

DATED 3/ March 2008

**STUDENTS' UNION SUPERANNUATION SCHEME**

**DEFINITIVE TRUST DEED AND RULES**

**C/M/S/ Cameron McKenna**

Doc ref: (21944054.08)

THIS DEFINITIVE TRUST DEED is made the 31<sup>st</sup> day of March 2008 between:

- (1) **THE NATIONAL UNION OF STUDENTS OF THE UNITED KINGDOM** whose principal office is situate at 2nd Floor, Centro 3, Mandela Street, London NW1 acting by its National President and its National Treasurer (the "Principal Employer");
- (2) **MICHAEL GEOFFREY BARNES** of 4 Leigh Close, West Bridgford, Nottingham NG2 7TN **MARC STEVEN RAMSBOTTOM** of 107 Lower Vickers Street, Manchester M40 7LJ **PETER DAVID FISHER-GODWIN** of 90 Sandy Lane Chorlton, Manchester, M21 8TZ **ALASTAIR McGREGOR** of 5 Sandy Lane, Dobcross, Saddleworth, Oldham, Lancashire OL3 5AG **MARTYN ROBERT WILLIAMS** of 3 Princess Drive, York, North Yorkshire YO26 5SX, **MICHELLE HINSELWOOD** of 4 Glenside Drive, Woodley, Stockport SK6 1JJ **RICHARD HUGH ORME BOYES** of 46 Wolfridge Ride, Alveston, Bristol BS35 3RJ and **ENDSLEIGH TRUSTEE SERVICES LIMITED** whose registered office is situate at Shurdington Road, Cheltenham, Gloucestershire GL51 4UE (the Trustees for the time being of the Scheme) (the "Trustees").

### **OPERATIVE PROVISIONS**

1. This Definitive Trust Deed is supplemental to a trust deed and rules dated 21 December 1993 (as subsequently amended) which currently governs Students' Union Superannuation Scheme.
2. Subject to Clause 1.4 (Effect), the Trustees, with the consent of the Principal Employer, declare that from the Effective Date the following provisions of this Deed shall govern the Scheme and shall replace the provisions previously governing the Scheme. Any act or omission of the Trustees before the date of this deed which would have been valid if this deed had been in force at the time of that act or omission shall be deemed to be valid and Clause 2.6 (Trustee liability) applies in relation to any such act or omission.
3. The Trustees confirm that no amendment made by this Deed adversely affects the subsisting rights of any Member or Pensioner or any survivor of a Member or Pensioner for the purposes of Sections 67 to 67I of the Pensions Act 1995 (The subsisting rights provisions).
4. The actuary to the Scheme has confirmed in writing that he is satisfied that, following execution of this Deed, the Scheme will continue to satisfy the statutory standard relating to contracting-out under the reference scheme test in accordance with Section 12A of the Pension Schemes Act 1993.

**DEFINITIVE TRUST DEED AND RULES**  
**OF THE**  
**STUDENTS' UNION SUPERANNUATION SCHEME**

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**DEFINITIVE TRUST DEED AND RULES  
OF THE  
STUDENTS' UNION SUPERANNUATION SCHEME**

**1. INTRODUCTION**

**1.1 Interpretation**

The definitions and rules of construction in Schedule 1 (Interpretation) to this Deed apply throughout this Deed.

**1.2 Commencement**

The Scheme commenced on 1 October 1981 and this Deed shall be deemed to have come into operation on the Effective Date.

**1.3 Constitution of the Fund**

The Trustees hold all the assets of the Scheme and any income, cash or other assets received for the purposes of the Scheme on trust to be used in accordance with this Deed. Such assets constitute the Fund.

**1.4 Effect**

Subject to Appendix 1 (Registered Pension Scheme Requirements), benefits relating to those Members or Pensioners who retired, left Pensionable Service or died before the Effective Date shall be calculated as set out in the provisions governing the Scheme before the Effective Date. However, Clauses 1 to 12 of this Deed and Rules 3.6 and 11 shall apply to such Members and Pensioners in place of any corresponding provisions of the Scheme previously in force.

**1.5 Purpose of the Scheme**

The purpose of the Scheme shall always be the provision of retirement and death benefits in respect of persons in the employ of the Principal Employer and those Constituent Unions and other Employers which participate in the Scheme.

**1.6 Applicable law**

The law of England and Wales applies to this Deed and to the Scheme and its administration.

## **2. TRUSTEES**

### **2.1 Appointment and removal of Trustees**

- 2.1.1 The Principal Employer and the Trustees must exercise their powers under this Clause 2.1 in a way which complies with legislation relating to member-nominated trustees and directors.
- 2.1.2 The number of individual Trustees shall not be less than two nor more than seven. The procedure for selecting an eligible person to be appointed a Trustee shall be determined by the individual Trustees from time to time and notified to the Members accordingly. The duration of appointment will be for six years and be subject to re-appointment as required. The individual Trustees will act jointly with the Corporate Trustee.
- 2.1.3 The Principal Employer may remove by deed an individual Trustee of the Scheme at the request in writing of the remaining Trustees and the Corporate Trustee. The Principal Employer may remove by deed the Corporate Trustee only at the request in writing of all the individual Trustees.
- 2.1.4 The Principal Employer may appoint by deed a new Trustee (including jointly a body corporate) in place of any Trustee who dies, retires or is removed and may appoint additional Trustees subject to the prior consent in writing of the remaining individual Trustees and to the limitation in Clause 2.1.2.
- 2.1.5 A Trustee may resign from office as a Trustee, by giving written notice to the chair of the Trustees. Notice must be at least one month unless the chair permits a shorter notice period. The resigning Trustee must take such other action as the remaining Trustees reasonably require.

### **2.2 Remuneration of Trustees**

The Corporate Trustee and any other professional Trustee may be paid such remuneration (if any) as may be agreed with that Trustee. Such remuneration shall be paid from the Fund except to the extent that the Principal Employer agrees that one or more of the Employers shall pay it.

### **2.3 How Trustees may act**

- 2.3.1 A corporate body acting as sole Trustee shall act in accordance with its Memorandum and Articles of Association.
- 2.3.2 Where there is more than one Trustee, the Trustees shall decide how to conduct their meetings and the following provisions shall apply:
- (a) Trustees may attend meetings by telephone and video conference.
  - (b) Four of the individual Trustees (of whom at least one must be a member-nominated trustee) shall form a quorum unless the Trustees decide otherwise.



- (c) The Trustees shall from time to time elect a chair who shall preside at all meetings of the Trustees. If the chair is absent from any meeting the Trustees present shall elect another of their number as chair for the duration of that meeting.
- (d) Questions arising at a meeting shall be decided by a majority of votes and if there is a tie in the number of votes cast the chair shall have a second or casting vote.
- (e) A written resolution signed by the majority of the Trustees, including a written resolution signed in more than one counterpart, is as effective as one passed at a meeting of the Trustees provided reasonable attempts have been made to notify all of the Trustees about the intended resolution.

#### **2.4 Power to delegate**

The Trustees may delegate any of their powers (discretionary or otherwise) (other than under Clause 11.1 (Power of amendment) and duties to a committee of the Trustees or to any one or more persons (whether or not a Trustee). The Trustees will decide the terms of any such delegation (including any payment). The power to delegate includes the power to allow sub-delegation.

#### **2.5 Personal interests**

- 2.5.1 Any act or decision of the Trustees shall be valid even if a Trustee had an interest in that act or decision.
- 2.5.2 In this Clause 2.5 references to Trustees apply equally to directors of a corporate body acting as a Trustee.

#### **2.6 Trustee liability**

2.6.1 Subject to the following paragraphs of this Clause:

- (a) a Trustee shall not be liable for any act, omission or breach of trust nor for any act or omission of any agent, delegate or nominee of the Trustee; and
- (b) each Trustee shall be indemnified out of the Fund against all liabilities (including costs) incurred by him in the management and administration of the Scheme.

2.6.2 A Trustee shall not be entitled to an indemnity out of the Fund for

- (a) liability to pay any fine or penalty under Section 168(4) of the Pension Schemes Act 1993 or Section 10 of the Pensions Act 1995;
- (b) any fine imposed as a penalty where he is convicted of an offence relating to the Scheme; or
- (c) any liability which cannot by virtue of Section 33 of the Pensions Act 1995 be excluded or restricted

but, subject to Clause 2.6.4 below, shall be indemnified by the Principal Employer against such liabilities.

- 2.6.3 Subject to Clause 2.6.4, if at any time there are insufficient assets in the Fund to meet the indemnity referred to in Clause 2.6.1 above, each Trustee shall be indemnified by the Principal Employer against the same liabilities.
- 2.6.4 This Clause does not apply to any liability arising out of a Trustee's dishonest or intentional breach of trust committed in the knowledge that it was a breach of trust, or in the case of a professional trustee out of his own negligence.
- 2.6.5 For the purposes of Clauses 2.6.1 to 2.6.4 above, the Trustees shall include any former Trustee including those who left office prior to the Effective Date.

## **2.7 Trustee director liability**

- 2.7.1 In the case of a director of a corporate body acting as a Trustee, Clause 2.6 (Trustee liability) applies as if that director were a Trustee, subject to the provisions of this Clause. This Clause 2.7 does not affect the protection provided to the corporate body itself under Clause 2.6.
- 2.7.2 In the case of a director, this Clause and Clause 2.6 are subject to any limitations contained in the Companies Act 1985. The protection provided under either Clause is not intended to and shall not exceed the limitations under that Act.
- 2.7.3 To the extent prohibited by legislation, a director shall not be entitled to an indemnity from the Employers for:
- (a) any liability incurred by the director to the corporate body acting as a Trustee or an associated company (as defined in Section 309A of the Companies Act 1985);
  - (b) any liability to pay a fine imposed in criminal proceedings or a liability incurred in defending criminal proceedings in which he is convicted; or
  - (c) any liability to pay a sum to a regulatory authority as a penalty for breach of any regulatory requirement.
- 2.7.4 No exoneration or indemnity under this Clause or Clause 2.6 shall apply to any liability arising out of a director's dishonest or intentional breach of trust committed in the knowledge that it was a breach of trust, or in the case of a director who is a professional trustee out of his own negligence.
- 2.7.5 References to a director in this Clause include any current or former director or officer of a corporate body which is acting or used to act as a Trustee, including those directors or officers who left office prior to the Effective Date.

## **2.8 Liability insurance**

- 2.8.1 The Trustees may obtain insurance against:
- (a) liability for any act or omission in relation to the Scheme; and

DEED – CLAUSE 2: TRUSTEES

- (b) claims by any beneficiaries the Trustees are unaware of or whom the Trustees have been unable to contact.
- 2.8.2 Premiums relating to any such insurance may be charged to the Fund except to the extent that such insurance covers any liability to pay any fine or penalty under Section 168(4) of the Pension Schemes Act 1993 or Section 10 of the Pensions Act 1995 or any fine payable for an offence of which the Trustee, director or officer is convicted.
- 2.8.3 Such insurance may cover any current or former Trustee and any current or former director or officer of a corporate body acting as a Trustee.
- 2.8.4 There will be no exoneration or indemnity out of the Fund or by the Principal Employer under Clause 2.6 or 2.7 above to the extent that the Trustees (or the director or officer) have successfully recovered under any insurance arrangement.

**3. ADMINISTRATION**

**3.1 Staff and agents**

- 3.1.1 The Trustees may employ any staff and agents which they consider to be required for the proper administration of the Scheme on such terms as they consider appropriate.
- 3.1.2 Unless the Trustees decide otherwise, the Trustees shall be the Scheme Administrator for the purposes of Section 270 of the Finance Act 2004.

**3.2 Scheme advisers**

- 3.2.1 The Trustees shall appoint an Actuary and an auditor to the Scheme on such terms as they consider appropriate. The Trustees may remove any Actuary or auditor whenever they think fit.
- 3.2.2 The Trustees may appoint and remove any other adviser to the Scheme on such terms as they consider appropriate.
- 3.2.3 The Trustees may act on the advice or opinion of any adviser appointed under this Clause and shall not be responsible for any loss caused by doing so.

**3.3 Actuarial valuation**

- 3.3.1 There shall be an actuarial valuation of the Scheme every three years or at such shorter intervals as the Trustees may decide provided that they comply with any requirements in Part 3 of the Pensions Act 2004 (Scheme Funding). After each actuarial valuation the Actuary shall report to the Trustees on the financial condition of the Scheme, make a recommendation about the contributions to be payable by the participating Employers under Clause 8 and make such other comments and recommendations as he thinks fit.
- 3.3.2 The Trustees and the Principal Employer shall comply with the requirements of Part 3 of the Pensions Act 2004 (Scheme Funding) in relation to the requirement for and the conduct of an actuarial valuation of the Scheme.

**3.4 Expenses of administration**

- 3.4.1 The Trustees are entitled to be reimbursed out of the Fund for all liabilities, costs and expenses incurred by them in the management and administration of the Scheme. However, the Trustees may instead agree with the Principal Employer that the Employers will bear some or all of those liabilities, costs and expenses.
- 3.4.2 Where any liabilities, costs and expenses are to be reimbursed out of the Fund the Trustees shall decide their appropriate allocation between the different parts of the Fund and may, where they consider it appropriate, be reimbursed in whole or in part from Members' AVC Accounts.
- 3.4.3 Where permitted by law, the Trustees may recover any liabilities, costs and expenses from a Member, Pensioner or other beneficiary including by reducing Scheme benefits.

**3.5 Accounts**

The Trustees shall ensure that proper accounts are kept for the Scheme. An account and balance sheet of the Fund made up to the accounting date in each year shall be prepared and shall be audited by the auditor appointed by the Trustees. The accounting date shall be 30 September or such other date as the Trustees decide.

**3.6 Notices**

3.6.1 Where there is a corporate body acting as sole Trustee, any notice to the Trustees must be sent to its registered office. Where there is more than one Trustee, any notice to the Trustees must be sent to the registered office of the Corporate Trustee. Any notice to the Trustees shall be deemed to be served at the time it is received.

3.6.2 A notice to any person entitled to benefits under the Scheme must be sent to his last known address. Notices delivered by hand shall be deemed to have been served at the time of delivery. Notices sent by first class post shall be deemed to be served on the first day after posting. Notices sent by second class post shall be deemed to have been served on the second day after posting.

3.6.3 Notwithstanding the previous provisions of this Clause, the Trustees may use and may at their discretion accept the use by any person of any communication sent by electronic means including by facsimile, e-mail or telephone text message. The Trustees shall decide the time at which any such communication shall be deemed to be served.

3.6.4 The Trustees may at their discretion accept any notice as being validly given even if it was not in writing or did not satisfy any notice period required under this Deed or under legislation.

3.6.5 Where any notice is required to be given under this Deed and a time period is specified, time will begin to run from the date the notice is deemed to have been served under this Clause. Any notice will be deemed to be effective from the last day of the notice period or such later date as is specified in the notice.

**3.7 Power to bind the Scheme**

The Trustees may enter into such contracts or other agreements and give such undertakings, indemnities or guarantees on such terms as they, in their absolute discretion, decide are proper for the efficient administration of the Scheme. Unless otherwise stated such contracts or agreements shall bind the successors in office to the Trustees who originally entered into them.

