

THE SEA CONTAINERS 1983 PENSION SCHEME
REPLACEMENT DEFINITIVE DEED AND RULES

Effective from 1 July 2004

REPLACEMENT DEFINITIVE DEED

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REPLACEMENT DEFINITIVE DEED

THIS REPLACEMENT DEFINITIVE DEED is made on 16th December 2005 BETWEEN

(1) SEA CONTAINERS SERVICES LIMITED (registered number 1304720) whose registered office is at 20 Upper Ground London SE1 9PF ("the Principal Employer") and

(2) REDACTED ("the Trustees")

INTRODUCTION:

The Trustees are the present trustees of The Sea Containers 1983 Pension Scheme ("the Scheme") which the Definitive Deed ("the Definitive Deed") dated 20 September 1988 confirmed as having come into operation on 1 September 1983.

EFFECT OF THIS DEED:

1. Using their power under Clause 20 of the Definitive Deed, the Trustees with the consent of the Principal Employer ALTER the Definitive Deed and the rules ("the Old Rules") annexed to the Definitive Deed (as amended by subsequent supplemental deeds) as follows with effect from 1 July 2004
 - (a) by replacing Clauses 1 to 25 inclusive of the Definitive Deed with the clauses ("the New Clauses") numbered 1 to 6 inclusive in Part 1 of the schedule to this deed,
 - (b) by replacing the Old Rules and the appendices to them annexed to the Definitive Deed with the rules and appendix to them ("the New Rules") in Part 2 of the schedule to this deed.
2. The New Clauses and the New Rules will take effect to the extent that section 67 of the Pensions Act 1995 or the Scheme's own amendment power would not invalidate them. If section 67 of the Pensions Act 1995 or the Scheme's amendment power invalidates any particular provision, the New Clauses and the New Rules will have effect in all other respects. However, if any provision is invalidated by section 67 of the Pensions Act 1995 or the Scheme's amendment power but would not be invalidated if it had a different effective date, it will have effect from a later date as decided by the Trustees.

3. Subject to Clause 5, the New Clause and the New Rules apply to every person who
- (a) on 1 July 2004 was a Member under the New Rules and who had not become entitled to a deferred pension or reached Normal Retiring Date (as defined in the New Rules) on or before the previous day, or
 - (b) on or after 1 July 2004 became or becomes a Member under the New Rules, or
 - (c) is entitled or may become entitled to benefit under the Scheme through a person to whom (a) or (b) applies, or
 - (d) is not a person to whom (a), (b) or (c) applies and who first becomes entitled (prospectively or immediately) to benefit under the Scheme on or after 1 July 2004.

Any person to whom (a), (b) or (c) applies who is entitled (prospectively or immediately) to benefit under the Old Rules

- (1) on special terms or
- (2) following a transfer payment to the Scheme or
- (3) in other circumstances appearing to the Trustees to be appropriate

will continue to be entitled (prospectively or immediately) to benefit under the corresponding provisions of the New Rules unless and to the extent that the Trustees and the Principal Employer decide otherwise.

4. Subject to Clause 5, the Scheme is not altered for any person who is entitled (prospectively or immediately) to a benefit under the Scheme and to whom the provisions of Clause 3 do not apply except that
- (a) the Trustees can use the powers under
 - (1) Sub-rules 18(E) and 18(F) (cash instead of pension),
 - (2) Rule 25 (discretionary benefits),
 - (3) Sub-rule 30(C) (payment of GMPs and Section 9(2B) Rights) except in relation to any suspension of GMP already in force on 6 April 2002.

(4) Rule 36 and Rule 38 (transfers to and from the Scheme), and

(5) Sub-rule 39(A) (buy-out option for Members)

for any such person,

(b) if a Participating Employer (as defined in the New Rules) stops contributing to the Scheme, Rule 62 in the New Rules will apply to it and

(c) on

(1) the expiry of the Perpetuity Period (as defined in the New Rules), or

(2) the Principal Employer (as defined in the New Rules) ending its contributions to the Scheme and not being replaced within 90 days under Rule 59 of the New Rules,

the benefits for all beneficiaries under the Scheme will be calculated and provided as set out in Part VII of the New Rules.

5. Clauses 3 and 4 are subject to the exception that New Clauses and New Rules (as amended from time to time) which arise from overriding legislation or which relate to the need to comply with an order made under section 23 of the Matrimonial Causes Act 1973 by virtue of one or both of sections 25B and 25C of the same Act or a Pension Sharing Order (both as defined in the New Rules) will apply to all persons who are entitled (prospectively or immediately) to a benefit under the Scheme to the extent that the Trustees consider it appropriate in order to comply with such legislation or order.
6. Each Trustee confirms that he or she is not disqualified or prohibited from being, or ineligible to be, a trustee of the Scheme under the Pensions Act 1995.

The parties to THIS DEED execute it on the date that first appears on page 1.

EXECUTED AND DELIVERED as a Deed by
SEA CONTAINERS SERVICES LIMITED

REDACTED

Director

REDACTED

Director
Secretary

SIGNED AND DELIVERED as a Deed
by REDACTED
in the presence of:

REDACTED

REDACTED

SIGNED AND DELIVERED as a Deed
by REDACTED
in the presence of:

REDACTED

REDACTED

SIGNED AND DELIVERED as a Deed
by REDACTED
in the presence of:

REDACTED

REDACTED

SIGNED AND DELIVERED as a Deed
by REDACTED
in the presence of:

REDACTED

REDACTED

THE SCHEDULE - PART 1

NEW CLAUSES

1. (a) The Trustees will run the Scheme in accordance with this deed and the rules for the time being in force ("the Rules").

(b) This deed is to be read as if the Rules were part of it.
2. The Principal Employer agrees with the Trustees to comply with the provisions of this deed and the Rules.
3. The Trustees will hold the Fund UNDER IRREVOCABLE TRUST to apply its income and so far as necessary the capital to provide benefits in accordance with the Scheme but subject to:
 - (a) the payment of all expenses properly incurred in connection with the Scheme and not recovered under the Rules, and
 - (b) any provision in the Rules for the payment of part of the Fund to a Participating Employer.
4. The Trustees may with the consent of the Principal Employer at any time and from time to time alter, amend, extend, modify or add to all or any of the trusts powers or provisions of this deed or the Rules and any such alteration, amendment, modification or addition, current or future may have retrospective effect. Any alterations or modification shall be made by deed executed by the Trustees and the Principal Employer.

Provided always as follows:

- (a) no such alteration, amendment, extension, modification or addition shall be made which shall operate to reduce the benefit (whether immediate or prospective) accrued to or in respect of any Member under the Scheme at the date of such amendment or extension without the consent in writing of such Member,
- (b) if information in writing about an alteration is published in a form agreed by the Principal Employer

and the Trustees to persons affected by it this Deed and the Rules will pending the execution of the Deed be deemed to be altered in the manner and to the extent the Trustees consider necessary to give effect to the provisions published provided that approval of the Scheme by the Inland Revenue under the Act is not prejudiced. The decision of the Trustees as to the interpretation of any information so published and all matters arising in connection with the provision of any benefits referred to in it will be final and conclusive.

This paragraph applies so long as section 67 of the Pensions Act is in force. The power to alter this deed and the Rules will not be exercised in a way that conflicts with the restriction set out in that section on alterations affecting any entitlement or accrued right.

5. The Trustees will dissolve and wind up the Fund and the trusts established by the interim trust deed dated 30 August 1983 will end in the events set out in the Rules. The Trustees will then apply the Fund as provided by the Rules.
6. This deed and the Rules will be governed by and interpreted according to the laws of England.

THE SCHEDULE - PART 2

NEW RULES

PART 1 - INTERPRETATION AND MEANINGS

TRUST INSTRUMENT AND RULES - interpretation

1. (A) The headings and marginal notes are only for convenience. They do not affect the meaning of the Rules. Any reference to any legislation in the United Kingdom includes any regulations or orders made under it, any earlier corresponding legislation, any statutory modification or re-enactment for the time being in force and any corresponding legislation in any part of the United Kingdom. Unless the context requires otherwise, any reference to men also refers to women and any reference to the singular includes the plural and, in both cases, the other way round. Any reference to a person in one capacity in which he has an interest in the Scheme applies to that person in that capacity only.

- (B) Any terms used in the Rules as a measure of annual earnings in calculating the benefits and Member's Ordinary Contributions of a Class A Member are to be interpreted as limiting those earnings to the Earnings Cap.

MEANINGS

Accrued Guaranteed Minimum

2. The terms in the left margin of this Rule have the meanings next to them.
 - (a) For a Member, that part of his Scheme Guaranteed Minimum (excluding any prospective increases in it) which had accrued at the date his Contracted-out Employment ended,
 - (b) for a Member's widow, half the amount applicable to the Member under (a),
 - (c) for a Member's widower, half the amount applicable to the Member under (a) that is attributable to earnings for the Tax Years before 6 April 1997.

Actuary

The actuary for the time being appointed to the Scheme under Sub-rule 56(A) (appointment and removal of professional advisers).

Anti-franking Minimum

An amount calculated by the Trustees as satisfying the requirements of Chapter III of Part IV of the Pension Schemes Act relating to protection of increases in Guaranteed Minimum Pensions.

Approval

Approval as an exempt approved scheme by the Inland Revenue under Chapter 1 of Part XIV of the Taxes Act.

Associated Scheme

Is defined in Sub-rule 65(A) (Inland Revenue Limits).

Benefits Act

The Social Security Contributions and Benefits Act 1992.

Buy-out Policy

A policy of insurance or annuity contract that satisfies the following conditions:

- (a) It is written in the name of the Member or in the name of trustees for the benefit of the Member.
- (b) It provides one or more of an annuity, a lump sum payable at a time when a lump sum was prospectively payable to the Member under the Scheme and a lump sum payable on death.
- (c) No benefit under it will exceed the maximum that could have been payable under the Scheme for the Service of the Member at the time the Buy-out Policy is purchased. That maximum will be calculated by reference to the Inland Revenue limitations referred to in Sub-rule 43(A).
- (d) It satisfies the requirements of the Inland Revenue.
- (e) Any lump sum benefit payable on the Member's death is payable to his personal representatives or as otherwise arranged with the relevant insurance company.
- (f) It can be assigned or surrendered only
 - (1) with the written consent of the Member, and
 - (2) if the benefits previously secured by it become secured or are replaced by benefits under one or more of (i) another policy or contract of a like nature to a Buy-out Policy and (ii), subject to the conditions specified or referred to in regulation 3 of the Occupational Pension Schemes (Discharge of Liability) Regulations 1997, an occupational pension scheme, a personal pension scheme or a self-employed pension arrangement

- (g) Any annuity can be exchanged wholly or partly for cash only on the conditions contained in regulation 4 of the Occupational Pension Schemes (Discharge of Liability) Regulations 1997.
- (h) The relevant insurance company has assumed an obligation to the Member (or to the trustees of a trust for his benefit) to pay the benefits to him or, where appropriate, to his dependants or to the trustees of such a trust.
- (i) It is issued by an insurance company as defined in section 659B of the Taxes Act.
- (j) If it is intended to provide Guaranteed Minimum Pension, it includes, or is endorsed with, terms to the effect that the annuity for the Member or his widow or widower will not be less than the Guaranteed Minimum and that any increase in the Guaranteed Minimum Pension under section 109 of the Pension Schemes Act will result in a similar increase in the annuity.
- (k) It contains or is endorsed with terms to provide for any increase payable under Regulation 5(b) of the Occupational Pension Schemes (Discharge of Liability) Regulations 1997.

In this definition the term "Member" includes any person for whom the Trustees have received a transfer payment.

Child

For a Member,

- (a) any child or legally adopted child of the Member, and
- (b) if the Trustees so decide, any other child who the Trustees consider was wholly or partially financially dependent on the Member when that person died.

However:

- (1) a person will qualify as a Child only
 - (a) until the age of 18 years, or
 - (b) during any period after attaining age 18 but before attaining age 26 if he is in receipt of full-time

education or vocational training including any gap year (but not education or training given in the course of employment), or

- (c) if the Trustees so decide, during any period after attaining age 18 in which, in their opinion, (having consulted not less than two persons who they consider to be appropriately qualified to provide medical evidence to them) he is mentally or physically disabled,
- (2) for the purpose of (1)(b), the Trustees can treat a break of not more than one academic year between school and taking up a confirmed place in further full-time education or vocational training as such education or training,
- (3) the expression "Child" does not, unless the Trustees so decide, include any child conceived after the deceased Member's death or born after the relevant Participating Employer's contributions stop under Rule 62, and
- (4) the Trustees can decide that any Child (not being a person's only Child) who the Trustees consider was not dependent on the Member at the time of his death will be disregarded.

