it shall be a "qualifying pension scheme indemnity provision" as defined in section 235.

#### 24.10 **Secretary**

A secretary of the Scheme may from time to time be appointed by the Trustees for such period and generally upon such terms as they shall think fit and the secretary shall have an office, the address of which shall be notified to Members and at which notices may be served on him and enquiries may be made.

#### 24.11 **Notices**

Any notice to the Trustees or to any Member or other person in receipt of a pension or entitled to any other benefit hereunder may be given by sending it through the post in a prepaid envelope addressed to him at his last known address, and any notice so sent shall be deemed to be served on the second day following that on which it is posted.

#### 24.12 **Claims only in accordance with Rules**

No Member shall have any claim or right to any benefit save if and so far as the Scheme allows and in accordance with the Rules.

**24.13 Termination of employment**

Nothing in the Rules shall in any way restrict the rights of the Employer or its appropriate officials to determine the employment of any Member and the benefits to which a Member might claim to be entitled under the provisions of the Rules in respect of a period after his contract of service has or could have been lawfully terminated shall not be used as a ground for increasing damages in any action brought by such Member against the Employer.

**24.14 Acts of the employer**

Unless otherwise provided for in the Rules any discretionary power or obligation conferred or imposed on the Employer may be exercised or complied with:-

24.14.1 by the board of directors of an Employer by resolution, or by a written document signed by all the members thereof, or

24.14.2 as an alternative to Rule 24.14.1 above, by some person duly nominated in manner aforesaid by the Employer to exercise the powers and discretions conferred upon it.

**24.15 Liability of employers**

An Employer shall not be under any liability whatsoever in connection with the Scheme, except as expressly provided in the Rules.

**24.16 Arbitration**

In the case of any dispute or difference arising between any person or persons interested in the Fund (whether actually or prospectively or contingently) and the Trustees or the Employer concerning the exact meaning or construction of any of these Rules or any rights or liabilities thereunder, it shall (so far as the decision or determination of such dispute or difference is not otherwise effectively provided for by the Rules) be referred to arbitration by a single arbitrator (to be appointed, failing agreement between the parties, by the President for the time being of the Law Society) in accordance with the provisions of the Arbitration Acts 1950 and 1996 or any re-enactment or modification thereof for the time being in force.

**24.17 Trustees to have control of Fund**

The Trustees shall, subject to these Rules, have sole and absolute control of the Fund and the administration of it and determine (within the limits laid down by these Rules) the investments in which it shall be laid out from time to time.

**24.18 Administration services**

The Principal Employer shall make available to the Trustees such secretarial and other services as the Trustees shall reasonably require.

**25. CONDUCT OF TRUSTEES – SOLE CORPORATE TRUSTEE**

**25.1 Corporate Trustee**

25.1.1 A corporate trustee can be constituted as either a company (whether or not established for the sole purpose of acting as the trustee of a pension scheme) as defined in Section 1 of the Companies Act 2006 or a Trust Corporation as defined in Section 68(1) of the Trustee Act 1925.

25.1.2 The conduct of any corporate trustee of the Scheme shall be governed by its memorandum and articles of association but in all other respects any such corporate trustee shall be subject to all of the provisions of the Scheme which are capable of applying to it.

- 25.1.3 In the event that there is more than one Trustee appointed to that office (whether or not any one or all of them may be corporate trustees), the conduct of any such Trustees shall be in accordance with Rule 26.

**25.2 Members as directors of corporate trustees**

- 25.2.1 No Member or employee or officer of the Employers who is or shall be for the time being a trustee of the Scheme or director or other officer of any corporate trustee of the Scheme shall be disqualified from exercising any power or discretion vested in the Trustees by the Rules by reason of his dual capacity.

**26. CONDUCT OF TRUSTEES – MULTIPLE TRUSTEES**

**26.1 Trustees' meetings**

If and for as long as there are two or more trustees of the Scheme:-

- 26.1.1 The Trustees shall meet together for the conduct of business at least once a year at such time and at such places and shall make such regulations for the conduct of their business as they may from time to time decide.
- 26.1.2 A majority of the Trustees may at any time convene an additional meeting of the Trustees by giving written notice to the secretary and the secretary may also convene an additional meeting.
- 26.1.3 The Principal Employer shall elect a chairman of the Trustees' meetings and shall determine the period for which he is to hold office.
- 26.1.4 At any meeting of the Trustees at which a Trustee is absent he may appoint one of his fellow Trustees as his proxy to exercise his votes on his behalf.
- 26.1.5 The quorum necessary for the transaction of business at any meeting of the Trustees shall be two.
- 26.1.6 A meeting of the Trustees at which a quorum is present shall be competent to exercise all or any of the authorities powers duties and discretions vested in the Trustees.
- 26.1.7 A Trustee shall not be entitled to require that notice of any meeting of the Trustees shall be given to him at a place outside the United Kingdom.
- 26.1.8 Questions arising at any meeting of the Trustees shall be decided by a majority of votes and in the case of an equality of votes the chairman shall have a casting vote.

**26.2 Trustees' personal interests**

- 26.2.1 Without prejudice to section 39 of the Pensions Act 1995 (exercise of powers by member trustees) any Trustee may participate in and vote on the determination of any questions arising regardless of whether he may have any direct or indirect personal interest in the outcome of such question. Nevertheless a Trustee shall disclose his interest except where that interest is as a beneficiary or potential beneficiary of the Scheme or as a director or Employee of an Employer.

**26.3 Trustees' benefits**

- 26.3.1 Any Trustee who is a Member shall be entitled to retain for himself any benefit to which he is entitled by virtue of such membership.

## **27. INVESTMENT POWERS**

### **27.1 General investment power**

The Trustees' statutory power of investment under section 34(1) of the Pensions Act 1995 shall be unrestricted, subject to compliance with section 40 of the Pensions Act 1995 (restriction on employer-related investments). To the extent that the statutory power may be construed as restricting the application of monies to the purchase of income-producing assets, the Trustees are expressly empowered to purchase, hold and deal in assets, rights or instruments of any kind, whether or not income-producing and whether or not involving liability, and whether or not authorised by law for the investment of trust funds, and in such loans, (including the lending of stock under the market practice known as stocklending) whether secured or unsecured, as the Trustees in their absolute discretion think fit, to the intent that the Trustees shall have powers of investment and of transposing investments no less unrestricted than if they were absolutely entitled to such monies and investments beneficially.

### **27.2 Bank accounts**

Without prejudice to Rule 27.1 the Trustees shall have power to retain or place money on deposit or current account with any bank and on deposit with any local authority, insurance company, building society or other body, but any money received by the Trustees must be kept in one or more separate accounts, whether current or deposit accounts, held by the Trustees with a deposit taker, as defined in section 49(8A) of the Pensions Act 1995 (except in the circumstances prescribed under regulation 11 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (S.I. 1996 No. 1715)).

### **27.3 Underwriting and sub-underwriting**

The Trustees may underwrite or sub-underwrite any investments or securities, whether on issue or sale and whether jointly with other persons or not.

### **27.4 Power to borrow**

Subject to section 36A of the Pensions Act 1995, the Trustees may raise any money required for the purposes of the Scheme by the sale, conversion, calling on or mortgage or charge of all or part of the trust property for the time being in their possession, in the same manner and to the same extent as if the Trustees were the absolute and beneficial owners thereof. The Trustees shall have power at any time and from time to time in their absolute discretion to borrow money and mortgage or charge the Fund or any part of it.

### **27.5 Pooled investments**

The Trustees may commingle, pool or otherwise jointly invest all or any of the assets of the Scheme with the assets of any other registered scheme. In doing so, the Trustees may enter into such arrangements as they consider fit for the appointment of one or more investment managers and/or nominees of the commingled, pooled or jointly invested assets.

### **27.6 Development of land**

The Trustees may invest in the purchase, or upon the securing of freehold or leasehold land or any interest therein and in any expenditure upon development, redevelopment, improvement, maintenance or insurance in such connection.

### **27.7 Statement of investment principles**

The Trustees must secure that there is prepared, maintained and from time to time revised a written statement of the principles governing decisions about investments for the purposes of the Scheme in accordance with section 35 of the Pensions Act 1995.

27.8 **Power to insure**

The Trustees shall have power to insure the Fund, any individual asset or investment of the Fund (including any risks which may arise in the course of holding any investment) and any risks incurred by the Trustees whether as a body or as individuals including liabilities for the acts or omissions of any employee of the Trustees to the same extent as they could insure themselves if they were the actual and beneficial owners of the Fund and without prejudice to the generality of the foregoing they may insure against any act or omission for which they could be personally responsible and may change all premiums as an expense recoverable out of the Fund save that no insurance taken out at the expense of the Fund may include cover for a fine or penalty referred to in Section 256 of the Pensions Act 2004.