**3.8 Questions of fact and interpretation**

Except where expressly stated otherwise, the Trustees have the final decision on all questions or disputes regarding the meaning or interpretation of this Deed and shall determine all issues or questions of fact relating to the administration of the Scheme.

**3.9 Power to commence, settle and defend proceedings**

In addition to the powers conferred on the Trustees by general law, the Trustees may commence and pursue legal proceedings relating to the operation of the Scheme, their actions as Trustees or the rights of beneficiaries under the Scheme. The Trustees may also defend any such proceedings. The Trustees have complete discretion to settle, compromise or submit to mediation or arbitration any claim or other matter relating to the Scheme.

**3.10 Confidentiality**

Subject to the requirements of any legislation or to any order of the court or direction of the Pensions Ombudsman, the Trustees shall be entitled to refuse to disclose to any Member, Pensioner or other actual or potential beneficiary the whole or any part of any documents, minutes, records or other data in their possession and shall not be obliged to give reasons for any decision they make.

**4. PAYMENT OF BENEFITS**

**4.1 Personal details**

- 4.1.1 Before making any payment out of the Fund, the Trustees may require the production of any evidence or information, including any certificate or evidence of the birth, age, marriage, civil partnership, continued existence or death of the Member, Pensioner or other person claiming the benefit or of his Dependants. Payment of any benefit may be withheld until the required information is provided. No interest will be payable in respect of any period for which payment is withheld.
- 4.1.2 If any beneficiary, or other person on their behalf, provides incorrect or invalid information to the Trustees or fails to provide any information requested by them, the Trustees may make any arrangements they consider reasonable with a view to providing the correct level of benefits to or in respect of that beneficiary, and may adjust any pension or other benefit payable out of the Fund to or in respect of that beneficiary.

**4.2 Payment of benefits**

- 4.2.1 Pensions shall be payable at such intervals (including annually) as the Trustees may decide and may be paid in advance or arrears.
- 4.2.2 Subject to Section 66A of the Pensions Act 1995, pensions or other payments are payable to a United Kingdom bank account maintained by the Pensioner or beneficiary or in such other way as the Trustees think fit and subject to the Pensioner or beneficiary producing any documentation required by the Trustees. If the Trustees agree to make payment by post, or to a bank account which is outside the United Kingdom or is not in the name of the Pensioner or beneficiary, that payment will be at the risk (and where the Trustees consider appropriate, at the expense) of the Pensioner or beneficiary.
- 4.2.3 If the Trustees think that any person entitled to receive a payment from the Fund cannot manage his affairs due to physical or mental infirmity or otherwise, the following provisions apply:
- (a) the Trustees may pay that sum to any person for the maintenance or benefit of the person concerned, or retain the whole or part of the sum due in the Fund;
  - (b) any amount retained in the Fund under Clause 4.2.3(a) may at any later date be paid by the Trustees to the person otherwise entitled to it, to any person for the maintenance or benefit of the person concerned or to one or more of the Member's or Pensioner's Dependants;
  - (c) the Trustees shall not be obliged to see to the application of any benefit paid to any person who undertakes to apply it for the benefit of the person concerned and his receipt shall be a complete discharge to the Trustees.

## DEED – CLAUSE 4: PAYMENT OF BENEFITS

- 4.2.4 If any person entitled to receive a payment from the Fund is in prison or other legal custody for a period, the Trustees may suspend that person's benefits for that period and pay an equivalent sum to one or more of that person's Spouse and Dependants.
- 4.2.5 For the purposes of Clauses 4.2.3 and 4.2.4 the term "Dependant" shall be applied as if the Member or Pensioner had died on the day before the Trustees exercise their powers under those Clauses.

### 4.3 Incorrect payments

Where any Member, Pensioner or other beneficiary is paid a sum from the Fund to which they are not entitled or which exceeds their entitlement from the Fund, the Trustees may demand repayment of that sum and may, if they consider it appropriate, charge interest on the amount due at such rate as the Trustees consider appropriate. The Trustees may also deduct any such sum from future payments due to or in respect of that person.

### 4.4 Lump sum in place of trivial pensions

- 4.4.1 Where a trivial pension becomes payable or is in payment, the Trustees may convert that pension into a lump sum on such basis as the Trustees may decide having taken the advice of an Actuary and payment of that lump sum shall be a complete discharge to the Trustees in respect of that trivial pension.
- 4.4.2 For the purposes of this Clause, a trivial pension is
- (a) in respect of a Member or Pensioner who has attained age 60 but not age 75, any pension which is capable of being commuted into a trivial commutation lump sum for the purposes of Paragraph 7 of Schedule 29 to the Finance Act 2004;
  - (b) in respect of any Spouse, Dependant or Eligible Child of a Member or Pensioner any pension payable to that Spouse, Dependant or Eligible Child which is capable of being commuted into a trivial commutation lump sum death benefit for the purposes of Paragraph 20 of Schedule 29 to the Finance Act 2004.
- 4.4.3 For the avoidance of doubt a pension may be commuted under this Clause notwithstanding the fact that the pension was in payment on 6 April 2006 or the Member or Pensioner had left Pensionable Service prior to that date. However, a pension which was in payment on 6 April 2006 and any part of a pension which relates to Pensionable Service prior to 6 April 2006 may only be commuted with the consent of the person entitled to the pension.
- 4.4.4 Subject to any requirements of legislation, trivial pensions which would be payable to the Spouse, Civil Partner or Dependants of the Member may be included in the benefits commuted for a lump sum payable to the Member.

### 4.5 Lump sum on serious ill-health

- 4.5.1 When a pension first becomes payable to a Member, the Trustees may convert that pension into a single lump sum payment to the Member if the Trustees, having taken advice from a medical practitioner, are satisfied that the Member is



expected to live for less than one year and the payment would qualify as a serious ill-health lump sum under paragraph 4 of Schedule 29 to the Finance Act 2004.

- 4.5.2 Commutation under this Clause shall not affect any benefits payable on the death of the Member but those benefits shall be held in a separate arrangement under the Scheme with effect from the date the Member's benefits are commuted.
- 4.5.3 This Clause is subject to any legislative requirements relating to benefits which arise from employment which is contracted-out of the State Second Pension (or its predecessor).

#### 4.6 Payment of lump sum death benefits

- 4.6.1 Where on the death of a Member, Pensioner or other beneficiary an amount is stated to be held on discretionary trust in accordance with this Clause 4.6, the Trustees shall, subject to the following provisions of this Clause pay or apply all or any part of that sum to or for the benefit of one or more persons in relation to the deceased Member or Pensioner: in any of the following categories:
- (a) Relatives;
  - (b) Dependants;
  - (c) personal representatives (or executors); and
  - (d) nominated beneficiaries.
- 4.6.2 Where more than one person is to receive a payment under this Clause the Trustees shall decide what amount is to be paid to each person.
- 4.6.3 The Trustees may establish separate trusts for the benefit of any beneficiary they select to receive any amount under Clause 4.6.1.
- 4.6.4 The Trustees may use any amount held in accordance with this Clause to purchase an annuity for any Dependant of the Member or Pensioner.
- 4.6.5 If the Trustees have not exercised these powers within two years of the death of the Member or Pensioner, they shall automatically be deemed with effect from the day before the second anniversary of the date of death to hold the sum as a separate fund, outside the Scheme, on trust for the personal representatives (or executors) of the deceased Member or Pensioner or, if there are none, his statutory next of kin. However, if the Trustees are unable to identify or trace the Member or Pensioner's statutory next of kin the Trustees shall retain that sum as part of the Fund. Payment to a separate trust under this Clause will be deemed to have occurred even if the Trustees have not been notified of the death of the Member or Pensioner.
- 4.6.6 The Trustees may have regard to any document signed by the Member or Pensioner expressing his wishes for the disposal of any sum payable under this Clause. Any person charity or unincorporated association named in the document will be a "nominated beneficiary".

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- 4.6.7 Where any sum held under discretionary trust would otherwise be payable to the Crown, the Duchy of Lancaster or the Duke of Cornwall as bona vacantia, or would vest in a creditor of the Member or Pensioner, the Trustees shall retain that sum as part of the Fund.
- 4.6.8 The Trustees may pay all or part of the costs and expenses relating to the funeral of the Member or Pensioner or reimburse any person who has incurred all or part of those costs and expenses. Any such payment shall be deducted from any sum payable under this Clause. The Trustees may make a payment under this Clause in advance of exercising their general discretion as to the payment of a lump sum under this Clause.
- 4.6.9 The Trustees shall not be obliged to take into consideration under this Clause any potential beneficiary other than one whose existence and claim to be considered has been brought to the Trustees' attention.

### 4.7 Payments to personal representatives

Where any sum of £500 or less is payable by the Trustees to the personal representatives (or executors) of a deceased Member or other beneficiary, the Trustees may at their discretion pay that sum to the deceased's statutory next of kin without production of a grant of representation and a receipt given by that person is a complete discharge to the Trustees. The Trustees may by resolution from time to time amend the benefit limit applicable to this Clause.

### 4.8 Medical reports

- 4.8.1 The Trustees, or any Insurance Company with whom the Trustees have insured any of the benefits under the Scheme, may require a Member, or any Employee who is not a Member but on whose death benefits are payable, to undergo a medical examination.
- 4.8.2 If a medical examination under this Clause shows that the individual does not have the normal expectation of life, or if he refuses or fails to undergo a medical examination, the Trustees may, subject to the requirements of the Disability Discrimination Act 1995, decide to refuse payment in respect of:
- (a) a new Member or Employee of the whole or part of the benefits payable on death
  - (b) an existing Member or Employee of the whole or part of any increased benefits resulting from a future increase in Salary
  - (c) a Member or Employee who is absent from work because of illness or injury at the time he joins the Scheme or begins Service (as the case may be) of the whole or part of the benefits payable on death before Normal Retirement Date until he has completed two months continuous active Service after returning to work or satisfied such other terms as may be imposed by the Insurance Company.

**4.9 Insurance of death benefits**

The lump sum and pension benefits payable on death in Service shall be payable only to the extent that the Trustees have effected insurance cover indemnifying them in respect of such risk unless the Trustees decide otherwise.

**4.10 Taxation deductions**

If the Trustees are liable for any tax charge (including the Scheme Sanction Charge as defined in the Finance Act 2004) in respect of any Member, Pensioner or other beneficiary the Trustees are entitled to deduct the amount of that charge from the benefits otherwise due to him.

**4.11 Unclaimed benefits**

4.11.1 Subject to the requirements of any applicable legislation, benefits are only payable when claimed by the Member or beneficiary and the Trustees are not obliged to locate the recipient of a benefit to inform him of his entitlement to a benefit from the Scheme.

4.11.2 A Member or other beneficiary will cease to be entitled to any sum which has become due if it has not been claimed within six years of it becoming due. If that sum formed an instalment of a pension, the unclaimed instalment will be lost, but the right to the pension shall not be extinguished. The Trustees may, at their discretion pay all or any part of the benefit to the Member or other beneficiary even though it has not been claimed within six years, but unless the Trustees decide that it is appropriate to pay interest at such rate as they may decide, the Member or beneficiary shall not be entitled to interest on the amount paid.

**4.12 Annuity in satisfaction of Member's rights**

The Trustees may buy an insurance policy or annuity contract from an Insurance Company to satisfy any benefits payable under the Rules. Where a policy or contract is in the name of the beneficiary he shall cease to have any claim upon or interest in the Fund once the policy or annuity is purchased. The Trustees may buy a policy or contract without the consent of the Member or beneficiary, provided that any relevant conditions in the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991 are satisfied. If the Trustees do this in substitution for Deferred Benefits, they must be reasonably satisfied that the purchase price is not less than the value of the Member's accrued rights to benefit under the Rules.

**4.13 Pension Sharing Order**

4.13.1 Where the benefits of a Member or Pensioner are subject to a Pension Sharing Order the benefits payable to the Member or Pensioner shall be reduced by the debit applicable in accordance with Section 29(1)(a) of the Welfare Reform and Pensions Act 1999.

4.13.2 Any Pension Credit or Pension Credit Benefit may be discharged in any manner consistent with the Welfare Reform and Pensions Act 1999, as decided by the Trustees. Any benefits consequently provided under the Scheme may be treated by the Trustees as provided separately from any benefits provided under the

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Scheme for the same individual as an Employee or as a Spouse or Dependant of an Employee. The Former Spouse shall be regarded as a Member or a Pensioner for the purposes of the Deed to the extent considered appropriate by the Trustees (provided that for the purposes of Clause 10.2 (Application of the General Assets of the Fund on a winding up) they shall be regarded as a Member if their pension is not in payment upon the winding up of the Scheme and as a Pensioner if it is then in payment).

- 4.13.3 If the Former Spouse of a Member or Pensioner dies before the Trustees have implemented the relevant Pension Sharing Order then the Former Spouse shall be treated as if he was entitled to Pension Credit Benefits under the Scheme at the time of his death and the Trustees shall use the cash equivalent of the Former Spouse's benefits under the Pension Sharing Order (calculated in accordance with The Pension Sharing (Pension Credit Benefit) Regulations 2000) to provide such lump sum benefits on discretionary trusts in accordance with Clause 4.6 (Payment of lump sum death benefits) and pensions for the Dependants of the Former Spouse as they shall decide. For the purposes of this Rule, references to "Member" in Clause 4.6 and in the definition of "Dependants" shall be replaced by references to the "Former Spouse". Any pension payable to the survivors of the Former Spouse shall be paid for life or, in the case of a child of the Former Spouse for so long as the child remains a Dependant.

## 5. BENEFIT RESTRICTIONS

### 5.1 Charges, lien and set-off

5.1.1 The Employer and the Trustees shall be entitled to a charge over, lien on or set-off against any benefit to which a Member or Pensioner is or may become entitled for the purpose of enabling the Employer or the Trustees to obtain the discharge of some monetary obligation due from the Member or Pensioner to the Employer or the Trustees and arising out of a criminal, negligent or fraudulent act or omission by the Member, Pensioner or other beneficiary.

5.1.2 Where a charge, lien or set-off is imposed under this Clause:

- (a) its amount must not exceed the amount of the monetary obligation, or, if less, the value of the benefit;
- (b) the Trustees shall decide what impact it has on the Member's or Pensioner's benefits;
- (c) the Member or Pensioner must be given a certificate showing the amount of the charge, lien or set-off and its effect on his benefits;
- (d) where there is a dispute about the amount, the charge, lien or set-off must not be exercised until the obligation has become enforceable under a court order or an award of an arbitrator, but the Trustees may suspend payment of any benefits until the dispute is resolved; and
- (e) the charge, lien or set-off cannot be exercised in respect of benefits received following a transfer from a Registered Pension Scheme unless that scheme is attributable to employment with the same Employer or an associated employer and the benefits could have been charged or a lien or set-off exercised in respect of them under that scheme.

### 5.2 Crime, negligence or fraud

5.2.1 If a Member or Pensioner owes money to his Employer as a result of his criminal, negligent or fraudulent act or omission, the Trustees may forfeit some or all of the benefits payable to or in respect of him. The Trustees may pay a sum equal to the value of the benefits forfeited to the Employer.