Class A Member, Class B Member and Class C Member

Are defined in Sub-rule 65(A) (Guide to Inland Revenue limitations – expressions used).

Commencement Date

1 September 1983.

Contracted-out Employment

Employment that is treated as contracted-out employment by reference to the Scheme for the purposes of the Pension Schemes Act. It includes any period of employment that is so treated for the purposes of section 14(1) of that Act by reason of the transfer to the Scheme of accrued rights from another scheme.

Deferred Pension

Is defined in Sub-rule 17(A) (Benefits on leaving the Scheme – deferred pension).

Dependant

For a person, any of the following:

- (a) his spouse,

- (b) his former spouse whom the Trustees consider he supports financially,
- (c) his domestic partner with whom the Trustees consider he is financially interdependent or whom the Trustees consider is dependent on him,
- (d) his former domestic partner whom the Trustees consider he supports financially,
- (e) his Child, and
- (f) anyone who the Trustees consider is dependent on the person, either financially or because of disability.

If the Trustees need to identify a person's Dependants because the person has died, the Trustees will do so according to the situation immediately before the person's death.

**Disclosure
Requirements**

The requirements for disclosure of information about the Scheme and the form of that information in section 113 of the Pension Schemes Act and section 41 of the Pensions Act.

**Early Retirement
Pension**

Is defined in Rule 15.

Earnings Cap

The permitted maximum defined in section 590C of the Taxes Act. Provided that during any period after that permitted maximum has ceased to apply under section 590C, the Earnings Cap will mean the last such permitted maximum that was in force increased each year at the time and on the basis which would have applied under statute had the permitted maximum and the last effective provisions for its increase remained in force, or at such other time and on such other basis as the Principal Employer shall decide from time to time.

Employment Rights Act

The Employment Rights Act 1996.

**Equivalent Pension
Benefits**

For a Member for whom the Trustees have accepted a transfer of assets that includes the value of equivalent pension benefits for the purposes of the National Insurance Act 1965 for any period, a pension of the minimum amount necessary to qualify as those equivalent pension benefits.

Ex-spouse

A person to whom Pension Credit Rights have been or are to be allocated following a Pension Sharing Order.

Ex-spouse Participant

An Ex-spouse who participates in the Scheme in accordance with Sub-rule 67(A) (Pension Sharing on Divorce - Ex-spouse's participation) or for whose benefit the Trustees accept a transfer under Sub-rule 36(B) (Transfers from another scheme - acceptance).

Final Contribution Date

For a Member, the earlier of the date he leaves the Scheme and the 31 December preceding the Normal Retiring Date.

Final Pensionable Salary

The greater of:

- (a) the greatest annual average of a Member's Pensionable Salary for three consecutive Scheme Years in the 10 consecutive years ending on the 31 December immediately preceding the earlier of the date he leaves the Scheme and Normal Retiring Date, and
- (b) the Member's Pensionable Salary on the 31 December immediately preceding the earlier of the date he leaves the Scheme and Normal Retiring Date.

If a Member's Pensionable Service is less than any period referred to above, that shorter period will be substituted.

Any remuneration from a Participating Employer payable to an employee for part-time employment during any period referred to above will be multiplied by the number of the normal working hours that a full-time employee doing similar work would have completed in that period (as decided by the Principal Employer) and divided by the number of the normal working hours actually completed by the Member in that period.

Fund

The money and other assets subject to the trust established by the Trust Instrument.

GMP Age

The 65th birthday for a man and the 60th birthday for a woman.

GMP Deduction

The yearly rate of:

- (a) for any Member who has attained GMP Age (other than one to whom (c) applies), his Scheme

Guaranteed Minimum at the date his pension from the Scheme begins or GMP Age if that is later, and

- (b) for the widow or widower of a Member, the Scheme Guaranteed Minimum at the date of the Member's death.

GMP Increase

- (a) for a Member whose Contracted-out Employment ends before payment of his Guaranteed Minimum Pension starts, the amount by which his Scheme Guaranteed Minimum is more than his Accrued Guaranteed Minimum, and
- (b) for the widow or widower of a Member to whom (a) applies, the amount by which the widow's or widower's Scheme Guaranteed Minimum is more than the Accrued Guaranteed Minimum.

Guaranteed Minimum

The guaranteed minimum (including any increases and prospective increases to it) under Rule 66 (Contracting-out of the State earnings related pension scheme before 6 April 1997). For the purposes of calculating the amount of the Guaranteed Minimum at any date:

- (a) any prospective increases under paragraph (2) of Sub-rule 66(C) (which relates to increases after GMP Age under section 109 of the Pension Schemes Act) are ignored,
- (b) any part of that guaranteed minimum that relates to a period after 5 April 1988 will be ignored for a Member who voluntarily left the Scheme under Rule 5 and exercised his Statutory Transfer Option inclusive of rights to that part of the guaranteed minimum,
- (c) in deciding whether a yearly pension under the Scheme is less than the Guaranteed Minimum the amount of the Guaranteed Minimum is the annual equivalent (as determined by the Trustees) of its weekly rate.

Guaranteed Minimum Pension

For a Member or his widow or widower, his or her pension under the Scheme to the extent that its weekly rate is equal to the weekly rate of the Guaranteed Minimum. To that extent, it includes prospective entitlement under the Scheme to the pensions to be provided for him and his widow or widower.

Incapacity

Physical or mental impairment that the Principal Employer considers having consulted not less than two persons who it considers to be appropriately qualified to provide medical evidence to it is serious enough to destroy or seriously to impair the Member's earning ability on a permanent basis.

Index of Retail Prices

The index of retail prices published by the Office for National Statistics or any other index approved for the purposes of the Scheme by the Inland Revenue.

Insurance Company

Is defined in subsection 659B of the Taxes Act.

Late Retirement Pension

Is defined in Rule 16.

Life Assurance Member

A person who has been admitted to the Scheme under Sub-rule 3(B) (Joining the Scheme – life assurance membership) and who has not ceased to be a Life Assurance Member under Sub-rule 5(B) (Leaving the Scheme – life assurance membership).

Linked Qualifying Service

A period of service that, under the provisions of the Transfer Rules, is taken into account as linked qualifying service under the Rules.

Lower Earnings Limit

For a Member, his lower earnings limit for the purposes of the Benefits Act.

Member

- (a) a person who was a member on 30 June 2004 under the Old Rules, or
 - (b) any Eligible Employee who has become a Member under Rule 3 (Joining the Scheme),
- but subject always to Rule 5 (Leaving the Scheme).

Member's Contributions

For a Member, the total of:

- (a) his Ordinary Contributions without interest, and
- (b) any Transferred Employee Contributions without interest that the Trustees are not treating as Voluntary Contributions, and
- (c) his Voluntary Contributions Fund (if any).

However:

- (1) any contributions refunded to the Member in his lifetime, and
- (2) any contributions that relate to benefits extinguished by a transfer from the Scheme, and
- (3) any contributions paid or applied on the basis that they are not returnable

will be excluded from the total.

National Insurance Act

The National Insurance Act, 1965.

Nominated Dependant

In relation to a Member, a person (other than the Qualifying Spouse or a Child of the Member) who at the date of the Member's death is, in the opinion of the Trustees, dependent upon or financially interdependent with the Member for all or any of the ordinary necessities of life and has been so dependent/interdependent for at least 2 years. If the Member wishes such person to be paid a Nominated Dependant's Pension in the event of his death, he must provide written details to the Trustees (in such form as the Trustees will from time to time prescribe).

Such a nomination will remain valid until either

- (1) the Trustees notify the Member in writing that it is unacceptable, or
- (2) the Member notifies the Trustees in writing that he wishes to cancel the nomination, or
- (3) the Trustees receive a subsequent valid nomination from the Member, or
- (4) the Member subsequently marries or remarries.

Nominated Dependant's Pension

Is defined in Sub-rule 21(B).

Normal Retiring Date

The day before a Member's or Life Assurance Member's 65th birthday.

Normal Retirement Pension

Is defined in Rule 14.

Old Rules

The rules of the Scheme that were in force on 30 June 2004.

Ordinary Contributions

A Member's contributions to the Scheme under Rule 7 and any contributions paid by the Member to the Scheme as a condition of membership before these rules were in force and not refunded to him.

Participant

A Member or Ex-spouse Participant.

Participating Employer

The Principal Employer or any Qualifying Employer that is participating in the Scheme under Rule 60 (Participation of Qualifying Employers) or any corresponding earlier provision of the Scheme. It means for a Member the Participating Employer in whose Service he either is or was at the relevant time.

Part-time Adjustment Factor

(a) the number of the normal working hours actually completed by a Member during the whole period of part-time employment

divided by

(b) the number of the normal working hours a full-time employee doing similar work would have completed in that period (as decided by the Principal Employer).

If the standard working month for a full-time employee has varied during the Member's part-time employment, the Trustees will calculate the Part-time Adjustment Factor separately for the relevant periods.

Pension Credit

A credit under section 29(1)(b) of the Welfare Act.

Pension Credit Benefit

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

Pension Credit Rights

Rights to future benefits under the Scheme that are directly or indirectly attributable to a Pension Credit.

Pension Debit

A debit under section 29(1)(a) of the Welfare Act.

Pension Schemes Act

The Pension Schemes Act 1993.

Pension Sharing Order

An order or provision under sub section 28(1) of the Welfare Act.

Pensionable Salary

For a Member and any Scheme Year, his Scheme Salary for that Scheme Year less one and a half times the annual rate of the Lower Earnings Limit on the first day of that Scheme Year or the later date on which his Service begins.

Pensionable Service

For a Member, the number of complete years and months (counted as a fraction of a year) of his Service as a Member up to and including the date he leaves the Scheme but before Normal Retiring Date. Service which counted as pensionable service under the Sea Containers Services Pension Scheme up to its discontinuance on 31 August 1983 will also count as Pensionable Service but service as a Life Assurance Member will not.

If any part of a Member's Pensionable Service has been part-time, the Trustees will adjust that part by multiplying it by his Part-time Adjustment Factor for that part. The adjustment will not apply when calculating the Revaluation Increase or deciding whether the Member is a Qualifying Member.

Pensions Act

The Pensions Act 1995.

Perpetuity Period

Whichever is the longer of:

- (a) the period expiring 21 years after the death of a survivor of the issue meaning the lineal descendants living on 30 August 1983 of his late Majesty King George the Fifth, and
- (b) the period expiring on the date on which the Scheme ceases to qualify for exemption from the operation of the rule of law relating to perpetuities under section 163 of the Pension Schemes Act even if the Scheme could be treated as continuing so to qualify.

Pre-94 Pension

For a Member who joined the Scheme before 1 August 1994, the Pre-94 Pension will be the total of:

- (a) an amount calculated using the formula:

$$\frac{A \times B}{C}$$

For this purpose:

- A is the fraction of the Member's Final Pensionable Salary appropriate to the Pensionable Service he would have completed if he had not left the Scheme until what was his normal retirement date under the Scheme on 31 July 1994 according to the table below

<u>Pensionable Service</u> complete years	<u>Pension as fraction of</u> <u>Final Pensionable Salary</u> 60ths
1-8	1 for each year
9	10
10	12
11	14
12	16
13	18
14	21
15	24
16	27
17	30
18	33
19	36
20 or more	40

The fraction calculated from the table above will be increased proportionately in respect of each complete month (counting as 1/12th of a year) of Pensionable Service but not so as to increase the fraction to more than 40/60ths

- B is Pensionable Service up to 31 July 1994

C is Pensionable Service he would have completed if he had not left the Scheme until what was his normal retirement date under the scheme on 31 July 1994.

and

- (b) granted at Normal Retiring Date the number of additional 50ths (if any) of Final Pensionable Salary required to ensure that the Member's total pension under the Scheme (disregarding any attributable to Voluntary Contributions) at Normal Retiring Date is not less than it would have been at normal retirement date under the rules of the Scheme in force on 31 July 1994. If the Member leaves the Scheme before Normal Retiring Date or elects to pay Ordinary Contributions to the Scheme at the rate of 5% of Pensionable Salary with effect from 1 May 2002 an additional amount will be granted instead when his pension under the Scheme begins. This additional amount will be calculated using the formula:

$$\frac{A \times B}{C}$$

For this purpose:

- A is the number of additional 50ths of Final Pensionable Salary to which the Member would have been entitled if he had not made such a contribution election and had not left the Scheme until Normal Retiring Date
- B is Pensionable Service from 1 August 1994 to the earlier of 30 April 2002 (in the case of a Member who makes such a contribution election) and the date of leaving the Scheme
- C is Pensionable Service from 1 August 1994 to Normal Retiring Date.

Principal Employer

Sea Containers Services Limited or any other corporation, company or firm which becomes "Principal Employer" under Rule 59 (Change of Principal Employer).

