

**THE ASSOCIATED BRITISH FOODS PENSION SCHEME**

**TRUST DEED AND RULES WITH EFFECT  
FROM 6<sup>th</sup> April 2016**



THIS TRUST DEED is dated

5<sup>th</sup> April

2016

**BETWEEN:**

1. **ASSOCIATED BRITISH FOODS plc** (registered number 293262) whose registered office is at Weston Centre, 10 Grosvenor Street, London W1K 4QY (the "**Principal Employer**"); and
2. **ASSOCIATED BRITISH FOODS PENSION TRUSTEES LIMITED** (registered number 628939) whose registered office is also at Weston Centre as above (the "**Trustees**").

**WHEREAS:**

- (A) This deed relates to the Associated British Foods Pension Scheme (the "**Scheme**"). The Scheme was established by a declaration of trust dated 16 December 1949 and is currently governed by a trust deed and rules dated 6 April 2014 as amended (the "**Rules**").
- (B) Under rule E5 of the current Rules, the Trustees may, with the consent of the Principal Employer, amend the trusts, powers and provisions of the Scheme. Pursuant to regulations made under section 68 of the Pensions Act 1995, the Trustees may, by resolution, make certain modifications to the Rules.
- (C) The Principal Employer and the Trustees wish to amend the Rules as set out in this deed.
- (D) The Trustees have consulted the actuary appointed by them and have had regard to the maintenance of the solvency of the Scheme in respect of the amendments made by this deed.
- (E) The Trustees are satisfied that no regulated modification of the Scheme within the meaning of section 67A(2) of the Pensions Act 1995 (and save for any that are made in exercise of the Trustees' powers under section 68 of that Act) is made by this deed.

**IT IS AGREED AND DECLARED that:**

1. The Trustees amend the Rules as follows.
2. With effect on and from the 6 April 2016 (the "**Amendment Date**"), the Rules are amended so that they are as set out in the Schedule to this deed (the "**Amended Rules**"), subject as mentioned in clause 4 of this deed.
3. If and to the extent that the changes made by this deed to paragraph 2 of Appendix 2 of the Rules (in relation to the revaluation of earnings factors in accordance with section 16 of the Pension Schemes Act 1993) may also be made by a resolution of the Trustees pursuant to section 68 of the Pensions Act 1995, then the Trustees hereby resolve, as evidenced by the execution of this deed, to make those changes with effect on and from 6 April 2016.
4. The types, timings and amounts of benefits for Members who ceased to be in pensionable service before the Amendment Date (and the benefit entitlements created for any non-Member under the Scheme before

the Amendment Date) shall be determined in accordance with the provisions governing the Scheme at the time the Member's pensionable service ended (or when the benefit entitlements were created, as the case may be) except where otherwise stated in or pursuant to any subsequent deeds of the Scheme, including this deed.<sup>1</sup>

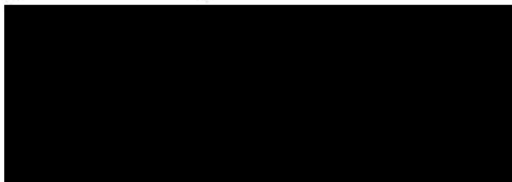
5. The Principal Employer consents to the amendments made by this deed.

**THIS DEED** has been executed and delivered by the parties on the date stated at the beginning of this deed.

**EXECUTED** as a deed by )  
**ASSOCIATED BRITISH** )  
**FOODS plc** acting by: )

Director:

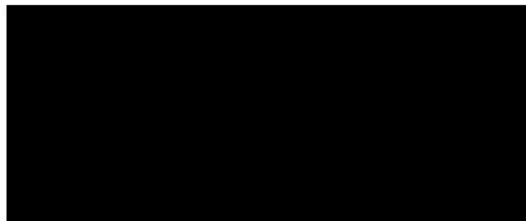
Director/Secretary:



**EXECUTED** as a deed by )  
**ASSOCIATED BRITISH FOODS** )  
**PENSION TRUSTEES LIMITED** )  
acting by:

Director:

Director/Secretary:



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<sup>1</sup> Note that the Trust Deed and Rules effective from 6 April 2014 confirmed that Rules 5.8, 5.9 and 5.16, as set out in those Rules also applied in respect of the calculation of benefits of Members who joined the British Sugar Auxiliary Pension Scheme before 1 April 1993, who are not Main Scheme Accrual Members or Lower Accrual Members and who agreed that the AA Cap will apply.

**SCHEDULE**

**AMENDED RULES FROM THE AMENDMENT DATE**



## GENERAL RULES

## INTERPRETATION

### A1. DEFINITIONS

In these Rules, the following terms have the following meanings:

**Actuary:** an individual appointed by the Trustees being a Fellow of the Institute of Actuaries (or of the Faculty of Actuaries in Scotland) and/or (subject to the requirements of the 1995 Act) a firm, the majority of whose partners are such Fellows or a company which is making available the advice of a Fellow and which has the Fellow as its director or employee.

**Additional Adoption Leave:** any period of temporary absence from work which, in the opinion of the Employer, is a period of additional adoption leave (as defined in section 75B of the Employment Rights Act).

**Additional Maternity Leave:** any period of temporary absence from work which, in the opinion of the Employer, is a period of additional maternity leave (as defined in section 73 of the Employment Rights Act).

**Additional Paternity Leave:** any period of temporary absence from work which, in the opinion of the Employer, is a period of additional paternity leave (as defined in section 75B of the Employment Rights Act).

**Authorised Payment:** a payment authorised in accordance with section 164 of the Finance Act (an authorised member payment) or section 175 of that Act (an authorised employer payment).

**AVCs:** additional voluntary contributions paid (or treated as paid) by a Member under Rule C3.

**AVC Account:** an account maintained in the Fund for a Member in respect of his or her AVCs and any additional employer contributions made by an Employer under Rule D10 (Augmentation and Special Benefits) which the Employer has directed the Trustees to allocate to the Member's AVC Account. The balance of the Member's AVC Account at any time is determined by the Trustees.

**Cash Transfer Sum:** is defined in section 101(AB)(3) of the 1993 Act. In summary, it means the cash equivalent at the date Pensionable Service ends, calculated as if the Member had a right to a deferred pension, of the benefits for a Member who has left Pensionable Service before Normal Retirement Date and does not have a right to a deferred pension under the Scheme or who has elected not to have a deferred pension under the Scheme.

**Child:** any child of the Member or of his or her spouse or any legally adopted child of the Member or of his or her spouse or, if the Trustees so decide, any other child who the Trustees decide was wholly or partially financially dependent on the Member when the Member died. A Child remains a Child for so long as he or she is under 18 or under 23 (or under 25 if the payment, or continued payment, of a pension to the child would be an Authorised Payment) and in full time education or vocational training (but not education or training given in the course of employment). However, the Trustees may continue to treat a Child as a Child for so long as they are satisfied that he or she is mentally or physically disabled provided the continued payment of pension to the child would be an Authorised Payment.

It includes such a child who was not born when the Member died.



Unless a child was the Member's only Child, the Trustees can decide to exclude him or her from this definition if they consider he or she was not dependent on the Member when the Member died.

Any Child born after the Withdrawal Date (see Rule H1) or the Termination Date (see Rule H3) is excluded unless the Trustees decide otherwise.

**Civil Partner:** in respect of a Member, a person who has entered into a civil partnership with the Member which is recognised under the Civil Partnership Act 2004 (and which has not been dissolved or annulled by a court).

**Contracted-out Employment:** contracted-out employment (as defined in section 8 of the 1993 Act) by reference to the Scheme.

**Contribution Earnings:** see Section Rules.

**Contribution Refund:** the amount determined by the Trustees as representing the Member's own contributions to the Scheme and, when a transfer payment has been made to the Scheme from an occupational pension scheme in respect of the Member, a sum representing the Member's own contributions to the transferring scheme (or, if less, the amount of the transfer payment), taking account (in respect of a DC Member and any AVC Account) of investment gains and losses.

**Contributory Salary:** see Section Rules.

**DB Member:** a Member who has been offered membership of the Scheme on a defined benefit basis.

**DC Member:** a Member who has been offered membership of the Scheme on a defined contribution basis.

**Dependant:** means:

- (a) a person who was financially dependent for basic living costs on the Member at the Member's death; or
- (b) an adult whose financial relationship with the member was one of mutual dependence or who received financial support from the Member and whose standard of living would be affected by the loss of the Member's contribution or support.

The Trustees' decision as to whether someone is a Dependant is final. A person shall not be a Dependant of the Member unless he or she is a "dependant" of the Member as defined in paragraph 15 of Schedule 28 of the Finance Act 2004.

**Employee:** an employee (full-time or part-time) of an Employer. The decision of the Principal Employer is final as to whether a person is an Employee. For these purposes the term employee includes a "worker" as defined in section 88 of the Pensions Act 2008.

**Employer Association:** a relationship between an employer and the Principal Employer where:

- (a) both are members of the same group, as defined in section 474 of the Companies Act 2006; or

- (b) the relationship is specified with the consent of the Trustees as an Employer Association between them in the deed by which the employer is admitted to participation in the Scheme.

**Employer Salary Sacrifice Arrangement:** an arrangement provided by an Employer, designated by the Principal Employer as an Employer Salary Sacrifice Arrangement for the purposes of the Scheme, under which a Member sacrifices monetary earnings for an alternative form of benefit.

**Employers:** the Principal Employer and any other firms and companies which have become Employers in accordance with Rule E1. In relation to an individual who is or has been in an employment, the Employer is the company or firm which employs or employed him or her in that employment.

**Employment Rights Act:** the Employment Rights Act 1996.

**Final Pensionable Earnings:** see Section Rules.

**Finance Act:** the Finance Act 2004.

**Fund:** all contributions, moneys, property, rights, options, assurances, contracts, interests and other assets held by the Trustees for the purposes of the Scheme.

**GMP:** the whole of a guaranteed minimum pension payable under the Scheme to a Member from or after the GMP Date or to the Member's widow or widower after his or her death, as mentioned in Appendix 2. The GMP at any date is the annual amount of the guaranteed minimum pension including increases up to that date in accordance with Appendix 2.

**GMP Date:** a man's 65th birthday and a woman's 60th birthday.

**HMRC:** Her Majesty's Revenue & Customs.

**Incapacity:** physical or mental impairment that the Principal Employer considers is serious enough:

- (a) to prevent a Member from following his or her normal occupation; and
- (b) seriously to impair his or her earning ability.

A Member shall not be treated as suffering Incapacity if he or she fails to submit to such medical examination or to provide such medical evidence as the Employer or the Trustees may require. A Member shall not be treated as having Incapacity before Minimum Pension Age unless the Trustees have received acceptable evidence from a registered medical practitioner that the Member is (and will continue to be) incapable of carrying on the Member's occupation because of physical or mental impairment and has in fact ceased to carry on his or her occupation.

**Insurer:** a person, company or firm which is defined in section 180A of the 1993 Act.

**Lower Earnings Limit:** the annual amount of the lower earnings limit as defined in section 181 of the 1993 Act. If the Member is in part-time Service and Rule D1 applies, it is the proportion of the lower earnings limit which the

Trustees decide, with the agreement of the Principal Employer, is appropriate having regard to the number of hours the Member worked.

**Member:** a person admitted to membership of the Scheme. A Member remains a Member of the Scheme for so long as any benefits are or may be payable for him or her. A person who has not been admitted to membership but for whom benefits are provided under D10 (augmentation and special benefits) or Rule F1 (transfers-in) is deemed to be a Member for the purposes of Rules H2 (effects of a withdrawal) and H4 (effects of a termination).

**Minimum Pension Age:** Minimum Pension Age as defined in section 279(1) of the Finance Act (ie, age 55) or any earlier age at which the Member's pension may be paid as an Authorised Payment by virtue of transitional provisions under Schedule 36 of the Finance Act, but not earlier than age 50.

**Normal Pension:** see Section Rules.

**Normal Retirement Date:** the Member's 65th birthday.

**Ordinary Adoption Leave Period:** any period of temporary absence from work which, in the opinion of the Employer, is a period of ordinary adoption leave period (as defined in section 75A of the Employment Rights Act).

**Ordinary Maternity Leave Period:** any period of temporary absence from work which, in the opinion of the Employer, is a period of ordinary maternity leave as defined in section 71 of the Employment Rights Act.

**Ordinary Paternity Leave Period:** any period of temporary absence from work which, in the opinion of the Employer, is a period of paternity leave (as defined in regulation 2(1) of the Paternity and Adoption Leave Regulations 2002).

**Parental Leave Period:** a parental leave period as defined in section 76 of the Employment Rights Act.

**Pay Period:** any period for which the Member receives a single payment of regular earnings from the Employer.

**Pension Account:** an account maintained in the Fund for a DC Member in accordance with the DC Section Rules and, where appropriate, it means the balance on that account. The balance of a Member's Pension Account at any time is determined by the Trustees.

**Pension Sharing Legislation:** Chapter I of Part IV of the 1999 Act and any other related legislation and regulations made or added by or under that Chapter or related legislation.

**Pensionable Earnings:** see Section Rules.

**Pensionable Salary:** see Section Rules.

**Pensionable Service:** see Section Rules.

**Principal Employer:** Associated British Foods plc or its replacement for the time being in accordance with Rule E1.1.

**Qualifying Service:** Pensionable Service plus any other "pensionable service", or service in Contracted-out Employment and "linked qualifying service" under another scheme. These expressions and the expressions "two years' Qualifying Service" and "30 days' Qualifying Service" have the meanings given in the 1993 Act for the purposes of the preservation requirements.