5.2.2 The value of the benefits forfeited must not exceed the amount of the debt or, if less, the actuarial value of the benefits. If there is a dispute about the amount of the debt, forfeiture must not take place until the debt has become enforceable under a court order or the award of an arbitrator. The Trustees may suspend payment of any benefits until the dispute has been resolved. The Member or Pensioner must be given a certificate showing the amount forfeited and the effect on his benefits.

### 5.3 Restrictions on assignment of benefits

5.3.1 Subject to Clause 5.3.2, no benefit under the Scheme can be assigned or applied for the benefit of anyone other than the person entitled, or prospectively or

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contingently entitled to it under the Deed, every assignment of, or charge on, any such benefit and any agreement to assign or charge it shall be void.

- 5.3.2 If a Member or Pensioner attempts to assign his benefits he shall cease to be entitled to any benefits which he may otherwise expect to receive under the Rules. The Trustees may then apply an amount equal to such benefits for the benefit of the Member or Pensioner or his Dependants or Relatives in such shares and proportions as they think fit.
- 5.3.3 The provisions of this Clause do not apply to any assignment or charge permitted in this Deed or in accordance with:
- (a) the law relating to pension rights of individuals who are made bankrupt;
  - (b) Chapter I of Part IV of the Welfare Reform and Pensions Act 1999 (Sharing of rights under pension arrangements); or
  - (c) Sections 166 or 167 of the Pensions Act 1995 (Pensions on divorce).
  - (d) Schedule 5 to the Civil Partnership Act 2004.

**5.4 Excess contributions on bankruptcy**

Where a court order has been made in relation to a Member under Chapter V of Part IX of the Insolvency Act 1986 (Effect of Bankruptcy on Certain Rights, Transactions, etc), the Trustees may take all necessary steps to comply with such an order, including making any adjustments they consider necessary to benefits payable to or in respect of the Member.

## 6. INVESTMENT

### 6.1 Power of investment

- 6.1.1 The Trustees shall have the same full and unrestricted powers of investing and changing investments as if they were the beneficial owners of the Fund. All money held in or for the purposes of the Fund shall be placed in a bank account or invested in such other manner as the Trustees may determine, whether or not involving liability or producing income and with or without security.
- 6.1.2 All investments shall be held in the names of the Trustees or in the name of a nominee or agent appointed by the Trustees on such terms as the Trustees may decide are appropriate.
- 6.1.3 The Trustees shall not invest in employer-related investments (as defined in Section 40 of the Pensions Act 1995) except to the extent permitted by legislation.
- 6.1.4 The Trustees shall comply with the requirements of the Occupational Pension Schemes (Investment) Regulations 2005 when exercising their powers of investment under this Clause.
- 6.1.5 For the avoidance of doubt and without in any way limiting the general power of investment, investments under this Clause may include derivative contracts, including swaps, foreign exchange contracts, futures, options or contracts for differences, securities, lending and any other similar arrangements. As part of any such arrangement (or in relation to it) the Trustees may give undertakings, indemnities or guarantees and provide security or collateral.

### 6.2 Investment of money purchase assets

- 6.2.1 In exercising their powers of investment under Clause 6.1 (Power of investment) the Trustees may from time to time notify Members of the range of investment funds or vehicles in which their AVC Accounts may be invested and the facilities and charges for switching investments between such investment funds or vehicles. The Trustees may add to and withdraw funds or vehicles from the range available to Members from time to time and may transfer existing monies to any new or alternative fund without the consent of the Member.
- 6.2.2 The Trustees may ask each Member to select one or more investment fund or vehicle in which he wishes his AVC Account to be invested. Subject to the Trustees' right to change the range of funds available to Members, the Trustees must follow the Member's selection and shall not be liable in any way for the performance or suitability of the investment fund or vehicle selected by the Member. Where a Member has not informed the Trustees of his selection, the Trustees may decide how they will invest a Member's AVC Account.
- 6.2.3 The fees and expenses (including adviser's fees) arising from the investment of assets in a Member's AVC Account shall be deducted from the Member's AVC Account in such manner as the Trustees decide unless the Trustees decide otherwise.

**6.3 Power to borrow and to insure**

6.3.1 The Trustees may borrow money required for the purposes of the Scheme, including in relation to the investment of Scheme assets, to the same extent as if they were the beneficial owners of the Fund. However, such borrowing may not exceed the limits for unauthorised borrowing under Section 182 (Unauthorised borrowing: money purchase arrangements) or 184 (Unauthorised borrowing: other arrangements) of the Finance Act 2004 or any other limitation imposed by legislation.

6.3.2 The Trustees may insure the Fund, any individual asset or investment of the Fund (including any risks which may arise in the course of holding any investment).



**7. POWERS AND OBLIGATIONS OF THE EMPLOYERS**

**7.1 Powers of Employers**

7.1.1 For so long as the Principal Employer is in a period of Insolvency all powers and consents otherwise exercisable by the Principal Employer under this Deed shall instead be fiduciary and shall be exercised or given by the Trustees.

7.1.2 If in respect of any Member or Pensioner a power or consent is expressed to be exercisable by the Employer of that Member or Pensioner but that employer no longer participates in the Scheme, the power or consent shall be exercisable by the Principal Employer.

**7.2 Consultation with Employers**

Each of the Employers (other than the Principal Employer) have, by continuing to participate in the Scheme, appointed the Principal Employer as its agent for the purposes of any legislation under which the Trustees are required to consult with the Employers or to reach agreement with the Employer about any matter. The Trustees shall only be required to consult or reach agreement with the Principal Employer in relation to such matters and no Employer (other than the Principal Employer) may challenge the validity of any decision on the grounds that there was no consultation or agreement with it. For the avoidance of doubt the legislative requirements referred to in this Clause include requirements relating to scheme funding, investment and member-nominated trustees.

**7.3 Termination of employment**

Nothing in this Deed restricts the rights of the Employer to terminate the employment of a Member. The benefits to which a Member might claim to be entitled from the Fund in respect of a period after his contract of service could lawfully be terminated cannot be used as a ground for increasing damages in any action brought by such Member against the Employer.

**8. EMPLOYERS' CONTRIBUTIONS**

**8.1 Ordinary Employer contributions**

8.1.1 Each of the Employers shall make the following contributions to the Fund:

- (a) such amounts as the Trustees shall decide having taken the advice of the Actuary are required to provide benefits to or in respect of Members or Pensioners;
- (b) such additional amounts as are required to meet the cost of providing benefits on the death in Pensionable Service of any Member;
- (c) such amounts as are payable by the Employers in respect of the expenses of administering the Scheme in accordance with Clause 3.4 (Expenses of its administration);
- (d) such amount as the Trustees shall decide having taken the advice of an Actuary is required to meet any levy payable under legislation; and
- (e) such additional amounts as may be required elsewhere in this Deed.

8.1.2 The Trustees shall prepare a schedule of contributions in accordance with the requirements of Part 3 of the Pensions Act 2004 (Scheme Funding). The contributions paid by the Employers in accordance with this Clause shall not be less than that stated in the schedule of contributions and shall be paid by the due date specified in that schedule.

**8.2 Further contributions**

Each of the Employers shall contribute such further amounts to the Fund as may be decided by the Principal Employer having taken the advice of an Actuary, after consultation with the Trustees.

## 9. PARTICIPATION OF EMPLOYERS

### 9.1 Participation by employers

9.1.1 Subject to Clause 9.1.2, any employer which is invited by the Principal Employer to participate in the Scheme may, subject to the consent of the Trustees participate in the Scheme as an Employer with effect from a date specified by the Principal Employer provided that the employer enters into a deed with the Principal Employer and the Trustees under which it agrees to comply with the provisions of this Deed so far as they relate to it and to its Employees who become Members.

9.1.2 Unless the Trustees agree otherwise, an employer shall only participate in the Scheme if it is associated with the Principal Employer. For these purposes, associated means:

- (a) it is a Constituent Union;
- (b) it is directly or indirectly controlled by the Principal Employer; or
- (c) where there are sufficient links between the employer and the Principal Employer or Constituent Union for the Trustees to regard them as being associated.

9.1.3 When an Employer starts participating in the Scheme, it may with the agreement of the Principal Employer and the Trustees exclude from eligibility for membership any class of Employee whether on the grounds of age, status, type of employment or otherwise and in relation to Employees in the Employer's Service who are eligible for membership exclude, vary or modify any of the provisions of this Deed and the Schedules to it and substitute or add any other provisions.

### 9.2 Substitution of Principal Employer

9.2.1 Subject to the following provisions of this Clause and to the consent of the Trustees and the Principal Employer, any company, firm or person may become the Scheme's Principal Employer by executing a deed of substitution under which it agrees to observe and comply with the provisions of this Deed.

9.2.2 When a new Principal Employer is appointed in accordance with this Clause the previous Principal Employer shall be discharged from all future obligations as Principal Employer of the Scheme and all powers and obligations of the Principal Employer under the Scheme shall become powers and obligations of the new Principal Employer.

### 9.3 Employer ceasing to participate

9.3.1 Subject to Clause 9.3.2, an Employer will cease to participate in the Scheme when any of the following events take place or when any notice given in accordance with the following provisions takes effect:

- (a) the Employer (including the Principal Employer) gives at least 12 months' notice (or such shorter period as the Trustees may agree) in

writing to the Trustees that it intends to cease to participate in the Scheme;

- (b) the Trustees resolve that the Employer be deemed to have terminated its liability to pay contributions after the Trustees have given at least 14 days' written notice to the Employer that it has failed to comply with the requirements of Clause 8 of this Deed (Employers' contributions).

9.3.2 The termination of contributions by the Principal Employer in respect of its Employees shall not prejudice the continuation of the Scheme in respect of other Employers which wish to continue to participate in the Scheme.

#### **9.4 Consequences of an Employer ceasing to participate**

9.4.1 Subject to the provisions of Clause 9.5 (Bulk transfer to another arrangement) and Clause 9.6 (Partial winding up), where an Employer ceases to participate in the Scheme in accordance with Clause 9.3 (Employer ceasing to participate) any Member who was in Pensionable Service with that Employer shall be deemed to have left Pensionable Service on the date his Employer ceases to participate in the Scheme (unless his employment transfers to another Employer with effect from that date and he remains eligible for membership of the Scheme).

9.4.2 Subject to Clause 9.4.3, an Employer's obligation to contribute to the Scheme ends when its participation in the Scheme ceases but any amount due from the Employer prior to cessation of participation shall remain payable.

9.4.3 Notwithstanding the provisions of this Clause 9, and in particular Clause 9.6 (Partial winding up), if an Employer ceases to contribute to the Fund in circumstances where another Employer continues to employ some or all of the Members employed by that Employer, the Trustees may determine that the Members so employed may continue to pay contributions and no appropriate part of the Scheme attributable to those Members is set aside or operated in a different manner as a result of the cessation of participation of the original Employer. Where the Employer ceases to participate in circumstances where a debt would be due under Section 75 or 75A of the Pensions Act 1995 (Deficiencies in the assets) or such a debt otherwise becomes due, the debt may be apportioned amongst the retiring Employer and any other Employers in such proportions as the Trustees decide subject to a minimum amount being payable to the Scheme from the retiring Employer calculated on a basis determined as reasonable by the Trustees having taken such advice as they consider appropriate.

#### **9.5 Bulk transfer to another arrangement**

9.5.1 Where an Employer ceases to participate in the Scheme in accordance with Clause 9.3 (Employer ceasing to participate) the Trustees may make a bulk transfer in respect of some or all of the Members, Pensioners and other beneficiaries whose benefits under the Scheme relate in whole or in part to Service with that Employer.

9.5.2 A bulk transfer under this Clause:

- (a) may be made to any Registered Pension Scheme which is willing to accept it;
- (b) may be made without the consent of the Members, Pensioners and other beneficiaries provided that, in relation to all affected Members, Pensioners or other beneficiaries, the Trustees comply with the conditions set out in Regulation 12 of the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991; and
- (c) shall be calculated on such basis as the Trustees decide but shall not be less than the cash equivalent of the benefits being transferred calculated in accordance with Chapter IV of Part IV of the Pension Schemes Act 1993 (allowing for any reductions in the cash equivalent permitted by legislation) and shall not be more than a fair share of the Fund.

#### 9.6 Partial winding up

Where an Employer ceases to participate in the Scheme, the Trustees may set aside such portion of the Fund as the Trustees shall decide relates to the benefits payable to or in respect of the current Employees of that Employer. Such portion of the Fund shall not be less than the cash equivalent of the benefits payable to or in respect of the relevant Members, Pensioners or other beneficiaries calculated in accordance with Chapter IV of Part IV of the Pension Scheme Act 1993 (allowing for any reductions in the cash equivalent permitted by legislation) and shall not be more than a fair share of the Fund. The Trustees shall then apply the provisions of Clause 10.2 (Application of the Fund on a winding up) to that part of the Fund set aside.

## 10. TERMINATION AND WINDING UP

### 10.1 Termination of the Scheme

10.1.1 The Scheme shall be terminated:

- (a) on the expiry of not less than six months' written notice from the Trustees to the Employers or on immediate notice if all Employers' contributions have, or have been treated as having, been terminated in accordance with Clause 9.3 (Employer ceasing to participate);
- (b) in accordance with any requirement of legislation including any order of the Pensions Regulator.

10.1.2 On the termination of the Scheme, Members then in Pensionable Service shall be treated as if their Pensionable Service had terminated and, except where Clause 10.1.3 applies, the Scheme shall be wound up.

10.1.3 On the termination of the Scheme the Trustees may decide to defer the winding up unless winding up is required by legislation. The Trustees may at any time end the deferral and proceed to wind up the Scheme.

10.1.4 If the Scheme is being wound up or the winding up is deferred in accordance with this Clause 10.1, the power of amendment conferred by Clause 11 (Amendments and Augmentations) shall continue in relation to the provisions of this Deed.

10.1.5 On termination of the Scheme and prior to completion of the winding up, the Trustees must comply with the provisions of Sections 73 to 73B of the Pensions Act 1995.

### 10.2 Application of the Fund on a winding up

10.2.1 This Clause applies on the winding up of the Scheme under Clause 10.1.

10.2.2 Each Member's AVC Account shall be used to secure benefits in respect of that Member in accordance with Clause 10.3 (Securing benefits on winding up). The benefits to be secured shall be agreed between the Member and the Trustees or, failing such agreement, shall be decided by the Trustees.

10.2.3 Subject to the payment of all costs, charges and expenses, the Trustees shall apply the General Assets of the Fund to secure the obligations of the Fund in accordance with the provisions of Section 73 of the Pensions Act 1995 (Preferential liabilities on winding up).

10.2.4 Where surplus assets remain in the General Assets after the Trustees have met the liabilities of the Scheme in accordance with Section 73 of the Pensions Act 1995 the Trustees:

- (a) may at their discretion, augment any pension or other benefit payable under the Scheme; and

- (b) shall pay any balance remaining to the Employers in such shares as the Trustees decide subject to compliance with Sections 76 of the Pensions Act 1995 (Excess assets on winding up).

