

General

- 12.4 A Buy-out Policy may be purchased in the name of, or assigned to, the Plan member or other beneficiary concerned or a trustee for the benefit of the Plan member or other beneficiary.
- 12.5 The Plan member or other beneficiary shall have an absolute right to the benefits derived from the Buy-out Policy. Upon the election of the Plan member and subject to the approval of the Plan not being prejudiced, the Buy-out Policy may confer benefits or options which, other than any guaranteed minimum pensions or Section 9(2B) Rights, are alternative to the benefits otherwise payable under the Plan. Provision may also be made either under the Buy-out Policy or otherwise for any lump sum payable on the death of the Plan member to be held upon discretionary trusts for the benefit of any one or more of the Plan member's beneficiaries.

Conditions of buying-out

- 12.6 The Trustees shall secure the issue of the Buy-out Policy only on terms which shall:
- 12.6.1 satisfy the requirements of the Inland Revenue including the condition that Inland Revenue limits will not be exceeded; and
 - 12.6.2 satisfy the contracting-out requirements and other requirements of the PSA 1993.
- 12.7 The Trustees may impose the following additional conditions and shall do so if the Buy-out Policy is purchased for a Plan member who leaves pensionable service under the Plan with at least one year before his normal pension date under the Plan:
- 12.7.1 the benefits secured by the Buy-out Policy may be commuted only if:
- (a) the Plan member has attained the age of 50; or
 - (b) at any time he is incapacitated, in the opinion of the Authorised Insurer; or
 - (c) the conditions under the Plan relating to cash sum commutation benefits on retirement are met to the satisfaction of the Authorised Insurer;
- and, in any case, the Plan member has requested or consented to the commutation, the Plan member's or his widow's or widower's guaranteed minimum pension is not commuted and the Authorised Insurer is required to account to the Inland Revenue for any tax liability arising on the commutation;
- 12.7.2 the Authorised Insurer must promise the Plan member, or the trustees of a trust established for the benefit of him and, if appropriate, his dependants to pay the benefits secured by the Buy-out Policy to him or, as the case may be, to his dependants or to the trustees of a trust;

12.7.3 if the benefits secured by the Buy-out Policy include the Plan member's or his widow's or her widower's guaranteed minimum pension, the Buy-out Policy must contain or be endorsed with terms which ensure that:

- (a) the Plan member's annuity will be at least equal to his revalued guaranteed minimum pension payable at state pension age; and
- (b) the widow's or widower's annuity will be at least equal to her or his guaranteed minimum pension; and
- (c) any increase of guaranteed minimum pension in payment, under Sections 109 and 110 of the PSA 1993, shall result in a similar increase in the annuity.

12.7.4 the Policy must be endorsed with the length of the Plan member's qualifying service or, if his qualifying service exceeds two years, a statement to that effect.

12.8 At the date on which a Buy-out Policy is to be purchased under this Clause SD12, the Trustees must be reasonably satisfied (on obtaining actuarial advice from the actuary appointed to the Plan) that the amount to be applied is at least equal to the value of the benefits which have accrued to or in respect of the Plan member under the Plan (or, if only part of a cash equivalent is required to be applied, the value of the benefits to which the amount to be applied relates), taking into account the preservation, contracting-out and revaluation requirements of the PSA 1993.

12.9 Subject to the contracting-out requirements of the PSA 1993 in purchasing one or more Buy-out Policies the Trustees must obtain the consent of the Plan member or, if the benefits being secured are in respect of the Plan member and payable to another beneficiary, that other person, unless the Plan is being wound-up or all of the following conditions apply:

12.9.1 the Buy-out Policy is taken out or entered into more than 12 months after the Plan member left pensionable service under the Plan; and

12.9.2 at least thirty days before the Buy-out Policy is taken out or entered into, the Trustees give a written notice to the Plan member or other beneficiary of their intention to take out or enter into one or more Buy-out Policies; and

12.9.3 when the Trustees agree with the Authorised Insurer to take out or enter into the Buy-out Policy, there is no outstanding application by the Plan member to exercise his right to a cash equivalent.