**Retail Prices Index:** the General Index of Retail Prices (All Items) published by the Central Statistical Office or any replacement adopted by the Trustees without prejudicing Tax Approval. Where an amount is increased "in line with the Retail Prices Index" over a period, the increase as a percentage of the original amount must equal the percentage increase between the figures in the Retail Prices Index for the months in which the period began and ended, with an appropriate restatement of the latter figure if the Retail Prices Index has been replaced or rebased during the period.

**Rules:** the provisions governing the Scheme at the relevant time.

**Salary Related Contracted-out Rights:** has the meaning given in paragraph 4.2 of Appendix 2.

**Scheme:** the Associated British Foods Pension Scheme.

**Scheme Year:** a year ending on 5 April but it may instead be a year (or a transitional period of more than six but less than 18 months) ending on any other date chosen by the Trustees.

**Section Rules:** the rules governing a Section of the Scheme which are scheduled to these general Rules.

**Service:** continuous service with an Employer. Any gap due to national service is ignored. Service before an Employer starts to participate in the Scheme is counted at the Principal Employer's discretion.

**Spouse:** the Member's widow(er) or surviving Civil Partner or surviving same sex spouse. If a Member leaves two or more such persons, only one may be treated as the Spouse, being the person recognised for State benefit purposes.

**Switched Executive Member:** see DB Executive Section Rule 3.4A and British Sugar Senior Section Rule 5.4A.

**Trustees:** the trustees for the time being of the Scheme.

**Unauthorised Payment:** an unauthorised payment as defined in section 160(5) of the Finance Act.

**1993 Act:** the Pension Schemes Act 1993.

**1995 Act:** the Pensions Act 1995.

**1999 Act:** the Welfare Reform and Pensions Act 1999.

**2004 Act:** the Pensions Act 2004.

## **A2. INTERPRETATION**

**A2.1 General:** In these Rules, where the context allows:

A2.1.1 words in the singular include the plural (and vice versa);

A2.1.2 references to legislation include modifications, pre-enactments and re-enactments of, and regulations made under, that legislation and, if the legislation applies only to part of the United Kingdom, references to it also include any equivalent legislation applicable to other parts of the United Kingdom; and

A2.1.3 a reference to a particular Rule includes a reference to any corresponding or comparable provision which it has replaced.

**A2.2 Benefits "for" a Member:** In these Rules benefits payable "for" a Member include benefits payable to the Member and benefits payable by reason of his or her membership to the Member's family, Dependents and other persons after his or her death.

**A2.3 Trustees' powers:** When interpreting Rules which give powers to the Trustees, any doubts shall be resolved in a manner which gives the widest scope to those powers.

**A2.4 Employer's powers:** Any power of an Employer may be exercised as it thinks fit without regard to the interests of any other person.

**A2.5 Taxation rules and contracting-out:** Appendix 1 (tax rules) and Appendix 2 (contracting-out requirements) have effect as part of the Rules.

**A2.6 Headings and notes:** Headings above or at the beginning of text and notes that appear as part of the text are for convenience only and do not affect the interpretation of that text. However, the footnotes form part of the Rules.

**A2.7 Law:** The Scheme is established under and governed by the law of England and Wales.

## SCHEME STRUCTURE

### B1. SCHEME STRUCTURE

The Scheme has a single Fund yet several Sections each one having its own benefit and contribution design. The Scheme has DB Members and, with effect from 1 October 2002, DC Members. A DC Member has a Pension Account. DB Members are in Contracted-out Employment on a salary-related basis. DC Members are not in Contracted-out Employment.

### B2. APPLICATION OF GENERAL RULES AND SECTION RULES

**B2.1 Application of Rules (general):** These amended Rules apply to Members in Pensionable Service on or after 6 April 2011. See the deed to which these amended Rules are attached for the position of Members whose pensionable service under the Scheme ended before that date.

**B2.2 Section Rules:** Subject to Rule B2.1, a Member is governed by the general Rules and the Section Rules which apply to him or her. The Section Rules are shown in the Schedules to these general Rules.

**B2.3 Application of DC Section:** Unless the Principal Employer otherwise decides, a person who becomes a Member for the first time on or after 1 October 2002 does so as a DC Member. The DC Section also applies to:

B2.3.1 Switched Executive Members, subject to DB Executive Section Rule 3.4A and British Sugar Senior Section Rule 5.4A, and

B2.3.2 (unless the Principal Employer decides otherwise) a DB Member's new period of Pensionable Service which starts on or after 1 October 2002 in circumstances where he or she has opted-out of Pensionable Service or where Rule D3 or Rule D4 do not apply to a period of absence or where he or she remains in Service after payment of the pension has started (see Section Rules 2.9.2, 3.9.2, 5.9.2 and 6.9.3).

**B2.4 Closed Sections:** Unless the Principal Employer and the Trustees otherwise agree, the Sections described in Schedules 2, 3, 5 and 6 are confined to those Members to whom they are stated as applying in those Schedules. However, the Principal Employer may determine that a DB Member who has opted out of Pensionable Service shall be invited to re-join the defined benefit section under which his or her Pensionable Service was accruing before the opt-out.

### B3. EXCLUSION FROM THE SCHEME

The Principal Employer may agree with the Trustees at any time that any category of persons (not already Members) shall not be eligible for membership of the Scheme.

## CONTRIBUTIONS

### C1. EMPLOYERS' CONTRIBUTIONS

**C1.1 Employers' liability:** Each Employer shall pay to the Fund in each Scheme Year such contributions as the Trustees, after having regard to advice from the Actuary and taking into account the Fund and the Member's contributions, decide are needed to maintain the benefits of the Scheme as and when they fall due less an amount equal to the total expense borne by the Employer in the last previous Scheme Year for which no deduction was made in that year. The Principal Employer's certificate about the expenses borne by the Employers in any Scheme Year is final.

An Employer's liability may be set at a different rate from that of another and it may also be at a nil rate. Contributions are collected by the Principal Employer and paid to the Trustees at the times they require consistent with this Rule.

An Employer may pay contributions which are more than those required to satisfy its liability.

**C1.2 Statutory funding requirement and schedule of contributions:** The Trustees and the Employers must comply with the requirements of Part 3 of the 2004 Act, relating to the statutory funding objective, schedules of contributions, statements of funding principles and recovery plans, for so long as those requirements are applicable to the Scheme.

**C1.3 Reduced liability:** Subject to Rule C1.2, an Employer may, by giving prior written notice to the Trustees, reduce or suspend its liability to pay contributions under Rule C1.1 in relation to DB Members in respect of those persons it specifies in the notice (by category or name) ("**Specified Persons**") and in respect of all or some of their benefits ("**Specified Benefits**"). If this happens:

C1.3.1 the Trustees will decide the amount (if any) of contributions payable by a Specified Person;

C1.3.2 after consulting the Actuary and subject to the contracting-out requirements of the 1993 Act, the Trustees may immediately or at any later time adjust any Specified Benefits payable for Specified Persons. Any reduction in benefits shall have a value which, in the opinion of the Actuary, is not more than the value of the reduction or suspension of the Employer's liability;

C1.3.3 the Trustees must notify affected Members of any reduction in benefit. If a Member has died, the Trustees must instead notify the person entitled to a benefit on his or her death.

**C1.4 Terminating an Employer's liability:** An Employer's liability to contribute to the Fund is terminated in the ways described in Rules H1 and H3.

### C2. MEMBERS' NORMAL CONTRIBUTIONS

See the Section Rules for the amounts payable. If a Member has not paid the full amounts due, the Trustees will adjust any or all of the Member's benefits as they think appropriate subject to the contracting-out requirements of the 1993 Act, where applicable.

### **C3. MEMBERS' AVCS**

A Member may make AVCs to secure additional benefits on the following terms:

**C3.1** The rate or amounts, the frequency and the duration of the AVCs and the terms on which a Member's AVC Account is maintained must satisfy the following conditions and any others which the Trustees set:

**C3.1.1** a Member may be required to give a period of written notice as decided by the Trustees and in such form as decided by the Trustees stating the amount of AVCs he or she intends to pay or any change to them;

**C3.1.2** a Member cannot pay AVCs less than any minimum amount set by the Trustees or greater than any maximum amount determined from time to time by the Principal Employer; and

**C3.1.3** before providing the Member with a pension under the Scheme or using the Member's AVCs to purchase a lifetime annuity or dependant's annuity (as defined in the Finance Act) the Trustees shall allow the Member (or Dependant) an open market option, see Rule F3.<sup>1</sup>

**C3.2** A DB Member's AVCs are applied to the Member's AVC Account unless the Trustees decide to apply them in another way. A DC Member's AVCs are applied to his or her Pension Account unless the Trustees allow a separate AVC Account to be maintained.

**C3.3** The Member's AVC Account is used to provide benefits (additional to those described in the Rules) of a type which the Trustees agree with the Member. If it is not reasonably practicable for the Trustees to obtain agreement, or if the Member is dead, the Trustees shall decide which benefits are to be provided. The additional benefits payable as a result of AVCs must comply with the preservation and revaluation requirements of the 1993 Act.

**C3.4** The cash sum (if any) paid to the Member in respect of the Member's AVC Account in accordance with Rule C3.3 may not exceed 25 per cent of the value of the AVC Account or such greater amount as the Trustees may allow not exceeding the amount that may be paid as an Authorised Payment. It may be necessary for the Trustees to reduce the cash sum paid in respect of the Member's AVC Account if part or all of the AVC Account is used to provide a cash sum in respect of the Member's pension under the Scheme. This is so that the cash sum will still qualify as an Authorised Payment.

**C3.5** The Trustees may refund AVCs paid by a Member provided that doing so would not result in an Unauthorised Payment.

### **C4. COLLECTION OF MEMBERS' CONTRIBUTIONS**

**C4.1** A Member's contributions shall be deducted from his or her remuneration and paid by the Employer to the Fund on or before the 19th of the month following the month in which they are deducted. However, the Trustees and the Member may agree a different method of payment which has been notified to the Employer.

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<sup>1</sup> The Trustees need not offer an open market option unless the failure to do so would cause the pension or annuity to be an Unauthorised Payment.



**C4.2** Each Employer must operate net pay arrangements (as defined in section 193 of the Finance Act) in respect of any contributions to be made to the Scheme by a Member employed by the Employer unless the Trustees and the Principal Employer agree otherwise. However, the Trustees may agree to accept a contribution from a Member (or paid on the Member's behalf) which has not been deducted from the Member's pay if section 193(4)(b) of the Finance Act applies. The Trustees shall not be under any obligation to accept any contribution made by or on behalf of a Member in accordance with section 192 of the Finance Act 2004 (relief at source).

#### **C5. EXCESSIVE CONTRIBUTIONS**

If contributions are paid by or on behalf of a Member which are more than the maximum which can be paid without the Member incurring a special annual allowance charge (as defined in the Finance Act 2009) then, at the Member's request, the Trustees may make a payment to the Member which represents a refund of the excess contributions (less any tax due) provided that the payment is an Authorised Payment.<sup>2</sup> The Trustees shall then make such adjustments as they think appropriate to the amounts credited to the Member's Pension Account or AVC Account and the benefits payable for the Member under the Scheme.

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<sup>2</sup> The requirements for payment of a "contributions refund lump sum" in these circumstances are set out in paragraph 15 of Schedule 35 of the Finance Act 2009.

## GENERAL BENEFIT RULES

### D1. PART-TIME EMPLOYEES

**D1.1 Application:** This Rule applies to a Member who is required by his or her contract of employment to work fewer hours than the standard full-time working hours. The decision of the Employer about working hours or the level of remuneration is final.

**D1.2 Adjustment for DB Members:** If a DB Member changes his or her working hours with the Employer's consent, Pensionable Service is adjusted for the purposes of calculating the Normal Pension. The adjustment is made by multiplying Pensionable Service by the fraction  $\frac{PT}{FT}$  where:

PT is the number of hours per week (or other period selected by the Employer for this purpose) which the Member works; and

FT is the standard full-time number of hours.

Except for the purposes of the lump sum death in Service benefit under the Section Rules, the Member's Pensionable Earnings, Final Pay, Salary or Contributory Salary (as relevant to the Member) are notionally increased by multiplying them by the fraction  $\frac{FT}{PT}$ .

If the number of hours changes the Trustees will apply a new fraction with effect from the date of the change as notified by the Employer.

### D2. WORKING OVERSEAS

**D2.1 Arrangements starting on or after 6 April 2006:** If a Member is sent overseas for a period starting on or after 6 April 2006 to work for a company in the same group of companies as the Principal Employer he or she may remain a Member and Pensionable Service can continue if and for so long as:

D2.1.1 the Trustees and the Principal Employer agree; and

D2.1.2 the continuation of Pensionable Service does not require the Trustees to be authorised under Section 288 of the 2004 Act or to obtain approval in relation to a European employer under section 289 of that Act.

The Trustees may make any arrangements which they think fit about payment of contributions by and in respect of the Member but they must comply with any direction by the Employer that notional UK earnings are to be used to calculate benefits and contributions.

Absent any direction, any earnings (which are to be taken into account for benefit purposes) which are not in pounds sterling will be converted into sterling at rates agreed between the Principal Employer and the Member or, failing agreement, at rates decided by the Trustees.

**D2.2 Previous arrangements:** If a Member was working overseas on 5 April 2006 but was on that date still in Pensionable Service by virtue of arrangements made in accordance with the Scheme's Rules in force on that date,

that Member shall remain in Pensionable Service on and after 6 April 2006 in accordance with and subject to the terms of those arrangements (including terms designed to ensure that the arrangements would not prejudice the exempt approval of the Scheme), subject to any modifications to those arrangements that may be agreed by the Trustees, the Principal Employer and the Member.