10.2.5 In the event that Section 73 of the Pensions Act 1995 is repealed and not replaced or does not effectively govern how all of the benefits under the Scheme are secured, the liabilities (or the balance of them) shall be secured in accordance with any priority order specified in the governing provisions of the Scheme on 5 April 1997.

### 10.3 Securing benefits on winding up

- 10.3.1 On the winding up of the Scheme benefits payable under the Scheme to or in respect of any Member or Pensioner or other beneficiary shall be secured by one or more of the following methods:
- (a) transferring the cash equivalent of the benefits to any Registered Pension Scheme (or more than one such scheme) which satisfies requirements prescribed by legislation and is able and willing to accept that transfer;
  - (b) buying one or more annuities which satisfy requirements prescribed by legislation from one or more Insurance Companies;
  - (c) assigning the benefit of any contracts to provide an annuity, but subject to any requirements prescribed by legislation;
  - (d) commuting the benefit into a lump sum payment to or in respect of the Member, Pensioner or other beneficiary on such terms as the Trustees decide, having taken the advice of an Actuary provided that the lump sum satisfies the requirements of Paragraph 10 (Winding-up lump sum) or Paragraph 21 (Winding-up lump sum death benefit) of Schedule 29 to the Finance Act 2004.
- 10.3.2 The Members, Pensioners or any other recipient of a pension from the Scheme shall not be required to consent to their benefits being secured in accordance with this Clause provided that, in relation to Members with Deferred Benefits, the Trustees comply with any relevant conditions set out in legislation (including Regulation 12 of the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991).
- 10.3.3 Once the benefits of any Member, Pensioner or other beneficiary are secured in accordance with this Clause the Scheme and the Trustees shall be discharged from any further liability to or in respect of that Member, Pensioner or other beneficiary.

## **11. AMENDMENTS AND AUGMENTATIONS**

### **11.1 Power of amendment**

- 11.1.1 Subject to any statutory requirements and the following provisions of this Clause 11.1, the Trustees may with the consent of the Principal Employer amend all or any of the provisions of this Deed (including all or any part of the Schedules and Appendices to it).
- 11.1.2 The purpose of the Scheme shall always be the provision of retirement and death benefits in respect of persons in the employ of the Principal Employer and those Constituent Unions and other Employers which participate in the Scheme.
- 11.1.3 No amendment shall enable the payment of any sum out of or the transfer of any assets from the Fund to any Employer for the Employer's beneficial enjoyment.
- 11.1.4 No amendment shall reduce the entitlement of a Member or Pensioner to benefits attributable to Service completed to the date of amendment provided that where the amount of a benefit is expressed in the Rules by reference to remuneration at a future date such entitlement shall for this purpose be calculated by reference to remuneration at the date of such amendment.
- 11.1.5 Amendment to the provisions of the Deed (excluding the Schedules and Appendices to it) shall be effected by deed executed by the Principal Employer and the Trustees.
- 11.1.6 Amendment to the Rules shall be effected by
- (a) the consent given in writing on behalf of the Principal Employer; and
  - (b) the signatures under hand of each individual who is a Trustee and of a person authorised for the purpose by the directors or governing body of each corporation which is a Trustee.

The formal document or documents (which may include a deed or deeds) giving effect to an amendment to the Rules shall be retained with this Deed.

- 11.1.7 References in this Clause 11 to an amendment include any alteration, addition to, repeal or replacement of any provision of this Deed.

### **11.2 Declarations**

For the purpose of enabling the Scheme to continue to be a Registered Pension Scheme, the Trustees may give such declarations as may be required by HM Revenue & Customs under Section 153 of the Finance Act 2004 (Registration of pension schemes). Any such declaration shall be deemed to be incorporated in the Deed, and, to the extent that it is inconsistent with any of the provisions of the Scheme (including any provision which is stated to be overriding), it shall override that provision.

### **11.3 Augmentation of benefits**

- 11.3.1 At the request of an Employer the Trustees may:



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- (a) provide new or different benefits;
- (b) change the date of payment of any benefit; or
- (c) increase any benefit

for any Member, Pensioner, employee or former employee of any of the Employers or a Dependant of any such person.

11.3.2 The provision of any benefit under Clause 11.3.1 is subject to payment, of such additional contributions (if any) by the Employer or the Member or both of them as the Trustees decide having taken the advice of an Actuary. Payment of any additional contributions may be by way of lump sum or increased regular contributions. If the Employer or the Member fails to pay any contribution due under this Clause, the Trustees may suspend or adjust the benefits payable to the person concerned.

11.3.3 Any benefits provided under this Clause must be authorised payments for the purposes of Section 164 of the Finance Act 2004 (Authorised member payments).

**12. THE RULES**

Schedule 2 to this Deed contains the Rules of the Scheme which apply to or in respect of any Member or Pensioner who is in Pensionable Service in the Scheme on or after the Effective Date.

## SCHEDULE 1: INTERPRETATION

### SCHEDULE 1 - INTERPRETATION

#### 1. GENERAL INTERPRETATION

In this Deed:

- (a) unless the context otherwise requires, words in the singular shall include the plural, and vice versa, and words in the masculine, feminine or neuter gender shall include either or both of the others, and references to persons shall include corporations;
- (b) references to an enactment, or any regulation made under it, shall include any corresponding legislation in Northern Ireland and shall include a reference to any statutory modification or re-enactment.

#### 2. DEFINITIONS

In this Deed the following words shall, unless the context otherwise requires, have the following meanings. Where these words are used in the Deed the first letter is capitalised to show the word is a defined term.

**Active Member** means a Member of the Scheme in Pensionable Service.

**Actuary** means an actuary or firm of actuaries appointed by the Trustees.

**AVC Account** means the individual accounts containing the additional voluntary contributions of Members in accordance with Rule 2.2 (Additional voluntary contributions) adjusted in line with the investment return on those contributions.

**Civil Partner** means a person who is in a civil partnership with the Member or Pensioner under the Civil Partnership Act 2004.

**Clause** means a clause of the Deed excluding the Schedules and Appendices to it.

**Constituent Union** means an organisation in constituent membership of the Principal Employer under its constitution.

**Corporate Trustee** means Endsleigh Trustee Services Limited or such other corporate body as may be agreed by the individual Trustees.

**Death Benefit Member** means an Employee who has applied to join the Scheme and is eligible for membership under Rule 1.1.1 except that he has not completed three months' Service.

**Deed** means the Deed to which this is Schedule 1 and includes all Schedules and Appendices to it.

**Deferred Benefits** means benefits provided in accordance with Rule 4.2 (Entitlement to Deferred Benefits).

**Dependants** means:

## SCHEDULE 1: INTERPRETATION

- (a) the Spouse of the Member or Pensioner at the time of his death;
- (b) the Spouse of a Pensioner at the time his pension came into payment;
- (c) any individuals (other than a child of the Member or Pensioner) who in the opinion of the Trustees were, at the time of the death of the Member or Pensioner, financially dependent on the Member or Pensioner or dependent because of disability, or had a financial relationship of mutual dependence with the Member or Pensioner; and
- (d) any children of the Member or Pensioner (including any adopted children) who have not reached the age of 23 or who were dependent on the Member or Pensioner because of disability at the time of his death.

### **Earnings Cap** means

- (a) prior to 6 April 2006 the permitted maximum as was defined in Section 590C of the Income and Corporation Taxes Act 1988;
- (b) for the year beginning 6 April 2006 £108,600; and
- (c) for each year beginning on each subsequent 6 April the amount applicable at the immediately preceding 6 April increased (but not, where applicable, reduced) in line with the increase in the Retail Prices Index for the twelve months up to the immediately preceding September and rounded up to the nearest multiple of £600.

**Effective Date** means 1 February 2008.

**Eligible Child** means any child of the Member or Pensioner who:

- (a) is under age 18; or
- (b) is under age 23 and receiving full-time education or training for any trade or profession or vocation approved by the Trustees; or
- (c) was dependent on the Member or Pensioner at the time of his death on account of physical or mental incapacity.

For the purposes of this definition, "child" means any biological child of the Member or Pensioner, any legally adopted child or a stepchild but not, unless the Trustees otherwise decide, an illegitimate child or a foster child.

Where any child has a gap in his period of full time education or training and that gap does not exceed one academic year payment of any pension to that child shall, unless the Trustees decide otherwise, continue during that gap unless and until the child decides not to return to full-time education or training at the end of that gap.

**Employee** means an employee of an Employer.

**Employer** means the Principal Employer or any other employer which is participating in the Scheme in accordance with Clause 9.1 (Participation by employers). Subject to Clause 7.1.2 (Powers of Employers), and Rule 8.3 (Secondment and other absences), where the

## SCHEDULE 1: INTERPRETATION

context so requires Employer means the Employer which, in relation to a Member or a Pensioner, is his employer or was his employer on the date he left Pensionable Service.

**Final Pensionable Salary** means the annual average of the Member's Pensionable Salary in any 36 months of Pensionable Service preceding the date on which the Member leaves Pensionable Service or, if earlier, his death.

Provided that:

- (i) in relation to a Post 89 Member, Final Pensionable Salary shall be subject to and shall not exceed the Earnings Cap;
- (ii) where a Member has been in Pensionable Service for less than 36 months his Final Pensionable Salary shall be the annualised average of his Pensionable Salary during his period of Pensionable Service;
- (iii) where an Active Member for whom Pensionable Service commenced before 1 April 1998 leaves Pensionable Service or retires early, in either case before reaching Normal Retirement Date, Final Pensionable Salary for benefits in respect of Pensionable Service accrued before 1 October 2000 is the greater of Final Pensionable Salary as described above and the Final Pensionable Salary that would have applied at Normal Retirement Date if the Member had remained in Pensionable Service through to Normal Retirement Date with no change in Pensionable Salary.

**Former Spouse** means an individual to whom a Pension Credit has been allocated in relation to the Scheme.

**Fund** means the pension fund constituted under the Deed and comprises the General Assets AVC Accounts.

**General Assets** means the assets of the Fund but excluding AVC Accounts.

**Gross Pay** means the amount of a member's weekly or monthly pay as appropriate before any deductions.

**Insolvency** means, in relation to an Employer or the Principal Employer, its liquidation, provisional liquidation, administration, receivership, administrative receivership or its entering into a voluntary arrangement.

**Insurance Company** has the meaning given by Section 275 of the Finance Act 2004.

**Member** means an Active Member and, where appropriate, an Employee or a former employee who is entitled to Deferred Benefits.

**Minimum Pension Age** means:

- (a) prior to 6 April 2010, age 50
- (b) on or after 6 April 2010:

## SCHEDULE 1: INTERPRETATION

- (i) in the case of any Member who retains a right to start receiving his pension at age 50 in accordance with paragraph 22 of Schedule 36 to the Finance Act 2004 following a block transfer into the Scheme, age 50; or
- (ii) in the case of any other Member, age 55.

**Normal Retirement Date** means the date on which a Member reaches the age of 65 or where a Member and his Employer have so agreed, the age of 60.

**Paid Family Leave** means any period throughout which a Member is absent from work due to pregnancy or confinement, or on paternity leave or adoption leave and for which the Employer pays any contractual remuneration or statutory maternity, paternity or adoption pay and any other period during which a Member is absent from work for family reasons during which his employer pays any contractual remuneration.

**Pension Credit** means a credit under Section 29(1)(b) of the Welfare Reform and Pensions Act 1999.

**Pension Credit Benefit** means the benefits payable under the Scheme to or in respect of a person by virtue of rights under a scheme attributable (directly or indirectly) to a Pension Credit.

**Pension Sharing Order** means any order, provision or agreement as referred to in Section 28(1) of the Welfare Reform and Pensions Act 1999.

**Pensionable Salary** means the basic fixed annual remuneration together with the annual average of bonuses, commissions, overtime or other fluctuating emoluments received over the previous three years (or such shorter period as they have been receivable) of a Member, and shall comply with the following requirements.

- (a) Pensionable Salary shall be determined by reference to the Member's emoluments as at each 1 October (or later date of admission to Pensionable Service) and shall then be deemed for the purposes of the Rules to remain fixed until the next 1 October.
- (b) Pensionable Salary shall be rounded to the nearest complete pound.
- (c) If an Active Member enters into a salary sacrifice arrangement with his Employer, any reduction to his Salary shall, where his Employer directs, be ignored for the purposes of this definition and the Member's Pensionable Salary will be the amount notified to the Trustees by the Employer.

**Pensionable Service** means:

- (a) In relation to a Member the following periods:
  - (i) the last or only period of continuous Service from the date of joining up to the earliest of the date his pension comes into payment, his death, his leaving Service; and
  - (ii) such further period as shall be credited to the Member in accordance with, Rule 9.4 (Transfers in) or Clause 11.3 (Augmentation of benefits) or any other provision of this Deed.

## SCHEDULE 1: INTERPRETATION

- (b) Subject to Rule 8 (Special Rules for calculating benefits), any period of Service during which the Member does not pay the contributions required under Rule 2.1 (Members' ordinary contributions), shall not be treated as Pensionable Service.

**Pensioner** means a person who is receiving a pension out of the Fund by virtue of his previous membership of the Scheme or by reason of a transfer of benefits into the Fund.

**Post 89 Member** means a Member who did not have continued rights, as defined in HM Revenue & Customs' Practice Notes on the Approval of Occupational Pension Schemes (IR12) as in force on 5 April 2006.

**Principal Employer** means the National Union of Students for the United Kingdom and includes any other company, firm or person which becomes the Principal Employer under the Scheme in accordance with Clause 9.2 (Substitution of Principal Employer).

**Qualifying Service** means the total of:

- (a) actual Service whilst in Pensionable Service under the Scheme;
- (b) any previous period of Qualifying Service whilst a Member of the Scheme for which a Member remains entitled to Deferred Benefits;
- (c) actual periods of service in any previous employment during which the Member was a member of an occupational pension scheme from which the Trustees have received a transfer payment; and
- (d) such other period as the Trustees, with the consent of the Employer, may allow.

Qualifying Service shall not be interrupted if there is a break in Service in exercise of a right under Part VIII of the Employment Rights Act 1996 (Maternity Leave and Parental Leave) and the Member returns to Pensionable Service within one month of returning to work or the break corresponds to the Member's absence from Service in furtherance of a trade dispute (as defined in Section 35 of the Jobseekers Act 1995) or the break does not exceed one month.

**Relatives** means in relation to any Member or Pensioner:

- (a) his Spouse and former Spouses;
- (b) his and his Spouse's lawful or adoptive parents and grandparents;
- (c) such parents' and grandparents' widows, widowers, children and descendants and the spouses or Civil Partners of any such individual.

For the purposes of this definition, children and descendants in relation to an individual includes adopted and stepchildren and any other person to whom the Trustees believe that individual stood in loco parentis.

**Registered Pension Scheme** means a scheme or arrangement which is registered with HM Revenue & Customs under Chapter 2 of Part 4 of the Finance Act 2004 (Registration of Pension Schemes).

## SCHEDULE 1: INTERPRETATION

**Retail Prices Index** means the general index of retail prices (all items) published by the Office for National Statistics or, where that index is not published, any substituted index published by that Office (or its successor).