Qualifying Employer

Any corporation, company or firm

- (a) that is either associated in business with or directly or indirectly controlled by the Principal Employer (as decided by the Principal Employer), or
- (b) that the Principal Employer has, with the consent of the Inland Revenue, decided is to be treated as a Qualifying Employer.

Qualifying Member

A Member

- (a) whose last or only period of Pensionable Service is at least 2 years (and any Linked Qualifying Service not otherwise included is added for this purpose to Pensionable Service), or
- (b) for whom the Trustees have accepted a transfer of assets under the Transfer Rules from a personal pension scheme within the meaning of section 1 of the Pension Schemes Act, or
- (c) who completed a previous period of Pensionable Service that, when it ended, qualified him for pension under the Scheme unless that period is to be ignored under (2).

For the purposes of this definition:

- (1) separate periods of Pensionable Service are added together and treated as one if
 - (A) between them there is a break of less than one month, or
 - (B) the break corresponds to the Member's absence from work wholly or partly because of pregnancy or confinement, she returns to work in exercise of her right to return under Part VIII of the Employment Rights Act and she re-enters Pensionable Service not more than one month after returning to work, or
 - (C) the break corresponds to the Member's absence from work in furtherance of a trade dispute as defined in section 35 of the Jobseekers Act 1995

unless the previous period of Pensionable Service is to be ignored under (2).

- (2) A previous period of Pensionable Service is ignored if all the Member's accrued rights for that period

have been

- (A) transferred to another occupational pension scheme or to a personal pension scheme, or
- (B) secured under a Buy-out Policy, or
- (C) extinguished by the payment of a lump sum or a state scheme premium under the Pension Schemes Act.

Qualifying Spouse

Means for a Member and

- (a) in relation to a marriage which took place before the date on which the Replacement Definitive Deed to which these Rules are scheduled is executed, his widow or widower (if any), and
- (b) in relation to a marriage which took place on or after the date on which the Replacement Definitive Deed to which these Rule are scheduled is executed, his widow or widower (if any) but only if the Member and his widow or widower have, in the opinion of the Trustees and upon the provision of such evidence to them as they may require, lived together at the same address for the whole of the two years immediately preceding the Member's death or, if they have been married for less than two years when the Member dies, for the whole period of the marriage.

Revaluation Increase

- (1) for a Member who leaves the Scheme at least one year before his Normal Retiring Date, and
- (2) for the Qualifying Spouse or Child of a Member to whom (1) applied and who died on or after Normal Retiring Date while receiving a pension from the Scheme,

an increase in pension for the period between the date the Member left the Scheme and his Normal Retiring Date. The increase will be calculated in accordance with section 84 of and Schedule 3 to the Pension Schemes Act.

Rules

These rules as modified by any special terms in force under Sub-rule 25(B) (Discretionary Benefits – membership on special terms), including any alteration in force at the time.

Safeguarded Rights

Those of a person's rights that are described in section 68A(2) of the Pension Schemes Act.

Schedule of Contributions

Is defined in Sub-rule 13(A).

Scheme

The scheme known as "The Sea Containers 1983 Pension Scheme".

Scheme Death Benefit

The Scheme Death Benefit under Sub-rule 19(A) (lump sum on death in Service before Normal Retiring Date).

Scheme Guaranteed Minimum

- (a) for a Member, that part of his Guaranteed Minimum which relates to his Contracted-out Employment as a Member up to 5 April 1997,
- (b) for a Member's widow, half the amount applicable to the Member under (a),
- (c) for a Member's widower, half the amount applicable to the Member under (a) that is attributable to earnings for the tax years between 6 April 1988 and 5 April 1997.

Scheme Salary

For a Member or Life Assurance Member and any Scheme Year, the annual rate of his basic salary or wages on the first day of that Scheme Year or the later date on which his Service begins excluding all fluctuating emoluments.

If the Principal Employer considers that a Member's basic salary or wages on the first day of the Scheme Year has been reduced because of ill-health it can increase his Scheme Salary. The increased Scheme Salary will not be more than it would have been but for the Member's ill-health.

Scheme Year

Any period of one year beginning on either

- (a) 1 January or
- (b) any other date selected by the Trustees

and on each anniversary of that date.

However, for the Scheme's first or final Scheme Year or when there is a change in the date on which the

period of one year begins, Scheme Year can mean any other period selected by the Trustees exceeding 6 months but not exceeding 18 months.

Benefits and contributions applicable to a Scheme Year that is more or less than 12 calendar months will be adjusted proportionately.

**Sea Containers Services
Pension Scheme**

The Sea Containers Services Pension Scheme which commenced on 1 July 1972 and was discontinued on 31 August 1983.

Section 9(2B) Rights

- (a) immediate and prospective rights to pensions (other than rights attributable to Members' voluntary contributions) for service after 5 April 1997 as a member of a pension scheme (or any part of a pension scheme) that satisfies section 9(2B) of the Pension Schemes Act, and
- (b) rights arising as a result of a transfer to the Scheme of protected rights relating to payments or contributions in respect of contracted-out employment after 5 April 1997.

Service

Continuous service with one or more Participating Employers except that

- (a) if a Participating Employer first participates in the Scheme after the Commencement Date, service with it before its participation began will count as Service only as decided by the Principal Employer, and
- (b) the Principal Employer's decision as to the date of commencement and length of a person's Service is final.

Spouse's Pension

Is defined in Sub-rule 21(A).

Stakeholder Plan

The 2001 Sea Containers Group Stakeholder Pension Plan which commenced on 1 October 2001.

State Pension Age

The 65th birthday for a man and, for a woman, the date on which she reaches pensionable age under the rules set out in Schedule 4 to the Pensions Act.

**Statutory Transfer
Option**

The right given by Chapter IV of Part IV of the Pension Schemes Act and which is described in Rule 37.

Taxes Act

The Income and Corporation Taxes Act 1988.

Tax Year

The 12 months beginning on 6 April in any year.

Transfer Rules

Rule 36 (Transfers from another scheme) and any previous provisions permitting a transfer of assets to the Scheme from another retirement benefits arrangement.

Transferred Employee Contributions

Transferred Employee Contributions as defined in Rule 36 (Transfers from another scheme). It includes any part of an amount transferred into the Scheme for a Member that the Trustees have deemed to be attributable to employees' contributions.

Trivial Pension

A pension that is not more than £260 a year or any higher amount specified in regulations made under section 91(5) of the Pensions Act and (if the pension includes a Guaranteed Minimum Pension) section 21(1) of the Pension Schemes Act.

For the purposes of deciding whether a pension payable to a person under the Scheme is or can be treated as a Trivial Pension the following conditions will apply:

- (a) There will be added to the pension from the Scheme
 - (1) all pensions payable to him under Associated Schemes, and
 - (2) the amount calculated by the Trustees to be the pension equivalent of all other benefits paid or payable to him during his lifetime under the Scheme or Associated Schemes.
- (b) If it is necessary to decide whether a pension is a Trivial Pension at a date before GMP Age, any pension that includes a guaranteed minimum for the purposes of the Pension Schemes Act will be taken as the amount that would apply at GMP Age under the rules of the relevant scheme. Any provision for pension increases under those rules that is not required by the contracting-out requirements of the Pension Schemes Act will be disregarded for this purpose.
- (c) A Member's pension will not be a Trivial Pension at a date before Normal Retiring Date

- (1) if it or any pension to which he is entitled under an Associated Scheme includes a guaranteed minimum for the purposes of section 14 of the Pension Schemes Act to which an order under section 148 of the Social Security Administration Act 1992 coming into force after that date applies,
- (2) if the Scheme is being wound up, unless all Associated Schemes under which the Member is entitled to benefit are also being wound up,
- (3) if the Member is being treated by the Scheme as having retired, unless he is similarly treated by all Associated Schemes under which he is entitled to benefit.

Trust Instrument

The following:

- (a) an interim trust deed made on 30 August 1983 between the Principal Employer and the then Participating Employers and the then trustees,
- (b) a definitive trust deed made on 20 September 1988 between the Principal Employer and the then Participating Employers, and the then trustees, and
- (c) any further deeds altering the provisions of any of the deeds mentioned in (a) and (b).

Trustees

The trustee or trustees for the time being of the Scheme.

Upper Earnings Limit

For a Member, his upper earnings limit for the purposes of the Benefits Act.

Voluntary Contributions

A Member's contributions to the Scheme under Rule 8 (Member's Voluntary Contributions) and any voluntary contributions paid by the Member to the Scheme before these Rules were in force and not refunded to him.

Voluntary Contributions Fund

Is defined in Sub-rule 8(D)(1) (investment of Member's Voluntary Contributions).

Welfare Act

The Welfare Reform and Pensions Act 1999.

YMC Member

A Member who joined the Scheme on 1 September 2002 and who consented in writing to transfer his benefits from the YMC Plan and to whom the Appendix at the end of the Rules applies.

YMC Plan

The Yorkshire Marine Containers Limited Employees Benefits Plan which was established by an interim trust deed dated 28 February 1975.

PART II - JOINING AND LEAVING THE SCHEME

JOINING THE SCHEME

- full membership

- life assurance
membership

3. (A) No employee may join the Scheme except under Sub-rule 3 (B) or Sub-rule 25 (B) and (C).

(B) An employee of a Participating Employer will join the Scheme for the purposes only of the benefit described in Sub-rule 19(A) (lump sum on death in Service before Normal Retiring Date) when he fulfils the following conditions:

- (1) he is a UK employee of a Participating Employer,
- (2) he has reached age 18,
- (3) he has not reached age 65,
- (4) he is a member of the Stakeholder Plan, and
- (5) he is not a Member.

The Principal Employer can waive any of these conditions.

TREATMENT OF BENEFITS FOR EARLIER PERIOD OF MEMBERSHIP

4. (A) If someone who became a Member when the Scheme was still open to new entrants was entitled to benefits for an earlier period of membership, this Rule will apply unless the Trustees and the Principal Employer agree in writing with the Member that other provisions will apply. In that case, those other provisions will apply as though they were part of the Rules.

(B) The benefits for each period of membership will (except as set out below) be calculated as if each period was the only period of membership.

(C) If the Member was not receiving a pension from the Scheme when he rejoined it, options under the Rules relating to benefits for an earlier period will no longer be available.

Instead, options under the Rules relating to benefits for the last period of membership will also apply to corresponding benefits for the earlier period as if all the benefits related to one continuous period.

- (D) If a Member was receiving a pension from the Scheme when he rejoined it, that pension and any related benefits payable on his death will continue to be payable as if he had not rejoined the Scheme.

LEAVING THE
SCHEME
- full membership

5. (A) A Member will leave the Scheme:

- (1) if he leaves Service, or
- (2) if he chooses to leave the Scheme. A Member can do this by giving written notice of not less than two months to the Trustees. The Member will leave the Scheme at the end of the day specified in his notice or, if he does not specify a date, he will leave two months from the end of the day on which the Trustees receive the notice, or
- (3) if he is suspended or absent from work for more than the maximum period permitted by Rule 34 (Temporary absence from work), or
- (4) if the Participating Employer stops contributing in respect of him under Rule 62 (Participating Employer stopping contributions).

The benefits payable in respect of a person who leaves the Scheme are set out in Rule 17 (benefits on leaving the Scheme) and Rule 18 (lump sum on retirement). The benefits payable on his death are set out in Sub-rule 19(B) or (D) (lump sum) as appropriate, Rule 21 (spouse's pension) and Rule 22 (child's pension). His options to have a transfer value paid to another scheme or to a policy are set out in Rules 37, 38 and 39.

When a Member leaves the Scheme, his Pensionable Service stops but he remains a Member until he dies or his benefits are secured outside the Scheme.

- life assurance
membership

(B) A Life Assurance Member will remain a Life Assurance Member up to and including whichever is the first to occur of

- (1) the last day on which he satisfies the conditions set out in Sub-rule 3(B) for becoming a Life

Assurance Member,

- (2) the day before Normal Retiring Date, and
- (3) the last day in respect of which the Participating Employer contributes for him before stopping such contributions under Rule 62 (Participating Employer stopping contributions).