### **D3. BREAKS IN SERVICE AND ABSENCE**

**D3.1 Breaks in Service:** A Member who leaves and then re-enters Service is treated as if he or she had not previously been a Member unless the Trustees and the Employer agree otherwise.

**D3.2 Changing Employers:** If an Employee moves from the Service of one Employer immediately to that of another, Pensionable Service is deemed not to have been broken.

**D3.3 Absence:** This Rule D3.3 applies to a Member who remains in Service but is absent from work, other than as a result of a family-related absence covered by Rule D4 (maternity and other family leave). It can apply only for a maximum period of continuous absence of two years or any longer period which the Principal Employer notifies the Trustees. At the end of the two year period or such longer period as the Principal Employer decides, Pensionable Service will terminate (if it has not already terminated in accordance with this Rule D3.3).

D3.3.1 If the Member's earnings continue in full or his or her normal contributions are paid through his or her membership of a PHI scheme, the Member's full contributions are payable and Pensionable Service continues.

D3.3.2 If the Member's earnings are suspended for reasons connected with his or her absence then, unless Rule D3.3.4 applies or the Principal Employer exercises its powers under Rule D3.3.5, the following will apply in respect of membership of the Scheme during this period:

- (a) the period of absence will not be treated as Pensionable Service and no Member's contributions (including matching Employer contributions for a DC Member) are payable during this period; and
- (b) if the Member does not return to work within the period during which this Rule D3.3 applies, Pensionable Service will be treated as terminating on the last day of Service in respect of which the Member received contractual earnings, income under an income protection policy or statutory sick pay.

For the purpose of this Rule D3.3.2 any payment made by an Employer to the Member in lieu of holiday shall be disregarded.

D3.3.3 If the Member's earnings are paid at a reduced level for reasons connected with his or her absence and Rule D3.3.2 does not apply then, unless Rule D3.3.4 applies or the Principal Employer exercises its powers under Rule D3.3.5, the following will apply in respect of membership of the Scheme during this period:

- (a) if a DB Member's earnings are reduced, any reduction in earnings will affect Pensionable Earnings, Contribution Earnings, Final Pay, Salary or Contributory Salary (as relevant in respect of the Member) and Pensionable Service will continue on this basis; and
- (b) if a DC Member's earnings are reduced, any reduction in earnings will affect Pensionable Earnings and Contribution Earnings and Employer Contributions and Member Contributions will be paid on this basis.

D.3.3.4 If a Member's earnings are suspended or reduced for reasons connected with his or her absence, and the Member subsequently returns to work at full contractual pay, the Member may agree with the Trustees to pay the Member's contributions that the Principal Employer determines would have been payable by the Member based on his or her earnings as if he or she had been working normally during the period. If the Member pays such contributions, then, in respect of a DB Member, the period of absence will be treated as uninterrupted Pensionable Service based the earnings the member would have received as if he or she had been working normally during the period and, in respect of a DC Member, amounts representing the Employer's contributions for that period shall be credited to the Member's Pension Account based on his or her earnings as if he or she had been working normally during the period. The Principal Employer's decision as to the amount of contributions which the Member must pay, and the earnings of the Member if he or she had been working normally, in respect of the period of absence is final.

D3.3.5 Where a Member's earnings are reduced or suspended for reasons connected with his or her absence, the Principal Employer may, in its absolute discretion and on any terms which it thinks fit, agree that the Member will be treated as remaining in Pensionable Service and that the contributions payable and the calculation of Pensionable Earnings, Contribution Earnings, Final Pay, Salary or Contributory Salary as relevant in respect of the Member during this period will be as the Principal Employer decides.

#### **D4. MATERNITY AND OTHER FAMILY LEAVE**

**D4.1 General:** This Rule D4 applies to a Member who is absent from work and the period of absence is: due to pregnancy or to the birth or expected birth of the Member's child; due to the placement or expected placement of a child for adoption by the Member; a Parental Leave Period; or for family reasons (within the meaning of Schedule 5 to the Social Security Act 1989). In this Rule D4, reference to being paid by the Employer includes receiving statutory maternity, paternity or adoption pay. This Rule is subject to sections 71 to 80E of the Employment Rights Act 1996, Schedule 5 to the Social Security Act 1989 and the Equality Act 2010 and is not intended to confer benefits greater than the benefits which must be provided to comply with those provisions and regulations made under them, except as provided in Rule D4.4.

**D4.2 DC Members:** The following applies to a DC Member's normal contributions under Section Rule 1.6 and the Employer's contributions:

D4.2.1. During any period of absence which is an Ordinary Maternity Leave Period, an Ordinary Adoption Leave Period, an Ordinary Paternity Leave Period or a period of Additional Maternity Leave, Additional Adoption Leave or Additional Paternity Leave during which the Member is paid by the Employer, amounts representing Employer's contributions to be credited to the Pension Account shall continue to be based on the Member's earnings as if he or she was working normally. The Member must continue to pay Member's contributions, but based on his or her actual earnings received during the period, including any statutory maternity, paternity or adoption pay, unless the Member chooses to contribute based on his or her earnings as if he or she were working normally.

D4.2.2. In respect of any other period of absence covered by this Rule D4 during which the Member is paid by the Employer, the Member must continue to pay Member's contributions based on his or her actual earnings received during the period (if any) unless the Employer does not require this. The Member may however choose to pay Member contributions based on his or her earnings as if he or she was working normally. The amounts representing Employer's contributions to be credited to the Pension Account shall be based on the Member's actual earnings (if any) received during the period.

D4.2.3. In respect of any other period of absence covered by Rule D4 during which the Member is not paid by the Employer, no amounts representing Employer's contributions shall be credited to the Pension Account and the Member is not required to contribute.

D4.2.4. However, if the Member returns to work after any period of absence which is a Parental Leave Period (whether paid or unpaid) or any other period of leave for family reasons then, if the Principal Employer, Employer and Trustees consent, the Member may make up any contributions in respect of that period of absence based on his or her earnings as if he or she had been working normally during that period, in which case amounts representing Employer contributions for that period of absence (or such other length of time as the Principal Employer, Employer and Trustees determine) shall also be credited to the Pension Account as if the Member had been working normally during that period.

D4.2.5. Any Member's contributions payable under this Rule D4.2 shall be allocated to the Member's Pension Account in accordance with the Section Rules.

**D4.3 DB Members:** The following applies to a DB Member:

D4.3.1 During any period of absence which is an Ordinary Maternity Leave Period, an Ordinary Adoption Leave Period or an Ordinary Paternity Leave Period or a period of Additional Maternity Leave, Additional Adoption Leave or Additional Paternity Leave during which the Member is paid by the Employer, the Member is treated as being in Pensionable Service but based on the Member's earnings as if the Member was working normally. The Member must continue to pay Member's contributions, but based on his or her actual earnings received during the period, including any statutory maternity, paternity or adoption pay.

D4.3.2 In respect of any other period of absence covered by Rule D4 during which the Member is paid by the Employer, the Member is treated as being in Pensionable Service during the period of absence but based on the Member's actual earnings. The Member must continue to pay Member's contributions based on his or her actual earnings received during the period.

D4.3.3 In respect of any other period of absence covered by this Rule D4 during which the Member is not paid by the Employer, the Member is not treated as being in Pensionable Service and the Member is not required to contribute.

D4.3.4 If the Member returns to work after any period of absence which is a Parental Leave Period or any other period of leave for family reasons then, if the Principal Employer, Employer and Trustees consent, the Member may make up any contributions in respect of that period of absence based on his or her earnings as if he or she had been working normally during that period, in which case the Member is treated as being in Pensionable Service during the period of absence (or such other length of time as the Principal Employer, Employer and Trustees determine)

and benefits will be calculated in respect of that period on the basis that the Member was working normally during that period.

**D4.4 Death during absence:** If the Member dies during any period of absence to which this Rule D4 applies, he or she is deemed to have died in Pensionable Service and any death benefits payable will be calculated on the basis that the Member's Pensionable Earnings, Salary or Contributory Salary (as relevant in respect of the Member) were based on his or her earnings as if he or she were working normally during the period of absence.

**D4.5 General:** Where a Member's earnings are reduced or suspended for reasons connected with a period of absence covered by this Rule D4 and benefits or contributions are not otherwise to be calculated in respect of that period as if the Member was working normally under this Rule D4, the Principal Employer may, with the consent of the Trustees, in its absolute discretion and on any terms which it thinks fit, agree that the calculation of Pensionable Earnings, Final Pay, Salary or Contributory Salary (as relevant in respect of the Member) during such period will be as the Principal Employer decides.

**D4.6 Member does not return to work:** If the Member does not return to work after a period of leave to which this Rule D4 relates, Pensionable Service will be treated as terminating on the last day of Service in respect of which the Member received contractual earnings or statutory maternity, adoption or paternity pay (or, if later, the last day of the Ordinary Maternity Leave Period, Ordinary Adoption Leave Period or Ordinary Paternity Leave Period as was applicable to the Member.)

## **D5. PENSION SHARING**

**D5.1 Pension credit benefits:** If section 29 of the 1999 Act applies in relation to a person's shareable rights under the Scheme, the Trustees may discharge their liability in respect of the pension credit by conferring rights to benefits under the Scheme payable to or in respect of that person's ex-spouse or former Civil Partner in accordance with the Pension Sharing Legislation. The Trustees shall be under no obligation to exercise this power except to the extent (if any) imposed by the Pension Sharing Legislation. If this power is exercised:

D5.1.1 the value of the benefits payable to or in respect of the ex-spouse or former Civil Partner must, at the time that the rights are conferred, be equal to the amount of the pension credit, and the valuation method must comply with the requirements of the Pension Sharing Legislation,

D5.1.2 those benefits must include or consist of an immediate pension payable to the ex-spouse or former Civil Partner or a deferred pension payable to the ex-spouse or former Civil Partner from a normal benefit age of 65,

D5.1.3 if the ex-spouse or former Civil Partner is less than 65, the pension credit will be applied to a Pension Account for him or her to be governed by the DC Section unless the Trustees decide to apply the pension credit in another way,

D5.1.4 any safeguarded rights shall be those mentioned in section 68A(2) of the 1993 Act; the Trustees shall accordingly identify those rights and observe the statutory requirements and restrictions applicable to them, and they shall have all powers in relation to the safeguarded rights as are permitted by legislation, and

D5.1.5 the ex-spouse or former Civil Partner shall be treated as a Member in relation to the benefits derived from the pension credit for all purposes of the Rules except trusteeship arrangements, transfers-in and Rule D5.5.

**D5.2 Pension credit transfer:** If the Trustees do not confer benefits on the ex-spouse or former Civil Partner under Rule D5.1, they must discharge their liability in respect of the pension credit by paying the amount of the credit to another pension arrangement which is a qualifying arrangement in accordance with the Pension Sharing Legislation.

**D5.3 Pension debits:** If section 29 of the 1999 Act applies in relation to a person's shareable rights under the Scheme, the Trustees shall reduce that person's qualifying benefits in accordance with the Pension Sharing Legislation.

**D5.4 Death before implementation:** If the ex-spouse or former Civil Partner dies before the Trustees have discharged their liability in respect of a pension credit, no benefit is payable in respect of the ex-spouse or former Civil Partner and the Member's pension debit is reversed.

**D5.5 Transferred-in benefits:** If a Member is or was entitled to a pension credit under another pension arrangement, the Trustees may accept a transfer of an amount that equates to the pension credit or relates to benefits derived from it, and provide additional benefits for the Member under the Scheme, in accordance with Rule F1 and any relevant requirements of the Pension Sharing Legislation. Any safeguarded rights thus conferred on the Member shall be limited to those mentioned in section 68A(2) of the 1993 Act.

**D5.6 Charges:** The Trustees may recover or deduct charges for providing information or for pension sharing activity in accordance with the Pension Sharing Legislation even if the relevant costs or expenses would otherwise be met by an Employer.

**D5.7 Interpretation:** Expressions used in this Rule D5 shall have the same meanings as in the Pension Sharing Legislation.

## **D6. BENEFIT CALCULATIONS**

**D6.1 Pensions:** Unless the contrary is expressly stated (and the exception is permitted under the pension rules or the pension death benefit rules as the case may be under section 165 and 167 of the Finance Act), and except where a pension is payable to a Child, a pension is payable for life and in any case its amount described in the Rules is its annual amount.

**D6.2 Value of benefits:** Decisions about the following matters shall be made by the Trustees after consulting the Actuary unless they are expressly left to be decided in some other way, and any person making or advising on a decision can make any assumptions and take account of any matters which he or she thinks are appropriate and may treat a person as enjoying normal health for his or her age and sex:

D6.2.1 the value of any pension, benefit or contributions;

D6.2.2 whether a benefit is equal in value to any other benefit;

D6.2.3 the amount by which a pension or other benefit is to be increased or reduced as required by the Rules; and

D6.2.4 the projected amount of a benefit at some future date including any increases up to that future date.

**D6.3 Rounding:** An amount payable to or from the Fund which is not a whole number of pennies may, if the Trustees so decide, be rounded up or down to the nearest higher or lower whole number of pennies as the Trustees decide. If the annual amount of a pension in pounds or pence is not divisible by 12, it may be rounded up to the nearest higher whole number of pennies or pounds which is divisible by 12.

## **D7. PAYMENT OF BENEFITS**

**D7.1 Evidence:** Payment of any benefit (or continued payment of any benefit) to any person is conditional upon that person providing the Trustees with any information and evidence which they may require from time to time.