28. **OTHER POWERS**

28.1 **Other powers**

The Trustees shall also have power –

28.1.1 to relieve the Scheme of all liability to provide any benefit under the Scheme to or in respect of any Member or other person (in this Rule called "the Principal Beneficiary") by the purchase of an Appropriate Policy in the name of the Principal Beneficiary or in the name of trustees for his benefit, or by the transfer into his name or into the name of such trustees of any such Appropriate Policy already issued and acquired by the Trustees under Rule 22 [*Transfers to the Scheme*] or 27 [*Investment powers*] Provided that –

(a) such Appropriate Policy need not assure the same benefits payable on the same conditions as the benefits which it replaces and in particular it need not confer the same or any benefits on the persons who but for the exercise by the Trustees of their powers under this Rule would have benefited from the Scheme on the death of the Principal Beneficiary; and

(b) if the benefits under the Scheme for or in respect of the Principal Beneficiary include a GMP and/or short service benefits (as defined in Chapter I Part IV of the Pension Schemes Act 1993), then the Trustees may not exercise their powers under this Rule without first obtaining the consent of the Principal Beneficiary in the form prescribed under section 19(5) of the Pension Schemes Act 1993 unless the Appropriate Policy is purchased in the circumstances described in section 19(5)(b) or (c) of that Act or unless permitted under the Preservation Requirements. Where a relevant Authorised Life Office assumes an obligation to pay benefits to or in respect of the Principal Beneficiary, the Trustees must be satisfied that the payment to the Authorised Life Office from the Scheme is not less than the value of any benefits which have accrued to or in respect of the Principal Beneficiary under the Rules or (where the purchase is not being made in respect of the whole of the benefits accrued to or in respect of him) of the value of the relevant part of the benefits in respect of which the purchase is being made;

28.1.2 subject to the requirements of section 47 of the Pensions Act 1995, to rely upon the advice or opinion (whether or not obtained by them) of any accountant, actuary, benefit consultant, broker, lawyer, medical practitioner, surveyor or other professional person;

28.1.3 to accept any donations, transfers or bequests for any of the purposes of the Scheme; and

28.1.4 to give undertakings to HMRC and the Pensions Regulator.

28.2 **Delegation**

The Trustees may with the consent of the Principal Employer, save where such consent is not required under the Pensions Act 1995, delegate all or any of the powers, duties and discretions

conferred upon them in the manner set out below in extension of and without prejudice to the powers of delegation contained in statute and of any and every other power enabling them in that behalf:-

28.2.1 the Trustees shall have a discretion to delegate to any one or more persons of their choice or any committee of persons (whether or not incorporated), including any officers or employees of any of the Employers, the power to exercise any powers, duties and discretions of the Trustees whether arising under the provisions of these Rules, as from time to time amended, or under the general law relating to trusts and trustees, upon such terms and subject to such limitations and subject to an overriding power of revocation as the Trustees may with the consent of the Principal Employer decide, provided that:-

- (a) the Trustees shall not delegate the exercise of their right to approve any amendment of the Rules;
- (b) the Trustees shall not delegate any of their powers in connection with the winding-up of the Scheme except as required by statute;
- (c) the Trustees must lay down the limits applicable to such delegated powers and guidelines for their execution; and
- (d) the person to whom powers are delegated must report regularly to the Trustees on the exercise of the delegated powers and the Trustees must use their reasonable endeavours to make sure that all guidelines which have been laid down are observed.

28.2.2 the Trustees shall have the power from time to time to delegate their powers of making and managing investments and of keeping a register thereof to any person, firm or company whom they may consider competent to be such a delegate and to pay to such delegate agreed fees as the Trustees consider to be reasonable in all the circumstances, provided that:-

- (a) the Trustees may lay down investment guidelines for the delegate;
- (b) the Trustees must be able to revoke any delegation after a maximum period of twelve months;
- (c) the delegate must report to the Trustees at least quarterly on the performance of the investments; and
- (d) the Trustees must use their reasonable endeavours to ensure that the delegate observes the investment guidelines.

The Trustees may if they consider this expedient authorise the delegate so appointed himself to delegate the exercise of all or any powers delegated to him upon such terms (if any) as the Trustees may think fit to impose and as the appointed delegate may accept.

Without prejudice to the generality of provisos referred to in Rules 28.2.2(a) to 28.2.2(d) inclusive the Trustees shall comply with Section 34(4) of the Pensions Act 1995 and with Section 34(6) of that Act (where they have appointed any relevant fund managers to manage by way of delegation any of the investments of the Scheme) as regards those matters on which they are required to take all such steps as are reasonable to satisfy themselves so as to obtain the protections afforded by those sub-sections.

28.2.3 The Trustees may, if they consider it expedient to do so for the more efficient management of the Fund, appoint a custodian for the purpose of holding all or any part of the assets of the Fund, and may permit all or any part of the assets of the Fund to be held in the name of a nominee or nominees, which may include any investment manager appointed under Rule 28.2.2 and appointed under this Rule, any subsidiary of either of them or of any company appointed by the Trustees to act as their nominee and any



participant in a recognised clearing system used for the purpose of investment in traded securities on terms that any such custodian or nominee will hold such assets for and on behalf of the Trustees and deal with the income and capital derived from them as directed from time to time by the Trustees. For the purposes of any agreement appointing any such custodian or nominee, the Trustees shall also have power to give an indemnity or lien which shall be binding on the Fund; and

28.2.4 the Trustees shall have a discretion to delegate to any one or more persons of their choice including any senior employee of any of the Employers power to sign, draw and endorse cheques and give receipts and acknowledgements on behalf of the Trustees for the purposes of the Scheme.

## 29. **ALTERATION OF THE RULES**

### 29.1 **Power of alteration**

The Principal Employer may at any time, but subject to Sections 67 to 67I of the Pensions Act 1995 and to the following sub-Rules of this Rule, by deed, alter or repeal all or any of the Rules for the time being in force or make any new rules to the exclusion of or in addition to all or any of the existing Rules and any such amendments shall be deemed to be Rules of the same validity as if originally embodied in the Rules of the Scheme and shall be subject in the same way to be altered or modified. Any amendment may be made retrospectively.

### 29.2 **Effect on existing benefits**

No alteration or addition shall prejudice or affect any pension or annuity then payable under the Scheme or the rights of any Member who is then excused from, or not liable for, contributions.

### 29.3 **Alterations not to affect purpose of the scheme**

There shall be no alteration which shall have the effect of altering the purpose of the Scheme, which shall continue to be the provision of relevant benefits for Employees, either on retirement at a specified age or on death or incapacity at some earlier age. Without prejudice to the restrictions in Rule 29, the requirements of sections 67 to 67I of the Pensions Act 1995 shall be observed.

### 29.4 **No return to employer of any part of the fund**

There shall be no alteration which shall result in the return to an Employer of any part of the Fund subject to the provisions of Rule 38.7.7.

### 29.5 **Consent of trustees**

There shall be no alteration without the consent in writing of the Trustees.

### 29.6 **Members who left pensionable service or reached normal retirement date before the coming into effect of amendments to the Rules**

The benefits payable on retirement and on the death of a Member who ceased to be in Pensionable Service before the coming into effect of any amendments to the Rules shall unless specified to the contrary be as described in the provisions of the Scheme applicable when such Member left Pensionable Service.

## 30. **EXPENSES OF ADMINISTRATION**

Unless otherwise agreed by the Trustees all costs and expenses of managing and administering the Scheme from time to time shall be paid by the Employers in such proportions as the Trustees shall decide.

## **31. ACCOUNTS AND AUDITOR**

### **31.1 Keeping of accounts**

The Trustees shall keep such accounts, entries, registers and records as are necessary for the proper working of the Scheme. The Trustees must ensure that in respect of each Scheme Year there are prepared accounts in accordance with section 41 of the Pensions Act 1995, and such accounts must be audited by the Auditor within seven months of the end of the Scheme Year.

### **31.2 Appointment and removal of Auditor**

31.2.1 The Trustees shall appoint the Auditor, on such terms as they consider fit and which satisfy the requirements of section 47 of the Pensions Act 1995.

31.2.2 The Trustees and the Employers must supply the Auditor with such information and explanation as may reasonably be required for the performance of his duties, including allowing him access at all reasonable times to the Scheme's books, accounts and vouchers.

31.2.3 The Trustees may remove the Auditor from office at any time by serving on him notice in writing stating the date with effect from which his appointment is terminated (being a date not earlier than the date of the notice) and shall appoint another Auditor in accordance with Rule 31.2.1 above.

## **32. THE ACTUARY AND ACTUARIAL REPORTS**

### **32.1 Appointment and removal of Actuary**

32.1.1 The Trustees shall appoint the Actuary, on such terms as they consider fit and which satisfy the requirements of Section 47 of the Pensions Act 1995.

32.1.2 The Trustees may remove the Actuary from office at any time by serving on him notice in writing stating the date with effect from which his appointment is terminated (being a date not earlier than the date of the notice) and shall appoint another Actuary in accordance with Rule 32.1.1 above.

### **32.2 Actuarial valuation**

32.2.1 The Trustees must instruct the Actuary to prepare or have prepared for the Trustees, as soon as required by Section 224 of the Pensions Act 2004, a signed actuarial valuation of the assets of the Scheme in relation to its liabilities. Such valuations must be obtained at intervals of not more than one year or, if the Trustees obtain actuarial reports (as defined in Section 224(2) of the Pensions Act 2004) for the intervening years at intervals of not more than three years. The Actuary shall provide a copy of the valuation to the Trustees and the Principal Employer.

32.2.2 If, having obtained a valuation in accordance with Rule 32.2.1, it appears to the Trustees that the statutory funding objective was not met on the effective date of the valuation, they must within the prescribed time prepare a recovery plan in accordance with Section 226 of the Pensions Act 2004 (or, if there is an existing recovery plan in force) review and if necessary revise it.

32.2.3 In addition, the Trustees shall be entitled from time to time to obtain the advice of the Actuary in relation to such other matters as they consider necessary for the proper operation of the Scheme.

32.2.4 In the event of an actuarial valuation or report under Rule 32.2.1 disclosing that an alteration in or addition to the Scheme is desirable then the Principal Employer and the Trustees shall take such steps as they shall jointly consider appropriate for the purpose, subject to the requirements of the Pensions Act 2004.