**Revalued Pensionable Salary** means in respect of any Scheme Year of Pensionable Service, the Member's Pensionable Salary for that Scheme Year increased in line with the Retail Prices Index up to a maximum of 5% for each complete year from the start of that Scheme Year to the date of death or retirement.

**Rules** means the current rules of the Scheme as set out in Schedule 2.

**Scheme** means the Scheme governed by the Deed and known as Students' Union Superannuation Scheme.

**Scheme Year** means a year commencing on 1 October

**Service** means the period of employment with any of the Employers and Service shall be deemed continuous even if performed with more than one of the Employers, so long as any break in employment does not exceed one month.

**Service Qualification** means a period of at least three months' Service but no more than twelve months' Service as determined by the individual's Employer.

**Spouse** means in relation to any individual his wife or husband under a legally binding marriage or, if applicable, his widow or widower and, for the avoidance of doubt shall not include a "common law" partner. Spouse shall, for the purposes of this Deed, include the Civil Partner of an individual (except where otherwise stated) and any reference to marriage or equivalent shall include a civil partnership.

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

**Unpaid Family Leave** means any period throughout which a Member is absent from work due to maternity, paternity or adoption leave for which the Employer does not pay him any contractual remuneration or statutory maternity, paternity or adoption pay and any other period during which a Member is absent from work for family reasons and does not receive any contractual remuneration.

**Year** includes a fraction of a year calculated by reference to the number of complete months, each of which shall represent twelfths of a year.



**SCHEDULE 2 -  
RULES**

**1. ELIGIBILITY AND MEMBERSHIP**

**1.1 Eligibility**

All Employees who are over the age of 18 are eligible to join the Scheme having completed the relevant Service Qualification.

**1.2 Joining**

Membership of the Scheme is optional. An eligible Employee who wishes to join the Scheme must apply in writing, in a form approved by the Trustees, which shall constitute his agreement to be bound by and comply with the Rules.

**1.3 Opting out**

1.3.1 An Active Member may opt-out of the Scheme at any time by giving one month's written notice to the Trustees. The Member shall cease to be an Active Member of the Scheme and shall leave Pensionable Service on the day after the notice expires.

1.3.2 Employees who do not join the Scheme when first eligible to do so or who opt out of the Scheme in accordance with Rule 1.3.1 above, but remain in Service, shall only be permitted to join or rejoin the Scheme with the consent of the Trustees and the Employer and subject to such conditions (including the production of medical evidence and restrictions on benefits) as the Trustees and the Employer may impose.

SCHEDULE 2 RULES – RULE 2: CONTRIBUTIONS

**2. CONTRIBUTIONS**

**2.1 Members' ordinary contributions**

Each Active Member in Pensionable Service shall contribute to the Fund at the rate of Gross Pay as determined by their Employer with the consent of the Trustees. The rate of Member contribution shall be notified to the Member in writing.

**2.2 Additional voluntary contributions**

An Active Member may make additional voluntary contributions to the Fund in accordance with Rule 7.1 (Payment of additional voluntary contributions).

**2.3 Employers' contributions**

Employer contributions are dealt with in Clause 8 (Employers' contributions) of the Deed.

**3. BENEFITS ON RETIREMENT**

**3.1 Pension for an Active Member at Normal Retirement Date**

- 3.1.1 An Active Member who leaves Pensionable Service at Normal Retirement Date shall be entitled to an annual pension for life calculated at the rate of 1/60<sup>th</sup> of his Final Pensionable Salary at the date of leaving Pensionable Service for each Year of Pensionable Service prior to 1 October 2003 and 1/60<sup>th</sup> of his Revalued Pensionable Salary for each Year of Pensionable Service after that date.
- 3.1.2 Any Member in respect of whom a transfer payment has been received or who has made voluntary contributions shall be entitled to the additional benefits secured by them in accordance with these Rules.

**3.2 Ill-health early retirement of Active Members**

- 3.2.1 Any Active Member who in the opinion of the Employer and the Trustees, having taken the advice of a registered medical practitioner, has become (and will continue to be) incapable of carrying out his occupation and who leaves Service as a result of his incapacity, shall, subject to the consent of the Principal Employer, be entitled to an immediate pension and lump sum.
- 3.2.2 The pension and lump sum will be calculated as set out in Rule 3.1 (Pension for an Active Member at Normal Retirement Date) and Rule 3.6 (Lump sum benefit) but his pension will be reduced to take account of its early payment by such amount as the Actuary decides. Where a Member has a Normal Retirement Date of 65, but had a Normal Retirement Date of 60 before 1 October 2000, no reduction shall be applied to take account of payment after age 60 in respect of pension that relates to Pensionable Service before 1 October 2000 and, if paid before age 60, the reduction shall only be applied for early payment from age 60 in respect of that period of Pensionable Service.
- 3.2.3 The value of any pension under this Rule 3.2 shall not be less than the value of the Member's Deferred Benefits. A Member entitled to benefits under this Rule may opt to receive a deferred pension under Rule 4 (Benefits on leaving Pensionable Service) instead of the benefits provided under this Rule.

**3.3 Early retirement of Active Members in other cases**

- 3.3.1 An Active Member who has reached Minimum Pension Age and who leaves Service prior to Normal Retirement Date other than in receipt of an ill-health early retirement pension under Rule 3.2 (Ill-health early retirement of Active Members) may, with the Employer's consent, receive an immediate pension and lump sum calculated in accordance with Rule 3.1 (Retirement of an Active Member at Normal Retirement Date) and Rule 3.6 (Lump sum benefit), but based on the Member's Pensionable Service up to the date of leaving Pensionable Service.
- 3.3.2 The pension payable under Rule 3.3.1 will be reduced to take account of the Member's early retirement by such amount as the Actuary decides. Where a Member has a Normal Retirement Date of 65, but had a Normal Retirement Date of 60 before 1 October 2000, no reduction shall be applied to take account of

## SCHEDULE 2 RULES – RULE 3: BENEFITS ON RETIREMENT

payment after age 60 in respect of pension that relates to Pensionable Service before 1 October 2000 and, if paid before age 60, the reduction shall only be applied for early payment from age 60 in respect of that period of Pensionable Service.

- 3.3.3 The value of any pension under this Rule 3.3 shall not be less than the value of the Member's Deferred Benefits calculated in accordance with Rule 4.4 (Early payment of Deferred Benefits). A Member entitled to benefits under this Rule may opt to receive a deferred pension under Rule 4 (Benefits on leaving Pensionable Service) instead of the benefits provided under this Rule.

### 3.4 Late retirement

- 3.4.1 If an Active Member reaches Normal Retirement Date and stays in Service he may, with the consent of the Employer and the Trustees, choose to remain in Pensionable Service provided that he pays contributions under Rule 2.1 (Members' ordinary contributions) in respect of that extra period of Pensionable Service. His pension shall come into payment when he leaves Service (or such earlier date as the Employer and the Trustees decide) and shall be calculated by reference to his Pensionable Service up to the date of leaving Pensionable Service.
- 3.4.2 Where an Active Member reaches Normal Retirement Date and stays in Service but does not remain in Pensionable Service under Rule 3.4.1:
- (a) if he is a Post 89 Member payment of his pension shall be deferred until leaving Service or, if earlier, the day before the Member's 75<sup>th</sup> birthday;
  - (b) if he is not a Post 89 Member payment of his pension may, at his option be deferred until any age before he leaves Service but no later than the day before the Member's 75<sup>th</sup> birthday.

In either case, when the pension comes into payment, the Member shall be entitled to the same pension as at Normal Retirement Date but increased by such amount as the Actuary shall decide having regard to the period of deferment.

### 3.5 Flexible retirement

- 3.5.1 Where a Member has reached Minimum Pension Age but has not reached Normal Retirement Date, he may, with the consent of the Employer request payment of his accrued rights under the Scheme even where he remains in Service. The pension payable will be an amount determined by the Trustees in accordance with Rule 3.3 (Early retirement of Active Members in other cases) and the provisions of Rule 3.6 (Lump sum benefits) apply. On or after 6 April 2010, the provisions of this Rule can only apply after a Member reaches age 55.
- 3.5.2 If the Member requests payment of his benefits under this Rule:
- (a) he may remain in Pensionable Service until the date of his actual retirement from Service provided that he pays contributions under Rule 2.1 (Members' ordinary contributions) and the benefits earned in respect of this further period of Pensionable Service shall be calculated

## SCHEDULE 2 RULES – RULE 3: BENEFITS ON RETIREMENT

separately from the benefits in payment under this Rule as if the Member were a new entrant to the Scheme; otherwise

- (ii) he shall cease to be in Pensionable Service from the date on which the pension becomes payable.

3.5.3 For so long as a Member receiving a pension under this Rule remains in Service, he will be entitled to benefits under Rule 5 (Lump sum benefits on death) as though he were still in Pensionable Service.

### 3.6 Lump sum benefit

3.6.1 Subject to the following paragraphs of this Rule, a Member who is entitled to a pension under this Rule 3 may choose, with the consent of the Trustees, to receive a lump sum payable when his pension commences in return for a reduction in his pension.

3.6.2 The lump sum shall be such amount as the Member may request but not exceeding the maximum amount payable as a pension commencement lump sum under Schedule 29 to the Finance Act 2004 (but without the amendment permitted by paragraphs 24 to 34 to Schedule 36 to that Act). In return for such lump sum the pension payable to the Member shall be reduced by such amount as the Trustees decide, having taken the advice of an Actuary.

3.6.3 The lump sum payable under this Rule may include such part of the Member's AVC Account as may be decided by the Trustees under Rule 7.2 (Benefits from additional voluntary contributions).

3.6.4 The lump sum under this Rule cannot exceed the maximum amount payable as a pension commencement lump sum under Schedule 29 to the Finance Act 2004 (as amended by Schedule 36 to that Act) nor can the lump sum reduce the amount of pension below that payable in accordance with Appendix 2 (GMP Rules).

### 3.7 Surrender of pension for additional survivor's pensions

3.7.1 A Member may at any time before his pension comes into payment make a written application to the Trustees to surrender part of his pension ("an Allocation") in order that a pension or additional pension may be provided on his death for one or more of his Spouse, Eligible Children or Dependants.

3.7.2 The amount of the pension or additional pension to be provided under this Rule will be determined by the Trustees having taken the advice of an Actuary. The provisions of Rule 6.7 (General provisions applicable to survivor's pensions) shall apply to any such pension or additional pension.

3.7.3 The amount of pension allocated by the Member shall not exceed an amount which would have the effect of making the pension allocated and the pension value of the lump sum greater than the remaining pension payable to the Member (before any reduction by way of commutation under Rule 3.5 (Lump sum benefit)).

SCHEDULE 2 RULES – RULE 3: BENEFITS ON RETIREMENT

- 3.7.4 The pension payable to a Member shall be permanently reduced by any Allocation unless the beneficiary of the Allocation dies before the Member's pension comes into payment.
- 3.7.5 Any Allocation under this Rule must not permit any lump sum to be payable on the death of the Member after age 75 nor for any pension payable on death of the Member after age 75 to exceed the limits under paragraphs 16B and 16C of Schedule 28 to the Finance Act 2004.
- 3.7.6 The Trustees may refuse an Allocation where a Member is granted a pension on the grounds of ill-health or incapacity or where any medical report obtained under Clause 4.8 of the Deed (Medical reports) is in the Trustees' opinion adverse.

**4. BENEFITS ON LEAVING PENSIONABLE SERVICE**

**4.1 Application of this Rule**

This Rule 4 applies to a Member who (otherwise than by death) leaves Pensionable Service before reaching his Normal Retirement Date, without an immediate pension becoming payable to him.

**4.2 Entitlement to Deferred Benefits**

On leaving Pensionable Service before Normal Retirement Date, a Member shall be entitled to Deferred Benefits in accordance with this Rule 4 if either:

- (a) he has completed two years Qualifying Service; or
- (b) he is someone on whose behalf the Trustees have accepted a transfer payment from a personal pension scheme.

**4.3 Calculation and payment of Deferred Benefits**

4.3.1 Deferred Benefits payable to a Member shall be a pension calculated in accordance with Rule 3.1 (Pension for an Active Member at Normal Retirement Date) and a lump sum calculated in accordance with Rule 3.6 (Lump sum benefit) but based on the Member's Pensionable Service up to the date of leaving Pensionable Service.

4.3.2 Subject to Rule 4.4 (Early payment of Deferred Benefits) and Rule 4.5 (Late payment of Deferred Benefits), Deferred Benefits shall come into payment when the Member reaches Normal Retirement Date.

4.3.3 Deferred Benefits shall include any additional benefit which:

- (a) is provided from the Member's AVC Account;
- (b) represents a transfer from another scheme;
- (c) has been granted either at the time membership commenced or subsequently in respect of Service before the date of grant; or
- (d) is not related to length of Pensionable Service or the number or amount of contributions paid

but, in the case of an additional benefit under (c) or (d) above the Deferred Benefits shall include only such proportion of the additional benefit as the period of Pensionable Service since the date on which the benefit commenced to accrue bears to the period from such date until Normal Retirement Date or the date on which the benefit would have fully accrued, if earlier.

4.3.4 Deferred Benefits accrued prior to 1 October 2003 shall, before they come into payment, be revalued in accordance with Chapter II of Part IV of the Pension Schemes Act 1993 (Revaluation of accrued benefits (excluding guaranteed minimum pensions)).

**4.4 Early payment of Deferred Benefits**

- 4.4.1 A Member entitled to Deferred Benefits who has reached Minimum Pension Age may, if the Trustees agree, receive early payment of his Deferred Benefits.
- 4.4.2 A Member who has not reached Minimum Pension Age may, if the Trustees agree, receive early payment of his Deferred Benefits provided that in the opinion of the Trustees, having taken advice from a registered medical practitioner, he is (and will continue to be) incapable of following his occupation due to physical or mental infirmity.
- 4.4.3 Where a Member takes early payment of his benefits under this Rule, his Deferred Benefits shall be reduced to reflect early payment to such extent as the Actuary considers appropriate. Any such reduction need not be the same as applies to Active Members under Rule 3.3 (Early retirement of Active Members in other cases).
- 4.4.4 The Trustees may adjust a Member's Deferred Benefits having regard to any benefits payable to the Member under Appendix 2 (GMP Rules) and a pension will not be payable under this Rule if the reduction applied under Rule 4.4.2 would reduce the pension below the minimum payable at state pensionable age in accordance with Appendix 2.

**4.5 Late payment of Deferred Benefits**

- 4.5.1 Where a Member entitled to Deferred Benefits reaches Normal Retirement Date he may, subject to the consent of the Trustees, choose to defer receipt of his benefits to such later date as the Member may decide, but not later than the day before his 75<sup>th</sup> birthday.
- 4.5.2 Where a Member defers receipt of his benefits under this Rule his pension will be increased to reflect the period of deferment by such amount as the Trustees decide, having taken the advice of the Actuary.