**D7.2 Instalments:** A pension from the Scheme is paid by instalments at monthly intervals in advance unless the Trustees decide otherwise. Pensions are not apportionable to the date of death and the full instalment of pension is payable in respect of the month in which the recipient of the pension dies unless the Trustees decide otherwise. The first instalment of a pension payable on the death of a Member is paid with effect from the date of the Member's death.

**D7.3 Method of payment:** If pensions or cash sums payable under Section Rule 1.13, 2.10, 3.10, 5.10 or 6.10 are paid direct from the Scheme, the Trustees shall make a payment to the person entitled to the payment by direct credit transfer to a bank account held by him or her alone or, at the Trustees' discretion, jointly with others or by any other method which the Trustees consider appropriate. The Trustees may require a person at his or her own expense to open a bank account or other suitable account for this purpose. The use of any method is at the risk of the person entitled to the payment. All payments shall be in sterling unless the Trustees decide at their discretion that payment in another currency is appropriate taking into account the circumstances of the intended recipient.

**D7.4 Contracts of employment:** The Scheme and the Rules do not affect any right which an Employer otherwise has to terminate its employee's employment; nor do they give rise to or increase any liability of an Employer to a Member in respect of the termination of his or her employment.

**D7.5 Trivial and other small lump sums:** The Trustees may pay a lump sum to or in respect of a Member (in exchange for all of the benefits to which the Member is otherwise entitled under the Scheme) on terms decided by the Trustees having consulted the Actuary if the payment:

D7.5.1 is an Authorised Payment; and

D7.5.2 complies with the preservation and contracting-out requirements of the 1993 Act.

No further benefits are payable in respect of the Member under the Scheme. The payment extinguishes the Member's entitlement to benefits under the Scheme. The Trustees may exercise the power set out in this Rule D7.5 without the consent of the Member (or any dependent of the Member).

**D7.6 Trivial commutation lump sum death benefit:** The Trustees may pay a trivial commutation lump sum to a Dependant who would otherwise be entitled to a pension in respect of a Member (in exchange for all of the benefits to which the Dependant is otherwise entitled under the Scheme) on terms decided by the Trustees having consulted the Actuary if the payment:



D7.6.1 is an Authorised Payment; and

D7.6.2 complies with the preservation and contracting-out requirements of the 1993 Act.

The payment extinguishes the Dependant's entitlement to any pension or lump sum under the Scheme in respect of the Member. The Trustees may exercise the power set out in this Rule D7.6 without the consent of the Dependant.

**D7.7 Incapable beneficiaries:** If the person entitled to a benefit is a minor, payment may be made to the minor direct or to his or her parent or guardian or to any adult with whom he or she resides. If the person entitled to a benefit suffers from mental or physical incapacity, payment may be made to any person or institution who in the opinion of the Trustees is responsible for his or her care. In any of these cases, the Trustees need not enquire into the use by the recipient of payments to him or her.

If a Member is prevented by Incapacity from exercising an option to take an immediate pension or to exchange it or part of it for a cash sum or to decide the benefits payable from his or her Pension Account or AVC Account, the Trustees may make these decisions on behalf of the Member.

**D7.8 Intestates:** If a person dies when payment of a benefit was due to him or her and no grant of representation to his or her estate has been shown to the Trustees, payment may be made to the widow, widower or other Dependant as the Trustees think fit.

**D7.9 Unclaimed benefits:** Any instalment of a pension or allowance and any lump sum benefit is forfeited if not claimed within six years of the date on which payment first became due unless the Trustees decide not to forfeit or decide to reinstate the benefit.

**D7.10 Benefits cannot be assigned:** No pension or other benefit may be assigned, charged or alienated except with the consent of the Trustees or as provided in the Section Rules or in general Rule D5 (pension sharing). Otherwise, the rights of a Member or other person to a benefit (other than a GMP) shall be forfeit if the Trustees are aware that the person entitled to it has attempted to assign, charge or alienate all or part of the benefit or any interest in it or that an event has occurred which was intended to have the same effect, unless the Trustees in their discretion decide that all or part of a benefit shall be paid or applied to or for the benefit of the person originally entitled to it or any of his or her Dependents. This Rule D7 is subject to sections 91 and 92 of the 1995 Act and paragraph 6, Appendix 1 (pension for life).

## **D8. DISTRIBUTION OF LUMP SUM DEATH BENEFIT**

**D8.1 Trustees' discretion:** If a lump sum is payable on the death of a Member it is applied in accordance with this Rule D8. The Trustees have a discretion as to whom the lump sum is payable and, if they choose more than one person, as to the shares in which it is paid. The Trustees are not obliged to identify all possible beneficiaries.

**D8.2 First tier of possible beneficiaries:** The Trustees must first of all consider the following possible recipients before considering those described in Rule D8.3 (and they are not listed in an order of priority):

D8.2.1 the Member's Spouse (which in this Rule D8 also includes the Member's co-habitee living together as the Member's partner and any former legal spouse);

D8.2.2 the Member's Dependant;

D8.2.3 any person nominated in writing to the Trustees by the Member for this purpose whether under this Scheme or a predecessor scheme (and it includes a body of persons whether or not incorporated); and

D8.2.4 a parent, child or grandchild of the Member or of the Member's Spouse.

**D8.3 Second tier of possible beneficiaries:** The second tier of possible recipients (not listed in an order of priority) is:

D8.3.1 the grandparent or other ancestor of the Member or the Member's Spouse and their descendants;

D8.3.2 the brother, sister, aunt and uncle of the Member or the Member's Spouse and their descendants, ancestors and spouses or Civil Partners;

D8.3.3 any person (or body of persons whether or not incorporated) entitled under the Member's will.

**D8.4 Included relationships:** Any relationship mentioned in Rule D8.2 or D8.3 includes (and another relationship may be traced through) a relationship of the half-blood and a relationship between a person and his stepchild or legitimated, adopted or illegitimate child as if that relationship were legitimate.

**D8.5 Separate trusts:** The Trustees may pay or apply the whole or any part of the lump sum benefit to any person or persons who they shall appoint to hold it on trust for any one or more of the persons mentioned in Rule D8.2 or D8.3 and in the shares or with the interests which the Trustees shall direct or allow. The Trustees shall also decide all other terms of the separate trust as they think fit which may include wider powers than those granted by statute (including wider powers of investment, maintenance, advancement, appropriation and insurance) and terms as to the appointment and remuneration of trustees. The Trustees may deduct from the lump sum benefit their costs and expenses in establishing the separate trust.

**D8.6 Dependant's pension:** Instead of paying all or part of a lump sum in accordance with the other provisions of this Rule D8, the Trustees may in their absolute discretion provide a pension or pensions of equal value for one or more of the Member's Spouse and Dependents. The discretion applies to a lump sum only if the Principal Employer and the Member agreed in writing that it would apply. The Trustees shall consult the Principal Employer about the exercise of their discretion. If the Trustees decide to provide a pension in this way:

D8.6.1 The Trustees must secure the pension with an Insurer in accordance with Rule F2 (transfers-out and buy-outs) unless the Trustees decide, with the consent of the Principal Employer, to provide a pension for the Spouse or Dependant under the Scheme.

D8.6.2 If the Trustees provide a pension for the Spouse or Dependant under the Scheme, it shall be of the amount decided by the Trustees, having consulted the Actuary, and is payable in accordance with Rule D7.

D8.6.3 The terms of the pension must comply with the requirements of the pension death benefit rules specified in section 167 of the Finance Act.

D8.6.4 The pension must receive such annual increases (if any) as the Trustees consider appropriate and shall comply with section 51 of the 1995 Act (if applicable).

**D8.7 Trustees' failure to decide:** The Trustees may pay or apply the lump sum within two years of the Member's death (or such longer period within which such payment would be an Authorised Payment); otherwise, at the end of this period the lump sum must be paid to the Member's personal representatives. If the persons who would benefit from such a payment to the personal representatives would be the Member's creditors, the Crown, the Duke of Cornwall, the Duchy of Lancaster or a person which is not an individual or a charity, the lump sum will be retained in the Fund for the general purposes of the Scheme.

**D8.8 Funeral expenses:** If any person has paid all or some of the funeral expenses of the Member, the Trustees can deduct that amount from the lump sum and reimburse such person.

## **D9. EVIDENCE OF HEALTH AND SUSPENSION OF PENSION**

**D9.1 Providing evidence:** A Member is bound by the Rules. A person who becomes a Member or an Employee must, if so requested at that time or at any later time, provide the Trustees with any information, documents and evidence as to his or her age, marital status and state of health and submit to any medical examinations which it or they may require.

**D9.2 Restricted benefits:** If an Employee or a Member fails to provide any evidence when requested or if the evidence shows the person to be suffering from illness or disability, the Trustees may restrict or withhold the benefits that may become payable to or in respect of that person as they think fit but not if doing so leads to a pension being an Unauthorised Payment or if the Principal Employer determines otherwise.

**D9.3 Concealed evidence:** If a request is made under Rule D9.1 and subsequently the Member or Employee suffers Incapacity or dies due to illness or disability which was not revealed to the Trustees, the Trustees shall pay reduced or no benefits from the Fund as if a restriction had been imposed, but only if they are satisfied that, at the time the Member or Employee complied with the request, he or she was aware that he or she was then suffering from (or had suffered from) the main symptoms of the illness or disability and he or she deliberately or negligently failed to reveal them and not if doing so leads to a pension being an Unauthorised Payment or if the Principal Employer determines otherwise.

**D9.4 Recovery of health in retirement:** If a pension is being paid to a Member from the Scheme due to Incapacity and he or she does not supply evidence of continued Incapacity when requested to do so, the Trustees may, at any time before Normal Retirement Date, suspend the Member's pension except that:

D9.4.1 a suspension must not result in the Member's pension after Normal Retirement Date being less than the amount of the Member's deferred pension reduced as the Trustees think appropriate having regard to payments made to the Member before then;

D9.4.2 any GMP must continue in payment;

D9.4.3 benefits payable on the death of the Member may be reduced or suspended but they must not, on death before Normal Retirement Date, be less than those which would have been payable on death in deferment under the Section Rules; and

D9.4.4 the Trustees may not exercise the power of termination in a way which leads to the Member's pension being an Unauthorised Payment.

## **D10. AUGMENTATION AND SPECIAL BENEFITS**

**D10.1 Augmentation/special benefits:** At the Principal Employer's request, the Trustees shall augment any benefit payable under the Scheme and pay any other benefit to or in respect of any Member or other person who is or has been employed by an Employer (or who was employed in a business subsequently acquired by an Employer), as long as doing so does not result in an Unauthorised Payment and does not cause the Trustees to breach section 255 of the 2004 Act (activities of occupational pension schemes). If the Principal Employer and the Member so agree, the benefits payable may be instead of some or all of the benefits otherwise payable for the Member under the Rules. If the Principal Employer agrees, an Employer may pay additional contributions to the Scheme (not otherwise required under the Rules) to or in respect of any Member or other person who is or has been employed by an Employer and direct that the Trustees allocate such contribution to the Member's AVC Account or Pension Account.

**D10.2 Discretionary increases:** Without prejudice to the required increases in the Section Rules, the Trustees shall at the request of the Principal Employer, increase pensions in payment generally or in particular cases.

**D10.3 Additional contributions:** The Trustees will carry out the Principal Employer's request under this Rule D10 if the Actuary advises that no additional contributions are required or, if he or she advises that they are, if arrangements for their payment, which are satisfactory to the Trustees, are made.

## **D11. LIENS**

If, because of his or her own fraud, negligence or crime a Member owes a monetary obligation to an Employer, the benefits for him or her or his or her Pension Account shall, if the Employer so directs, be reduced in the manner which the Trustees think fit. The value of the reduction is decided by the Employer but may not exceed the monetary obligation or (if less) the value of the benefits remaining payable for the Member except any GMPs and benefits payable under Rule F1 (transfers-in) (except those which regulations made under section 91 of the 1995 Act allow to be reduced). The value of a Member's benefits must be determined in a manner required by section 91 of the 1995 Act. The Trustees must give the Member a certificate showing the amount of the reduction and its effect on his or her benefits. The Trustees shall then pay to the Employer an amount equal to the value of the reduction in the benefits or alternatively may allow the Employer to deduct the amount from its contributions to the Scheme. If the Member disputes the monetary obligation, this Rule D11 does not apply until the obligation has become enforceable by a court order or an award of an arbitrator.

## **D12. RECOVERY OF TAX**

**D12.1 Deduction from benefits:** If the Trustees are liable for any tax (including any charge payable under the Finance Act) in respect of any benefit, they may apply part of the benefit in paying the tax (including any interest) or may postpone payment of the benefit until the tax has been paid or provided for to their satisfaction.

**D12.2 Interest:** If recovery of any tax is spread over instalments of benefits payable in respect of a Member, the Trustees may make reductions to the benefits payable in respect of the Member that include interest on any tax liability met by the Trustees.

**D12.3 Finance Act charges:** Rule D12.1 permits deductions from any payments made in respect of a Member to enable the Trustees to pay any short service refund lump sum charge, special death benefits charge or

lifetime allowance charge for which the Trustees are liable (or jointly liable with the Member) under the Finance Act.

**D12.4 Actuarial reduction in respect of the lifetime allowance charge:** Instead of deducting an amount in respect of the lifetime allowance charge (as defined in section 214(1) of the Finance Act) from benefits paid in respect of the Member, the Trustees may make reductions to the benefits payable in respect of the Member on a basis decided by them having taken advice from the Actuary, with the intent that the reductions have a value (in accordance with normal actuarial practice) equal to the tax liability met by the Trustees in respect of the Member.