### 33. INFORMATION AND DISPUTE RESOLUTION

#### 33.1 Deeds and Rules

Copies of the Deeds and Rules constituting the Scheme must be made available for inspection by any beneficiary, prospective beneficiary and representatives of any trade union recognised by the Employers in accordance with and generally in a manner consistent with the Disclosure Requirements. The Trustees may, subject to the Disclosure Requirements, make a reasonable charge for any copies supplied to such persons in accordance with this Rule 33.1.

#### 33.2 Annual report and other information

The Trustees must provide copies of the Scheme annual report prepared in accordance with Rule 33.4 and copies of any other documents specified for this purpose under the Disclosure Requirements to any person entitled to receive a copy under the Disclosure Requirements. The Trustees may, subject to the Disclosure Requirements, make a reasonable charge for any copies supplied to such persons pursuant to this Rule 33.2

#### 33.3 Notification of benefits

The Trustees must notify each beneficiary under the Scheme of his benefits at such times and in such manner as are specified by the Disclosure Requirements.

#### 33.4 Annual report

The Trustees must ensure that an annual report is prepared in respect of each Scheme Year, containing copies of the audited accounts for that Scheme Year prepared under Rule 31 [*Accounts and Auditor*], the latest actuarial statement obtained under Rule 32.2.1 and any other information specified for this purpose under the Disclosure Requirements.

#### 33.5 Disputes, claims and other litigation

The Trustees must secure that at all times arrangements are in place (and being implemented) for resolving disputes relating to the Scheme in accordance with section 50 of the Pensions Act 1995.

### 34. CONTRIBUTIONS: EMPLOYERS' OBLIGATIONS

#### 34.1 Amount and payment

34.1.1 Each of the Employers shall contribute from time to time to the Trustees such amounts to the Scheme as may be determined by the Trustees on the advice of the Actuary as necessary to be appropriate after agreement with the Principal Employer, having regard to its employees who are Active Members and to the assets and liabilities of the Fund; and such contributions may have regard to the expenses properly incurred by an Employer in connection with the Scheme. The rate of contributions each Employer shall make to the Scheme during any period shall take into account the amount of contributions such of its employees as are Members who participate in a salary sacrifice scheme for pension contributions under Rule 23 [*Members who participate in a "salary sacrifice scheme for pension contributions"*] would have paid during that period had they not been so participating.

34.1.2 The rate of contributions shall not fall below the amount specified in any schedule of contributions that has been prepared in accordance with Rule 34.3.

#### 34.2 Collection and payment of Contributions

34.2.1 Each Employer shall collect the Contributions and AVCs of the Members for the time being employed by it, by deduction from their remuneration. Each Employer must, on behalf of such Members, pay in accordance with section 49(8) of the Pensions Act 1995

to the Trustees (or as the Trustees may direct) the contributions so collected at such intervals as the Trustees may direct.

- 34.2.2 Contributions (including the Members' contributions payable under Rule 4) due from any Employer shall become a debt due from that Employer to the Trustees in accordance with any schedule of contributions in force from time to time pursuant to Section 227 of the Pensions Act 2004 and for any period when no such schedule is in force or in respect of contributions in addition to those contributions to which the schedule applies on the nineteenth day of the month following the month in respect of which they become payable. The Trustees shall be entitled to charge such rate of interest on any contributions which have not been paid by the date specified as the due date of payment under that schedule or otherwise by the nineteenth of the month following the month in respect of which they become payable as they may have regard to the advice of the Actuary deemed to be reasonable.

### 34.3 **Schedule of Contributions**

When required to do so under Section 227 of the Pensions Act 2004, the Trustees shall ensure that there is prepared, maintained and from time to time revised, a schedule of contributions in accordance with that section.

### 34.4 **Statement of funding principles**

When required to do so under Section 223 of the Pensions Act 2004, the Trustees shall ensure that there is prepared, maintained and from time to time revised, a statement of funding principles in accordance with that section.

### 34.5 **Additional special contributions**

- 34.5.1 The Employer may at any time, and from time to time, pay any single or periodic sum or sums by way of special contribution. On paying such sum or sums the Employer shall state the purpose for which such payment is being made, and this may be either in augmentation of the Fund for the general purpose of the Scheme or otherwise, and without prejudice to the generality of the foregoing any such payment may include the provision of benefits in exceptional circumstances for an employee or former employee, not qualified by age and service to receive a benefit under the Scheme, or may be to increase the amount of any benefit payable pursuant to the Scheme (including the addition of added years of Pensionable Service in respect of any particular Member or Members), and in any such case the Trustees, acting on the advice of the Actuary, shall determine the amount of benefit or increased benefit.

- 34.5.2 The Principal Employer may determine at any time or in anticipation of any of the circumstances for which Rule 38.2 [*Termination and Winding-up: Partial Determination*] or 38.3 [*Withdrawal of an Individual Employer*] provides, on the advice of the Actuary, and whether or not the most recent valuation or report carried out in accordance with Rule 32.2.1 [*The Actuary and Actuarial Reports: Actuarial valuation*] discloses a deficit in the Scheme, to pay a special contribution or series of special contributions to the Trustees and may request the Trustees to give prior written confirmation as a condition of receipt of any such contribution that it will be applied by them in increasing the amount of any benefit payable in such circumstances (including, without limitation, by way of increase in any amount to be transferred pursuant to Rule 38.8 [*Transfer payments on a Winding-up*]).

### 34.6 **Reduction or suspension of contributions**

Subject to the provisions of Rules 38 [*Termination and Winding-up*] and 34.1 [*Contributions: Employers' Obligations – Amount and payment*] the Principal Employer may from time to time give notice to the Trustees to reduce or suspend for such period as may be specified in the notice all or any of the contributions due under the provisions of Rule 34.1.1 and upon such notice being given the Employer or Employers concerned shall not be bound to pay more than the reduced

contributions nor shall the Trustees be required to seek such additional contributions as would otherwise be due from the Employers beyond those required to satisfy the higher of such payments as may be required in order to maintain benefits or those due under Rule 34.1.2. The Trustees shall be under a duty to notify the Members concerned of such suspension or reduction if in the opinion of the Trustees having regard to the advice of the Actuary it would cause the benefits currently and prospectively payable under the Scheme to be reduced or suspended for any period.

### 35. **REPLACEMENT OF THE PRINCIPAL EMPLOYER**

Any Employer or holding company may agree with the Trustees to take over the role of the Principal Employer under the Rules. The consent of the Principal Employer shall be necessary unless a resolution has been passed that the Principal Employer should be wound up.

### 36. **PARTICIPATING COMPANIES**

#### 36.1 **Conditions for participation**

If a company:-

36.1.1 is a subsidiary or associated company of the Principal Employer;

36.1.2 has employees eligible for membership of the Scheme; and

36.1.3 is approved for participation in the Scheme by the Principal Employer and the Trustees

then it shall be entitled to participate in the Scheme on entering into a Deed of Covenant with the Trustees to abide by and comply with the Rules so far as they relate to it and its employees who become Members.

#### 36.2 **Special provisions on first participation**

Notwithstanding the provisions of Rule 36.1, an Employer on first participating in the Scheme may by Deed, and with the consent of the Principal Employer and the Trustees who shall act if necessary on the advice of the Actuary:-

36.2.1 Exclude from eligibility for membership of the Scheme any Employee or class of Employees who may otherwise be eligible for membership of the Scheme;

36.2.2 In relation to Employees then in its Service who are eligible for membership of the Scheme exclude, vary or modify any provision of the Scheme contained in the Rules and substitute or add any other provision to the Scheme in respect of those eligible Employees; and

36.2.3 Accept a block transfer payment from the trustees of any scheme in which such Employer has participated provided that the transfer constitutes a Recognised Transfer.

#### 36.3 **Cessation of participation**

The Principal Employer, with the consent of the Trustees and the appropriate Employer if it is still associated with the Principal Employer, may by deed declare that any Employer which has been participating in the Scheme shall forthwith cease to participate and if such Employer still has Employees who are Members of the Scheme the provisions of Rule 38.3 [*Termination and Winding-up: Withdrawal of an Individual Employer*] shall come into operation.

#### 36.4 **Apportionment arrangements**

Where an Employer ("**the Leaving Employer**") ceases to participate in circumstances where a debt would be due under Section 75 or 75A of the Pensions Act 1995 (Deficiencies in the assets) or such a debt otherwise becomes due, then the Trustees may agree to apportion all or part of the debt to one or more of the other Participating Employers ("**the Debtor Employers**").

The Trustees may enter into such an agreement only if:

- 36.4.1 they obtain the Debtor Employers' and the Principal Employer's consent; and
- 36.4.2 the Scheme meets the funding test (as defined in regulation 2(4A) of the Occupational Pension Schemes (Employer Debt) Regulations 2005), unless that test does not have to be met by virtue of regulation 6E(4) of those regulations.

The agreement must set out the terms of the apportionment, including the amount payable by the Leaving Employer.

### 37. **DISCLOSURE OF INFORMATION BY EMPLOYERS**

Every Employer must promptly supply to the Trustees (or as the Trustees may direct) such information as they may require to administer the Scheme.

### 38. **TERMINATION AND WINDING-UP**

#### 38.1 **Power of determination**

The Scheme may be terminated by the Principal Employer at any time by giving three months' previous notice in writing (or such shorter period as the Trustees in their discretion may think fit to accept) to the Trustees expiring at any time. From the expiry of such notice or the termination of the Scheme for any other reason, the Employers shall not be liable for any further payments to the Fund, but without prejudice to any liability for payments due on or before the date of such expiration or other termination. Upon termination, the Trustees shall give notice to the Members that the Scheme has terminated. The Scheme shall thereupon be wound up, unless the Trustees decide to continue it as a closed scheme. The Trustees shall comply with the requirements of the Disclosure Requirements.