EMPLOYMENT WITH
AN OVERSEAS
EMPLOYER

- general

- becoming or remaining
a Member

- end of overseas
employment

- 6. (A) This Rule applies to employees of an employer that is not resident in the United Kingdom for tax purposes (an "Overseas Employer"). It overrides any other provisions of the Scheme that are inconsistent with it.
- (B) An employee of an Overseas Employer can become or remain a Member or Life Assurance Member only with the consent of the Principal Employer and Trustees and during the period in respect of which
 - (1) he is effectively chargeable to United Kingdom tax under Case I or Case 11 of Schedule E on his earnings from the Overseas Employer (unless all his earnings from the Overseas Employer qualify for a 100% deduction under section 193 of the Taxes Act) or
 - (2) membership starts or continues in the circumstances and subject to the relevant conditions published by the Inland Revenue in IR12 (as modified from time to time) or
 - (3) the Inland Revenue has specifically approved his membership.
- (C) At the end of the relevant period in (B) (unless he is then eligible as an employee of a Participating Employer that is not an Overseas Employer),
 - (1) a Life Assurance Member will cease to be a Life Assurance Member, and
 - (2) a Member will leave the Scheme. Rule 17 (Benefits on leaving the Scheme) will apply to any Member who leaves the Scheme under this Sub-rule.

PART III – CALCULATION AND PAYMENT OF CONTRIBUTIONS

MEMBER'S ORDINARY CONTRIBUTIONS

7. In each Scheme Year each Member will pay Ordinary Contributions of 7.5% of Pensionable Salary for that Scheme Year unless he has elected in writing in a form specified and accepted by the Trustees to pay Ordinary Contributions of 5% of Pensionable Salary for that Scheme Year.

However, a different amount may be payable if either Rule 34 (temporary absence) or 35 (maternity absence) applies.

When Ordinary Contributions are payable for a period that is not a complete Scheme Year, the Trustees will adjust the amount proportionately in a manner decided by them.

MEMBER'S VOLUNTARY CONTRIBUTIONS - limits and payment conditions

8. (A) Except as stated below, a Member can pay Voluntary Contributions of any amount he chooses.
- (1) The Trustees can require a Member to give written notice (not exceeding 12 months) specifying the amount of Voluntary Contributions he intends to pay or any variation of the rate at which he is paying them.
 - (2) A Member cannot pay Voluntary Contributions in any Tax Year of less than any minimum amount that the Trustees specify. That minimum amount will not exceed the greater of
 - (a) 3 times the weekly rate of the Lower Earnings Limit for that Tax Year, and
 - (b) 0.5% of the Member's earnings from the Participating Employers for that Tax Year. For this purpose, "earnings" means earnings on which Class 1 National Insurance contributions are payable.
 - (3) A Member cannot pay Voluntary Contributions in any Tax Year of more than any maximum amount that the Trustees specify. That maximum amount will not be less than the amount that, when added to any Ordinary Contributions payable by the Member under Rule 7, is equal to the maximum yearly contribution which would have applied under Sub-rule 65(I) (Guide to Inland Revenue limitations – Pension Debit Members) if the reference to Remuneration in that Sub-rule excluded remuneration in kind.

- period of payment

- benefits from Member's
Voluntary Contributions

- Voluntary
Contributions Fund
investment

(B) A Member cannot pay Voluntary Contributions after the Final Contribution Date.

(C) After consulting the Member (if he is then living) or (if the Member has died before the decision needs to be taken as to the application of his Voluntary Contributions) after consulting such of the Member's Dependants as the Trustees think fit (which may include a decision not to consult any of the Member's Dependants) the Trustees will choose from (a), (b) and (d) of the list in Sub-rule 25(A)(2) (Discretionary Benefits – persons not otherwise entitled to benefit) the benefits to be given for his Voluntary Contributions. The chosen benefits will be on the following conditions:

- (1) They will be subject to the Inland Revenue limitations referred to in Sub-rule 43(A).
- (2) Their amount must be reasonable having regard to the amount of the Voluntary Contributions and (unless the benefit or benefits are money purchase benefits) the value of the other benefits under the Scheme.
- (3) They can include a lump sum payable to the Member when his pension starts only if
 - (a) the Member entered into an arrangement before 8 April 1987 to pay Voluntary Contributions, or
 - (b) the Trustees can convert his pension under the Scheme into a lump sum under Sub-rule 18(E) (Member seriously ill) or Sub-rule 18(F) (Trivial Pensions), or
 - (c) it would not prejudice the Scheme's Approval.

To decide whether any Transferred Employee Contributions that represent a Member's voluntary contributions can be used to provide a lump sum, the Trustees will treat them as though the Member had paid them to the Scheme as Voluntary Contributions.

(D) (1) The Trustees will invest a Member's Voluntary Contributions under Rule 50 (Investment of Fund). The Trustees will calculate the amount standing to the credit of the Member at any time in respect of his Voluntary Contributions (his "Voluntary Contributions Fund") on a basis they consider appropriate having regard to the way in which the Member's Voluntary Contributions

are invested.

expenses

- (2) When the Trustees calculate a Member's Voluntary Contributions Fund, they will take into account any expenses they incurred in investing his Voluntary Contributions or using his Voluntary Contributions Fund to provide benefits, unless the Principal Employer decides that Rule 58 (Scheme expenses) will apply to all or some of those expenses.

methods of securing
benefits

- (3) The Trustees will provide the benefits chosen under (C) in one or both of the following ways as they decide, consistent with the Scheme's Approval:
- (a) by paying them out of the Fund as and when they are due,
- (b) by using all or part of the Member's Voluntary Contributions Fund to secure them under an annuity policy or policy of assurance under Rule 50 (Investment of Fund) or under Rule 33 (Securing benefits outside the Scheme).

- surplus Voluntary
Contributions

- (E) (1) Voluntary Contributions are subject to Part III of Schedule 6 to the Finance Act 1989 as if it applied directly to the Scheme, whether or not this is the case. (This is about the return of surplus funds.)
- (2) The Trustees (or other administrator of the Scheme) will comply with the requirements of regulation 5 of the Retirement Benefits Schemes (Restriction on Discretion to Approve) (Additional Voluntary Contributions) Regulations 1993. When the Scheme is the leading scheme in relation to a Member, the Trustees (or other administrator of the Scheme) will also comply with the requirements of regulation 6 of those Regulations so far as they concern main schemes.

For this purpose, the expressions "leading scheme" and "main scheme" have the meanings given in regulation 2 of those Regulations.

COLLECTION OF
MEMBERS'
CONTRIBUTIONS

9. Each Participating Employer will collect from the Members in its Service (by deduction from their earnings or otherwise) the contributions payable by them and pay them to the Trustees in the manner and at the intervals the Trustees require.

UNPAID MEMBERS'
CONTRIBUTIONS

10. If a Member has not paid all the contributions payable by him under the Rules in any Scheme Year, the Trustees will adjust the amount of any benefit or benefits payable in respect of that Member as they consider appropriate having regard where applicable to the contracting-out requirements of the Pension Schemes Act.

MAXIMUM
MEMBERS'
CONTRIBUTIONS

11. The total contributions payable by a Member are subject to the Inland Revenue limitations referred to in Sub-rule 43(A).

EMPLOYER'S
CONTRIBUTIONS

12. The Trustees will decide the rates of contributions that each Participating Employer will pay
 - (1) to provide the benefits under the Scheme, and
 - (2) to meet the administrative and management expenses of the Scheme, unless the Principal Employer has decided under Rule 58 that the Participating Employers will meet them.

In doing this, the Trustees will have regard to the Actuary's advice and take into account the assets of the Fund and Members' Ordinary Contributions. The rates to be paid will not be less than those set out in the Schedule of Contributions under Rule 13.

SCHEDULE OF
CONTRIBUTIONS
- general

13. (A) The Trustees will ensure that a schedule of contributions ("the Schedule of Contributions") is prepared, maintained and revised when required by the Pensions Act. The Schedule of Contributions will be agreed between the Participating Employers (or their representative) and the Trustees and will show
 - (1) the rates of contributions payable by each Participating Employer under Rule 12 (Employer's contributions) and the due dates of those contributions, and
 - (2) the rates of contributions payable by the Members under Rule 7 (Member's Ordinary Contributions) and the due dates for those contributions to be paid into the Fund, and
 - (3) the rates of contributions payable by the Participating Employers to meet the expenses of the Scheme to the extent that the expenses are not included in the contributions under Rule 12 (Employer's contributions) and the due dates of those contributions.

- failure to agree

(B) (1) This paragraph applies if the Participating Employers (or their representative) and the Trustees do not agree the matters to be shown in the Schedule of Contributions when they are required by the Pensions Act to prepare or revise it. The rates of contributions in the Schedule of Contributions will then be those that the Trustees decide are required to meet the minimum funding requirement under the Pensions Act. The rates must be certified by the Actuary.

(2) This paragraph applies if the Participating Employers (or their representative) and the Trustees do not agree the matters to be shown in the Schedule of Contributions when they attempt voluntarily to revise it. The Schedule of Contributions will then remain unchanged.

- normal contributions
unaffected

(C) This Rule does not affect the Participating Employers' liability under Rule 12 (Employer's contributions).

PART IV - CALCULATION AND PAYMENT OF BENEFITS

NORMAL
RETIREMENT
PENSION
- qualification and
payment

14. (A) If a Member leaves Service on Normal Retiring Date, he will be entitled to a yearly pension (the "Normal Retirement Pension") payable as stated in Rule 26 (Payment of pension) for the rest of his life. This benefit applies only to the extent that the Member is not entitled to benefit under Rule 17 (Benefits on leaving Service).

- calculation

- (B) Subject to Rule 42 (Deductions from benefits) the Normal Retirement Pension will be the total of
- (1) the Member's Pre-94 Pension (if any),
 - (2) $\frac{1}{50}$ th of Final Pensionable Salary multiplied by (a) Pensionable Service completed between 1 August 1994 and 30 April 2002 inclusive and (b) any Pensionable Service completed after this during which the Member paid Ordinary Contributions to the Scheme at the rate of 7.5% of Pensionable Salary,
 - (3) $\frac{1}{60}$ th of Final Pensionable Salary multiplied by any Pensionable Service completed on and after 1 May 2002 during which the Member paid Ordinary Contributions to the Scheme at the rate of 5% of Pensionable Salary.

The Normal Retirement Pension will not exceed $\frac{2}{3}$ rd of Final Pensionable Salary.

- annual increases

- (C) This Sub-rule does not apply to any pension that is converted into a lump sum under Rule 18 or surrendered to provide dependant's pension under Rule 24 or to the GMP Deduction. Any other part of the Normal Retirement Pension
- (1) which relates to Pensionable Service completed before 6 April 1997 will increase on the anniversary of its payment commencing at 3% compound a year, and
 - (2) which relates to Pensionable Service completed after 5 April 1997 will increase on the anniversary of its payment commencing at the greater of

- (a) 3% compound a year, and
- (b) the rate required by section 51 of the Pensions Act.

- Anti-franking minimum

- (D) The Trustees will, if necessary, increase the pension under this Rule so it is not less than the Member's Anti-franking Minimum.

EARLY RETIREMENT PENSION

- qualification and payment

- 15. (A) If a Member leaves Service before Normal Retiring Date and the following conditions are then met, he can then choose an immediate pension (the "Early Retirement Pension") instead of the benefit under Rule 17 (Benefits on leaving the Scheme). The immediate pension will be payable as stated in Rule 26 (Payment of pensions) and will be payable for life unless the Trustees decide otherwise under (C).

However, if in relation to his last period of membership, a Member leaves the Scheme and does not then satisfy the following conditions, an Early Retirement Pension under this Rule will not be offered to the Member on leaving Service and he will remain entitled to benefits under Rule 17.

The conditions referred to above are:

- (1) the Principal Employer agrees to his being offered an Early Retirement Pension, and
- (2) (a) he is leaving because of Incapacity, or
- (b) he has attained age 50.

If physical or mental incapacity destroys or seriously impairs the Member's earning capacity and the Participating Employer considers he is incapable of deciding whether it is in his interests to have an Early Retirement Pension, the Participating Employer can decide that he will have an Early Retirement Pension instead of the benefit under Rule 17 (Benefits on leaving the Scheme).

The Trustees will calculate the initial amount of the Early Retirement Pension under (B).

- calculation

- (B) The Trustees will first calculate the Early Retirement Pension as set out in Sub-rule 14(B) (calculation of Normal Retirement Pension). Subject as provided below, they will then reduce it by an amount

calculated by a method agreed with the Actuary to be reasonable because the pension starts before Normal Retiring Date.

In the case of a female Member who last became a Member of the Scheme before 1 January 1991 that part of her Early Retirement Pension calculated by reference to Pensionable Service completed before 1 August 1994 will only be reduced if it starts to be paid before the Member's 60th birthday and then only by an amount calculated by a method agreed with the Actuary to be reasonable because the pension starts before the Member's 60th birthday.

In the case of a male Member who last became a Member of the Scheme before 1 January 1991 that part of his Early Retirement Pension calculated by reference to Pensionable Service completed in the period commencing on 17 May 1990 and ending on 31 July 1994 will only be reduced if it starts to be paid before the Member's 60th birthday and then only by an amount calculated by a method agreed by the Actuary to be reasonable because the pension starts before the Member's 60th birthday.