**D12.5 Payment of an annual allowance charge:** If the Member and the Trustees agree, the Trustees may make a payment to HMRC to discharge any liability of the Member for an annual allowance charge (as defined in section 227 of the Finance Act). The Trustees shall then reduce the benefits payable in respect of the Member on a basis decided by them having taken advice from the Actuary. The Trustees may not make a payment to HMRC if the reduction in benefits would contravene section 91 of the 1995 Act or other applicable legislation.

**D12.6 No benefits payable:** If the Trustees are liable for any tax relating to a Member and no further benefits are payable in respect of the Member, the Trustees may recover the tax directly from the Member.

## GENERAL SCHEME OPERATION

### E1. EMPLOYERS

**E1.1 New Employers:** A company or firm may participate in the Scheme and so become an Employer if it agrees by deed to be bound by the Rules as an Employer and, unless the Principal Employer decides otherwise, that it will nominate the Principal Employer (or any other Employer which the Principal Employer chooses) to take decisions for it which relate to the 1995 Act (in particular the operation of sections 16 to 21, 35 and 56 to 61 of the 1995 Act) and the 2004 Act (including the operation of Part 3, and sections 241 to 243 and 259). Participation may take place only with the consents of the Principal Employer and the Trustees, who must also execute the deed, and if there is an Employer Association between the Employer and the Principal Employer. Participation starts when the deed is executed or on any earlier or later date which may be specified in the deed.

**E1.2 Change in Principal Employer:** The Principal Employer may be replaced by any other company or firm which agrees by deed to be bound by the Rules as the Principal Employer. A change may be made only with the consents of the old Principal Employer and the Trustees, who must also execute the deed. The change takes effect from the date of the deed or from any earlier or later date which may be specified in the deed.

### E2. ACTUARIAL VALUATIONS

The Trustees must appoint (and can remove) an Actuary. The appointment shall comply with the requirements of the 1995 Act. The Trustees shall instruct the Actuary to assess the values of the Scheme's assets and liabilities in a formal valuation as at dates fixed by the Trustees, but at least once in every three years. The Actuary shall report in writing to the Trustees and, unless the Trustees have directed otherwise, to the Principal Employer. The Trustees shall submit a copy of each certificate, report and valuation obtained from the Actuary under Part 3 of the 2004 Act (scheme funding) to the Principal Employer.

### E3. ACCOUNTS

**E3.1 Accounts:** The Trustees must keep a complete record of all events and matters which should be recorded for the proper working of the Scheme and in the form required by the 1995 Act. Accounts shall be drawn up for each Scheme Year.

**E3.2 Auditor:** The accounts must be given to an accountant who is a person appointed by the Trustees (in accordance with the 1995 Act) and qualified to give a report on the accounts in compliance with the requirements of the 1995 Act. The accountant must be given and must have access to any information and evidence which he or she may properly require and he or she must report whether or not:

E3.2.1 the accounts comply with the relevant requirements of the 1995 Act;

E3.2.2 the accounts correctly summarise the financial transactions of the Scheme during the accounting period; and

E3.2.3 in his or her opinion, on the basis of specimen checks, the method of calculating and/or making those transactions complies with the Rules.

## **E4. INVESTMENT**

**E4.1 Trustees' powers:** The Trustees may, in the manner which they think fit and as if they were absolutely and beneficially entitled, use the whole or any part of the Fund to invest in, acquire, dispose of, lend or otherwise deal in or undertake to deal in any property, assets, rights, options, assurances, contracts or interests (whether or not such transactions involve liability, produce income or are authorised by law as investments for trust assets). Without limit to the generality of these powers, the Trustees may:

E4.1.1 retain moneys of the Fund in cash of any currency or in any current or deposit account with any deposit taking institution;

E4.1.2 buy and sell stocks, shares, debentures, units in collective investment schemes and exempt funds, securities, partnership shares, patents, trademarks, service marks, copyrights and any other investments or assets wherever situated or in whatever currency;

E4.1.3 buy and sell any interest in any land or other real or personal property, wherever situated;

E4.1.4 pay premiums under and deal in any manner with policies of assurance or insurance;

E4.1.5 make loans to any person on such terms as they think fit, whether or not secured;

E4.1.6 buy and sell works of art and terminable or wasting assets;

E4.1.7 underwrite, sub-underwrite or guarantee the subscription or placing of any securities;

E4.1.8 deal in currencies, commodities, futures, traded options and contracts for differences; and

E4.1.9 accept or renounce any gifts or bequests.

**E4.2 Borrowings:** The Trustees may, with the Principal Employer's agreement, borrow and give any guarantee, charge, indemnity or undertaking, whether on the security of assets of the Fund or otherwise and meet liabilities arising from such a guarantee, charge, indemnity or undertaking from the Fund, subject to section 36A of the 1995 Act and regulation 5 of the Occupational Pension Scheme (Investment) Regulations 2005, which restricts the power of the Trustees to borrow or give guarantees.

**E4.3 Care of assets:** The Trustees may, after consulting the Principal Employer, apply moneys of the Fund in repairing, maintaining, demolishing, moving, storing, developing or improving any assets of the Fund or in insuring the same for any amount up to their full replacement value against loss or damage from any risks.

**E4.4 Custodians:** Assets of the Fund may be held by any person or persons as custodian for the Trustees on terms as to liability, remuneration and otherwise as the Trustees, after consulting the Principal Employer, think fit.

**E4.5 Pooling:** The Trustees may make arrangements for the whole or any part of the Fund to be pooled for investment purposes with assets of other pension schemes. The arrangements may include terms relating to any matters which the Trustees think fit. Arrangements may be made only if they would not prejudice the Scheme's status as a registered scheme under the Finance Act.

**E4.6 Investment managers:** The Trustees may, after consulting the Principal Employer, appoint any person to be an investment manager of the whole or any part of the Fund with such of the powers and discretions conferred upon the Trustees by the Rules to be exercised with or without their consent and upon terms as to liability, remuneration, sub-delegation, self-dealing, resignation and otherwise as they think fit, subject to the requirements of the 1995 Act.

**E4.7 Statement of investment principles:** The Trustees shall, having consulted the Principal Employer and obtained all necessary advice, prepare, maintain and from time to time review, a statement of investment principles relating to the Fund which complies with the requirements of section 35 of the 1995 Act.

**E4.8 Employer-related investments:** The Trustees shall ensure that they comply with the provisions of section 40 of the 1995 Act, as long as they are applicable.

## **E5. AMENDMENTS**

After consulting the Actuary and having regard to the maintenance of the solvency of the Fund, the Trustees may, with the Principal Employer's consent, amend the trusts, powers and provisions of the Scheme. An amendment may be made at any time (even after the Termination Date as described in Rule H3) and it may have retrospective effect. An amendment must not:

**E5.1** authorise the transfer or payment of any part of the Fund in any circumstances to an Employer (and nothing in these Rules shall authorise such transfer or payment); or

**E5.2** operate to effect a change of the main purpose of the Scheme as set out in the interim deed dated 20 December 1948.

An amendment is made by deed executed by the Trustees and the Principal Employer. However if a written and dated memorandum is signed on behalf of the Trustees and the Principal Employer which sets out the particulars of an amendment and its effective date, the Rules shall be interpreted to take account of such memorandum. Furthermore, if a written notice about an amendment is given to affected Members and beneficiaries in the form agreed by the Trustees and the Principal Employer, the Rules shall be treated as amended to take account of the notice in the ways and to the extent decided by the Trustees (whose decision about interpretation of the notice is final), pending the execution of a deed of amendment or written memorandum as described above.

## **E6. EXPENSES**

The Trustees may incur any costs or expenses which they consider necessary or desirable for the proper performance of their duties. These include their own (and, to the extent that they think fit, any other person's) costs in resolving any matter concerning the Fund or the Scheme by litigation. All costs and expenses are payable by the Employers except:

**E6.1** those relating to the investment of the Fund; and

**E6.2** those which the Trustees agree to meet from the Fund and which do not cause or result in the payment or transfer of any part of the Fund to or for the benefit of an Employer;



and the Trustees have power to meet such costs and expenses from the Fund. Expenses may be recovered from Members and other persons in accordance with the Rules (including Rule D5, pension sharing) and the general law.

## **E7. ADMINISTRATION**

**E7.1 Trustees' powers:** The Trustees have all powers, rights and privileges necessary or helpful for operating the Scheme. Powers may be exercised by the Trustees without the consent of an Employer or any other person, unless consent is expressly required by the Rules or by law.

**E7.2 Agents and advisers:** The Trustees may employ agents to carry out their duties or to transact any business, including the giving of receipts and the operation of bank accounts. The Trustees may appoint advisers and may rely on any advice given. Appointments must be in accordance with the requirements of the 1995 Act, where applicable.

**E7.3 Delegation:** Subject to Rule E4.6 and to the requirements of the 1995 Act where applicable, the Trustees may, with the Principal Employer's consent, delegate to any person all or any of their powers, duties and discretions on terms as to remuneration, sub-delegation and otherwise as they may think fit. The Trustees are not bound to supervise any delegate, sub-delegate or agent.

**E7.4 Information:** Each Employer must give the Trustees any information which they may properly require for the operation of the Scheme, and the Trustees are entitled to treat that information as correct. If the Trustees require evidence on a matter but no satisfactory evidence is reasonably available to them, they may make any assumptions which they think fit.

**E7.5 Disputes:** The Trustees shall, in accordance with sections 50 to 50B of the 1995 Act, establish and maintain procedures for the resolution of disagreements relating to the Trustees' operation of the Scheme. Subject to such procedures, all questions, disputes and matters arising under the Rules relating to benefits or contributions or to the proper operation of the Scheme are decided by the Trustees unless they are expressly left for decision by another person. The Trustees may settle, compromise or submit to arbitration any claim brought by or against them.

**E7.6 Trustees' personal interest and conflict of duties:** No action of the Trustees is invalidated by reason of any personal interest or conflict of duty of a Trustee or of a director or officer of a body corporate which is a Trustee. Such a person may keep for himself or herself any benefit payable to him or her by reason of his or her own or another's membership.

**E7.7 Professional Trustees:** If a Trustee is a company or a person engaged in any profession or business, that Trustee or his or her firm or employer shall be paid from the Fund (or by the Employers, as mentioned in Rule E6) the fees or charges which the other Trustees agree, including fees simply for acting as a Trustee.

**E7.8 Administrator:** The Trustees are the administrator of the Scheme as defined in section 270 of the Finance Act.

## **E8. NOTICES**

**E8.1 Notices given by Members:** A notice which must be given by a Member under the Rules must be given in one of the following ways:

E8.1.1 in writing addressed to the person entitled to receive it and sent, in respect of a company, to its registered office or principal place of business in the UK and, in respect of an individual, sent to his or her place of work or last known home address; or

E8.1.2 sent using electronic communication to a number or address which has been notified for that purpose by the person receiving the notice.

**E8.2 Notices given other than by Members:** A notice which must be given under the Rules other than by a Member must be given in writing as set out in E8.1.1 or may be given in such other way as may be agreed by the person receiving the notice.

**E8.3 Notice deemed not to be given:** The Trustees or Employer (as the case may be) may deem that a notice has not been given unless it is actually delivered to the address for service (in the case of notices given under E8.1.1) or unless receipt is acknowledged by the person entitled to receive the notice (in the case of notices given under E8.1.2).

**E8.4 Notice to Trustees:** Notice is deemed to have been served on all of the Trustees if it is served on their chairman or on the secretary of one of the corporate Trustees at its registered office.

## TRANSFERS, BUY-OUTS AND OPEN MARKET OPTION

### F1. TRANSFERS-IN

**F1.1 Trustees' decision:** The Trustees shall, at the Principal Employer's request, accept into the Fund a transfer of cash or assets from any other retirement benefits scheme or arrangement (including a personal pension scheme or an annuity contract) on terms which the Principal Employer thinks fit, consistent with the Rules. Because the DC Section is not contracted-out, it cannot accept contracted-out liabilities for any person.

**F1.2 Special membership:** Any person for whom a transfer is received will become a Member on any special terms which the Principal Employer has requested the Trustees to apply, provided that the benefits payable will be Authorised Payments. Rule D10.3 applies.

**F1.3 Transferred benefits:** Subject to Rule F1.2, the Trustees may grant benefits for a person for whom a transfer is received having a value which they think fit after consulting the Actuary but those benefits may not exceed the value received in respect of him or her without the consent of the Principal Employer.

**F1.4 Legal and Finance Act requirements:** The circumstances and terms of a transfer, any special terms of membership and any benefits granted must comply with any applicable preservation, revaluation and contracting-out requirements of the 1993 Act, must not prejudice the Scheme's status as a registered scheme under the Finance Act and must be such that the transfer is a "recognised transfer" as defined in section 169 of the Finance Act. The benefits granted must be such as will qualify as Authorised Payments.

### F2. TRANSFERS-OUT AND BUY-OUTS

**F2.1 General:** A transfer of cash or other assets (a "transfer payment") may be made to another pension scheme or arrangement or an Insurer for a Member entitled to a deferred pension or for any other Member or person in accordance with this Rule F2. This Rule F2 applies also:

F2.1.1 when there is a bulk transfer payment in respect of more than one person; and

F2.1.2 if the Trustees decide to apply all or part of a DC Member's Pension Account or of an AVC Account to secure benefits for and/or in respect of him or her from an Insurer instead of from the Fund.

**F2.2 Other pension scheme:** A transfer payment may be made to another pension scheme only if the transfer is a "recognised transfer" as defined in section 169 of the Finance Act and if the contracting-out requirements described in Appendix 2 to these Rules (where applicable) are met.