#### 38.2 **Partial determination**

The Scheme may be partly terminated by the Principal Employer with like notice as is required under Rule 38.1 in relation to any group of Members in respect of whom alternative pension arrangements are proposed or exist and in such event that group of Members shall be treated as if they were Employees of a participating employer to which Rule 38.3 applies.

#### 38.3 **Withdrawal of an individual employer**

Where an Employer becomes a Retiring Employer as defined in Rule 38.3.1 below the remaining provisions of this Rule 38.3 shall then apply to or in respect of that Employer:-

- 38.3.1 For the purposes of this Rule 38.3 "a retiring employer" means an Employer in respect of which one or more of the following conditions shall have been fulfilled, namely:-
  - (a) an order shall have been made, or effective resolution passed, for the winding up or dissolution thereof, otherwise than for the purpose of reconstruction or amalgamation with any other Employer;
  - (b) it shall have ceased to be associated with the Principal Employer;
  - (c) it has been found by such Employer or the Trustees to be impracticable or inexpedient for it to continue to participate in the Scheme; or
  - (d) a declaration has been made pursuant to Rule 36.3 [*Participating Companies: Cessation of Participation*].
- 38.3.2 On the date on which an Employer becomes a Retiring Employer ("the Retiring Date"), it shall cease to participate in the Scheme either immediately or after such interval as the Principal Employer and the Trustees shall agree.

38.3.3 On the date on which a Retiring Employer ceases to participate in the Scheme ("the Transfer Date")

- (a) Members then in the Service of the Retiring Employer will be treated as if their Service had then terminated and any who have not attained Normal Retirement Date shall be treated as Members to whom Rule 6 [*Leaving Service before Normal Retirement Date*] (excluding Rules 6.2 and 6.4) applies and the provisions of this Rule will be applied accordingly;
- (b) the Trustees will forthwith set aside the appropriate part of the Fund (as defined in Rule 38.3.3(d) below) for the benefit of the Relevant Beneficiaries (as defined in Rule 38.3.3(f) below);
- (c) the appropriate part of the fund will be applied in accordance with Rules 38.4 to 38.8 below so far as relevant as if:-
  - (i) references to the winding up of the Scheme were references to the Retiring Employer ceasing to participate;
  - (ii) references to the Employer were references to the Retiring Employer;
  - (iii) references to the Fund were to the appropriate part of the Fund;
  - (iv) the only persons eligible to benefit under Rule 38.7.1 below to 38.7.5 were the Relevant Beneficiaries;
  - (v) in respect of any Relevant Beneficiaries for whom no transfer payment is or is to be made in accordance with Rule 38.8 the portion (determined by the Trustees acting on the advice of the Actuary) of the appropriate part of the Fund should be retained in the Fund and benefits for the Relevant Beneficiaries concerned provided out of the Fund as if under Rule 6 (excluding Rules 6.2 and 6.4) in lieu of securing such benefits pursuant to Rule 38.9.
- (d) the "appropriate part of the Fund" means such part of the Fund as the Trustees determine on the advice of the Actuary, but shall not, without the consent of the Principal Employer, exceed an amount which is determined by the Trustees with the advice of the Actuary to be equal in value to the accrued benefits under the Scheme of the Relevant Beneficiaries, and for this purpose Members in Service on the Transfer Date shall be treated as if their Service had been terminated and any who have not attained Normal Retirement Date will be treated as Members to whom Rule 6 (excluding Rules 6.2 and 6.4) applies;
- (e) the setting aside of the appropriate part of the Fund may be effected by reference to a valuation of the liabilities concerned or of the Fund in either case as at the Retiring Date or any date between the Retiring Date and the Transfer Date (if the latter date is different from the former) with such adjustments as the Trustees may consider appropriate to allow for the intervening period down to the setting aside of the appropriate part of the Fund;
- (f) the "Relevant Beneficiaries" means:-
  - (i) the Members who are at the Transfer Date employees of the Retiring Employer and other persons who under the Rules are or may become contingently entitled to benefit under the Scheme through such Members;
  - (ii) former employees of the Retiring Employer who are at the Transfer Date entitled under the Rules to preserved pensions as the Principal Employer with the consent of the Trustees nominates and any other

persons who under the Rules are at the Transfer Date or may become contingently entitled to benefit under the Scheme through such former employees nominated by the Principal Employer with the consent of the Trustees;

- (iii) such persons who are receiving a pension out of the Fund who at the Transfer Date are former employees of the Retiring Employer as the Principal Employer nominates and any other persons who under the Rules are at the Transfer Date or may become contingently entitled to benefit under the Scheme through them; and
  - (iv) any other persons who are nominated by the Principal Employer with the consent of the Trustees who are not capable of falling within (ii) or (iii) above, and who at the Transfer Date are in receipt of pensions or other benefits under the Rules and derive their entitlement from employees or former employees of the Retiring Employer.
- (g) Where there is more than one Retiring Employer and it is intended that such Retiring Employers should remain associated and become participating employers in a new scheme then this Rule 38.3 shall operate as if those Retiring Employers were one Retiring Employer.

#### **38.4 Total winding up of the Scheme**

If the Scheme shall be terminated in accordance with Rule 38.1 and not continued as a closed fund, or if the Trustees shall at any time be of the opinion that the objects for which the Scheme was established no longer exist or that the administration of the Scheme cannot conveniently be carried on, the Scheme will be wound up and the trusts upon which the Fund was formerly held will cease.

#### **38.5 Entitlement to benefit**

On the winding up of the Scheme, Members then in Service shall be treated as if their Service had then terminated and any who have not attained Normal Retirement Date shall be treated as Members to whom Rule 6 applied (excluding Rules 6.2 and 6.4), and the provisions of this Rule shall be applied accordingly.

#### **38.6 Realisation of the fund on a winding up**

On the winding up of the Scheme the Trustees shall determine in accordance with the requirements of the rights of the Members in the winding up either:-

- 38.6.1 to realise the Fund and convert it into money and to discharge out of it all the costs, charges and expenses which may then be owing or which may arise as a result of the winding up; or
- 38.6.2 to refrain from realising assets with the intent of making a transfer payment in assets pursuant to Rule 38.8 equal in value to the cash which would otherwise be transferred or in the event of the purchase of annuity policies or contracts under Rule 38.9 to make a transfer payment in assets equal to the cost of providing such annuity policies or contracts equal in value to the cash cost which would otherwise have been paid.

#### **38.7 Application of fund and priorities in a winding-up**

Upon the winding up of the Scheme the assets of the Fund whether converted into cash or otherwise shall be applied by the Trustees first in satisfying those liabilities described in Section 73 of the Pensions Act 1995 as it is in force from time to time, and subject thereto if there are further assets available in satisfying the following obligations in the order in which they are set out below and so that any benefit secured in one category will be automatically excluded from any subsequent category



- 38.7.1 in securing the continuance as if under the Scheme of any pensions and annuities which have then actually commenced (including pensions in course of payment to persons in receipt of preserved benefits granted under Rule 6.1), pensions prospectively payable to Members who are in Service after Normal Retirement Date and benefits payable on the death of any such pensioner or Member but no account shall be taken of possible pensions increases which might have become payable by a future exercise of the Trustees' discretion under Rule 18.2.2 [*Increases in Benefits: Additional Increases*];
- 38.7.2 in securing the future payment of Equivalent Pension Benefits;
- 38.7.3 in securing the future payment of preserved pensions in respect of Members who have left Service prior to 6 April 1978 but no account shall be taken of possible pensions increases which might have become payable by a future exercise of the Trustees' discretion under Rule 6.1.3 [*Leaving Service before Normal retirement Date: Option I: Preserved Pension – Additional increases*];
- 38.7.4 in securing the future payment of GMPs not then in payment, and accrued rights to GMPs or, as an alternative or partial alternative, in paying State Scheme Premiums;
- 38.7.5 in the provision under the advice of the Actuary of benefits for Members and other beneficiaries entitled to deferred or contingent benefits, including any benefits granted under Rules 6.1 [*Preserved Pension*] or 13 [*Voluntary Dependant's Pension*] not then in payment;
- 38.7.6 in augmenting or increasing, at their discretion, all or any of the benefits or in providing additional benefits. It will be a requirement of the exercise of the discretion given to them under this paragraph that the Trustees will have regard to the advice of the Actuary and any guidelines previously agreed with the Principal Employer but not so as to be bound thereby;
- 38.7.7 subject to the requirements of Section 76 of the Pensions Act 1995, in paying any balance remaining in their hands, after satisfying their obligations under the preceding paragraphs, to the Employers in such shares and proportions as the Trustees, acting on the advice of the Actuary shall decide.