The Trustees will, if necessary, increase the Early Retirement Pension calculated as set out above so that its value (including the value of any future increases as specified below) is not less than the value of the Deferred Pension from Normal Retiring Date (including the value at that date of the GMP Increase and the Revaluation Increase) to which the Member would have been entitled if he had not chosen an Early Retirement Pension.

- reduction of Incapacity pension

- (C) If the Trustees consider that the Member has partially or fully regained his earning ability (whether or not he enters into gainful employment), they can reduce, suspend or end his Early Retirement Pension but they will not do this on or after Normal Retiring Date.

Before reducing, suspending or ending a Member's Early Retirement Pension, the Trustees will ensure that the basis of the change is such that the value of the Early Retirement Pension is not less than the specified amount. For this purpose, the Early Retirement Pension will include the Early Retirement Pension already paid and the value of the amount to be paid in future including the value of any future increases as provided below. The specified amount is the value of the Deferred Pension from Normal Retiring Date (including the value at that date of the GMP Increase and the Revaluation Increase) to which the Member would have been entitled if he had not chosen an Early Retirement Pension.

- annual increases

- (D) The Early Retirement Pension will increase annually from its commencement on the basis set out in

Sub-rule 14(C) as if it were a Normal Retirement Pension.

LATE RETIREMENT
PENSION

16. (A) If with the consent of the Participating Employer a Member leaves Service after Normal Retiring Date, he will be entitled to an immediate pension (the "Late Retirement Pension").

Even if he remains in Service, the Trustees will treat him as having left Service for the purpose of deciding when his pension is to start

- (1) if he is a Class B or Class C Member (including a Member who is a Class B Member for the purposes of this paragraph because of Sub-rule 43(C) (Inland Revenue limits)), on a date chosen by the Member that is on or after Normal Retiring Date and before he actually leaves Service,
- (2) if he is a Class A Member (including a Member who is a Class A Member for the purposes of this paragraph because of Sub-rule 43(C) (Inland Revenue limits)), on the earlier of the actual date of retirement and the Member's 75th birthday.

The Trustees will pay the Late Retirement Pension as stated in Rule 26 for the rest of the Member's life.

- calculation

- (B) The Trustees will calculate the Late Retirement Pension as set out in Sub-rule 14(B) (calculation of Normal Retirement Pension) as at Normal Retiring Date and increase it by such amount as they decide because the pension starts after Normal Retiring Date.

- annual increases

- (C) The Late Retirement Pension will increase annually from its commencement on the basis set out in Sub-rule 14(C) as if it were a Normal Retirement Pension.

- statutory guarantee

- (D) The Trustees will, if necessary, increase the Late Retirement Pension when it begins so it is not less than the Member's Anti-franking Minimum.

BENEFITS ON
LEAVING THE
SCHEME

17. This Rule applies to a Member who leaves the Scheme before Normal Retiring Date and does not or cannot choose an Early Retirement Pension then. It applies if he leaves the Scheme voluntarily or if he leaves Service or ceases to be an Eligible Employee, as set out in Rule 5 (Leaving the Scheme).

- Deferred Pension

- (A) If the Member is a Qualifying Member, he will be entitled to a yearly pension ("the Deferred

Pension"). The Trustees will pay this as stated in Rule 26 from Normal Retiring Date until the Member's death.

The Deferred Pension (including any discretionary increases to it made up to the date it begins will be the total of:

- (1) an amount calculated as set out in Sub-rule 14(B) (calculation of Normal Retirement Pension), and
- (2) the Revaluation Increase.

The Deferred Pension will increase annually after Normal Retiring Date on the basis set out in Sub-rule 14(C) as if it were a Normal Retirement Pension.

The Trustees will, if necessary, increase the Deferred Pension at Normal Retiring Date (or at GMP Age if later) so it is not less than the Revaluation Increase (if any) plus the Member's Anti-franking Minimum.

The Deferred Pension is only payable from the Member's Normal Retiring Date or (subject to conditions) an alternative date chosen under (B). However, a female Member who has left Service is entitled to elect to take her Guaranteed Minimum Pension under the Scheme from her GMP Age and any balance of her Deferred Pension from Normal Retiring Date or (subject to conditions) the alternative date under (B). If she does so, the amount of and terms and conditions relating to any benefits available on her death will be decided by the Trustees on the advice of the Actuary from time to time. In making their decisions they will have regard to the advice of the Actuary and the contracting-out requirements of the Pension Schemes Act. They will notify the Member of their decisions in writing.

- alternative date for
payment of Deferred
Pension
permitted dates

- (B) (1) Subject to the conditions in (2) a Member who is entitled to a Deferred Pension under (A) can choose to have it paid from an alternative date. The Member must make the choice before the pension is due to start. The alternative date can be:
 - (a) before the date specified in (A) but, unless the Member is suffering from Incapacity, not before his 50th birthday

conditions for alternative
dates

- (b) after Normal Retiring Date but not after the date the Member ceases to be in employment or after his 75th birthday.
- (2) A Member can choose by written notice to the Trustees to have his Deferred Pension paid from an alternative date only if:
 - (a) the Trustees agree,
 - (b) it would not result in the pension payable under the Scheme to him or to his widow or widower being less than the Guaranteed Minimum, and
 - (c) the alternative date is on or after the earlier of Normal Retiring Date and the date he left Service.

effect on benefits

- (3) If the Deferred Pension begins on an alternative date under this Sub-rule, the Trustees will decide its amount, terms and conditions, the amount of any benefit payable on the Member's death and will tell the Member in writing. In reaching their decision, the Trustees will have regard to the contracting-out requirements of the Pension Schemes Act and the advice of the Actuary who will calculate the benefits payable to or in respect of the Member so that they are of the same value as they would have been if the Member had not elected to have his Deferred Pension paid from an alternative date.

Member incapacitated

- (4) If,
 - (a) physical or mental infirmity destroys or seriously impairs a Member's earning capacity, and
 - (b) the Trustees consider that the Member is incapable of deciding whether it is in his interests for his Deferred Pension to be paid from an alternative date

the Trustees can choose an alternative date under (1) that is before the date specified in (A) without the Member's consent. In that event, this Sub-rule will apply as if the Member had chosen to have his Deferred Pension paid from the alternative date selected by the Trustees.

- refund of contributions

- (C) If a Member who is not a Qualifying Member leaves the Scheme before the Normal Retiring Date, he will be entitled to a refund of Member's Contributions, less the Contracting-out Deduction and any tax for which the Trustees are accountable under Rule 27 (Deduction of tax), payable on the date he leaves the Scheme or as soon as practicable afterwards.

If a benefit is payable under this Sub-rule, the Trustees will also pay a Contributions Equivalent Premium under section 55(2) of the Pension Schemes Act.

- transfer options

- (D) Instead of all or part of the benefits otherwise payable under Sub-rule (A)

- (1) a Member who has the Statutory Transfer Option can take the cash equivalent (calculated in the way referred to in Sub-rule 37(E)) (calculation of guaranteed cash equivalent) of all or part of his benefits and require the Trustees to use it in one or more of the ways described in Sub-rule 37(C) (Statutory transfer option – ways in which cash equivalent can be used),

- (2) a Member who either

(a) does not have the Statutory Transfer Option, or

(b) exercises the Statutory Transfer Option in relation to only part of his benefits under the Scheme

can ask the Trustees to make a transfer payment (if they agree) to another scheme under Rule 38 (Non-statutory transfers to another scheme) or purchase a Buy-out Policy under Sub-rule 39(A) (Non-statutory buy-outs – buy-out option for Members), and

- (3) the Trustees can purchase a Buy-out Policy in the circumstances referred to in Sub-rule 39(B).

LUMP SUM INSTEAD
OF PENSION

18. (A) Unless (E) (Member seriously ill) or (F) (Trivial Pensions) applies, the Member can take a lump sum instead of all or part of the pension to which he is entitled under the Plan on the basis and at the time set out in (B), (C), (D) and (G).

- date to be regarded as date of becoming Member

(B) For the purposes of this Rule, the date a person became a Member will be taken as the date he joined the Scheme, except that

- (1) a Member who joined the Scheme before 1 June 1989 but who is a Class A Member for the purposes of the Inland Revenue limits in Rule 65 (Guide to Inland Revenue limitations) will be treated as having joined the Scheme after 31 May 1989,
- (2) a Member who joined the Scheme on or after 1st June 1989 but who is a Class B or Class C Member for the purposes of the Inland Revenue limits in Rule 65 (Guide to Inland Revenue limitations) will be treated as having joined the Scheme on or after 17 March 1987 but before 1 June 1989,
- (3) a Member who joined the Scheme on or after 17 March 1987 but who is a Class C Member for the purposes of the Inland Revenue limits in Rule 65 (Guide to Inland Revenue limitations) will be treated as having joined the Scheme before 17 March 1987,
- (4) where a Member either remains a Class B Member for limited purposes under paragraph (1) of Sub-rule 43(C) (Inland Revenue limitations - optional limits) or becomes a Class B Member for limited purposes under paragraph (3) of Sub-rule 43(C), he will be treated for the purposes of this Rule as having joined the Scheme before 1 June 1989.

- normal basis amount of lump sum

(C) The lump sum will apply to that part of the pension in excess of the Guaranteed Minimum. Unless the Trustees and the Principal Employer agree, it will not exceed $\frac{3}{80}$ ths of Final Remuneration (as defined in Rule 65) multiplied by Service, subject to a maximum of 40 years.

- date of payment of lump sum

(D) A Member who has the right under (A) to exchange pension for a lump sum can do so

- (1) before his pension is due to begin, but only if
 - (a) he became a Member before 1 June 1989, and
 - (b) he remains in Service after Normal Retiring Date, and
 - (c) the Trustees and the Principal Employer agree, or

- (2) on the date his pension is due to begin. For this purpose a Deferred Pension payable under Sub-rule 17(A) (Benefits on leaving the Scheme – deferred pension) from a date earlier than Normal Retiring Date will be treated as beginning at Normal Retiring Date, or
- (3) on a date subsequent to an initial exchange of pension for a lump sum under (1) or (2) if permitted by the Inland Revenue.

- Member seriously ill

- (E) The Trustees can convert the part of the Member's pension mentioned in (2) into a lump sum if:
 - (1) a Member is suffering from Incapacity, and
 - (2) the Trustees, (after having consulted not less than two persons who they consider to be appropriately qualified to provide medical evidence to then), are satisfied that the Member's expectation of life is so short that the part of his pension which exceeds the Guaranteed Minimum can be converted into a lump sum in accordance with the published practice of the Inland Revenue, and
 - (3) the Member's pension has not begun, and
 - (4) (if the Member is a Controlling Director) the Inland Revenue:
 - (a) has been advised in accordance with the Retirement Benefits Schemes (Information Powers) Regulations 1995 and
 - (b) has either agreed to the provision of the lump sum or failed to object to it within 14 days (or such other period as will not prejudice the Scheme's approval) of the date on which the Trustees provide all the information required under these regulations.

The Trustees will calculate the lump sum in accordance with (G). The lump sum will be payable to the Member on the date on which his pension was due to begin and Rule 27 (Deduction of tax) will apply to it.

The Trustees will apply this Sub-rule only at the Member's request unless the Trustees consider he is

incapable of deciding whether it is in his interests to have a lump sum instead of a pension.

This Sub-rule does not apply to a Member whose pension is a Trivial Pension.

- Trivial Pensions

- (F) If a person's pension is a Trivial Pension, the Trustees can convert it into a lump sum payable to him. Unless the Trustees decide otherwise, any Trivial Pension payable on that person's death will be converted into a lump sum at the same time and added to the lump sum payable instead of his own pension.

The Trustees will calculate the lump sum in accordance with (G).

The lump sum will be payable

- (1) on the date the pension was due to begin, or
- (2) if the Trustees so decide and the Scheme's Approval would not be prejudiced, on a later date chosen by them.

Rule 27 (Deduction of tax) will apply to any lump sum payable under this Sub-rule.

- conversion rate

- (G) The Trustees will decide the rate at which pensions are converted into lump sums. Subject to any maximum required by the Inland Revenue, the rate will be one that the Actuary has confirmed is reasonable.

LUMP SUM DEATH
BENEFITS

- lump sum on death in
Service before Normal
Retiring Date

19. The Trustees will pay the benefits under this Rule in accordance with Rule 20.

- (A) If a Member or Life Assurance Member dies in Service before Normal Retiring Date and before leaving the Scheme, the lump sum benefit will be the total of
- (1) the Member's Contributions (if any), and
 - (2) the Scheme Death Benefit which will be equal to four times his Scheme Salary for the Scheme Year in which he dies.