**4.6 Refunds of contributions**

- 4.6.1 This Rule applies to a Member who, on leaving Pensionable Service, is not entitled to Deferred Benefits.
- 4.6.2 A Member to whom this Rule applies shall receive a refund of his contributions but subject to the following provisions.
- (a) No interest will be paid on the refunded ordinary contributions.
  - (b) In addition to the refund of contributions, the Trustees shall pay to the Member an additional amount which represents any investment gains which the Trustees decide have been made under the Scheme on the Member's additional voluntary contributions.
  - (c) The Trustees will pay a contributions equivalent premium in accordance with Section 55(2) of the Pension Schemes Act 1993 and the contributions refundable under this Rule will be reduced by the amount permitted by Section 61 of that Act.



SCHEDULE 2 RULES – RULE 4: BENEFITS ON LEAVING PENSIONABLE SERVICE

- 4.6.3 Where the Member has completed at least three months' Qualifying Service he has the option of either receiving a refund of contributions under Rule 4.6.2 or taking a transfer of his benefits to another scheme or arrangement selected by the Member. If he wishes to take a transfer the following provisions shall apply:
- (a) he must confirm this to the Trustees in writing within three months of the Trustees sending him notice of that option (or any longer period allowed by the Trustees);
  - (b) the Member may request a transfer under this Rule to any scheme or arrangement which satisfies the requirements of Section 101AE of the Pension Schemes Act 1993 (Permitted ways of using cash transfer sum);
  - (c) the transfer shall be calculated in accordance with Section 101AF of the Pension Schemes Act 1993 (Calculation of cash transfer sum and contribution refund) and, where permitted by legislation, may be reduced by such amount as the Trustees decide in respect of administrative costs;
  - (d) on payment of a transfer under this Rule, the Trustees and the Fund shall be discharged from all liability to which the transfer relates; and
  - (e) if the Member does not accept the option of a transfer within three months of the Trustees sending him notice of that option (or any longer period allowed by the Trustees) or within that period he provides notice in writing to the Trustees that he does not wish to take that option, the Trustees shall pay a refund of contributions under Rule 4.6.3.
  - (f) a Member may not request a transfer under this Rule if his Pensionable Service ends on the termination of the Scheme under Clause 10.1 (Termination of the Scheme).
- 4.6.4 In this Rule references to contributions paid by a Member shall include all contributions paid by him to the Fund and (so far as allowed) to any other scheme or arrangement in which he formerly participated and which have been transferred to the Fund.

**4.7 Preservation Laws**

Notwithstanding the provisions of this Deed, Deferred Benefits shall be calculated and paid in a manner consistent with the requirements of Part IV of the Pension Schemes Act 1993.

**5. LUMP SUM BENEFITS ON DEATH**

**5.1 Lump sum on death in Service**

5.1.1 If an Active Member dies in Pensionable Service or a Death Benefit Member dies in Service the Trustees shall hold on discretionary trusts in accordance with Clause 4.6 (Payment of lump sum death benefits) a sum equal to three times (or if his Employer has so agreed with the Trustees, four times) the Pensionable Salary of the Member at the time of his death together with:

- (a) a sum equal to the ordinary contributions of the Member to the Fund without interest; and
- (b) the value of the Member's AVC Account.

5.1.2 Where a benefit is payable on the death of a Member under this Rule and a benefit is also payable under Rule 5.2 (Lump sum on the death of a Pensioner) or Rule 5.3 (Lump sum on death in Service after Normal Retirement Date) the benefit payable under this Rule shall be reduced by the amount of the lump sum benefit payable under the other Rules in such manner as the Trustees decide.

**5.2 Lump sum on the death of a Pensioner**

5.2.1 If a Pensioner dies within five years of his pension coming into payment the Trustees shall hold on discretionary trusts in accordance with Clause 4.6 (Payment of lump sum death benefits) an amount equal to the balance of the pension which he would have received during the remainder of the five years less an amount equal in value to the pension payable to the Member's Spouse or Dependant for the remainder of such five year period where such a pension is payable at the Pensioner's death. No account will be taken of any increases under Rule 10 (Pension increases) which would have applied after his death.

5.2.2 A lump sum benefit is not payable under this Rule if the Pensioner was aged 75 or over at the time of his death. However, if the Pensioner was aged 75 or over the Trustees may, at their discretion, use the value of the lump sum which would otherwise have been payable to increase the benefits payable to the Dependents of the Pensioner in such manner as the Trustees may decide.

**5.3 Lump sum on death in Service after Normal Retirement Date**

If a Member dies in Service after Normal Retirement Date but before his pension comes into payment the death benefits shall be calculated in accordance with Rule 5.2.1 (Lump sum on death of a Pensioner) as if the Member's pension had come into payment on the day before his death.

**5.4 Lump sum on the death of a Member entitled to Deferred Benefits**

On the death of any Member entitled to Deferred Benefits which are not in payment the Trustees shall hold on discretionary trusts in accordance with Clause 4.6 (Payment of lump sum death benefits) a sum equal to the Member's ordinary contributions without interest together with the amount in the Member's AVC Account.

**6. SPOUSE'S AND DEPENDANTS' PENSIONS**

**6.1 Spouse's pension on death in Pensionable Service**

The Spouse of an Active Member who dies in Pensionable Service before Normal Retirement Date and before drawing any pension shall be entitled to receive a pension equal to one-half of the pension which the Member would have received if he had remained in Pensionable Service until his Normal Retirement Date but calculated using his Final Pensionable Salary and Revalued Pensionable Salary as at his death.

**6.2 Spouse's pension on the death of a Pensioner**

The Spouse of a Pensioner shall be entitled to receive a pension equal to one-half of the pension which the Pensioner was receiving at his death. If the Pensioner's pension has been reduced on account of any lump sum received under Rule 3.6 (Lump sum benefit) or any allocation under Rule 3.7 (Surrender of pension for additional survivor's pensions), the Spouse's pension shall be calculated ignoring that reduction.

**6.3 Spouse's pension on death in Service after Normal Retirement Date**

If a Member dies in Service after Normal Retirement Date but before his pension comes into payment he shall be treated as if his pension had come into payment and he had become a Pensioner on the day before his death and a pension shall be payable in accordance with Rule 6.2 (Spouse's pension on death of a Pensioner).

**6.4 Spouse's pension on the death of a Member entitled to Deferred Benefits**

The Spouse of a Member who dies whilst entitled to Deferred Benefits which are not in payment, shall be entitled to a pension equal to the minimum pension required under Part III of the Pension Schemes Act 1993 including, where applicable, that which would be payable to a Spouse under the reference scheme in accordance with section 12B(4) of the Pension Schemes Act 1993.

**6.5 Pension for Dependants**

6.5.1 Subject to Rule 6.5.2, if at the time of a Member's or Pensioner's death he was not married or in a civil partnership, or he was not living with his Spouse (whether or not there was any financial dependency), the Trustees may pay a pension to one or more of the Member's Dependants. Any such pension shall not exceed the amount of pension payable under Rule 6.1 (Spouse's pension on death in Pensionable Service), or Rule 6.2 (Spouse's pension on the death of a Pensioner) or Rule 6.4 (Spouse's pension on the death of a Member entitled to Deferred Benefits) (as appropriate). To the extent that the Trustees pay a pension to a Dependiant under this Rule, the rights of the Spouse shall be forfeited.

6.5.2 The pension payable to a Spouse must at least be equal to the minimum (if any) required under Part III of the Pension Schemes Act 1993 including, where applicable, the pension which would be payable to a spouse under the reference scheme in accordance with Section 12B(4) of that Act.

**6.6 Children's pensions**

6.6.1 This Rule applies where:

SCHEDULE 2 RULES – RULE 6: SPOUSE'S AND DEPENDANTS' PENSIONS

- (a) an Active Member dies in Pensionable Service and no Spouse's or Dependants' pensions are otherwise payable under this Rule 6;
- (b) a Pensioner dies and no Spouse's or Dependants' pensions are otherwise payable under this Rule 6;
- (c) a Member entitled to Deferred Benefits dies before those benefits came into payment and no Spouse's or Dependants' pensions are otherwise payable under this Rule 6; or
- (d) the Spouse or other adult Dependants of a Member or Pensioner dies whilst in receipt of a pension under this Rule 6.

6.6.2 Where this Rule applies a pension will be paid for the benefit of any surviving Eligible Child. The pension will start from the date of the relevant death referred to in Rule 6.6.1. The pension payable under this Rule will be equal to the amount of the pension that would have been payable to a Spouse of the Member or Pensioner without any reduction under Rule 6.7.3. If there is more than one Eligible Child the pension will be divided between them in equal shares.

**6.7 General provisions applicable to survivor's pensions**

- 6.7.1 A pension payable to a Spouse or adult Dependants shall be payable from the death of the Member or Pensioner for life.
- 6.7.2 A pension payable to a child under Rule 6.5 (Pension for Dependants) or under Rule 6.6 (Children's pensions) shall continue for so long as the child remains an Eligible Child.
- 6.7.3 If the Spouse or adult Dependants of a Member is more than ten years younger than the Member or Pensioner the Trustees may reduce the pension payable by such amount as the Trustees decide not exceeding 2.5% for each year of disparity in excess of ten.
- 6.7.4 In determining benefits payable in respect of a Member or Pensioner any marriage taking place after retirement and within 6 months' of the Member's or Pensioner's death, and any children of such marriage, may be disregarded.
- 6.7.5 The amount of any pension payable under Rule 6.2 (Spouse's pension on the death of a Pensioner) or Rule 6.6 (Children's pensions) shall, unless the Trustees agree otherwise, be calculated disregarding any additional pension provided to a Pensioner from his AVC Account.
- 6.7.6 If a Member or Pensioner has married under a law which allows polygamy and, on the day of his death, has more than one Spouse, the Trustees must decide which, if any, survivor is the Spouse for the purposes of Rules 6.1 (Spouse's pension on death in Pensionable Service), 6.2 (Spouse's pension on death of a Pensioner) and 6.4 (Spouse's pension on death of a Member entitled to Deferred Benefits). In such circumstances they may consider any one or more of the other Spouses for a pension under Rule 6.5 (Pension for Dependants) without having to investigate whether they satisfy the definition of Dependants in Schedule 1 and

SCHEDULE 2 RULES – RULE 6: SPOUSE'S AND DEPENDANTS' PENSIONS

irrespective of whether the Member or Pensioner was living with the Spouse selected for the purposes of Rules 6.1 to 6.4 at the date of his death.

- 6.7.7 A pension payable to a child under these Rules may be paid to any person who undertakes to apply it for the maintenance or benefit of the child. The Trustees shall not be obliged to oversee the application of any such pension.
- 6.7.8 Where the Member or Pensioner was aged 75 or over at the time of his death, the total of the pensions payable to his Spouse, Dependants or Eligible Children may not exceed the limits under paragraph 16B and 16C of Schedule 28 of the Finance Act 2004.

**7. ADDITIONAL VOLUNTARY CONTRIBUTIONS**

**7.1 Payment of additional voluntary contributions**

- 7.1.1 If an Active Member wishes to buy added benefits, he may make additional voluntary contributions to the Fund. These can be paid as a lump sum or additional periodic contributions and may be started, varied or terminated at any time by written notice to the Trustees in such form and at such time as the Trustees may require.
- 7.1.2 The Trustees are entitled (but not obliged) to refuse to accept additional voluntary contributions where the payment is expected to result in the Member exceeding the annual allowance for the purposes of Section 227 of the Finance Act 2004 (Annual allowance charge).
- 7.1.3 Unless the Trustees, with the consent of the Principal Employer, agree otherwise with the Member, additional voluntary contributions will be credited to the Member's AVC Account to provide benefits in accordance with Rule 7.2 (Benefits from additional voluntary contributions).

**7.2 Benefits from additional voluntary contributions**

- 7.2.1 The Member's AVC Account will be used to secure additional benefits in respect of that Member. The benefits secured shall:
- (a) be additional to all other benefits payable under the Rules;
  - (b) be in a form determined by the Trustees and may be paid as a lump sum in whole or in part;
  - (c) be reasonable having regard to the amount of the contributions.
- 7.2.2 Benefits relating to additional voluntary contributions shall start at the same time as the Member's main scheme benefits.
- 7.2.3 Benefits from additional voluntary contributions (other than a lump sum) will be provided by the purchase of a policy or annuity contract from an Insurance Company unless the Trustees, with the consent of the Principal Employer, agree otherwise. The policy or annuity shall be selected by the Trustees unless the Trustees permit the Member to make a selection and the Member does so within such time period as the Trustees decide. The policy or annuity contract will be in the name of the Member unless the Trustees decide to purchase it in the Trustees' name. When purchasing any such policy or annuity contract the Trustees shall not be obliged to take into account the individual circumstances of the Member or to carry out a review of all available Insurance Companies.

8. SPECIAL RULES FOR CALCULATING BENEFITS

8.1 Family leave

- 8.1.1 Paid Family Leave shall be treated as Pensionable Service and as if it is a period throughout which the Member works normally and receives the remuneration likely to be paid for doing so. During any period of Paid Family Leave a Member shall only be required to pay contributions on the amount of contractual remuneration, statutory maternity pay, statutory paternity pay or statutory adoption pay actually paid for that period.
- 8.1.2 Unpaid Family Leave shall not be treated as Pensionable Service unless the Employer and the Member agree otherwise. In the event that it is agreed that any such period is to be Pensionable Service, the Member's contributions and benefits and any Employer contributions shall be calculated by reference to the Member's Pensionable Salary before his absence or such greater amount as the Employer determines.
- 8.1.3 A Member to whom this Rule applies:
- (a) shall not be treated as remaining in Pensionable Service if he has failed to pay any Member contributions;
  - (b) who is not treated as remaining in Pensionable Service under Rule 8.1.2 shall, if the Trustees and the Employer agree (and subject to payment by the Employer of contributions of 1% of the Member's Gross Pay before absence commenced or such other rate as the Trustees decide), nonetheless be treated as being in Pensionable Service during all or part of his Unpaid Family Leave for the purpose of Rule 5 (Lump sum benefits on death) and Rule 6 (Spouse's and Dependants' pensions) and the benefits payable on the Member's death shall be calculated by reference to his Pensionable Salary before his absence started;
  - (c) who fails to return to work at the end of her maternity leave in accordance with the conditions of any legal right to do so shall be treated as having left Pensionable Service on the later of the date when any remuneration or maternity pay stops being paid and the end of her ordinary maternity leave;
  - (d) who fails to return to work following a period of adoption leave (as defined in Section 75A of the Employment Rights Act 1996) or paternity leave (as defined in the Paternity and Adoption Leave Regulations 2002) shall be treated as having left Pensionable Service at the end of the period of ordinary adoption leave or paid paternity leave;
  - (e) who has not paid contributions due to the Scheme during any period of Paid Family Leave or Unpaid Family Leave may, with the consent of his Employer, pay the contributions due in respect of that period after he returns to work on such terms as the Trustees may decide. Once those contributions have been paid the period in question shall count as Pensionable Service during which the Member worked normally.