### 38.8 **Transfer payments on a winding-up**

Where a benefit becomes payable under Rule 38.3 or 38.7, if all or any of the employees of the Employer become entitled to join a Registered Pension Scheme or a Qualifying Overseas Pension Scheme (in this Rule 38.8 called "the Transferee Scheme") the Employer may, in its absolute discretion, direct that a transfer payment or payments shall be made to such Transferee Scheme in respect of each employee or former employee or group comprising some or all of the employees and former employees and the amount of the transfer payment shall be of such amount as the Trustees, acting on the advice of the Actuary, shall decide having regard to the assets available on the winding-up Provided that –

- 38.8.1 a transfer payment may only be made with the consent of each individual Member except that a Member's consent shall not, subject to Rule 38.8.3 be required if:-
  - (a) the Transferee Scheme applies to employment with the same Employer;
  - (b) the Transferee Scheme applies to employment with a different employer and the Member concerned is one of a group in respect of whom transfers are being made from the Scheme to the Transferee Scheme and either –
    - (i) the transfer is a consequence of a financial transaction between the Employer and one or more of the employers under the Transferee Scheme; or

- (ii) the Employer and the employer under the Transferee Scheme are treated as connected for the purposes of Section 35 of the Pension Schemes Act 1993;

38.8.2 if the consent of any Member or other person concerned is not obtained:—

- (a) the Trustees must comply with the Disclosure Requirements in respect of the provision of information concerning the transfer to the Member concerned; and
- (b) the Trustees may not transfer the Member's rights to the Transferee Scheme unless an actuary, being either the Actuary or another actuary qualified for the purposes of Regulation 12(5) of the Preservation Regulations, furnishes the Trustees with a certificate in the terms described in Regulation 12(3) of the Preservation Regulations;

38.8.3 where the transfer relates to the Accrued Rights to, or liability of payment of, GMPs, the requirements of the Contracting-out Appendix must be met;

38.8.4 all transfers under this Rule 38.8 shall be subject to the Transfer Regulations.

### 38.9 **Securing of benefits on a winding-up**

Where a transfer payment is not made in respect of a beneficiary pursuant to Rule 38.8, the Trustees shall secure his benefits with an insurance policy or annuity that meets the requirements referred to in Regulation 8(3) of the Winding-up Regulations. The annuity contract or policy may without the Member's consent provide benefits different from the benefits under Rule 6.1 Provided that the benefits thereby provided are so far as possible equivalent in value to the benefits under Rule 6.1.

### 38.10 **Commutation**

The Trustees may exchange any pension payable under this Rule for a lump sum (a) in accordance with Rule 10; or (b) if the lump sum constitutes a winding-up lump sum (as defined in paragraph 10 of Schedule 29 to the Finance Act 2004).

## 39. **FINANCE ACT 2004: UNAUTHORISED PAYMENTS**

No payment shall be made under the Scheme if it would be an Unauthorised Payment unless the Trustees and the Principal Employer agree. If an amount that would otherwise be payable would be an Unauthorised Payment, the Trustees and the Principal Employer may agree to provide an alternative benefit of equivalent value for the person concerned on such terms as they think fit.

## CONTRACTING – OUT APPENDIX

**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

#### 1. DEFINITIONS

In this Appendix-

**"Contracted Out Employment"** means a Member's contracted-out employment (within the meaning of the Pension Schemes Act 1993) by reference to the Scheme.

**"Fixed Rate Revaluation"** means the method of revaluing a GMP before State Pensionable Age described in Paragraph 5.1(B).

**"GMP"** means the guaranteed minimum pension of a Member, Widow or Widower as defined in the Pension Schemes Act 1993 by reference only to Pensionable Service up to and including 5 April 1997.

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

**"Qualifying Service"** has the meaning given in Section 71(7) of the Pension Schemes Act 1993.

**"Section 53 salary related scheme"** means a scheme which was a contracted-out scheme, providing GMPs and satisfying Section 9(2) of the Pension Schemes Act 1993 and to which Section 53 of the Pension Schemes Act 1993 applies.

**"Section 148 Revaluation"** means the method of revaluing a GMP before State Pensionable Age described in Paragraph 5.1(A).

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

**"Widow"** means the widow of a Member and **"Widower"** means the widower or civil partner of a Member: Provided that the surviving same sex spouse (within the meaning of section 17 of the Pension Schemes Act 1993) of a Member shall always fall within the definition of "Widower" for the purposes of this Appendix regardless of their gender except in the case of the surviving same sex spouse of a Member who is a woman in a relevant gender change case (within the meaning of section 17 of the Pension Schemes Act 1993) and in respect of whom section 17 has its special effect (within the meaning of section 38A of the Pension Schemes Act 1993) who shall fall within the definition of "Widow" for the purposes of this Appendix. 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 Work and Pensions and any relevant provisions of existing Social Security legislation, in particular section 17(5) of the Pension Schemes Act 1993 and Regulation 2 of the Social Security and Family Allowance (Polygamous Marriages) Regulations 1975 (S.I. 1975 No. 561).

#### 2. APPLICATION OF THIS APPENDIX

This Appendix will apply on and from 6 April 1997 and only for so long as anyone has a GMP or a prospective right to receive a GMP under the Scheme.

Subject to Rule 16.1 these Rules override any inconsistent provisions elsewhere in the Scheme except provisions which are necessary in order that (a) the status of the Scheme as a Registered Pension Scheme is not prejudiced or (b) to comply with any Pension Sharing Order (as defined in the Pension Sharing on Divorce Appendix).

3. **ALTERATIONS TO THIS APPENDIX**

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 this Appendix permitted by Regulation 20 of the Occupational Pension Schemes (Schemes that were Contracted-out) (No 2) Regulations 2015.

4. **ENTITLEMENT TO GMP**

4.1 **Guaranteed Minimum**

This Paragraph 4 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 Pension Schemes Act 1993.

4.2 **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-

4.2.1 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

4.2.2 if the Member consents to the postponement.

4.3 **Widow's GMP**

Subject to Paragraph 4.4 below, if a Member dies at any time leaving a Widow, she shall be entitled to receive a pension from the Scheme paid at a rate equivalent to a weekly rate of not less than half that guaranteed minimum.

4.4 **Payment of Widow's GMP**

The pension shall be paid for life to any Widow.

4.5 **Widower's GMP**

Subject to Paragraph 4.6 below, if a Member dies at any time on or after 6 April 1989 leaving a Widower, he shall be entitled 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 in the Tax Year 1988/1989 and subsequent Tax Years.

4.6 **Payment of Widower's GMP**

The pension shall be payable for life to any Widower.

4.7 **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 Paragraph 4 except to the extent that:-

4.7.1 any part of the pension is an equivalent pension benefit within the meaning of the National Insurance Act 1965; or

4.7.2 any part of the pension is an increase, calculated in accordance with Schedule 3 of the Pension Schemes Act 1993 and added to the amount that would be payable but for Chapter II of Part IV of the Pension Schemes Act 1993 or regulations made under it;

- 4.7.3 offsetting would contravene the anti-franking legislation (see Paragraph 8 below);
- 4.7.4 offsetting would contravene Regulation 55 of the Contracting-out Regulations.

## 5. REVALUATION OF GMP

### 5.1 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) Fixed Rate Revaluation

The increase will be by such rate as regulations made under section 16(3) of the Pension Schemes Act 1993 specify as being relevant at the date Contracted Out Employment ceased, for each complete 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).

#### (C) Limited Rate Revaluation (not applicable to Members who cease to be in Contracted Out Employment after 5 April 1997)

The increase will be whichever of the following results in the lesser increase:-

- (i) by 5% compound for each Tax Year after that in which Contracted Out Employment ceases up to and including the last complete Tax Year before which ever is the earlier of State Pensionable Age and the date upon which the Member dies; or
- (ii) 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 and the Principal Employer 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. Method (C) is not available in respect of any Member who ceases to be in Contracted Out Employment after 5 April 1997.

### 5.2 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 the earnings factors used in calculating that GMP will normally be revalued using Section 148 Revaluation. The Trustees may, however, decide, if the provisions of the transferring scheme so allow, to use 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).

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.

### 5.3 **Transfers out**

Where a Member's accrued rights to GMP are transferred 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 Paragraph 5.1 above, be revalued using the other method which would be permitted if that scheme contained a Rule in the same terms as Paragraph 5.2 above.

## 6. **INCREASE OF GMP**

### 6.1 **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 Pension Schemes Act 1993.

### 6.2 **Increase after State Pensionable Age or Member's death**

Any GMP to which a Member, Widow or Widower is entitled under Paragraph 4 above shall, insofar as it is attributable to earnings in the Tax Year 1988/1989 and subsequent Tax Years, be increased in accordance with the requirements of Section 109 of the Pension Schemes Act 1993.

## 7. **CONDITIONS ATTACHING TO GMP**

A Member may not exchange under the relevant provisions of the Rules so much of his pension that the amount remaining would be less than his GMP. If a Member's pension would otherwise commence before State Pensionable Age and the level of pension which would be payable for life would be less than the amount of the prospective GMP payable to the member from State Pensionable Age as estimated by the Actuary having regard to Paragraph 5 above, then the Trustees may either –

7.1.1 defer commencement of the pension until on commencement this amount would not be less than such prospective GMP; and/or

7.1.2 arrange with the consent of the Member for the pension to commence at a rate lower than the rate of such prospective GMP on the basis that the pension shall be increased as necessary at State Pensionable Age in order to comply with the requirements of Paragraph 5 above

but so that in either case the Trustees are reasonably satisfied that the total value of the benefits provided to the Member, when they become payable, is at least equal to the value of the benefits that would have been payable to the Member at Normal Retirement Date.

## 8. **ANTI-FRANKING**

Except as provided in Sections 87-92 and 110 of the Pension Schemes Act 1993, 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 Paragraph 5 or Paragraph 6 above.

## 9. **TRANSFERS INTO THE SCHEME**

### 9.1 **Acceptance of transfers**

The Trustees may accept:-

- 9.1.1 a transfer payment in respect of the Member's accrued rights to GMPs under a Section 53 salary related scheme or a policy of insurance or an annuity contract of the type described in Section 19 of the Pension Schemes Act 1993;
- 9.1.2 a transfer of the liability for the payment of GMPs to, or in respect of, any person who has become entitled to them.

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

## 9.2 **Effect of transfers**

Where a transfer is accepted under Paragraph 9.1.1 above, the Trustees shall comply with Regulation 5 of the Contracting-out (Transfer and Transfer Payment) Regulations 1996 (S.I. 1996 No. 1462).