Payment of the Scheme Death Benefit is subject to the following conditions and restrictions:

- (1) (a) If the Trustees cannot insure all or any of a Member's or Life Assurance Member's Scheme Death Benefit on normal terms applicable to persons in good health then, unless the Principal Employer otherwise agrees, that part of the Scheme Death Benefit that the Trustees cannot insure will not be payable,
- (b) subject to (a) and unless the Principal Employer otherwise agrees, any conditions or restrictions applying under any contract under which the Trustees have insured the Scheme Death Benefit, and
- (c) any other conditions or restrictions agreed between the Trustees and the Principal Employer.

The Trustees will tell the Member or Life Assurance Member in writing of any conditions or restrictions applying to his Scheme Death Benefit under this paragraph and will not apply any condition or restriction in a way that conflicts with the requirements of the Disability Discrimination Act 1995.

- (2) Unless the Trustees with the consent of the Principal Employer otherwise decide, no Scheme Death Benefit will be payable for a Member or Life Assurance Member who, although retained in Service, has been continuously absent from work for more than the maximum period permitted by Rule 34 (Temporary absence from work).

- lump sum on death after leaving the Scheme with a Deferred Pension

- (B) If the Member dies after leaving the Scheme before his yearly pension under Rule 17 (Benefits on leaving the Scheme) begins, the lump sum benefit will be equal to the Member's Contributions.

- lump sum on death in Service on or after Normal Retiring Date

- (C) If the Member dies in Service on or after Normal Retiring Date but before his pension under the Scheme begins, the lump sum benefit will be equal to a sum calculated under whichever is appropriate of (1) and (2):

- (1) If the Member converted part of his pension into a lump sum, the sum of the instalments of Normal Retirement Pension or Late Retirement Pension to which the Member would have been

entitled if he had retired on the date of his death and survived for the period of 5 years from that date. For the purposes of calculating the amount of each instalment, the Trustees can make whatever assumption they think appropriate as to movements in the Index of Retail Prices in that period of 5 years and will take into account any increase in the amount of the Member's pension that would have occurred during that period.

- (2) If the Member did not receive any part of his lump sum under Sub-rule 18(G), the total of:
- (a) the lump sum that would have been payable to him under Sub-rule 18(A) (Lump sum instead of pension) if he had retired from Service on the date of his death and elected to receive the maximum lump sum available to him under that Sub-rule, and
 - (b) the sum of the instalments of Normal Retirement Pension or Late Retirement Pension to which the Member would have been entitled if he had retired from Service on the date of his death and survived for the period of 5 years from that date. For the purposes of calculating the amount of each instalment, the Trustees can make whatever assumption they think appropriate as to movements in the Index of Retail Prices in that period of 5 years and will take into account any increase in the amount of the Member's pension that would have occurred during that period.

- lump sum on death of a pensioner

- (D) If the Member dies on or after the date his pension under the Scheme begins, the lump sum benefit will be the sum of the remaining instalments of pension to which the Member would have been entitled if he had survived for the period of 5 years from the date his pension began. For the purposes of calculating the amount of each instalment the Trustees can make whatever assumption they think appropriate as to movements in the Index of Retail Prices in that period and will take into account any increase in the amount of the Member's pension that would have occurred after the date of the Member's death.

PAYMENT OF LUMP
SUM DEATH BENEFIT
- definitions

20. (A) In this Rule:

- (1) **Beneficiaries** means

- (a) the Member's spouse,

- (b) the ancestors of the Member and his spouse,
 - (c) the descendants of the Member's grandparents and of his spouse's grandparents,
 - (d) the spouses of any of the ancestors and descendants mentioned above,
 - (e) any persons (or body of persons whether or not incorporated) who are entitled to any beneficial interest in the Member's estate under any will made by the Member,
 - (f) any persons who the Trustees consider have at any time
 - A. been dependent on the Member for the provisions of, or been provided by the Member with, all or any of the ordinary necessities of life or
 - B. been financially interdependent with the Member or
 - C. been dependent or partly dependent on the Member because of incapacity,
 - (g) any persons (or body of persons whether or not incorporated) nominated in writing by the Member.
- (2) A person's **spouse** includes that person's former or deceased spouse and any individual with whom the person had gone through a lawful ceremony of marriage or who, in the Trustees' opinion, had lived with the person as his partner.
 - (3) A person's **ancestor** is any individual from whom that person is directly descended and includes any individual from whom that person is directly descended by adoption, a step-relationship or an unmarried relationship.
 - (4) A person's **descendant** includes anyone who is a descendant of that person by adoption, a step-relationship, or an unmarried relationship and anyone who has been conceived but not born and is that person's descendant after birth.

(5) **Member** includes a Life Assurance Member.

- benefits payable under discretionary trusts

- (B) When a lump sum is payable in accordance with this Rule, the Trustees will, subject to (C), (D) and (E), hold the lump sum on trust to pay or apply it to one or more of the Member's Beneficiaries or for their benefit in such shares and in such manner as the Trustees decide or to pay it to the Member's personal representatives.

If the Trustees have not been able to trace any Beneficiaries within two years of the Member's death and no personal representatives have been appointed to the Member's estate, the Trustees will use the lump sum for the general purposes of the Scheme.

- benefits payable to personal representatives

- (C) If any part of the lump sum becomes payable on the death in Service on or after the 75th birthday of a Controlling Director as defined in Sub-rule 65(A) (Guide to Inland Revenue Limitations) whose pension under the Scheme had not begun, the Trustees will hold it on trust to pay it as soon as practical to the Member's personal representatives.

- benefits in excess of Revenue maximum

- (D) If any part of the lump sum cannot be paid under this Rule because of Sub-rule 43(A) (Inland Revenue Limitations), the Trustees will, at their discretion, either

(1) apply it to provide a yearly pension or pensions for any one or more of the Member's Dependants as the Trustees decide or

(2) use it for the general purposes of the Scheme.

Any yearly pension under (1) will be payable in accordance with Rule 26. The pension will be payable for life except in the case of a Dependent Relative who is under age 18 or is a Dependant because of mental or physical incapacity. If the Dependant is under age 18, the pension will be payable until the later of his 18th birthday and the date on which he ceases to be a student in full-time education or training or his 25th birthday if earlier, unless he is a Dependant because of mental or physical incapacity. In that case, the pension will be payable for life except that the Trustees can stop the pension if they decide that the Dependant is no longer mentally or physically incapacitated

- funeral expenses

- (E) If any person has paid all or any of the funeral expenses of a deceased Member, the Trustees can deduct from the lump sum a portion not exceeding the amount paid and pay the portion to that person.

- general

- (F) (1) The Trustees can deduct from any payment or application under this Rule any tax (and any interest on it) for which they may be accountable before paying or applying it.
- (2) In the exercise of their discretion under this Rule, the Trustees can pay a lump sum (or part of it) to a person who is under age 18 or to the trustees of a trust for the benefit only of one or more of the Member's Beneficiaries. The trust can be of a discretionary nature and can include a provision allowing the trustees of the trust to charge remuneration. A receipt given by any person to whom a payment is made will be a complete discharge to the Trustees for that payment.
- (3) The Trustees can deduct any expenses incurred in connection with the provisions of this Rule or any payment or application under this Rule from the relevant lump sum (or part of it) on any basis they decide.
- (4) This paragraph applies whenever, but for this paragraph, any sum payable under this Rule would be payable to the Crown, the Duchy of Lancaster or the Duke of Cornwall. When this paragraph applies, the Trustees will use any such sum for the general purposes of the Scheme.

SPOUSE'S OR
NOMINATED
DEPENDANT'S
PENSION

21. (A) If a married Member dies, the Trustees will pay a yearly pension (the "Spouse's Pension") in accordance with Rule 26 to his Qualifying Spouse (if any) for the rest of her life.

The amount of the Spouse's Pension (including any increases made to the Spouse's Pension up to the date it begins) will, subject to (B), be

death while a Member
before Normal Retiring
Date

- (1) if the Member died in Service before his Normal Retiring Date and before leaving the Scheme, equal to 2/3rds of what would have been his Normal Retirement Pension if he had stayed a Member until Normal Retiring Date but based on his Final Pensionable Salary at the date of his death,

death in Service after
Normal Retiring Date

- (2) if the Member died in Service on or after his Normal Retiring Date but before his pension under the Scheme began, equal to 50% of the amount calculated in accordance with Rule 16 (Late Retirement Pension) as if he had retired immediately before his death,

death after leaving
Scheme but before
pension begins

- (3) if a Qualifying Member died after leaving the Scheme but before his pension under Rule 17 (Benefits on leaving the Scheme) began, equal to 2/3rds of the Member's Deferred Pension calculated as at the date he left the Scheme

LESS

any part of it that was no longer payable as a result of the Member exercising his Statutory Transfer Option

PLUS

the Revaluation Increase that would have applied if the Member's date of death had been his Normal Retiring Date and he died while receiving a pension under the Scheme.

death after pension
begins

- (4) if the Member died after becoming entitled to a Normal Retirement Pension, Early Retirement Pension, or a Late Retirement Pension, equal to 50% of what would have been the amount of that pension when the Member died, based on the rate of Member's pension at the date of death, but calculated as if he had not converted any of his pension into a lump sum under Rule 18 (Lump sum instead of pension) or surrendered any of his pension to provide a dependant's pension under Rule 24 (Surrender of a Participant's pension to provide dependant's pension).

death after Deferred
Pension begins

- (5) if the Member died while receiving a pension under Sub-rule 17(A) (Deferred Pension), the sum of
- (a) 50% of an amount calculated in accordance with Sub-rule 14(B) (Calculation of Normal Retirement Pension), and
- (b) the Revaluation increase.

- Nominated Dependant's
Pension

- (B) If the Member was a Member on 9 February 2001 or became a Member after that date and died without leaving a Qualifying Spouse or in such other circumstances as the Trustees decide, the Trustees may in their discretion and subject to the following paragraph, pay an amount which in total does not exceed the Spouse's Pension less any widow's or widower's pension which is paid under Sub-rule (D) of this Rule to one or more of the Member's Nominated Dependents. Such pensions are referred to as "Nominated Dependant's Pensions". To the extent that this involves payment of some part of a Spouse's Pension to someone other than the Qualifying Spouse, the Qualifying Spouse's

rights to that Spouse's Pension shall be abrogated.

- additional provisions
relating to Spouse's or
Nominated Dependant's
Pension

- (C) (1) If the Member was more than 10 years older than his Qualifying Spouse, the Trustees will reduce the amount calculated under paragraphs (1) to (5)(a) of (A) as appropriate by 2.5% for each year by which the Member was more than 10 years older than his Qualifying Spouse.
- (2) If the Spouse's or Nominated Dependant's Pension is payable on the death of a Member while receiving a pension under Rule 17 (Benefits on leaving the Scheme), the Trustees will increase it in accordance with this paragraph (2) for any period between the Member's Normal Retiring Date and his death as though it had begun on the Member's Normal Retiring Date.
- (3) (a) Any part of the Spouse's or Nominated Dependant's Pension that exceeds the GMP Deduction and which relates to the Member's Pensionable Service completed before 6 April 1997 will increase on the anniversary of its payment commencing at 3% compound a year, and
- (b) any part of the Spouse's or Nominated Dependant's Pension that exceeds the GMP Deduction and which relates to the Member's Pensionable Service completed after 5 April 1997 will increase on the anniversary of its payment commencing at the greater of
- (1) 3% compound a year, and
- (2) the rate required by section 51 of the Pensions Act.
- (4) The Trustees will if necessary, increase the Spouse's Pension so it is not less than the Qualifying Spouse's Anti-franking Minimum.
- (5) The Spouse's or Nominated Dependant's Pension payable on the death of a Member before the earlier of his Normal Retiring Date and the date his pension commenced will be subject to any special conditions or restrictions that the Trustees and the Principal Employer agree with each other.

The Trustees will tell the Member in writing of any conditions or restrictions applying to the Spouse's or Nominated Dependant's Pension but will not apply any condition or restriction in a

way that conflicts with the requirements of the Disability Discrimination Act 1995.

- widow's or widower's
Minimum Contracted-out
Pension

- (D) (1) If a married Member dies having completed a period of Contracted-out Employment, his widow or widower will, subject to paragraph (2) be entitled to a yearly pension equal to
- (a) in relation to Pensionable Service completed by the Member before 6 April 1997, the widow's or widower's Guaranteed Minimum, and
 - (b) (i) $\frac{1}{160}$ th of the Member's average qualifying earnings in the last 3 Tax Years before the date his Pensionable Service ends, times
 - (ii) the lesser of 40 and the number of his complete years of Pensionable Service in Contracted-out Employment completed after 5 April 1997,
- where
- (A) the Member's average qualifying earnings in any Tax Year are as defined for the purposes of section 12B(5) of the Pension Schemes Act, and
 - (B) the above amount is increased, if necessary, in order to satisfy the revaluation requirements of section 12B(4)(d) of the Pension Schemes Act.

and payable as stated in Rule 26 for the rest of the widow or widower's life.