## 8.2 Absence due to ill-health

- 8.2.1 This Rule applies where a Member is away from work because of illness or any other incapacity.
- 8.2.2 For so long as his Employer continues to pay him, the Member must pay contributions under Rule 2.1 (Member's ordinary contributions) and his Pensionable Service shall continue. In such circumstances, contributions (by Employer and Member) and benefits shall be calculated by reference to his Gross Pay before his absence or such greater amount as the Employer requires by reference to any salary scale applicable to the Member or to any increased salary paid to Employees of the same position.
- 8.2.3 If the Member stops being paid by his Employer, he will cease to accrue Pensionable Service until he is again being paid by his Employer but will still be treated as an Active Member for the purposes of Rule 3.2 (Ill-health early retirement of Active Members) until he leaves Service.
- 8.2.4 A Member who has ceased to accrue Pensionable Service under this Rule will be treated as if he is still in Pensionable Service for the purposes of entitlement to benefits under Rule 4 (Benefits on leaving Pensionable Service), Rule 5 (Lump sum benefits on death) and Rule 6 (Spouse's and Dependant's pensions) but only for such period after his absence started as may be decided by the Trustees and subject to payment of contributions by his Employer at the rate of 1% of Gross Pay before his absence commenced or such other rate as the Trustees decide. This will continue until he either leaves the Scheme or leaves his Employer's Service. If he dies during that period the benefits payable on his death shall be calculated by reference to his Pensionable Salary before his absence started. The provisions of this Rule also apply to any Death Benefit Member who is away from work because of illness or any other incapacity.

## 8.3 Secondment and other absences

- 8.3.1 This Rule covers periods of absence approved by the Employer which are for the following reasons:
- (a) secondment where the Member's Employer remains unchanged;
  - (b) temporary transfer to another employer;
  - (c) a course of study or training;
  - (d) work of national importance; or
  - (e) any other leave of absence.
- 8.3.2 During any period of absence under Rule 8.3.1, the Member's Pensionable Service will continue to accrue for so long as the Member or his Employer continue to pay the Member's contributions (if any) and any Employer's contributions by reference to Gross Pay before his absence commenced or such greater amount as the Employer requires by reference to any salary scale applicable to the Member or to any increased salary paid to Employees of the same position. If contributions cease to be paid in respect of the Member, he will be deemed to



## SCHEDULE 2 RULES – RULE 8: SPECIAL RULES FOR CALCULATING BENEFITS

have left Pensionable Service and will cease to accrue Pensionable Service until the relevant contributions are again being paid by the Member and/or his Employer. Any period of Pensionable Service under this Rule will be on such terms and subject to such conditions as the Employer with the consent of the Trustees considers appropriate.

- 8.3.3 Subject to Rule 8.3.4, and notwithstanding the provisions of Rule 8.3.2, in the event of the death of any Member who is absent from Service for any of the reasons specified in Rule 8.3.1 above, the benefits payable on his death shall, for such other period as may be decided by the Trustees after his absence commenced, be calculated as if he was still in Pensionable Service at the time of his death. If he dies during that period the benefits payable on his death shall be calculated by reference to his Pensionable Salary before his absence started. If the Member's Employer has ceased to pay normal contributions under Rule 8.3.2 the Member may, at the discretion of the Trustees, be treated as in Pensionable Service for the purposes of Rule 5 (Lump sum benefits on death) and Rule 6 (Spouse's and Dependant's pensions), but subject to payment of contributions by his Employer at the rate of 1% of Gross Pay before his absence commenced or such other rate as the Trustees decide. The provisions of this Rule shall also apply to any Death Benefit Member who is absent for any of the reasons specified in Rule 8.3.1 above.
- 8.3.4 Where a Member remains in Pensionable Service in accordance with this Rule, the Employer may at any time at its discretion decide that his Pensionable Service shall cease and the provisions of Rule 4 (Benefits on leaving Pensionable Service) shall apply.
- 8.3.5 Where this Rule applies, the Member's Employer shall continue to be his Employer immediately before he began the period of absence in Rule 8.3.1.

### 8.4 Members with part-time Service

- 8.4.1 This Rule shall apply in relation to the calculation of benefits payable to any Members in respect of any period of part-time Service.
- 8.4.2 For the purposes of calculating the Member's Final Pensionable Salary or Revalued Pensionable Salary, the Member's Pensionable Salary during any period of part-time Service shall be the equivalent Pensionable Salary of a full-time Employee. The equivalent full-time Pensionable Salary shall be calculated as if the Member's contractual hours of work were equal to the hours he would have worked had he been a full-time Employee during that period as decided by the Employer in its discretion and notified to the Trustees.
- 8.4.3 Pensionable Service in respect of periods of part-time Service shall be calculated by multiplying the number of Years of such part-time Service by that fraction which his contractual hours of work bear to the hours which he would have worked had he been a full-time Employee during that period, which fraction shall be decided by the Employer in its discretion and notified to the Trustees.
- 8.4.4 If the fraction of part-time Service under Rule 8.4.3 above changes, a separate calculation shall be made of the Pensionable Service in respect of each period when the part-time fraction is constant.

SCHEDULE 2 RULES – RULE 8: SPECIAL RULES FOR CALCULATING BENEFITS

- 8.4.5 Where any benefits are based on prospective periods of Pensionable Service, the fraction applying under Rule 8.4.3 above on the last day of actual Pensionable Service shall apply to the period of prospective Pensionable Service.
- 8.4.6 Rule 8.4.3 does not apply to the calculation of the number of Years of Pensionable Service which the Member must have completed before he becomes entitled to benefits under the Scheme.

**9. TRANSFERS AND BUY-OUTS**

**9.1 Transfers out**

- 9.1.1 A Member with Deferred Benefits may require the Trustees to transfer the cash equivalent of his Deferred Benefits to one or more arrangements which he selects. The amount of the cash equivalent shall be calculated using methods and assumptions decided by the Trustees and approved by an Actuary and may be reduced where permitted by legislation.
- 9.1.2 The transfer may be made to any scheme or arrangement which is capable of accepting a recognised transfer under Section 169 of the Finance Act 2004 (Recognised transfers) and is willing to accept that transfer.
- 9.1.3 If a Court has made an order attaching to a Member's benefit as a result of matrimonial proceedings, the Trustees shall notify the trustees of the scheme receiving any transfer payment and the former spouse who was a party to the proceedings in accordance with Regulation 4 of the Divorce etc (Pensions) Regulations 2000 or any equivalent regulations relating to Civil Partners.
- 9.1.4 If the benefits of the Member are subject to a debit in accordance with a Pension Sharing Order, the Trustees must provide full details of that debit to the trustees or managers of the scheme receiving any transfer payment.

**9.2 Buy-outs**

Instead of requesting a transfer payment under Rule 9.1 (Transfers out), a Member to whom that Rule applies may require the Trustees to use the cash equivalent of his benefits to purchase a policy or annuity contract from an Insurance Company of the Member's choice. The benefits provided by the policy or annuity contract may differ from the Member's accrued rights, so long as they are authorised under Section 164 of the Finance Act 2004 (Authorised member payments).

**9.3 General provisions relating to transfers out and buy-outs**

- 9.3.1 The provisions of this Rule apply to the exercise of rights under Rule 9.1 (Transfers out) or Rule 9.2 (Buy-outs). Any reference in this Rule to a transfer shall be deemed to include a buy-out.
- 9.3.2 A Member may request more than one transfer payment provided that all of the cash equivalent is transferred, or, if the receiving arrangement is unable to accept liabilities from contracted-out employment (as defined in Section 8 of the Pension Schemes Act 1993), all of the cash equivalent is transferred except the part relating to the liabilities for the Member's contracted-out employment.
- 9.3.3 Transfer rights may be exercised at any time up to the later of:
- (a) one year before Normal Retirement Date;
  - (b) six months after leaving Pensionable Service; or
  - (c) such date as the Trustees may decide prior to Normal Retirement Date or whilst a Member remains in Service after Normal Retirement Date

## SCHEDULE 2 RULES – RULE 9: TRANSFERS AND BUY-OUTS

but may not be exercised after the Member has received any benefit under the Scheme, including a refund of contributions, or after the Member reaches the age of 75.

- 9.3.4 A transfer application may be withdrawn at any time before the Trustees make or become bound to make a transfer payment or purchase or become bound to purchase an annuity.
- 9.3.5 Following the application of the cash equivalent in accordance with Rule 9.1 (Transfers out) or Rule 9.2 (Buy-outs) the Trustees and the Scheme shall be discharged from all liability to which the transfer relates.

### 9.4 Transfers in

- 9.4.1 If any Member or any former Member either was previously a member of a Registered Pension Scheme or a qualifying recognised overseas pension scheme (as defined in the Finance Act 2004) or has had his rights under any such scheme bought out with an Insurance Company, then the Trustees may receive a transfer payment from such scheme or arrangement, or an assignment of or the surrender value of the policy concerned.
- 9.4.2 On receipt of a transfer or assignment under this Rule the Trustees shall credit the Member with such additional defined benefits as the Trustees, having taken the advice of an Actuary, consider appropriate.

**10. PENSION INCREASES**

**10.1 Standard increases**

10.1.1 Any pension currently payable from the Scheme shall increase each year as follows:

- (a) such part of the pension earned from Pensionable Service up to and including 5 April 1997 shall be increased by 3% per annum;
- (b) such part of the pension which relates to Pensionable Service on or after 6 April 1997 and up to and including 30 September 2000 shall be increased by the percentage increase in the Retail Prices Index during the previous 12 months up to a maximum of 5% or, if greater, by 3% per annum; and
- (c) such part of the pension which relates to Pensionable Service on or after 1 October 2000 shall be increased by the percentage increase in the Retail Prices Index during the previous 12 months up to a maximum of 5%.

10.1.2 Rule 10.1.1 does not apply to any part of a pension derived from the Member's additional voluntary contributions.

10.1.3 The increases payable under this Rule shall take effect on each anniversary of the Member's retirement. For the purposes of this Rule, the Trustees shall use the Retail Prices Index as at the preceding September or such other month as the Principal Employer and the Trustees decide.

**10.2 Discretionary increases**

In addition to the provisions of Rule 10.1 (Standard increases), the Principal Employer and the Trustees may review pensions in payment each year, and may from time to time further increase them by such amount and at such times as the Trustees, with the consent of the Principal Employer, and having regard to the availability of funds, may decide.

**11. MAXIMUM BENEFITS AND CONTRACTING OUT**

**11.1 Requirements for Registered Pension Schemes**

These Rules incorporate the provisions of Appendix 1 (Registered Pension Scheme requirements) and the provisions of that appendix override any other provisions of this Deed.

**11.2 GMP Rules**

These Rules incorporate the Overriding Appendix of GMP Rules which is contained in Appendix 2. Appendix 2 does not apply to Pensionable Service on or after 6 April 1997.

**11.3 Contracted-out employment after 5 April 1997**

These Rules are designed to allow the Scheme to be contracted-out by virtue of Section 9(2B) of the Pension Schemes Act 1993 (Requirements for certification of schemes). For the purposes of these Rules, the contracted-out benefits in respect of any Member or Pensioner from Service after 5 April 1997 shall be determined by the Trustees as being equivalent to the benefits payable under the reference scheme in accordance with Section 12B of the Pension Schemes Act 1993. In the event of any discrepancy between these Rules and the requirements under Section 9(2B) the benefits provided by the Scheme must be at least equal to those required under Section 9(2B).

**11.4 Safeguarded Rights**

Where the Trustees have granted benefits under the Scheme:

11.4.1 in accordance with Clause 4.13, or

11.4.2 in respect of a transfer under Rule 9.4

the Member or Pensioner will be entitled to safeguarded rights (as defined in Section 68A of the Pension Schemes Act 1993) under the Scheme in so far as such benefits are derived from contracted-out rights (as defined in Section 68A(5)). The Trustees shall comply with all legislation dealing with such safeguarded rights (and may exercise any options allowed under such legislation) and this Deed shall be deemed to be modified accordingly.

## APPENDIX 1 -REGISTERED PENSION SCHEME REQUIREMENTS

### 1. Defined Terms

For the purposes of this Appendix, the following terms are as defined in the Finance Act 2004: "Benefit Crystallisation Event", "Lifetime Allowance", "Lifetime Allowance Charge", "Money Purchase Arrangement", "Pension Protection Lump Sum Benefit", "Scheme Sanction Charge" and "Unauthorised Member Payment". An index to these terms is located at Section 280 of the Finance Act 2004.

### 2. Application of this Appendix

Notwithstanding the provisions of Clause 1.4 (Effect), this Appendix applies to all beneficiaries under the Scheme including Pensioners whose benefits came into payment prior to the Effective Date and Members who left Pensionable Service prior to that date.

### 3. Unauthorised payments

- (a) In the event that a Member, Pensioner or other beneficiary is entitled under this Deed, or under any previous provision of the Scheme, to payment of a benefit all or part of which would amount to an Unauthorised Member Payment, that benefit shall, subject to the following provisions of this paragraph 3, be payable subject to deduction of any tax due, including any Scheme Sanction Charge.
- (b) Where paragraph (a) above applies, the Trustees may, at the request of the person entitled to that benefit, pay such alternative benefits (whether to that person or otherwise) as the Trustees may decide, provided that such alternative benefits are not Unauthorised Member Payments. On payment of the alternative benefits, the Trustees and the Scheme shall be discharged from all liability in relation to the original benefit.
- (c) If any benefit is payable at the discretion of the Trustees, the Trustees must not exercise that discretion in such a way as would result in payment of an Unauthorised Member Payment.
- (d) Notwithstanding any other provision of this Deed or of any previous deed applicable to the Scheme, no Unauthorised Member Payment may be made from the Scheme where such payment would result in the Scheme exceeding the de-registration threshold under Section 158 of the Finance Act 2004 (Grounds for de-registration).
- (e) The Trustees are only permitted to make payments out of the Fund which are authorised for the purposes of Section 160 of the Finance Act 2004 (Payments by Registered Pension Schemes) and nothing in this Deed shall require the Trustees to make any payment which is not so authorised.
- (f) If any payment out of the Fund would, apart from this paragraph, not qualify as an authorised payment, the payment shall be void and the Trustees shall take such steps as they deem reasonable to recover that payment.

**4. Scheme sanction charge**

If the Trustees are liable for a Scheme Sanction Charge in respect of any Member, Pensioner or other beneficiary the Trustees are entitled to deduct that Scheme Sanction Charge from the benefits otherwise due to him in such manner as the Trustees determine.

**5. Annual allowance**

The Trustees shall select one or more nomination dates in respect of the Scheme for the purposes of Section 238 of the Finance Act 2004 (Pension input period) and in respect of any part of the Scheme which is a Money Purchase Arrangement each Member and Pensioner shall be deemed to consent to the Trustees making the selection of the nomination date for the purposes of that Section.

**6. Lifetime Allowance Charge**

- (a) When any Benefit Crystallisation Event occurs the relevant Member or Pensioner must provide the Trustees with such information as they may reasonably require in relation to the extent to which (if any) his Lifetime Allowance is available. If any Member or Pensioner fails to provide that information, the Trustees are entitled to assume that none of the Member's or Pensioner's Lifetime Allowance is available.
- (b) Except where the Lifetime Allowance Charge becomes payable after the Member's or Pensioner's benefits have come into payment, the Trustees may require a Member or Pensioner to take such benefits as represent the chargeable amount for the purposes of Section 215 of the Act as a lump sum payment and the benefits otherwise payable to or in respect of the Member or Pensioner shall be reduced on account of the lump sum by such amount as the Trustees decide, having taken the advice of an Actuary.
- (c) Where a Lifetime Allowance Charge is paid by the Fund in respect of a Member or Pensioner the Trustees shall deduct that charge from the benefits otherwise payable to or in respect of the Member or Pensioner.