## 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 subject to compliance with Part II of the Contracting-out (Transfer and Transfer Payment) Regulations 1996 or Part II of the Occupational Pension Schemes (Discharge of Liability) Regulations 1997.

### 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 Paragraph 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. **COMMUTATION OF GMP**

Where Section 21 of the Pension Schemes Act 1993 permits, the Member's GMP and the Widow's or Widower's GMP may be commuted.

## 12. **WINDING-UP THE SCHEME**

### 12.1 **Priorities on winding-up**

If the Scheme winds-up for any reason, the assets must be applied to provide benefits in accordance with section 73 of the Pensions Act 1995 and the Winding-up Regulations.

### 12.2 **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, Paragraph 12.1 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 Rules. No regular payments may be made by the employer to those separately identified assets unless they are used solely for the purpose of meeting administrative expenses.

13. **[SPARE]**

14. **RELATIONSHIP TO RULE 15 [NON-PARTICIPATION UNDER THE NATIONAL INSURANCE ACTS]**

Nothing done under Rule 15 [*Non-Participation under the National Insurance Acts*] shall be taken into account for the purposes of this Contracting-Out Appendix.

15. **SUSPENSION OF GMP**

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

15.1 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; or

15.2 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.

16. **FORFEITURE OF GMP**

Any instalment of a GMP may be forfeited if it is not paid within 8 years of the date on which the instalment became due and the Trustees do not know the whereabouts of the recipient.

17. **CONTRIBUTIONS EQUIVALENT PREMIUMS**

The Trustees may elect to pay a contributions equivalent premium in accordance with and subject to the conditions of Sections 55-57 of the Pension Schemes Act 1993.

Payment of the contributions equivalent premium extinguishes the Member's accrued rights to GMPs under the Scheme.



## PENSION SHARING ON DIVORCE APPENDIX

### 1. DEFINITIONS

Definitions relating to contracting-out under the Pension Schemes Act 1993 are given in the Contracting-out Appendix.

In this Appendix the following expressions have the following meanings:-

<b>"Ex-Spouse"</b>	means an individual to whom Pension Credit Rights have been or are to be allocated following a Pension Sharing Order.
<b>"Ex-Spouse Participant"</b>	means an Ex-Spouse who participates in the Scheme, either:- <ul style="list-style-type: none"><li>(i) solely for the provision of Pension Credit Benefits, or</li><li>(ii) for the wholly separate provision of Pension Credit Benefits, where benefits accrue or have accrued to that individual under the Scheme for any other reason.</li></ul>
<b>"Insurance Company"</b>	has the meaning given in section 275 of the Finance Act 2004.
<b>"Pension Credit"</b>	means a credit under Section 29(1)(b) of the 1999 Act.
<b>"Pension Credit Benefits"</b>	means the benefits payable under the Scheme to or in respect of a person by virtue of Pension Credit Rights under the Scheme.
<b>"Pension Credit Rights"</b>	means rights to benefits or to future benefits under a scheme which are attributable (directly or indirectly) to a Pension Credit.
<b>"Pension Debit"</b>	means a debit under Section 29(1)(a) of the 1999 Act.
<b>"Pension Debit Member"</b>	means a Member whose benefits have been permanently reduced by a Pension Debit and either:- <ul style="list-style-type: none"><li>(i) who is a controlling director of a company which is his employer if he is a director of the company to whom paragraph (b) of Section 417(5) of the Taxes Act applies either 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</li><li>(ii) whose earnings at the date at which his marriage was dissolved or annulled exceeded <math>\frac{1}{4}</math> of the Permitted Maximum for the year of assessment in which the dissolution or annulment occurred. Earnings for these purposes shall be taken to be the total emoluments:-<ul style="list-style-type: none"><li>(a) which were paid to the Member in consequence of Pensionable Service during the year of assessment before the year of assessment in which the marriage was dissolved or annulled; and</li><li>(b) from which tax was deducted in accordance with ITEPA.</li></ul></li></ul>
<b>"Pension Sharing Order"</b>	means any order or provision as is mentioned in section 28(1) of the 1999 Act.

**"Permitted Maximum"**

means:

- (a) at any particular date before 6 April 2006: £60,000 for each of the Tax Years 1988-89 and 1989-90 and, for any subsequent Tax Year, the figure specified for that year in an order made by the Treasury under section 590C(6) of the Taxes Act; and
- (b) at any particular date after 5 April 2006: the figure that the Trustees determine would have been specified in an order made by the Treasury under section 590C(6) of the Taxes Act, had section 590C remained in force, applying the principles set out in section 590C(5) of the Taxes Act. Section 590C(5) provides that if the retail prices index for the month of September preceding a year of assessment is higher than it was for the previous September, the figure for that year shall be an amount arrived at by increasing the figure for the previous year of assessment by the same percentage as the percentage increase in the Index, and if the result is not a multiple of £600, rounding it up to the nearest amount which is such a multiple.

**"1999 Act"**

means the Welfare Reform and Pensions Act 1999.

In this Appendix, references to Acts of Parliament and regulations made under them are deemed to include references to corresponding Northern Ireland legislation and if the context admits the equivalent provisions thereof.

**2. EX SPOUSE**

The Trustees may at their discretion, in accordance with the powers conferred on them under the 1999 Act, allow the Ex-Spouse to participate in the Scheme. If the Trustees so determine or if the Trustees are required under the 1999 Act to allow the Ex-Spouse to participate, the provisions of paragraph 3 of this Appendix shall apply to the Pension Credit of such Ex-Spouse.

Where the Trustees have determined that an Ex-Spouse shall not be permitted to participate in the Scheme (and are permitted under the 1999 Act to do so), the Trustees shall discharge their liability in respect of the Pension Credit by paying the value of the Pension Credit to a qualifying arrangement (as defined in paragraph 6 of the Schedule to the 1999 Act) which is able and willing to accept payment in respect of the Pension Credit.

Rule 39 [*Finance Act 2004: Unauthorised payments*] applies to any benefits payable under this Appendix.

**3. PARTICIPATION**

- 3.1 This paragraph 3 applies where an Ex-Spouse is allowed to or where the Trustees are required to allow him to participate in the Scheme pursuant to paragraph 2 above of this Appendix.
- 3.2 The Ex-Spouse shall participate in the Scheme in respect of his Pension Credit Benefits with effect from such date as the Trustees shall determine.
- 3.3 The Trustees shall determine, on the advice of the Actuary and in accordance with the 1999 Act and the Contracting-out Requirements, the benefits to constitute the Ex-Spouse's Pension Credit Benefit. However, the Trustees must allow the compulsory options in paragraph 3.3.1 to be exercised by an Ex-Spouse Participant.

### 3.3.1 Compulsory options

- (a) Subject to compliance with the Contracting-out Requirements, the Trustees must, if the Ex-Spouse Participant so requests, arrange a transfer of his Pension Credit Rights to another Registered Pension Scheme or Qualifying Recognised Overseas Pension Scheme Provided that the transfer constitutes a Recognised Transfer. The Trustees must confirm to the receiving scheme or arrangement, that the transfer value consists wholly or partly of Pension Credit Rights for the benefit of an Ex-Spouse Participant.
- (b) If the Ex-Spouse Participant so requests, at the point the pension becomes payable the Trustees must arrange for the purchase of an annuity from an Insurance Company of his choice.

3.4 Any lump sum payable on the death of an Ex-Spouse Participant under this paragraph shall be paid in accordance with Rule 17.2 [*Payment of lump sums on death*] as if the Ex-Spouse Participant were a Member.

### 4. DETAILS OF THE PENSION DEBIT

Where the fund underlying the benefits for a Pension Debit Member is transferred to another Registered Pension Scheme or Qualifying Recognised Overseas Pension Scheme, the Trustees must give full details of the Pension Debit to the receiving scheme or arrangement.

### 5. TRANSFERS IN WITH PENSION CREDIT

Where the Trustees accept a transfer payment for an individual who is already a Member or is already an Ex-Spouse Participant and are informed by the transferor that the transfer value consists wholly or partly of Pension Credit Rights in the former scheme or arrangement the Trustees must comply with the requirements of Paragraph 2. Where not already an Ex-Spouse Participant, the person in respect of whom the transfer is received shall become an Ex-Spouse Participant in relation to his transferred-in Pension Credit Benefits.

### 6. DEATH OF EX-SPOUSE

6.1 If the Ex-Spouse dies after a Pension Sharing Order is made but before it is acted upon by the Trustees then no death benefits will be paid to any person.

### 7. CHARGES

The Trustees may, where permitted under section 41 of the 1999 Act, make a reasonable charge for:-

- 7.1 any information provided in connection with the divorce of a Member;
- 7.2 complying with any Pension Sharing Order or order specified in Section 24 of the 1999 Act; or
- 7.3 any pension sharing activity prescribed under regulation 2 of the Pensions on Divorce etc (Charging) Regulations 2000 [S.I. 2000 No. 1049] ("the Charging Regulations").

The Trustees shall determine how such charges should be recovered but must comply with any requirements for recovery contained in the Charging Regulations.

## SCHEDULE – BENEFITS OF CARE MEMBERS

### Part I - Introduction

- (a) The provisions of the Rules shall apply in relation to a CARE Member as if the points set out in Part II of this Schedule were incorporated into those provisions of the Rules.
- (b) In the absence of any specific provisions in this Schedule the provisions of the Rules shall apply unaltered.
- (c) The definitions which are listed in the Rules immediately before Rule 1 shall apply in relation to a CARE Member as if the definitions set out in Part III of this Schedule were incorporated into those definitions of the Rules and where the same defined term is contained in the Rules and in this Schedule the definition of that term which is set out in this Schedule shall in the case of a CARE Member replace the definition of that term which is set out in the Rules.