**F2.3 Buy-out policy:** A transfer payment may be made to an Insurer to buy a policy only if:

F2.3.1 it will issue a policy or annuity contract which satisfies the requirements of section 19(4) of the 1993 Act if those requirements apply to the transfer;

F2.3.2 the contracting-out requirements of Appendix 2 to these Rules, if applicable, are met; and

F2.3.3 the Trustees have given the Member or other person the opportunity to choose the Insurer if required by paragraph 3(1)(b) or 17(1)(b) of Schedule 28 of the Finance Act (see Rule F3).

**F2.4 Consents:** The decision whether or not to make a transfer payment shall be made by the Trustees unless the transfer payment is to be made because a person has exercised his or her right to a cash equivalent in accordance with the 1993 Act. In any case, the Trustees may decide not to obtain the consent of the person for whom the transfer is made unless consent is required under the 1993 Act.

**F2.5 Information:** The Trustees must give the trustees or administrators of the pension scheme or the Insurer to which the transfer payment is made information about the benefits and contributions of the Member or other person which is reasonably required.

**F2.6 Discharged benefits:** A transfer payment must relate to all or (provided that the transfer will not result in a breach of the contracting-out or preservation requirements of the 1993 Act) an identified portion of the benefits otherwise payable for the person for whom the transfer payment is made (the "discharged benefits") unless the Trustees agree otherwise.

**F2.7 Value transferred:** The value of the cash or other assets comprising a transfer payment is decided by the Trustees, with the Principal Employer's consent, after consulting the Actuary.

**F2.8 Trustees' discharge:** The making of a transfer payment discharges the Trustees from any further liability to pay the discharged benefits. This discharge applies if the Trustees reasonably believe that the conditions of this Rule F2 have been or would be satisfied, even if in fact they are not; and for this purpose the Trustees may rely on statements made by persons who appear to them to be (or to be the authorised representatives of) the trustees, manager or administrator of the pension scheme or the Insurer. The Trustees are not obliged to obtain anyone's consent to a transfer payment except as stated in these Rules, nor to enquire into the application of the transfer payment.

### **F3 OPEN MARKET OPTION IN RESPECT OF MONEY PURCHASE ARRANGEMENTS**

**F3.1** Before the Trustees:

- (a) pay a scheme pension to a Member in respect of a money purchase arrangement, they must allow the Member to select a lifetime annuity instead;
- (b) pay a dependant's scheme pension in respect of a money purchase arrangement, they must allow the Member or Dependant to select a dependant's annuity instead;
- (c) purchase a lifetime annuity for a Member in respect of a money purchase arrangement, they must allow the member to select the Insurer; and
- (d) purchase a dependant's annuity in respect of a money purchase arrangement, they must allow the Member or the Dependant to select the Insurer.

In this Rule F3, the terms "money purchase arrangement", "lifetime annuity", "dependant's annuity", "scheme pension" and "dependant's scheme pension" have the meanings given to them by the Finance Act.

## TRUSTEES

### G1. FUND HELD ON TRUST

The Fund is held by the Trustees upon the trusts of the Scheme.

### G2. CHANGING TRUSTEES

The Principal Employer can by deed appoint a new or additional Trustee or Trustees and remove a Trustee or Trustees. There is no maximum number of Trustees. There can be a sole corporate Trustee but otherwise there must be at least three Trustees. A Trustee can resign by giving written notice to the Principal Employer and any co-Trustee(s). This Rule is subject to the member-nominated trustee (or trustee director) requirements of the 2004 Act for so long as they apply to the Scheme.

### G3. TRUSTEES' MEETINGS

The Trustees' duties and powers are exercisable either by resolutions of the directors of the Trustees or by any committee which the directors have appointed or through any properly authorised officer appointed by the directors. The directors may act by majority vote and so may the members of any committee subject in all respects to the memorandum and articles of association of the Trustees.

### G4. TRUSTEES' AND EMPLOYERS' PROTECTION

G4.1 This Rule G4 applies to:

G4.1.1 a Trustee;

G4.1.2 a director or other officer of a corporate Trustee;

G4.1.3 an employee of the Trustees;

G4.1.4 a member of any committee of the Trustees or of a committee appointed by the Trustees;

G4.1.5 an employee of an Employer who is engaged in administering the Scheme on behalf of the Trustees and with their approval;

G4.1.6 an agent or delegate of the Trustees but only if the Trustees expressly decide that this Rule G4 is to apply to such a person or that it is to apply with such modifications as are agreed by the Trustees;

G4.1.7 any company or person who has formerly held one of the positions described in G4.1.1 to G4.1.6 above.

G4.2 Each of the persons mentioned in Rule G4.1 shall be entitled to all the exonerations and protections given by the law. In addition, none of them shall be liable for the insufficiency of the Fund or for the consequences of any act or omission on their part or on the part of another person in connection with the Scheme or the Fund unless it is of a kind mentioned in Rule G4.4.

**G4.3** Each company or person mentioned in Rule G4.1 shall be indemnified and reimbursed out of the Fund for all expenses, costs, charges, losses, penalties, awards, damages, liabilities or taxes ("**Liabilities**") which they may suffer or incur in connection with the Scheme or the Fund. If they are prevented by law from being indemnified from the Fund or if the Fund is inadequate, then the Employers shall (jointly and severally) indemnify them to the extent that they have not been reimbursed for such Liabilities through insurance EXCEPT THAT no person shall have a right of indemnity against an Employer for any Liability if and to the extent that such a right would be void at law. This Rule G4.3 does not apply in relation to acts or omissions of a kind described in Rule G4.4 and Liabilities arising therefrom.

**G4.4** Rules G4.2 and G4.3 do not apply to any act or omission (or to Liabilities which arise as a result of such an act or omission) on the part of a person mentioned in Rule G4.1 which is fraudulent or which is done or omitted knowingly, intentionally and in bad faith.

**G4.5** The Trustees may take out insurance for all or any of the persons mentioned in Rule G4.1 against personal liability incurred in connection with the Scheme or the Fund and they may take out insurance against any loss to the Fund. The premiums may, to the extent permitted by law, be paid from the Fund if they are not met by the Employers.

## TERMINATIONS

### H1. WITHDRAWAL OF AN EMPLOYER

**H1.1 Trigger:** An Employer (other than the Principal Employer) withdraws from the Scheme on the Withdrawal Date which is the earliest of the following dates:

H1.1.1 The date specified in a written notice from the Employer to the Trustees that the Employer is terminating its liability to contribute to the Fund and withdrawing from the Scheme.

H1.1.2 The date that the Employer goes into liquidation, is dissolved or ceases to carry on business.

H1.1.3 If the Employer ceases to have an Employer Association with the Principal Employer, the date on which the Employer Association ends, unless the Trustees and the Principal Employer agree in writing before or within a reasonable period after that date that participation will continue. Such an agreement may include special terms, conditions and requirements that will apply during continued participation.

H1.1.4 The date specified in a written notice from the Trustees to the Employer that it must withdraw from the Scheme because it has failed to observe all or any of its obligations under the Scheme.

H1.1.5 The date specified in a written notice from the Trustees to the Employer if the Employer has suspended its contributions under Rule C1.3 for more than two years.

If there is any doubt if and when the Withdrawal Date has occurred, this is decided by the Trustees. The Employer has no further liability under the Rules after the Withdrawal Date (except for paying any arrears of contributions due before the Withdrawal Date) but this does not affect any continuing liability imposed by the 1993 Act, the 1995 Act, the 2004 Act or other legislation or legal requirement.

### H2. EFFECTS OF A WITHDRAWAL

**H2.1 Effect on Members in Pensionable Service:** Each Member who is in Pensionable Service on the Withdrawal Date is deemed to have left Pensionable Service on the Withdrawal Date and his or her benefits are calculated accordingly under the Rules.

**H2.2 Trustees' powers:** On, or at any time following, the Withdrawal Date, the Trustees may make a transfer payment under Rule F2 to secure benefits from another pension scheme or from an Insurer for all or any of the Members who are or were employed by the Employer which has withdrawn from the Scheme. Otherwise, benefits are payable under the Scheme in accordance with the Rules.

**H2.3 Section 75/75A 1995 Act:** The provisions of Rule H6 shall also apply, where relevant, in circumstances where Rule H1.1 applies.

### **H3. TOTAL TERMINATION**

The Scheme terminates on the Termination Date which is the earlier of the following dates:

**H3.1** The date specified in a written notice from the Principal Employer to the Trustees that it and all the other Employers' liability to contribute to the Fund after that date is terminated.

**H3.2** Ninety days after the date that the Principal Employer goes into liquidation, is dissolved or ceases to carry on business if there has been, in the meantime, no change of Principal Employer under Rule E1.2.

If there is any doubt if and when the Termination Date has occurred, this is decided by the Trustees.

### **H4. EFFECTS OF TERMINATION**

**H4.1 Expenses and arrears:** The Trustees may pay or discharge from the Fund (and make a reserve for) all costs, expenses and other liabilities incurred in administering, terminating and winding up the Scheme that cannot be recovered from the Employers. The Trustees shall pay any benefit which has become due but remains unpaid at the start of winding up (including lump sums payable on the death of a Member which have not yet been paid or applied in accordance with Rule D8).

**H4.2 Money purchase benefits:** Subject to Rule H4.1, assets of the Fund representing a Member's Account or an AVC Account, and any other assets representing any other money purchase benefits (which expression has the same meaning as in section 73 of the 1995 Act), must be used only to provide or secure benefits for, or make payments to or in respect of, the relevant Member (except to the extent that the assets exceed the value of the Trustees' liabilities in relation to the Member).

**H4.3 Securing benefits:** Subject to Rule H4.1, the Trustees will wind up the Scheme by using assets of the Fund to discharge their liabilities to provide benefits for Members in such one or more of the following ways as they shall decide:

H4.3.1 in accordance with Rule F2;

H4.3.2 by paying state scheme premiums;

H4.3.3 by making Authorised Payments to the Member or other person entitled to benefits; and

H4.3.4 in accordance with section 74 of the 1993 Act.

**H4.4 Deficiency:** If, despite section 75 of the 1995 Act, the assets of the Fund after applying Rules H4.1 and H4.2 are insufficient to discharge all the Trustees' liabilities to provide benefits for Members, they shall be applied in accordance with section 73 of the 1995 Act (preferential liabilities on winding up).

**H4.5 Surplus:** If assets remain after applying Rules H4.1 to H4.3 they shall be used to augment the benefits mentioned in Rule H4.3 in the manner and to the extent that the Trustees shall decide after consulting the Actuary except that:



H4.5.1 the Principal Employer's consent is required for any benefit that would exceed the Inland Revenue Limits (as defined in Appendix 1, tax rules); and

H4.5.2 surplus may not be used to increase the value of money purchase benefits mentioned in Rule H4.2.

Any remaining surplus in the Fund (and any assets in the Fund if the Termination Date occurs when there is no person living who is a Member or is otherwise entitled to receive benefits under the Scheme) shall be paid to the Employers in such shares as the Trustees shall decide after consulting the Actuary (after deducting the amount required to meet any tax liability imposed on the Trustees).

**H4.6 Section 75/75A 1995 Act:** The provisions of Rule H6 shall also apply, where relevant, in circumstances where Rule H3 applies.

## **H5. OPERATING AS A CLOSED FUND**

If the Scheme is terminated as described in Rule H3, the Trustees may decide that the Scheme shall not be wound up immediately but that instead it shall be operated as a closed fund. This means that, from the Termination Date (defined in Rule H3):

H5.1 no further Members shall be admitted to the Scheme;

H5.2 no further contributions shall be payable by the Employers except (a) those due for payment before, and still outstanding at, the Termination Date, (b) any contributions or payments due to the Trustees by virtue of any legislative requirements and (c) any contributions which an Employer agrees with the Trustees to pay;

H5.3 unless the Trustees (in any particular case or generally) decide otherwise, no further contributions shall be payable by Members except those due for payment before, and still outstanding at, the Termination Date;

H5.4 Members in Service on the Termination Date shall be treated as if their Service has ceased on the Termination Date; and

H5.5 benefits shall be paid as and when they fall due for payment in accordance with the Rules.

If the Trustees decide to operate the Scheme as a closed fund, the costs and expenses of doing so shall be borne from the Fund unless any of the Employers agrees to bear them. Subject to this Rule the provisions of the Rules shall continue to apply. The Trustees may not continue to operate the Scheme as a closed fund beyond any perpetuity period which may apply to the trusts of the Scheme. The Trustees may, at any time, decide to wind up the Scheme and, if they do, a person shall be treated, in relation to the benefits remaining to be secured under Rule H4 for and in respect of him or her, as being in the category of priority set out in Rule H4.4 in which he or she would have been if the Fund had wound up on the Termination Date and Rule H4.4 had been applied on that date, even though he or she may be receiving a pension at the time benefits are secured.

## **H6 CALCULATION OF DEBTS ARISING UNDER SECTIONS 75 OR 75A OF THE 1995 ACT**

**H6.1 Apportioning liabilities between Employers:** The Trustees may enter into a scheme apportionment arrangement, a regulated apportionment arrangement, a withdrawal arrangement or an approved withdrawal arrangement at any time allowed by the Employer Debt Regulations and subject to the conditions set out in the Employer Debt Regulations.

Any arrangement must contain all of the terms required by the Employer Debt Regulations. To the extent required by the Employer Debt Regulations, any agreement setting out the terms of a scheme apportionment arrangement or a regulated apportionment arrangement is "an arrangement under the Scheme's rules" and the terms of the agreement are deemed to be incorporated into these Rules.