**7. Pension Protection Lump Sum Benefit**

Subject to the provisions of Rule 3.6 of Schedule 2 (Surrender of pension for additional spouse's, Dependant's or children's pensions), a Member or Pensioner is not permitted to specify that any lump sum benefit payable under the Scheme on his death is to be treated as a Pension Protection Lump Sum Benefit.

**8. Enhanced Protection**

- (a) The provisions of this paragraph 7 apply where any Member or Pensioner has obtained a certificate from HM Revenue & Customs to confirm that he qualifies for enhanced protection under paragraph 12 of Schedule 36 to the Finance Act 2004.
- (b) Any Member or Pensioner to whom this paragraph applies is deemed to have forfeited any right to benefits under the Scheme to the extent that those benefits exceed the limits which applied to the Scheme on 5 April 2006 as a scheme which



APPENDIX 1 -REGISTERED PENSION SCHEME REQUIREMENTS

was approved by HM Revenue & Customs under Chapter I of Part XIV of the Income and Corporation Taxes Act 1988.

- (c) In relation to any Active Member of the Final Salary Section who is entitled to enhanced protection, the Member shall be deemed to have left Pensionable Service on 5 April 2006 and become entitled to Deferred Benefits under Rule 4 provided that where the Member remains in Service after 5 April 2006 the Member shall, subject to the consent of the Employer and Trustees, be deemed to be in Pensionable Service for the purposes of Rule 5.1 (Lump sum benefits on death in Service) for so long as he remains in Service.
- (d) During any period after 5 April 2006 when a Member or Pensioner is entitled to enhanced protection any attempt to award additional benefits or pension increases to the Member or Pensioner, other than those permitted under paragraph (c) above, is void unless the Member or Pensioner provides consent in writing to that award and confirms that he should no longer be treated as being entitled to enhanced protection.
- (e) The Trustees shall not be under any liability to any Member or Pensioner for breach of the provisions of the above paragraphs in respect of any period between 6 April 2006 and the Member or Pensioner providing to the Trustees the certificate referred to in paragraph (a) above.

## APPENDIX 2 - GMP RULES

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## APPENDIX 2 - GMP RULES

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

### CONTRACTED-OUT SALARY RELATED SCHEMES

#### GMP RULES

##### 1. DEFINITIONS

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

“**the Act**” means the Pension Schemes Act 1993.

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

“**Contracted-out Employment**” means a Member’s contracted-out employment by reference to the Scheme (as in section 8(1)(a)(i) and 8(1)(b) of the Act).

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

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

“**Insurer**” means an insurance company, an EC company or a friendly society as described in section 19(4)(a) of the Act.

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

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

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

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

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

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

“**Scheme**” means this occupational pension scheme.

“**Section 53 money purchase scheme**” means a scheme which was a contracted-out scheme, providing protected rights and satisfying section 9(3) of the Act, and to which the Secretary of State may give directions under section 53 of the Act.

“**Section 53 salary related scheme**” means a scheme which was a contracted-out scheme, providing guaranteed minimum pensions and satisfying section 9(2) of the Act, and to which the Secretary of State may give directions under section 53 of the Act.

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

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

“**State Pensionable Age**” means a man’s 65th birthday and a woman’s 60th birthday.

## APPENDIX 2 - GMP RULES

“Trustees” means the trustees or administrators of the Scheme.

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

### 2. OVERRIDING EFFECT OF THESE GMP RULES

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

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

### 3. ALTERATIONS TO THESE GMP RULES

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

3.2 **Statutory conditions.** No alteration to these GMP Rules may be made unless the alteration will not affect any of the matters dealt with in Part III of the Act and sections 87 to 92 (protection of increases in guaranteed minimum pensions) and 109 and 110 of the Act (annual increases of guaranteed minimum pensions) and any regulations made under these provisions which relate to guaranteed minimum pensions and the alteration will not otherwise prevent the Scheme from satisfying the conditions of section 9(2) of the Act.

### 4. MEMBERSHIP OF THE SCHEME

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

### 5. ENTITLEMENT TO GMP

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

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

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

## APPENDIX 2 - GMP RULES

- (2) if the Member consents to the postponement.
- 5.3 **Widow's GMP.** Where the Member is a man and dies at any time leaving a Widow, she shall be entitled, subject to 5.4 below, to receive a pension from the Scheme paid at a rate equivalent to a weekly rate of not less than half that guaranteed minimum.
- 5.4 **Payment of Widow's GMP.** The pension shall be paid for life to any Widow.
- 5.5 **Widower's GMP.** Where the Member is a woman and dies at any time on or after 6 April 1989 leaving a Widower, he shall be entitled, subject to 5.6 below, to receive a pension from the Scheme paid at a rate equivalent to a weekly rate of not less than half of that part of the guaranteed minimum which is attributable to earnings for the tax year 1988/1989 and subsequent tax years up to and including the tax year 1996/1997..
- 5.6 **Payment of Widower's GMP.** The pension shall be paid for life to any Widower.
- 5.7 **Offsetting pension against GMP.** Any pension payable to the Member, Widow or Widower under any other provision of the Scheme may be offset against the pension entitlement under this Rule 5 except to the extent that:-
- (1) any part of the pension is an equivalent pension benefit within the meaning of the National Insurance Act 1965; or
  - (2) any part of the other pension is an increase, calculated in accordance with Schedule 3 of the Act and added to the amount that would be payable but for Chapter II of Part IV of the Act or regulations made under it; or
  - (3) offsetting would contravene the anti-franking legislation (see Rule 8 below).

## 6. REVALUATION OF GMP

- 6.1 **Revaluation before State Pensionable Age.** Where a Member ceases to be in Contracted-out Employment before State Pensionable Age, the Member's GMP at State Pensionable Age or at the Member's earlier death will be calculated by increasing the accrued rights to GMP at cessation of Contracted-out Employment under one of the options (A), (B) or (C) below.
- (A) **Section 148 Revaluation**  
The increase will be by the percentage by which earnings factors for the tax year in which Contracted-out Employment ceases are increased by the last order under section 148 of the Social Security Administration Act 1992 to come into force before the tax year in which the Member reaches State Pensionable Age (or dies, if earlier).
- (B) **Limited Revaluation**  
The increase will be by the lesser of:-
- (1) 5 per cent (5%) compound for each tax year after that in which Contracted-out Employment ceases up to and including the last complete tax year before the Member reaches State Pensionable Age (or dies, if earlier); and
  - (2) the percentage by which earnings factors for the tax year in which Contracted-out Employment ceases are increased by the last order under section 148 of the Social Security Administration Act 1992 to come into force before the tax year in which the Member reaches State Pensionable Age (or dies, if earlier).
- The Trustees must pay a limited revaluation premium in respect of the Member to the Secretary of State for Social Security.
- This option is not available where a Member ceases to be in Contracted-out Employment on or after 6 April 1997.
- (C) **Fixed Rate Revaluation**  
The increase will be by such rate as regulations made under section 16(3) of the Act specify as being relevant at the date Contracted-out Employment ceases, for each complete tax year after the tax year containing that date up to and including the last complete tax year before the Member reaches State Pensionable Age (or dies, if earlier).

## APPENDIX 2 - GMP RULES

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

- 6.2 **Transfers in.** Where a transfer payment is received in respect of a Member from another scheme ("the transferring scheme") which includes accrued rights of the Member to a GMP (or includes protected rights in respect of which the receiving scheme will provide a GMP) the earnings factors used in calculating that GMP will normally be revalued using Section 148 Revaluation during the Member's Contracted-out Employment, and 6.1 above will apply if that Contracted-out Employment ceases before State Pensionable Age. The Trustees may, however, decide, if the provisions of the transferring scheme so allow, to use Fixed Rate Revaluation from the date on which the Member ceased to be in contracted-out employment by reference to the transferring scheme until the Member attains State Pensionable Age (or dies, if earlier) but the Trustees may not make that decision if, on becoming a Member, the Member's contracted-out employment in relation to a previous scheme is treated as continuing for the purposes of the Act.

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

- 6.3 **Transfers out.** Where a Member's accrued rights to GMP are transferred to another contracted-out salary related scheme, the Trustees may agree with the administrator of that scheme that the Member's GMP shall, instead of being revalued using the method currently being adopted under 6.1 above, be revalued using another method which would be permitted if that scheme contained a rule in the same terms as 6.2 above.

## 7. INCREASE OF GMP

- 7.1 **Increase after State Pensionable Age.** If the commencement of any Member's GMP is postponed for any period after State Pensionable Age, that GMP shall be increased to the extent, if any, specified in section 15 of the Act.
- 7.2 **Increase after State Pensionable Age or Member's death.** Any GMP to which a Member, Widow or Widower is entitled under Rule 5 above shall, insofar as it is attributable to earnings in the tax years from and including 1988/1989 and subsequent tax years up to and including the tax year 1996/1997, be increased in accordance with the requirements of section 109 of the Act.

## 8. ANTI-FRANKING

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

## 9. TRANSFERS INTO THE SCHEME

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

## APPENDIX 2 - GMP RULES

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

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

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

### 10. TRANSFERS OUT OF THE SCHEME

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

(1) **All schemes and arrangements**

The Member must consent to the transfer unless:-

- (a) it is a connected employer transfer payment which is applied to provide rights for the person concerned which, had they accrued in the receiving scheme, would be provided in accordance with the rules of the receiving scheme relating to Members who are or have been in Contracted-out Employment in relation to the receiving scheme. The transfer must be made in accordance with the appropriate regulations (SI 1991/167) which involve an actuarial certificate;
- (b) it is to allow benefits to be bought out where the Member has less than 5 years Qualifying Service, or to allow the Trustees to buy out the benefits of the Widow or Widower of such a Member.

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

The receiving scheme, policy or contract must be an appropriate personal pension scheme, a contracted-out occupational pension scheme, an overseas occupational pension scheme if the conditions set out in regulation 6 of The Contracting-out (Transfer and Transfer Payment) Regulations 1996 (SI 1996/1462) are satisfied, or an insurance policy or annuity contract of the type described in section 19 of the Act.

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

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

(3) **All occupational pension schemes (except overseas schemes covered by (5))**

The Member must have entered employment with an employer which is a contributor to the receiving scheme.

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

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

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

The Member must have entered employment outside the United Kingdom to which the receiving scheme applies and the conditions set out in regulation 6 of The Contracting-out (Transfer and Transfer Payment) Regulations 1996 (SI 1996/1462) are satisfied.

## APPENDIX 2 - GMP RULES

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

## 11. COMMUTATION OF GMP

### 11.1 Circumstances in which GMP may be commuted.

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

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

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

## 12. SECURING GMPS

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

## 13. SCHEME CEASES TO BE A CONTRACTED-OUT SALARY RELATED SCHEME

If the Scheme ceases to be a contracted-out salary related scheme, the Trustees must seek the approval of the Secretary of State to any proposed arrangement for securing GMPs.



## APPENDIX 2 - GMP RULES

### 14. SUSPENSION AND FORFEITURE OF GMP

Suspension and forfeiture of a GMP is permitted in the circumstances set out in regulation 61 of The Occupational Pension Schemes (Contracting-out) Regulations 1996 (SI 1996/1172).

### 15. CONTRIBUTIONS EQUIVALENT PREMIUMS

15.1 A contributions equivalent premium shall be paid, subject to 15.2 below, in respect of a Member who ceases to be in Contracted-out Employment before whichever is the earlier of the Member's Normal Retiring Date and the end of the tax year preceding that in which the Member will reach State Pensionable Age with less than 2 years' Qualifying Service and less than 2 years' Contracted-out Employment. A contributions equivalent premium shall not be paid where the Member's accrued rights include rights transferred from a personal pension.

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

15.2 The premium shall not be payable if:-

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

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

the Member has become entitled to an immediate or deferred pension under the Scheme on ceasing to be in Contracted-out Employment.

This document was executed as a deed by the parties on the date set out above.

SIGNED as a deed for and )  
on behalf of THE NATIONAL UNION )  
STUDENTS OF THE UNITED )  
KINGDOM by:- )

National President

GEMMA  
TUMULTY

National Treasurer

DAVE  
LEWIS

SIGNED AND DELIVERED as a deed by )  
MICHAEL GEOFFREY BARNES )  
in the presence of:- )

Signature of witness

Name of witness

Kathy Kimbark

Occupation of witness

Administrator

Address of witness

15 Morelle Drive

Churchdown

Glos GL3 2RX

SIGNED AND DELIVERED as a deed by )  
MARC STEVEN RAMSBOTTOM )  
in the presence of:- )

Signature of witness

Name of witness

Karen CONQUEST

Occupation of witness

Secretary

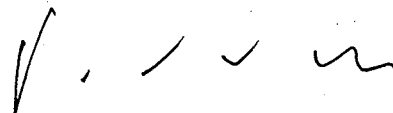
Address of witness

6 Ursuline Way

CREWE

CW2 6LB

SIGNED AND DELIVERED as a deed by )  
PETER DAVID FISHER-GODWIN )  
in the presence of:- )



Signature of witness

D. Jackson

Name of witness

DORLEEN JACKSON

Occupation of witness

PA TO GENERAL MANAGER.

Address of witness

42 SELKIRK DRIVE  
WALTON-LE-DALE  
PRESTON, PLS 4TL.

SIGNED AND DELIVERED as a deed by )  
ALASTAIR MCGREGOR )  
in the presence of:- )



Signature of witness

K Fairbank

Name of witness

Kathy Fairbank

Occupation of witness

Administrator

Address of witness

15 Moselle Drive

Churchdown, Glos GL32 8PX

SIGNED AND DELIVERED as a deed by )  
MARTYN ROBERT WILLIAMS )  
in the presence of:- )

M. R. Williams

Signature of witness

K Fairbank

Name of witness

Kathy Fairbank

Occupation of witness

Administrator

Address of witness

15 Moselle Drive

Churchdown

Glos GL3 2PX

SIGNED AND DELIVERED as a deed by )  
MICHELLE HINSELWOOD )  
in the presence of:- )

*M. Hinsewood*

Signature of witness

*Kathy Birbank*

Name of witness

*K Birbank*

Occupation of witness

*Administrator*

Address of witness

*15 Moselle Drive,  
Churchdown Glos*

SIGNED AND DELIVERED as a deed by )  
RICHARD HUGH ORME BOYES )  
in the presence of:- )

*R. Orme Boyes*

Signature of witness

*K Birbank*

Name of witness

*Kathy Birbank*

Occupation of witness

*Administrator*

Address of witness

*15 Moselle Drive  
Churchdown Glos.*

SIGNED as a deed for and )  
on behalf of ENDSLEIGH TRUSTEE )  
SERVICES LIMITED )

Director

*[Signature]*

~~Director/Secretary~~

*[Signature]*