### Part II

#### (A) RULE 1. JOINING AND LEAVING

##### Rule 1.6 End of eligibility

- (1) Rule 1.6.3 of the Rules shall not apply to a CARE Member.
- (2) Rule 1.6 shall apply to a CARE Member, subject to the modifications set out in this Schedule.

#### (B) RULE 3. MEMBERS' CONTRIBUTIONS

##### Rule 3.1 Compulsory Contributions

- (1) Subject to Rule 23 [*Members who participate in a "salary sacrifice scheme for pension contributions"*] of the Rules, each Active Member shall contribute to the Scheme at the rate of 6.5% of Earnings or such other rate as is agreed by the Principal Employer and the Trustees acting upon the advice of the Actuary from time to time. Such contributions shall commence with the first payment of Earnings following the date the Member becomes an Active Member.
- (2) Rules 3.1, 3.2 [*Extra Service Contributions*], and 3.3 [*Contributions after Normal Retirement Date*] of the Rules shall not apply to a CARE Member.

##### Rule 3.4 Deduction of Contributions

- (1) In Rule 3.4 of the Rules any reference to Rule 3.2 or to Rule 3.3 shall be disregarded; and any reference to Rule 3.1 shall be read as if it were a reference to Rule 3.1 of this Schedule.
- (2) Rule 3.4 of the Rules shall apply to a CARE Member, subject to the modifications set out in this Schedule.

##### Rule 3.5 Reduction in salary

- (1) It may be that a Member who is contributing under Rule 3.1 of this Schedule suffers a reduction in his Salary during the ten years immediately preceding Normal Retirement Date. If this happens then if the reduction in his Salary is a consequence of an action or at the instigation of the Member's Employer the Member shall be entitled to contribute to the Scheme on the basis of Earnings calculated using his Salary as it stood immediately before such reduction and if he does so contribute his Earnings for the purposes of Rule 8 of this Schedule shall be calculated as if he had been actually in receipt of the

Salary appropriate to the contribution made by him and if the reduction occurs for any other reason then the Member's Earnings for the purposes of Rule 8 of this Schedule shall be calculated in such manner as the Principal Employer in its absolute discretion deems appropriate.

(2) Rule 3.5 of the Rules shall not apply to a CARE Member.

(C) **RULE 4. MEMBERS' VOLUNTARY CONTRIBUTIONS**

(1) Rule 4. of the Rules shall not apply to a CARE Member.

(D) **RULE 5. TEMPORARY ABSENCE**

**Rule 5.1 Maternity, Paternity, Adoption, Parental and Shared Parental Leave**

(1) If a Member is absent from work for a period of Unpaid Leave or Non-Pensionable Parental Leave the Member is not required to pay contributions, the period of absence is not Pensionable Service, and no Basic Pension or Basic Lump Sum will be awarded in respect of that period. However, cover is maintained under Rules 12 and 14 of the Rules and benefits will be provided under those Rules as if throughout the period of Unpaid Leave or Non-Pensionable Parental Leave the Member had worked normally and had been paid such remuneration as the Employer determines the Member would have been likely to receive had he or she done so.

(2) Rule 5.1.4 of the Rules shall not apply to a CARE Member.

(3) Rule 5.1 of the Rules shall apply to a CARE Member, subject to the modifications set out in this Schedule.

**Rule 5.2 Ill health and other cases of absence including secondment**

(1) Subject to Rule 5.1 of the Rules, Members who are away from work will normally be treated as having left Service if they stop receiving contractual pay from the Employers. The Principal Employer and the Trustees may however agree to treat any Member who is away from work or on secondment as still in Service for so long as they think fit.

(2) The Principal Employer and the Trustees may agree special terms to apply to any Member's contributions and benefits for any period during which the Member is away from work. Any agreed special terms will be notified to the Member.

(3) Rules 5.2 and 5.3 of the Rules shall not apply to a CARE Member.

(E) **RULE 6. LEAVING SERVICE BEFORE NORMAL RETIREMENT DATE**

**Rule 6.1 OPTION I: Preserved Pension**

(1) Option I shall be a preserved pension, subject to (5) below, of an amount calculated as described in Rule 8 (retirement at or after normal retirement date) of this Schedule but no Added Pension will be credited to the Member after leaving Service; and a preserved lump sum, subject to (5) below, of an amount calculated as described in Rule 8. of this Schedule but no Added Lump Sum will be credited to the Member after leaving Service.

(2) The pension shall commence and the lump sum shall be paid at Normal Retirement Date.

(3) If a Member has attained age 55 (although he has not reached Normal Retirement Date) the Trustees shall have discretion, subject to the consent of the Principal Employer, to allow such Member to retire on pension and to receive his lump sum. The amount of pension shall be based on the Member's preserved pension, and the amount of lump sum shall be based on the Member's preserved lump sum, but in each case shall be reduced in respect of the period up to age 65 on a basis certified as reasonable by the Actuary.

- (4) In the case of any Member who has not attained age 55 but who has suffered illness or incapacity which in the opinion of the Trustees would have lead to retirement on the grounds of ill-health under Rule 6.2.1 of the Rules had that Rule applied to the Member, the Trustees shall have discretion, subject to the consent of the Principal Employer, to allow such a Member to retire on pension and to receive his lump sum. However the Trustees shall not allow such Member to retire on pension nor to receive his lump sum unless they have received evidence from a registered medical practitioner that the Member is (and will continue to be) incapable of carrying on his occupation because of physical or mental impairment and has in fact ceased to carry on his occupation. The amount of pension shall be based on the Member's preserved pension, and the amount of lump sum shall be based on the Member's preserved lump sum, but shall in each case be reduced in respect of the period up to age 65 on a basis certified as reasonable by the Actuary.
- (5) If the Member ceased to be in Active Membership at least one year before Normal Retirement Date and the pension commences at Normal Retirement Date and the lump sum is paid at that date, the Trustees shall ensure that at Normal Retirement Date any part of the pension payable to or in respect of the Member and the lump sum shall have been increased to the extent required by, and in accordance with the provisions of, the Revaluation Requirements.
- (6) Rules 6.1.1(a), 6.1.1(b), 6.1.1(c), 6.1.1(d) and 6.1.2 of the Rules shall not apply to a CARE Member.
- (7) Rule 6.1 of the Rules shall apply to a CARE Member, subject to the modifications set out in this Schedule.

#### **Rule 6.2 OPTION II: Early Retirement Pension**

##### **Rule 6.2.1 Early retirement on the grounds of ill-health**

- (1) Rules 6.2.1(a) and 6.2.1(b) of the Rules shall not apply to a CARE Member.
- (2) If the Member:
  - (a) has at least two years' Pensionable Service;
  - (b) in the opinion of the Trustees is suffering from Total Incapacity (as defined in Rule 6.2.1(b) of the Rules notwithstanding that that Rule does not apply to a CARE Member) and the Trustees have received evidence from a registered medical practitioner that the Member is (and will continue to be) incapable of carrying on his occupation because of physical or mental impairment; and
  - (c) retires from Service before his Normal Retirement Date as a consequence thereof

an immediate pension shall be payable calculated as described in Rule 8 of this Schedule but including the extra Basic Pensions that would have been credited to the Member if the Member had stayed in Service until Normal Retirement Date; and an immediate lump sum shall be payable calculated as described in Rule 8 of this Schedule but including the extra Basic Lump Sums that would have been credited to the Member if the Member had stayed in Service until Normal Retirement Date; Provided that for the purposes of calculating the pension and the lump sum it shall be assumed that Earnings in each notional Scheme Year of Service between leaving Service and Normal Retirement Date are equal to the Member's Pensionable Salary as at his date of leaving Service, and proportionately for a part Scheme Year of such notional Service. For the purposes of the proviso the following words of the definition of Salary shall be disregarded, namely: "For the purpose of calculating Pensionable Salary all Salary earned during periods of Part-Time Pensionable Service shall be divided by the Part-Time Conversion Factor."

- (3) Rule 6.2.1(c) of the Rules shall not apply to a CARE Member.
- (4) If the Member:
- (a) has at least five years' Pensionable Service;
  - (b) in the opinion of the Trustees is suffering from Incapacity (as defined in Rule 6.2.1(b) of the Rules notwithstanding that that Rule does not apply to a CARE Member) short of Total Incapacity (as defined in Rule 6.2.1(b) of the Rules notwithstanding that that Rule does not apply to a CARE Member) and the Trustees have received evidence from a registered medical practitioner that the Member is (and will continue to be) incapable of carrying on his occupation because of physical or mental impairment; and
  - (c) retires from Service before his Normal Retirement Date as a consequence thereof
- an immediate pension and an immediate lump sum shall be payable calculated as described in Rule 8 of this Schedule.
- (5) Rule 6.2.1(d) of the Rules shall not apply to a CARE Member.
- (6) Rules 6.2.1(e), (f) and (g) of the Rules shall apply to a CARE Member as if any reference in any of those Rules to Rules 6.2.1(c) or 6.2.1(d) were read as a reference to (2) above and (4) above respectively.
- (7) Where Rule 6.2.1(f) or (g) of the Rules applies in the case of a Member the Member shall be entitled as from Normal Retirement Date to a pension of not less than the smaller of:
- (a) the pension to which he would have been entitled under whichever of (2) or (4) the Member's pension was paid under had Rules 6.2.1(f) or (g) not applied; and
  - (b) the pension to which the Member would have been entitled under Rule 6.1 (preserved pension) when he retired under (2) or (4) above but reduced to the extent consistent with the Preservation Requirements to take account of the benefits payable to him before Normal Retirement Date.
- (8) Rule 6.2.1(h) of the Rules shall not apply to a CARE Member.
- (9) Rule 6.2.1 of the Rules shall apply to a CARE Member, subject to the modifications set out in this Schedule.