**H6.2 Definitions:** The following words have the following meaning:

"Employer" shall include any "employer" in relation to the Scheme for the purpose of the Employer Debt Regulations.

"Employer Debt Regulations" mean the Occupational Pension Schemes (Employer Debt) Regulations 2005 as amended.

"Scheme apportionment arrangement", "regulated apportionment arrangement", "withdrawal arrangement" and "approved withdrawal arrangement" have the same meaning as set out in the Employer Debt Regulations.

**SCHEDULE 1**

**DC SECTION RULES**

## INDEX FOR DC SECTION RULES

- 1.1 Definitions
- 1.2 Structure of this Section
- 1.3 Application of DC Section
- 1.4 Becoming a Member
- 1.5 Opting-out and re-joining and joining late
- 1.6 Members' contributions
- 1.7 Employer's contribution liability
- 1.8 Pension Account
- 1.9 Normal retirement
- 1.10 Late retirement
- 1.11 Early retirement (Incapacity)
- 1.12 Early retirement (not Incapacity)
- 1.13 Cash sum
- 1.14 Death in Pensionable Service
- 1.15 Death in deferment
- 1.16 Death in retirement
- 1.17 Spouse's and/or Dependant's pension
- 1.18 Leaving Pensionable Service
- 1.19 Pension increases

## DC SECTION RULES

### 1.1 DEFINITIONS

In these Section Rules, the following terms have the following meanings. For other defined terms see Rule A1.

**Automatic Enrolment Regulations:** the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010

**Capped DC Member:** a Member designated by the Principal Employer as a Member whose Contribution Earnings are subject to the Scheme Earnings Limit.

**Contribution Earnings:** for any Pay Period, the amount certified by the Employer to be the Member's total gross monetary earnings excluding:

- (a) bonus payments, unless the Employer has, with the prior written approval of the Principal Employer, notified the Member in writing that a particular payment or series of payments will be included; and
- (b) any cash received instead of a non-cash benefit unless the Employer has notified the Member in writing that any particular cash payment is to be treated as pensionable for the purposes of calculating contributions and/or a particular benefit due to or in respect of the Member under the Scheme (in which case the cash payment will be treated as part of a Member's Contribution Earnings for that purpose); and
- (c) any payment in lieu of notice made in connection with the termination of the Member's Service.

For a Capped DC Member, Contribution Earnings may not exceed the Scheme Earnings Limit except for the purpose of calculating a lump sum payable under Section Rule 1.14 (Death in Pensionable Service).

During any period in which a Member is participating in an Employer Salary Sacrifice Arrangement, Contribution Earnings shall be calculated by reference to the relevant gross monetary earnings (as set out above) which the Member would have received, in the opinion of the Employer, if the Member had not been participating in the Employer Salary Sacrifice Arrangement. The Employer's certificate is final.

**Pensionable Earnings:** the Member's Contribution Earnings in the last 12 complete months of Pensionable Service or, if greater, in the last complete tax year of Pensionable Service, as certified by the Employer. The Employer's certificate is final.

When calculating Pensionable Earnings for any period, the total Pensionable Earnings received by a member over a Scheme Year (or where Pensionable Service starts or ends part way through a Scheme Year, a partial Scheme Year) shall be deemed to accrue to the Member evenly over that Scheme Year (or partial Scheme Year as the case may be).

**Pensionable Service:** is the Member's last or only period of Scheme membership when in Service, subject to this Section and to any restrictions or qualification that may have been imposed. Pensionable Service is calculated in years and complete months, each month being counted as 1/12th of a year. Pensionable Service ends on the earliest of the date the Member's Service ends, his or her death, the date he or she opts out and age 75.

**Post-1 October 2015 Member:** a DC Member in respect of whom all periods of service which count towards "qualifying service" for the purposes of paragraph (aa) of section 71(1) of the 1993 Act begin on or after 1 October 2015.

**Pre-1 October 2015 Member:** a DC Member who is not a Post-1 October 2015 Member.

**Scheme Earnings Limit:** means £137,400 for the tax year starting on 6 April 2012. For succeeding tax years, it means £137,400 or such greater amount as the Principal Employer may notify to the Trustees before the start of the tax year.

**Total Incapacity:** Incapacity which is so serious that the Principal Employer considers the Member will be unable to do any work (whether or not with an Employer) at any level of remuneration.

## **1.2 STRUCTURE OF THIS SECTION**

This Section has only DC Members who are not in Contracted-out Employment.

## **1.3 APPLICATION OF DC SECTION**

Rule B2.3 explains to whom this Section applies.

## **1.4 BECOMING A MEMBER**

An Employee who is an Eligible Employee will, subject to Section Rule 1.5.1, become a Member of the Scheme on the basis of this Section with effect from his or her Joining Date.

An Eligible Employee for these purposes means an Employee within the category or categories of worker that the Principal Employer has designated as eligible for membership of the Scheme. The Principal Employer may change from time to time the category or categories of worker designated as eligible for membership of the Scheme and may make a different designation in respect of different Employers or groups of Employer. The Principal Employer will notify the Trustees of the categories of worker in respect of each Employer that have been designated as eligible for membership of the Scheme (and any changes made to those designations).

An Eligible Employee's Joining Date for these purposes means either (i) the later of 1 February 2013 or the date on which a person first meets the conditions to be an Eligible Employee or (ii) such alternative date as is determined by the Principal Employer and notified to the Trustees as the Eligible Employee's Joining Date.

## **1.5 OPTING-OUT AND RE-JOINING**

**1.5.1 Opting-out:** If an Eligible Employee gives an opt-out notice to his or her Employer pursuant to section 8 of the Pensions Act 2008 (and in accordance with the provisions of that section and regulations made thereunder), then that Eligible Employee will not become a Member of the Scheme with effect from his or her Joining Date (and Section Rule 1.18 shall not therefore apply).

**1.5.2** If an Eligible Employee who does not have a right to opt out of the Scheme under section 8 of the Pensions Act 2008 gives an opt-out notice to his or her Employer within 30 days of the Eligible Employee's Joining Date, then Membership shall terminate immediately and Section Rule 1.18.3 or

Section Rule 1.18A.4 as applicable shall apply to that individual. To the extent possible, an individual who opts-out under this Section Rule 1.5.2 shall (save for anything done prior to the termination of Pensionable Service) be treated as never having become a Member of the Scheme.

- 1.5.3 A Member in Service may end Pensionable Service in circumstances where Section Rules 1.5.1 or 1.5.2 do not apply by giving notice to the Employer in such form as is acceptable to his or her Employer. Unless the Trustees agree otherwise, Pensionable Service for such a Member ends at the first expiry of a Pay Period to occur at least one month after the notice was given, or at the end of any later Pay Period which may be specified in the notice.
- 1.5.4 **Re-joining:** A person who has opted out of Membership, or terminated Pensionable Service, under Section Rules 1.5.1, 1.5.2 or 1.5.3 above will, subject to Section Rule 1.5.5, be re-admitted as a Member of the Scheme on the basis of this Section with effect from the next Re-Joining Date to occur in relation to that individual after the opt-out or termination of membership has taken effect provided that he or she is an Eligible Employee on that date. The Re-Joining Date (or Re-Joining Dates) for an Eligible Employee will be such date or dates as may be determined by the Principal Employer and notified to the Trustees for these purposes. The Principal Employer may determine that different Re-Joining Dates will apply to the workers of different Employers or for different workers of the same Employer.
- 1.5.5 The provisions of Section Rules 1.5.1, 1.5.2 and 1.5.3 as applicable will apply in relation to a person who is readmitted as a Member of the Scheme under Section Rule 1.5.4 save that references to the person's "Joining Date" in those provisions will be read as references to the person's "Re-Joining Date".
- 1.5.6 An Eligible Employee who has opted out of Membership may rejoin Pensionable Service on the basis of this Section other than in accordance with Section Rule 1.5.4 at any other time if the Principal Employer agrees and with effect from the date notified by the Employer to the Trustees. Membership may be subject to special conditions.

## **1.6 MEMBER'S CONTRIBUTIONS**

1.6.1 A Member in Pensionable Service must pay regular contributions to the Fund until his or her Pensionable Service ends at such rate (if any) as the Principal Employer specifies from time to time. The rates specified by, or choices of regular contribution rates given by, the Principal Employer may be different for different groups of Member. The Principal Employer may give Members a choice of regular contribution rates to be exercised at such times and in such manner as the Principal Employer shall specify.

1.6.2 A Member may pay AVCs in accordance with Rule C3 of the general Rules but paying them does not increase the Employer's liability to contribute.

## **1.7 EMPLOYER'S CONTRIBUTIONS**

1.7.1 Subject to Rule 1.7.3, in respect of each DC Member in Pensionable Service, amounts representing Employer's contributions shall be credited to the Member's Pension Account at such rate and at such times as the Principal Employer specifies from time to time (whether or not the Employer is required to pay contributions equal to those amounts under Rule C1.1 of the general Rules). The amounts that the Principal Employer specifies are to be credited may be different for different groups of Member.

1.7.2 If the Member agrees, the amount representing Employer's contributions to be credited to the Member's Pension Account in respect of a Pay Period shall be limited in such manner as the Principal Employer shall have notified to the Member with a view to avoiding an annual allowance charge under the Finance Act. For this purpose, the Principal Employer may (notwithstanding knowledge to the contrary) assume that the Member will remain in Pensionable Service for the whole of the relevant pension input period (and subsequent pension input periods), that the Member will have no pension input amounts for the tax year in which the pension input period ends except under the Scheme, and that the Member has no unused annual allowance from earlier tax years. The Principal Employer may also, at the start of a pension input period, make such assumptions as it considers reasonable as regards the Member's future earnings relevant to that period. The Employer may therefore apply a limit in respect of a Pay Period equal to:

1.7.2.1 such proportion of the applicable annual allowance as the Pay Period bears to a year, less

1.7.2.2 the contributions actually payable (or, if the Employer prefers, the contributions which the Employer expected would be payable) by the Member for that Pay Period.

1.7.3 Subject to Section Rules 1.7.4 and 1.7.5, no amounts shall be credited as Employer contributions under Section Rule 1.7.3 in respect of the period starting from the Member's Joining Date or Re-Joining Date as applicable and ending on the one month anniversary of that date (the "Initial Period") unless the Principal Employer otherwise determines

1.7.4 If a Member does not opt out of Scheme Membership during the Initial Period under Section Rule 1.5.1 or Section Rule 1.5.2, or in the event of a Member confirming to the Trustees (or to the Employer who notifies the Trustees accordingly) during the Initial Period that he or she will not opt-out of Scheme Membership during the Initial Period, an amount will be credited as an Employer contribution to the Member's Pension Account equal to the amount that would otherwise have been credited in respect of the Initial Period had Section Rule 1.7.3 not applied.

1.7.5 Section Rules 1.7.3 and 1.7.4 do not apply in relation to any person who has a right to opt out of the Scheme under Section 8 of the Pensions Act 2008 during the Initial Period.

## **1.8 PENSION ACCOUNT**

1.8.1 **Pension Account:** The Trustees shall maintain a Pension Account in the Fund for each DC Member. Allocated to the Pension Account are:

1.8.1.1 amounts representing Member's contributions in accordance with Section Rule 1.6;

1.8.1.2 any AVCs unless these are paid to a separate AVC Account;

1.8.1.3 amounts representing Employer's contributions in accordance with Section Rule 1.7 plus any additional contributions paid or treated as paid by the Employer in respect of the Member and any additional contributions paid by the Employer which the Employer directs should be allocated to the Pension Account under Rule D10 (Augmentation and Special Benefits); and



1.8.1.4 any transfer payment received in respect of the Member, unless the Trustees have decided to use the transfer payment in another way.

The Trustees may allocate to a Member's Pension Account an amount representing the Member's contributions under Section Rule 1.8.1.1 and/or any AVCs under Section Rule 1.8.1.2 in advance of receipt of those contributions from the Member's Employer pursuant to Rule C4.1. However, any such allocation is conditional on subsequent receipt by the Fund of those contributions.

The value of the Pension Account is adjusted in line with the investment return (which may be nil or negative) achieved in relation to the assets representing the Pension Account.

There is deducted from the Pension Account any charges levied by the investment manager who manages the Pension Account and the share of any expenses payable from the Fund under Rule E6 or Rule H4 of the general Rules which the Trustees determine ought reasonably to be borne by DC Members and which the Trustees decide to allocate to the Pension Account.

**1.8.2 Investment of Pension Account:** The Trustees will allow a Member one or more investment options in relation to his or her Pension Account. The investment option or options that the Trustees allow a Member upon first joining the Scheme may be different from the investment option or options the Trustees subsequently allow a Member. Prior to the Member making a choice of investment options, or if the Member does not make a choice of investment options when asked to do so, the Trustees will choose for the Member. The Trustees will not be responsible for the consequences of the choices made by the Member nor for any information or advice about them given to, or procured for, the member.

**1.8.3 Use of Pension Account:** The Member's Pension Account is used to provide benefits for and/or in respect of the Member as described in these Section Rules in the ways requested by the Member. The Trustees are not responsible for the choices made by the Member or by the Member's Spouse or Dependant(s) under these Section Rules. The benefits must comply with the preservation and revaluation requirements of the 1993 Act and must be Authorised Payments.

Benefits will be secured by the Trustees from an Insurer under general Rule F2 or, if the Trustees so decide with the Principal Employer's agreement, will be paid by the Scheme, but only after allowing the Member (or, after the Member's death, the Member's Spouse or Dependant(s)) an open market option, see Appendix 1 paragraph 8. The Member (or, the Member's Spouse or Dependant(s)) can choose the Insurer but if no choice is made within the time allowed by the Trustees, the Trustees will choose an Insurer unless they decide to pay the benefits from the Scheme, with the Principal Employer's agreement. The Trustees are not responsible for the choice of benefit or choice of Insurer (whether chosen by them or not) or for ensuring that the level of any benefit is at least as favourable as can be secured with any or another Insurer or is appropriate to the recipient's circumstances.