- (2) When a widow or widower would otherwise be entitled to a pension under both this sub-rule and Sub-rule (A), she or he will be entitled to a pension only under (A).

CHILD'S PENSION

22. If a Member dies while in Pensionable Service or after his pension under the Scheme commences without leaving a Qualifying Spouse or Nominated Dependant to whom the Trustees decide to pay a pension under Sub-rule 21(B) or if he leaves a Qualifying Spouse or Nominated Dependant and she dies, each of his Children will be entitled to a yearly pension ("the Child's Pension").

The Child's Pension will be payable in accordance with Rule 26

- (1) from the Member's death if he did not leave a Qualifying Spouse or Nominated Dependant and his pension under the Scheme had not begun, or
- (2) from the date one month after the due date of the last instalment of:
 - (a) the Member's pension if it had begun and he did not leave a Qualifying Spouse or Nominated Dependant, or
 - (b) the Spouse's Pension if the Child's Pension became payable on the death of a Qualifying Spouse or Nominated Dependant

until the earlier of the Child's death and his ceasing to qualify as a Child of a Member.

The amount of each Child's Pension for each Child will be the notional spouse's pension ("the notional Spouse's Pension") divided by the number of Children from time to time surviving the Member. However, if on the Member's death a yearly pension has become payable to his Qualifying Spouse and a Nominated Dependant under Rule 21, the amount of each Child's Pension payable on the death of either of such persons will be determined by the Trustees with the advice of the Actuary.

The Notional Spouse's Pension is the Qualifying Spouse's Pension that would have been payable if the Member had died leaving a Qualifying Spouse not more than 10 years' younger than himself.

The Qualifying Spouse's Revaluation Increase will be calculated as if the Qualifying Spouse did not have a Guaranteed Minimum.

This paragraph will apply if there is a change in the number of the Member's Children qualifying for a Child's Pension. When this paragraph applies, the Trustees will adjust the Child's Pension from the instalment due immediately following the cessation or change. For this purpose, the Trustees will calculate the Child's Pension after the adjustment as though the number of Children after the event causing the adjustment had been the number at the Member's death.

The Trustees can restrict the amount of a Child's Pension or impose conditions on it if the Trustees cannot

obtain satisfactory insurance cover for what their liabilities would have been.

The Trustees and the Principal Employer will decide the terms of any restriction or conditions and will tell the Member in writing but will not apply them in a way that conflicts with the requirements of the Disability Discrimination Act 1995.

Any part of the Child's Pension which relates to the Member's Pensionable Service completed before 6 April 1997 will increase on the anniversary of its payment commencing at 3% compound a year. Any part of the Child's Pension which relates to the Member's Pensionable Service completed after 5 April 1997 will increase on the anniversary of its payment commencing at the greater of

- (1) 3% compound a year, and
- (2) the rate required by section 51 of the Pensions Act.

The Trustees can at any time and for any period vary the amount of the Child's Pension for some or all of the Member's Children but not so as to alter the aggregate amount of their Child's Pensions from that calculated under this Rule.

EQUAL TREATMENT

23. The Trustees and the Principal Employer will treat male and female Members equally as required by section 62 of the Pensions Act.

The European Council Directive 2000/78/EC lays down a principle for equal treatment on the grounds of religion or belief, disability, age or sexual orientation.

The Trustees will modify any benefits provided under the Rules, when necessary, to comply with these requirements.

SURRENDER OF A PARTICIPANT'S PENSION TO PROVIDE DEPENDANT'S PENSION

24. A Participant can, if the Trustees agree, surrender any part of his pension or other benefits that is greater than the Guaranteed Minimum to provide for one or more of the Participant's Dependent Relatives a yearly pension that the Trustees consider is equal in value to the amount of benefit surrendered.

The Trustees will decide the terms and conditions of any surrender on the Actuary's advice.

DISCRETIONARY
BENEFITS

increases in benefits

persons not otherwise
entitled to benefit

- membership on special
terms

25. (A) The Principal Employer can ask the Trustees (subject to (C)) to grant either or both of the following:

- (1) an increase in the amount of any benefit (including a lump sum) payable to or in respect of a Member,
- (2)
 - (a) a pension or increase in the pension payable on or after retirement to a person who has been in the service of a Participating Employer,
 - (b) a lump sum payable on or after retirement to a person who has been in the service of a Participating Employer except that no lump sum will be paid to a person who has previously received a lump sum from the Scheme or any Associated Scheme (other than as an Ex-spouse Participant),
 - (c) a lump sum payable on the death of a person who has been in the service of a Participating Employer,
 - (d) a pension or pensions payable after the death of a person who has been in the service of a Participating Employer to a Dependant of that person.

- (B)
 - (1) The Principal Employer can ask the Trustees to admit a person to membership of the Scheme or continue a person's membership on special terms, subject to (C).
 - (2) The Trustees will tell the Member in writing of any special terms that apply to him and the date from which they apply.
 - (3) The Rules will apply to the Member subject to those special terms from the date referred to in (2).
 - (4) Until notification in accordance with (2), the Rules will apply to the Member subject to any special terms that the Trustees decide are appropriate.

- implementation by Trustees

- periodic review of pensions

PAYMENT OF PENSIONS

- timing

- levelling option

(C) The Trustees will carry out the Principal Employer's request under (A) or (B) if any adjustment that may be necessary to the contributions payable under Rule 12 (Employer's Contributions) is made and the Scheme's Approval is not prejudiced.

(D) The Principal Employer will review pensions in payment at regular intervals not exceeding 3 years.

The Principal Employer can direct the Trustees subject to Sub-rule 25(C) to increase the amount of all or any of those pensions (other than Pension Credit Benefits) under and in accordance with (A) but is under no obligation to do so.

26. (A) Unless the Trustees otherwise decide

- (1) they will pay all pensions monthly in advance in equal instalments,
- (2) the first instalment of pension will be payable when the Member (or other person), becomes entitled to the pension,
- (3) the last instalment of pension will be payable on the due date before or coincident with the date on which the Member (or other person) dies or otherwise ceases to be entitled to the pension, and
- (4) no repayment of any part of the last instalment of pension will be required in respect of any period after entitlement to the pension has ceased.

(B) If a Participant's pension from the Scheme starts before State Pension Age, he can ask for his total pension during retirement to be at an approximately level amount, ignoring any increases during payment. The Trustees can then rearrange his pension from the Scheme so that it is paid at an increased rate until his State Pension Age and at a reduced rate (not less than the Guaranteed Minimum if any) afterwards. The rearrangement will not change the value of the pension from the Scheme.

The Trustees will decide the amount of any benefit payable on the death of a Participant to whom this Sub-rule applies.

The Trustees will regard the Actuary's advice when deciding the amount of benefits to pay to or in respect of a Participant who chooses any benefit under this Sub-rule.

DEDUCTION OF TAX

27. The Trustees can deduct from any payment from the Scheme any tax for which they are liable or accountable in respect of the payment.

CONDITIONS FOR
PAYMENT OF
BENEFITS

- method of payment

28. (A) The Trustees can decide how benefits will be paid. This can include payment direct to the person concerned by an insurance company.

- evidence or information
required

- (B) The Trustees can withhold payment of any benefit until they receive any evidence or information that they reasonably require, subject to the Pensions on Divorce etc (Provision of Information Regulations 2000). If the information or evidence is not supplied or is incorrect, the Trustees can adjust the benefit to the extent that the law permits. They can adjust the benefit retrospectively and can reclaim any overpaid benefit either directly or by adjustment of future instalments of pension.

- failure to claim

- (C) If a person does not claim his benefit or part of it within six years after it is due, he will lose the benefit or that part of it not claimed and the Trustees will use it for the general purpose of the Scheme. Alternatively, the Trustees can decide to pay any benefit or part of it to the person concerned or his Dependants in such shares as the Trustees decide.

PAYMENT OF SMALL
SUMS ON DEATH

29. The Trustees can pay to the widow, widower or next of kin of a deceased person any sum not exceeding £5,000 that would be payable to his personal representatives.

They can do so even though the recipient has not been granted representation to, or been authorised to deal with, the estate of the deceased person.

A receipt of the person to whom payment is made will be a complete discharge to the Trustees for the payment.

CLAIMANTS UNABLE
TO ACT

- payment of GMP to
beneficiary under 18

- payment of other
benefits

- payment of GMPs or
Section 9(2B) Rights

30. (A) Where a Guaranteed Minimum Pension becomes payable to a widow or widower who is under age 18, the Trustees will pay it to her or him unless the widow or widower is in the opinion of the Trustees (having consulted not less than two persons who they consider to be appropriately qualified to provide medical evidence to them) unable to act because of incapacity. Receipt of the Guaranteed Minimum Pension by the widow or widower will be a complete discharge to the Trustees for the payment.

(B) This Sub-rule will apply if any benefit is payable to a beneficiary who is in the opinion of the Trustees (having consulted not less than two persons who they consider to be appropriately qualified to provide medical evidence to them) unable to act because of incapacity, or if a benefit other than a Guaranteed Minimum Pension is payable to a beneficiary under age 18.

In either of those events, the Trustees can pay any part of the benefit to the beneficiary or can apply any part of it for the benefit of the beneficiary or any of his dependants in any manner they think appropriate.

The Trustees can hold any part of the benefit until the beneficiary reaches age 18 or becomes able to act or, if he dies before then, for the benefit of his estate. In addition the Trustees can pay all or any part of a benefit to the parent or guardian of a beneficiary who is under age 18 or unable to act or to any other person who the Trustees consider is responsible for his maintenance. They will pay the benefit (or part of it) on the basis that the person receiving it will use it towards meeting the expenses of the household in which the beneficiary resides or in some other manner for his maintenance. They will pay the benefit (or part of it) on the basis that the person receiving it will use it towards meeting the expenses of the household in which the beneficiary resides or in some other manner for his maintenance.

The receipt of the person to whom any payment is made will be a complete discharge to the Trustees for that payment.

(C) Payments of a pension giving effect to a Guaranteed Minimum Pension or Section 9(2B) Rights can be suspended during any period when the beneficiary receiving the pension is, in the opinion of the Trustees, unable to act by reason of mental disorder. However, sums equivalent to the suspended pension:

- (1) will, except in so far as those sums are not, in the opinion of the Trustees, required for the maintenance of the beneficiary, be paid or applied for his maintenance,
- (2) can, in so far as those sums are not, in the opinion of the Trustees, required for the maintenance of the beneficiary be paid or applied for the maintenance of any dependants of the beneficiary, and
- (3) will, in so far as those sums are not, in the opinion of the Trustees, required for the maintenance of the beneficiary or of any dependant of his, be held by the Trustees for the beneficiary until he is again able to act or, if he should die before that happens, for his estate.

The receipt of the person to whom any payment is made will be a complete discharge to the Trustees for that payment.

TWO OR MORE SPOUSES

31. If it appears to the Trustees that more than one person is or may be eligible for a spouse's pension
 - (a) they will pay any Guaranteed Minimum Pension to the person (if any) entitled under the Benefits Act to a widow's or widower's Category B retirement pension, widowed mother's allowance or widow's pension payable by virtue of the Member's national insurance contributions. Alternatively, the Trustees will pay it to the person who would be entitled to a widow's or widower's Category B retirement pension but for section 43(1) of the Benefits Act or, in the case of a female Member, to her widower for the purposes of section 17(6) of the Pension Schemes Act, and
 - (b) the Trustees can pay any spouse's pension (or part of a spouse's pension) in excess of any Guaranteed Minimum Pension to any person or persons they consider appropriate in such shares as they decide. Appropriate persons for this purpose will be any persons who have either been through a ceremony of marriage with the Participant, or who the Trustees consider have at any time been dependent on the Participant for, or provided by the Participant with, all or any of the ordinary necessities of life, and
 - (c) any balance of a spouse's pension remaining after the application of (a) and (b) will cease to be payable.

ASSIGNMENT AND
FORFEITURE

- non-assignability

- forfeiture

32. (A) No person who is entitled or prospectively entitled to a benefit under the Scheme can assign, charge, surrender or grant any form of security over any part of the benefit except when the Rules allow it. A Participant can assign part or all of his retirement benefits or rights to benefits under the Scheme to his Ex-spouse to the extent necessary to comply with a Pension Sharing Order.
- (B) If any person entitled or prospectively entitled to benefits under the Scheme attempts to assign, charge or surrender any part of these benefits where this is not allowed under (A) neither that person nor any purported assignee will be entitled to any benefit. In these circumstances, the Trustees can pay all or part of the benefits to or for the benefit of all or any of that person and his Dependant. However, this Sub-rule will not affect any Guaranteed Minimum Pension or Equivalent Pension Benefits to which a person is entitled under the Scheme. They will remain payable to the person entitled to them under the Scheme.