**Rule 6.2.2 Early retirement in other cases**

- (1) A Member who leaves Service before Normal Retirement Date but after reaching age 55 may with the consent of the Principal Employer choose an immediate pension and an immediate lump sum. The pension and the lump sum will be calculated as described in Rule 8 of this Schedule but such pension and such lump sum shall be reduced in such manner as shall be certified as reasonable by the Actuary to allow for the member's age at retirement.
- (2) Rule 6.2.2 of the Rules shall not apply to a CARE Member.

**(F) RULE 8. RETIREMENT AT OR AFTER NORMAL RETIREMENT DATE**

- (1) On retirement from Service at or after Normal Retirement Date an Active Member shall be entitled to an annual pension equal to the total of the Basic Pensions (as defined in (2)(a) below) and Added Pensions (as defined in (2)(b) below) credited to the Member since becoming an Active Member.

- (2) Basic Pensions and Added Pensions will be credited to the Member as follows:
- (a) For each Scheme Year or part Scheme Year after becoming an Active Member, the "Basic Pension" will be equal to 1/80th of Earnings for that Scheme Year or part Scheme Year
  - (b) On each 1 August after joining the Scheme, the Member will be credited with an "Added Pension" equal to the total amount of the Basic Pensions and Added Pensions credited to the Member for the Scheme Years or part Scheme Years ending more than 12 months before that 1 August multiplied by:
    - (i) if the percentage increase in the consumer prices index during the 12 month period ending with the June of the calendar year in which the 1 August falls is 5% or less, the said percentage increase; or
    - (ii) if the said percentage increase is more than 5%, the lesser of:
      - (I) 5% plus one half of the excess of the said percentage increase over 5%; and
      - (II) 7.5%.
- (3) On retirement from Service at or after Normal Retirement Date an Active Member shall be entitled to a lump sum equal to the total of the Basic Lump Sums (as defined in (4)(a) below) and Added Lump Sums (as defined in (4)(b) below) credited to the Member since becoming an Active Member.
- (4) Basic Lump Sums and Added Lump Sums will be credited to the Member as follows:
- (a) For each Scheme Year or part Scheme Year after becoming an Active Member, the "Basic Lump Sum" will be equal to 3/80ths of Earnings for that Scheme Year or part Scheme Year
  - (b) On each 1 August after joining the Scheme, the Member will be credited with an "Added Lump Sum" equal to the amount of the Basic Lump Sums and Added Lump Sums credited to the Member for the Scheme Years or part Scheme Years ending more than 12 months before that 1 August multiplied by:
    - (i) if the percentage increase in the consumer prices index during the 12 month period ending with the June of the calendar year in which the 1 August falls is 5% or less, the said percentage increase; or
    - (ii) if the said percentage increase is more than 5%, the lesser of:
      - (I) 5% plus one half of the excess of the said percentage increase over 5%; and
      - (II) 7.5%.
- (5) If a Member opts-out of Pensionable Service at or after Normal Retirement Date under Rule 1.7 of the Rules he shall become entitled to a pension and a lump sum payable upon his leaving Service. The pension and the lump sum will be calculated as described in (1) to (4) above as if the Member had retired from Service when his Pensionable Service ceased. The pension and lump sum so calculated shall then be increased for the period between the date his Pensionable Service ceased and the date he leaves Service on a basis certified as reasonable by the Actuary.
- (6) Rules 8 and 9 of the Rules shall not apply to a CARE Member.

(G) **RULE 11. EXCHANGE OF LUMP SUM FOR PENSION**



- (1) At the time a Member's pension is due to commence he may exchange for a pension some or all of the lump sum to which he has become entitled by virtue of his Pensionable Service.
- (2) The pension shall be payable on the same terms and conditions that would have applied had the Member become entitled to it by virtue of his Pensionable Service (without having to invoke (1) above) including without limitation terms and conditions as to the amount by which it shall increase whilst in course of payment and as to the benefits (if any) which shall be payable when the Member dies.
- (3) The initial amount of any pension payable under this Rule shall be determined by the Trustees acting on the advice of the Actuary.
- (4) Rule 11 of the Rules shall not apply to a CARE Member.

(H) **RULE 12. QUALIFYING SPOUSES' PENSIONS AND QUALIFYING CHILDREN'S ALLOWANCES**

**Rule 12.2 Amount**

**Rule 12.2.1 in Active Membership before Normal Retirement Date having completed two or more years' Pensionable Service**

- (1) The amount of pension payable under Rule 12.2.1 of the Rules shall be 1/2 of the pension calculated as described in Rule 8 of this Schedule but including the extra Basic Pensions that would have been credited to the Member if the Member had stayed in Service until Normal Retirement Date; Provided that for the purposes of calculating the pension it shall be assumed that Earnings in each notional Scheme Year of Service from the date of the Member's death until Normal Retirement Date are equal to the Member's Pensionable Salary as at his date of his death, and proportionately for a part Scheme Year of such notional Service. For the purposes of the proviso the following words of the definition of Salary shall be disregarded, namely: "For the purpose of calculating Pensionable Salary all Salary earned during periods of Part-Time Pensionable Service shall be divided by the Part-Time Conversion Factor."

**Rule 12.2.2 having left Service with entitlement to a preserved pension under Option 1 in Rule 6 of the Rules [*Leaving Service before Normal Retirement Date: Preserved Pension*], or being treated as having done so by virtue of opting-out under Rule 1.7 [*Joining and Leaving: Opting-out*], and in either case before payment of his pension has commenced and in either case before Normal Retirement Date**

- (1) The amount of pension payable under Rule 12.2.2 of the Rules shall be 1/2 of the preserved pension calculated as described in Rule 6.1(1) of this Schedule including increases as if the Revaluation Requirements applied to the period between the Member's leaving Service and the Member's death.

**Rule 12.2.3 in receipt of a pension from the Scheme**

- (1) The amount of pension payable under Rule 12.2.3 of the Rules shall be 1/2 of the pension payable to the Member at the date of his death. If the Member's pension shall have been reduced under Rule 10.1 of the Rules [*Exchange of Pension for lump sum: Time of Election*], or under Rule 13 of the Rules [*Voluntary Dependant's Pension*] the Qualifying Spouse's pension shall be calculated as if those reductions had not taken place; and if the Member's pension shall have been increased under Rule 11 of this Schedule [*Exchange of lump sum for pension*] the Qualifying Spouse's pension shall be calculated as if that increase had not taken place.

**Rule 12.2.4 in Service on or after Normal Retirement Date but not in receipt of a pension from the Scheme**

- (1) The pension which would have been paid to the Qualifying Spouse under Rule 12.2.3 of the Rules had the Member retired on the day before the date of his death.
- (2) Rule 12.2.4 of the Rules shall not apply to a CARE Member.
- (3) Rule 12.2 of the Rules shall apply to a CARE Member, subject to the modifications set out in this Schedule.

(I) **RULE 14. LUMP SUM BENEFITS ON DEATH**

**Rule 14.1 Amount**

**Rule 14.1.1 as an Active Member**

- (1) The amount of the lump sum which shall be payable in respect of a CARE Member under Rule 14.1.1 of the Rules shall be equal to the aggregate of:
  - (a) his Contributions to the date of death; and
  - (b) four times his Salary at the date of his death.

**Rule 14.1.2 on or after Normal Retirement Date but before his pension has commenced other than as an Active Member**

- (1) The amount of the lump sum which shall be payable in respect of a CARE Member under Rule 14.1.2 of the Rules shall be the aggregate of:
  - (a) the amount of lump sum that the Member would have received if he had retired on the day immediately preceding the date of his death and assuming that he would not have exercised his right under Rule 10.1 of the Rules; and
  - (b) 60 times the initial rate of the monthly instalment of pension which the Member would have received if he had retired on the day immediately preceding the date of his death and assuming that he would not have exercised his right under Rule 10.1 of the Rules and that he would not have exercised his right under Rule 11 of this Schedule.

**Rule 14.1.4 before Normal Retirement Date with entitlement to a preserved pension under Option I in Rule 6 of the Rules [*Leaving Service before Normal Retirement Date: Preserved Pension*], or having opted-out under Rule 1.7 [*Joining and Leaving: Opting-out*] is treated as having such entitlement, and in either case retaining such entitlement on the day before the date of death**

- (1) The amount of the lump sum which shall be payable in respect of a CARE Member under Rule 14.1.4 shall be equal to his Contributions to date of death.
- (2) Rule 14.1 of the Rules shall apply to a CARE Member, subject to the modifications set out in this Schedule.

(J) **RULE 18. INCREASES IN BENEFITS**

**Rule 18.1 Pensions in payment**

- (1) The second paragraph of Rule 18.1 of the Rules shall not apply to a CARE Member.
- (2) Rule 18.1 of the Rules shall apply to a CARE Member, subject to the modifications set out in this Schedule.

**Part III – Definitions**

- (a) "Added Lump Sum", "Added Pension", "Basic Lump Sum", and "Basic Pension" are defined in Rule 8. of this Schedule.
- (b) "Pensionable Service" in relation to a Member means subject to the provisions of Rule 5 [*Temporary Absence*] of the Rules his last or only continuous period of Service following his admission to the Scheme under Rule 1.2 or Rule 2 of the Rules.