The level of a pension is determined after taking account of any cash sum paid under Section Rule 1.13, any Spouse or Dependant's pension chosen under Section Rule 1.17, the increases to be provided under Section Rule 1.19 and any guarantee applicable to the pension on death after it has started. If a pension is paid by the Scheme, the annuity rates used to determine the level of pension are decided from time to time by the Trustees with the Principal Employer's agreement on the advice of the Actuary. The level of pension depends on the amount of the Member's Pension Account and, if it is secured with an Insurer, the terms agreed between the Insurer and the Member (or on his or her death, the Member's Spouse or Dependant(s)) or if the Insurer has been chosen by the Trustees, between the Insurer and the Trustees.

## **1.9 NORMAL RETIREMENT**

If a Member in Pensionable Service retires from Service on Normal Retirement Date, he or she is entitled to immediate payment of a pension which can be provided from the funds available in the Member's Pension Account in accordance with Section Rule 1.8.3.

## **1.10 LATE RETIREMENT**

If a Member remains in Pensionable Service after Normal Retirement Date with the Employer's consent, he or she is entitled when Pensionable Service ends (or at such later date as agreed by the Trustees) to immediate payment of a pension which can be provided from the funds available in the Member's Pension Account in accordance with Section Rule 1.8.3. The Member's and Employer's liability to pay regular contributions continues and the Member may pay AVCs, until his or her Pensionable Service ends.

## **1.11 EARLY RETIREMENT (INCAPACITY)**

1.11.1 If a Member in Pensionable Service retires from Service due to Incapacity, he or she is entitled, with the Employer's consent, to immediate payment of a pension, in accordance with Section Rule 1.8.3, which can be provided from

1.11.1.1 the funds available in the Member's Pension Account; plus

1.11.1.2 subject to Section Rule 1.11.2 and Section Rule 1.11.3, one month's Pensionable Earnings for each complete year of Pensionable Service which the Member could have completed between the date Pensionable Service ends and Normal Retirement Date (maximum 24 years).

1.11.2 Without prejudice to Rule D9, unless the Principal Employer determines otherwise, if the Member joined the Scheme on or after 1 September 2012 then:

1.11.2.1 Section Rule 1.11.1.2 shall not apply in respect of a Member unless

- (i) the Member has, on or after joining the Scheme, provided the Trustees with any information, documents, declarations and/or evidence and submitted to any medical examinations which it or they may require; and
- (ii) the Trustees have subsequently confirmed that Section Rule 1.11.1.2 shall apply in respect of the Member;

1.11.2.2 the Trustees may impose such restrictions as they determine on the circumstances in which Section Rule 1.11.1.2 shall apply in respect of a Member.

1.11.3 If the Member suffers Incapacity or Total Incapacity due to an illness or disability which was not revealed to the Trustees at the time the Member complied with the request to provide such information, documents, declarations and/or other evidence as referred to in Section Rule 1.11.2.1(i) above, the Trustees may pay reduced or no benefits from the Fund as if a restriction had been imposed, but only if they are satisfied that,

at the time the Member complied with the request, he or she was aware that he or she was then suffering from (or had suffered from) the main symptoms of the illness or disability and he or she had deliberately or negligently failed to reveal them and not if doing so leads to a pension being an Unauthorised Payment.

1.11.4 If the Member is suffering from Total Incapacity the reference in Section Rule 1.11.1.2 to one month is changed to three months and there is no maximum of 24 years' Pensionable Service. This is subject always to Section Rule 1.11.2 and Section Rule 1.11.3.

1.11.5 Where Section Rule 1.11.1 or 1.11.4 applies to a Member, the Member may, if the Principal Employer agrees, select one of the following options instead of receiving an immediate payment of pension in accordance with Section Rule 1.8.3:

1.11.5.1 to convert the Member's Pension Account to a cash sum, but this option will only be available if the Member is, in the Trustees' opinion, in exceptional circumstances of ill-health such that the expectation of life is 12 months or less and the payment will qualify as a "serious ill-health lump sum" under schedule 29 of the Finance Act 2004; or

1.11.5.2 to choose to transfer his or her Pension Account under General Rule F2 to another pension scheme or arrangement or to an Insurer to buy a policy

in which case the Member's Pension Account will first be increased by the additional amount referred to in Section Rule 1.11.2 that is applicable to the Member (i.e. the amount, in addition to the Member's Pension Account, that would otherwise have been used to provide an immediate pension for the Member pursuant to Rule 1.18.3).

## **1.12 EARLY RETIREMENT (NOT INCAPACITY)**

1.12.1 **Retirement from Pensionable Service:** If a Member in Pensionable Service retires from Service on or after Minimum Pension Age other than due to Incapacity, he or she is entitled, with the Employer's consent, to immediate payment of a pension which can be provided from the funds available in the Member's Pension Account in accordance with Section Rule 1.8.3.

1.12.2 **Flexible retirement:** If a Member requests and the Principal Employer agrees, a Member may use the whole of the Member's Pension Account in accordance with Section Rule 1.8.3, even though he or she has not left Service. The Principal Employer may permit the Member to continue in Pensionable Service as a DC Member after the pension starts. However, this option may not be exercised by a Member who has not yet reached Minimum Pension Age or if payment of the pension would result in the Trustees making an Unauthorised Payment or infringing the preservation or revaluation requirements of the 1993 Act or section 255 of the 2004 Act (activities of occupational pension schemes). So long as the Member continues to contribute to the Scheme as a DC Member, the death in Pensionable Service benefits under Section Rule 1.14 remain payable.

## **1.13 CASH SUM**

A Member may convert all or part of his or her Pension Account to a cash sum. This option may be exercised only when the pension comes into payment, unless the payment of the cash sum extinguishes entirely the Pension Account and any other benefits to which the Member has a right under the Scheme.

The maximum amount of the lump sum is 25% of the value of the Pension Account (as determined by the Trustees) or such greater amount as the Trustees may allow. However, the cash sum may not exceed the amount that may be paid as an Authorised Payment.

If a Member is, in the Trustees' opinion, in exceptional circumstances of ill-health such that the expectation of life is 12 months or less, the Trustees may pay all the Member's Pension Account as a lump sum, if it will qualify as a "serious ill-health lump sum" under paragraph 4, schedule 29 of the Finance Act.

#### **1.14 DEATH IN PENSIONABLE SERVICE**

1.14.1 If a Member dies in Pensionable Service, there is, subject to Section Rule 1.14.2, available an amount equal to the aggregate of

1.14.1.1 four times the Member's Pensionable Earnings; plus

1.14.1.2 the Member's Pension Account.

This is paid as a lump sum under general Rule D8 unless the Trustees decide to use part or all of the amount to secure a pension for the Member's Spouse and/or his or her Dependant(s) in accordance with Rule D8.6. The Trustees may, if they have chosen to pay the lump sum to the Member's Spouse and/or Dependant(s), allow the recipient to choose instead to use all or part of the amount payable to him or her as a lump sum to secure a pension (in which case Rules D8.6.1 to D8.6.4 apply).

1.14.2 Without prejudice to Rule D9, unless the Principal Employer determines otherwise, if the Member joined the Scheme on or after 1 September 2012 then

1.14.2.1 no amount shall be available under Section Rule 1.14.1.1 unless the Member has provided the Trustees with any information, documents, declarations and/or evidence and submitted to any medical examinations which it or they may require (save that this restriction shall not apply if the Member dies as a result of an accident);

1.14.2.2 the amount available (if any) under Section Rule 1.14.1.1 in respect of any Member shall be as determined and confirmed by the Trustees and no amount shall be available until this confirmation is provided (save that this restriction shall not apply if the Member dies as a result of an accident). The Trustees may revise from time to time the amount available in respect of any Member and/or impose such restrictions as they determine on the amount so available; and

1.14.2.3 If the Member dies due to an illness or disability which was not revealed to the Trustees at the time the Member complied with the request to provide such information, documents, declarations and/or other evidence as referred to in Section Rule 1.14.2.1 above, the Trustees may pay reduced or no benefits from the Fund as if a restriction had been imposed, but only if they are satisfied that, at the time the Member complied with the request, he or she was aware that he or she was then suffering from (or had suffered from) the main symptoms of the illness or disability and he or she had deliberately or negligently failed to reveal them, and not if doing so leads to a pension being an Unauthorised Payment.

### **1.15 DEATH IN DEFERMENT**

If a Member dies after leaving Pensionable Service but before starting to receive a pension, the Member's Pension Account will be applied in the payment of a lump sum in accordance with Rule D8.6 and/or the provision of pensions for the Member's Spouse and/or Dependants (in which case Rules D8.6.1 to D8.6.4 apply) in the manner which the Trustees decide.

### **1.16 DEATH IN RETIREMENT**

The benefits payable following the death of a Member after his or her pension had started depend on the choices the Member agreed with the Trustees or an Insurer or, if he or she did not do so, on the choices made by the Trustees in respect of the Member.

### **1.17 SPOUSE'S AND/OR DEPENDANT'S PENSION**

A Member may arrange for part of his or her Pension Account to be used to provide a pension payable on his or her death to his or her Spouse and/or Dependant(s) nominated by the Member. Any pension payable to a Dependant who is a Child is payable only until he or she ceases to be a Child. The Member's pension after exercising this option is not affected by the Spouse or a nominated Dependant dying or ceasing to be a Child after the Member's pension has become payable. Any such pension must comply with the death benefit rules in section 167 of the Finance Act.

### **1.18 LEAVING PENSIONABLE SERVICE (PRE-1 OCTOBER 2015 MEMBERS)**

1.18.1 If a Pre-1 October 2015 Member's Pensionable Service ends before Normal Retirement Date (and Pensionable Service is not ending pursuant to Section Rule 1.5.2) and he or she has less than two years' Qualifying Service, and no transfer has been received for him or her from a personal pension scheme, the Member may choose one of the following options:

1.18.1.1 a Contribution Refund in accordance with the requirements of the 1993 Act. If a Contribution Refund is paid to the Member, no other benefit is payable and any balance in the Member's Pension Account falls for the general purposes of the Scheme; or

1.18.1.2 a Cash Transfer sum to be applied in one of the ways permitted under section 101AE of the 1993 Act; or

1.18.1.3 for his or her Pension Account to be retained in the Scheme as set out in Section Rule 1.18.2.

If the Member does not select one of these options within such period as the Trustees shall allow the Member for selecting such an option, the Trustees will pay a Contribution Refund to the Member as set out in Section Rule 1.18.1.1 above. For the avoidance of doubt, the option for a Contribution Refund or Cash Transfer Sum as set out above are available whether or not the terms of the 1993 Act require them and, references to the 1993 Act are to be read as if the Member had the rights which depend under the relevant provisions of the 1993 Act on the Member having satisfied the three month condition (as defined in section 101AA of the 1993 Act).

1.18.2 If a Pre-1 October 2015 Member's Pensionable Service ends before Normal Retirement Date when he or she has two or more years' Qualifying Service or after a transfer payment has been received in

respect of him or her from a personal pension scheme or if a Member to whom Section Rule 1.18.1 makes an election as set out in Section Rule 1.18.1.3 above on or before any reply date specified for this purpose by the Trustees, the Member's Pension Account will be retained in the Scheme and applied in accordance with Section Rule 1.8.3 at Normal Retirement Date unless the Trustees allow it to be applied later or earlier (but not before the Minimum Pension Age unless the Member is suffering from Incapacity when it may be applied before his or her Minimum Pension Age). The Member may choose instead to transfer under general Rule F2 his or her Pension Account to another pension scheme or arrangement or to an Insurer to buy a policy.

1.18.3 If Section Rule 1.5.2 applies to a person, a refund will be made to that person of any contributions paid by that person to the Fund under Section Rule 1.6 (less any tax that the Trustees are required to deduct from that refund).

#### **1.18A LEAVING PENSIONABLE SERVICE (POST-1 OCTOBER 2015 MEMBERS)**

1.18A.1 **Application:** This Rule 1.18A applies to Post-1 October 2015 Members only.

1.18A.2 **Less than 30 days' Qualifying Service:** If a Member has not given an opt out notice to his or her Employer under Section Rule 1.5.1 and his or her Pensionable Service ends before Normal Retirement Date when:

1.18A.2.1 he or she has less than 30 days' Qualifying Service; and

1.18A.2.2 no transfer has been received for him or her from a personal pension scheme

then the options as set out in Rule 1.18 will apply to the Member.

1.18A.3 **30 days' Qualifying Service or more:** If a Member has not given an opt out notice to his or her Employer in accordance with Section Rule 1.5.2 and his or her Pensionable Service ends before Normal Retirement Date when either:

1.18A.3.1 he or she has at least 30 days' Qualifying Service; or

1.18A.3.2 a transfer has been received for him or her from a personal pension scheme

then the Member's Pension Account will be retained in the Scheme as set out in Section Rule 1.18.2.

1.18A.4 If Section Rule 1.5.2 applies to a person, a refund will be made to that person of any contributions paid by that person to the Fund under Section Rule 1.6 (less any tax that the Trustees are required to deduct from that refund).

#### **1.19 PENSION INCREASES**

A Member (or, following the Member's death, his or her Spouse or Dependant) can choose a pension which increases in payment, but the Trustees' consent is required if the pension is paid under the Scheme.