SECURING BENEFITS
OUTSIDE THE
SCHEME BY
PURCHASE OF
POLICIES

33. When:

- (a) a Member does not have the Statutory Transfer Option and consents to the provision of a Buy-out Policy under this Rule, or
- (b) a pension is in payment under the Scheme,

the Trustees can purchase or provide (including provision by assignment) a Buy-out Policy securing as nearly as possible the benefits or part of the benefits to which the Member or other person is or will be entitled under the Scheme. A person for whose benefit a Buy-out Policy has been purchased or provided under this Rule, his personal representatives and any person claiming through him will cease to have any right to resort to the Fund in respect of the benefit or benefits secured or intended to be secured by the Buy-out Policy.

The Buy-out Policy will satisfy the contracting-out requirements of the Pension Schemes Act and its purchase or provision must not prejudice the Scheme's Approval.

PART V - MISCELLANEOUS PROVISIONS RELATING TO MEMBERSHIP, CONTRIBUTIONS AND BENEFITS

TEMPORARY
ABSENCE FROM
WORK

- maximum period of
absence

- Member's contributions
during and after absence

- benefits for periods of
absence

- discretion to adopt a
different basis

34. (A) If a Member or Life Assurance Member is suspended or absent from work but remains in Service, this Rule will apply, unless it is overridden by the provisions of Rule 6 (Employment with an Overseas Employer) or Rule 35 (Maternity Absence) applies or he elects to leave the Scheme or ceases to be a Life Assurance Member under Rule 5 (Leaving the Scheme).

(B) If suspension or absence lasts continuously for more than the maximum period, Rule 17 (Benefits on leaving the Scheme) will apply to anyone who is a Member and a Life Assurance Member will cease to be one. The maximum period is three years or, if the Principal Employer decides (after consulting not less than two persons who it considers to be appropriately qualified to provide medical evidence to it) that absence is due to ill-health, any longer period that the Principal Employer tells the Trustees in writing.

Continuous suspension or absence that lasts no longer than the maximum period is referred to in this Rule as "Permitted Absence".

(C) In any part of Permitted Absence during which the Member's pay continues in full, his contributions under Part III of the Rules will continue in full. If his pay reduces or stops, his contributions for the relevant period will correspondingly reduce or stop.

(D) In any part of Permitted Absence during which a Member's or Life Assurance Member's pay continues in full or at a reduced rate, pay related benefits will continue to be calculated under Part IV of the Rules. Any benefits that are not pay related or which relate to a period when the Member's or Life Assurance Member's pay is stopped will be calculated on a basis that the Trustees consider to be appropriate. Any benefits payable if the Member or Life Assurance Member dies during or after Permitted Absence will also be subject to any conditions or restrictions set out in the Rule governing those benefits.

(E) The Principal Employer can decide subject to the provisions of Sub-rules 25 (A) and (C) that contributions or benefits for Permitted Absence will be greater than the amounts calculated as set out in (C) or (D). Any such increase will

- (1) be subject to the agreement of the Member to the extent that it affects his contributions, and
- (2) be limited to that necessary to compensate for any reduction resulting from a reduction in the Member's or Life Assurance Member's pay since Permitted Absence began. For the purposes of making this comparison, pre-absence pay can be increased on the same basis as the pay of employees of the Participating Employer in the same or a comparable category of employment over the same period.

MATERNITY,
PATERNITY AND
ADOPTION ABSENCE
- application

35. (A) This Rule applies to any Member or Life Assurance Member who is absent from work wholly or partly because of:

- (1) her pregnancy and who is entitled to some or all of the rights ("Maternity Rights") referred to in Chapter I of Part VIII of the Employment Rights Act, or
- (2) his or her adoption of a child and who is entitled to some or all of the rights ("Adoption Rights") referred to in Chapter IA of Part VIII of the Employment Rights Act, or
- (3) paternity leave and who is entitled to some or all of the rights ("Paternity Rights") referred to in Chapter 3 of Part VIII of the Employment Rights Act.

- refunds of contributions

(B) For the purpose of deciding whether any option to take a refund of contributions applies, the Trustees will treat a Member as remaining in Service during any period in which he or she has Maternity Rights, Adoption Rights or Paternity Rights including any period in which his or her right to return to work is postponed.

- effect of rights

(C) If a Member has Maternity Rights, Adoption Rights or Paternity Rights

calculation of
Pensionable Service

- (1) the Trustees will count as Pensionable Service
 - (a) any part of the period of absence that is ordinary maternity leave or is paternity leave for the purposes of Chapter I and Chapter 3 respectively of Part VIII of the Employment Rights Act or during which the Member was receiving contractual remuneration or statutory maternity pay or statutory paternity pay from the Participating Employer when

they calculate that Member's Pensionable Service

and

- (b) any part of the period of absence that is ordinary adoption leave for the purposes of Chapter IA of Part VIII of the Employment Rights Act or during which the Member was receiving contractual remuneration or statutory adoption pay from the Participating Employer when they calculate that Member's Pensionable Service.

Any other part of the period of absence will count as Pensionable Service only if the Member has paid the Ordinary Contributions under (4) which the Member would have paid if the Member had not been absent during that period or if the Principal Employer agrees to the period being counted.

If a Member exercises his or her right to return to work after

- (a) a period of absence that is either ordinary maternity leave or additional maternity leave for the purposes of Chapter I of Part VIII of the Employment Rights Act, or
- (b) a period of absence that is either ordinary adoption leave or additional adoption leave for the purposes of Chapter IA of Part VIII of the Employment Rights Act, or
- (c) a period of absence that is paternity leave for the purposes of Chapter 3 of Part VIII of the Employment Rights Act,

the Trustees will treat the periods of Pensionable Service immediately before the Member's absence, the period of the Member's absence that counts as Pensionable Service under this Sub-rule and the period of Pensionable Service immediately after the Member's absence as if they were one unbroken period.

benefits for Pensionable
Service

- (2) In respect of any absence that counts as Pensionable Service under (1), the Trustees will calculate benefits as though the Member was not absent from work and was working in accordance with his or her normal practice and receiving his or her normal earnings.

death benefits

- (3) If a Member or Life Assurance Member dies during a period of absence in which he or she has Maternity Rights, Paternity Rights or Adoption Rights:

- (a) (i) if the death occurs during any part of that absence that is ordinary maternity leave for the purposes of Chapter I of Part VIII of the Employment Rights Act or while the Member was receiving contractual remuneration or statutory maternity pay from the Participating Employer, or
- (ii) if the death occurs during any part of that absence that is ordinary adoption leave for the purposes of Chapter 1A of Part VIII of the Employment Rights Act or while the Member was receiving contractual remuneration or statutory adoption pay from the Participating Employer, or
- (iii) if the death occurs during any part of that absence that is paternity leave for the purposes of Chapter 3 of Part VIII of the Employment Rights Act,

the benefits which would have applied if the Member had not been absent and had been working in accordance with his or her normal practice and receiving his or her normal earnings will be payable;

- (b) if the death occurs during any other part of that absence, the benefits that would have applied if the Member had left Service immediately before the Member died (or any greater benefits that the Principal Employer tells the Trustees in writing) will be payable.

The Trustees will pay any lump sum benefit under this Sub-rule in accordance with Rule 20 (Payment of Lump Sum Death Benefit).

Member's Ordinary
Contributions

- (4) A Member will pay Ordinary Contributions during any period of absence in which he or she receives contractual remuneration, statutory maternity pay, statutory adoption pay or statutory paternity pay from the Participating Employer. The Trustees will calculate the contributions by reference to the amount of contractual remuneration, statutory maternity pay, statutory adoption pay or statutory paternity pay that the Participating Employer pays the Member during that period.

A Member will not pay Ordinary Contributions during any other period of absence in which he or she has Maternity Rights, Adoption Rights or Paternity Rights. If the Principal Employer agrees, the Member can arrange with the Trustees on his or her return to work to pay the Ordinary Contributions he or she would have paid if he or she had not been absent during that period.

TRANSFERS FROM
ANOTHER SCHEME

- expressions used

36. (A) For this Rule:

personal pension scheme is defined in section 630 of the Taxes Act.

protected rights means rights under a personal pension scheme or occupational pension scheme to money purchase benefits wholly or partly in substitution for benefits under the state earnings related pension scheme.

transferred GMP means:

- (1) accrued rights to guaranteed minimum pensions (as defined in the Pension Schemes Act) which have been transferred to the Scheme, or
- (2) Guaranteed Minimum Pensions that have been created in the Scheme by a transfer of protected rights.

transferee means the person or persons to whom the transfer relates.

transferring arrangement means a fund, scheme, arrangement (including a retirement annuity contract or trust scheme approved under Chapter III of Part XIV of the Taxes Act or a personal pension scheme) or policy or contract like a Buy-out Policy.

- acceptance

- (B) The Trustees may, with the consent of the Principal Employer, accept a transfer of assets from a transferring arrangement, subject to Sub-rule 67(H) (transfers by ex-spouse participants of other schemes) when applicable. The transfer can be for a person (whether or not a Member) or a group of persons and can include the whole or part of the assets of the transferring arrangement. The Trustees will not accept the transfer if it would prejudice the Scheme's Approval.

- information to be
obtained by the Trustees

(C) The Trustees will obtain from the administrators of the transferring arrangement any information they need including

- (1) the extent to which the transfer arises from employee's contributions or contributions paid direct to a personal pension scheme or retirement annuity contract ("Transferred Employee Contributions"),
- (2) the period of service to which the transfer relates. That period will count as linked qualifying service,
- (3) whether the transfer includes a payment from an approved scheme funded solely by employee's voluntary contributions under an agreement made after 7 April 1987, a fund to which Section 608 of the Taxes Act applies or a scheme approved under the Taxes Act with a normal retirement age of age 45 or earlier where benefits are wholly in non-commutable pension form, and
- (4) details of any Pension Debit relating to the transfer payment.

- benefits
general

- (D) (1) On receipt of a transfer, the Trustees will, after obtaining the Actuary's advice, grant to the transferee such rights and benefits under the Scheme as they decide consistent with the Scheme's Approval.
- (2) If the transfer includes a payment referred to in (C)(3), the transfer can provide a lump sum retirement benefit only:
- (a) if the Trustees have received a certificate from the administrators of the transferring arrangement specifying the extent to which the transfer cannot be used for that purpose (a "nil cash certificate"), or
 - (b) if that would not prejudice the Scheme's Approval.

If (a) applies, the lump sum will not exceed the amount permitted by the nil cash certificate.

retirement lump sum
restriction for Class B
and C Members

circumstances in which
certificates can be
disregarded

- revaluation of GMP

- (3) If the transfer includes a payment referred to in (C)(4), the Trustees will take account of the Pension Debit, if appropriate, in the calculation of any limit on benefits for the transferee. If a transfer of the fund underlying the benefits for the transferee is made later to a scheme approved under Chapter I Part XIV of the Taxes Act or a scheme approved under Chapter IV Part XIV of the Taxes Act, the Trustees must give full details of the Pension Debit to the receiving scheme.
- (4) A transfer for a Class B or Class C Member (other than from a personal pension scheme) can provide a lump sum retirement benefit only:
 - (a) if the Trustees have received a certificate from the administrators of the transferring arrangement specifying the extent to which the transfer can be used for that purpose (a "maximum cash certificate"), or
 - (b) if that would not prejudice the Scheme's Approval.
- (5) The Trustees can disregard a nil cash certificate or a maximum cash certificate:
 - (a) if Sub-rule 18(E) (Member seriously ill) or 18(F) (Trivial Pensions) applies, or
 - (b) they are satisfied that this would not prejudice the Scheme's Approval.
- (E) A transferred GMP accepted by the Trustees in the circumstances referred to in section 20 of the Pension Schemes Act is subject to the following conditions:
 - (1) Where the transferring arrangement is not a policy of insurance or annuity contract, the Trustees will increase the transferred GMP in accordance with Orders made under section 148 of the Social Security Administration Act 1992. The Trustees can decide instead to increase the transferred GMP on a basis that is consistent with regulations 65 and 66 of the Occupational Pension Schemes (Contracting-out) Regulations 1996.
 - (2) If the transferring arrangement is a policy of insurance or annuity contract, the Trustees will increase the transferred GMP at the rate that would have applied if the transfer had not taken place. The Trustees can decide instead to increase the transferred GMP in accordance with Orders made under section 148 of the Social Security Administration Act 1992.