12.10 If a Transfer Payment has been made under Clause SD 11 of this deed (Transfers out of the Plan) to a retirement benefits scheme which is not a contracted-out scheme, or to a personal pension scheme which is not an appropriate scheme, relating to a Plan member's accrued rights (except to a guaranteed minimum pension) following the exercise by the Plan member of his right to a cash

equivalent, the Trustees may purchase a Buy-out Policy for the Plan member (or, as the case may be, his widow or her widower) which secures the payment of the guaranteed minimum pension as an alternative to paying them out of the Plan.

- 12.11 The Buy-out Policy may (and shall in relation to a Plan member who leaves pensionable service under the Plan at least one year before his normal pension date under the Plan) include provisions which :
 - 12.11.1 subject to the Plan member's written consent, enable a transfer payment to be made from the Buy-out Policy to a New Scheme of which the Plan member becomes a member; and
 - 12.11.2 enable benefits to be provided by the purchase of another annuity, assurance contract or policy from another Authorised Insurer which satisfies the requirements of this Clause SD12.
- 12.12 In respect of those benefits for which the Trustees have purchased a Buy-out Policy, the receipt of the Authorised Insurer shall, except as otherwise provided by statute, discharge the Trustees of all liability under the Plan in respect of the Plan member or other beneficiary concerned.

REGULATORY FRAMEWORK

RF1 INTERNAL DISPUTE RESOLUTION PROCEDURES

- 1.1 No decision made before 6 April 1997 under any existing dispute resolution provision or any arbitration provision applicable to the Plan up to that date shall be invalidated by the introduction of these dispute resolution provisions.
- 1.2 Any existing dispute resolution or arbitration provisions applicable to the Plan up to 6 April 1997 shall continue to apply as part of these new provisions for the purpose of resolving any disputes notified to the Trustees before, and remaining unresolved as at, 6 April 1997.
- 1.3 All complaints and disputes arising between:
 - 1.3.1 members of the Plan and other complainants (as defined in Regulations made under Section 50 of the PA 1995), and
 - 1.3.2 the Trustees,concerning matters relating to the Plan shall be resolved in accordance with arrangements made and implemented by the Trustees for the purposes, and which satisfy the requirements, of Section 50 of the PA 1995 (Resolution of disputes).
- 1.4 The details of the arrangements referred to in sub-clause 1.3 of this Clause RF1 shall be as set out in written form (separate from the Definitive Deed and Rules) and adopted by the Trustees as the internal dispute resolution procedures applicable to the Plan.
- 1.5 Notwithstanding the provisions of Rule 57 (Amending the Plan) of the Definitive Declaration of Trust the Trustees may, by their resolution, amend the internal dispute resolution procedures from time to time.
- 1.6 The Trustees shall notify in writing each member of the Plan and other person to whom information is required to be given under the Disclosure Regulations (as defined in sub-clause 3.7 of Clause RF3 of this Schedule (Administration)) about the internal dispute resolution procedures in accordance with the requirements of the Disclosure Regulations.
- 1.7 The Trustees shall appoint the person who is to make the decisions under the first stage of the internal dispute resolution procedures.
- 1.8 The internal dispute resolution procedures shall not apply to disagreements which, under regulations made under Section 50 of the PA 1995 (Resolution of disputes), are exempt from the requirements of that Section 50.

RF2 DISCLOSURE OF INFORMATION TO PLAN MEMBERS AND OTHERS

- 2.1 The Trustees shall give, exhibit or make available information and documents concerning the Plan to members of the Plan and to any other appropriate person and organisation.
- 2.2 The information and documents to be given, exhibited or made available shall comply with the requirements of the Disclosure Regulations (as defined in sub-clause 3.7 of Clause RF3 of this Schedule (Administration)) and the requirements of supervisory and regulatory bodies relating to occupational pension schemes.
- 2.3 Any information and documents to be given or otherwise exhibited or made available shall be in writing and given by or on behalf of the Trustees or, if appropriate, the administrator of the Plan for the purposes of Section 590(2)(c) of the Taxes Act, Principal Employer or other employer participating in the Plan.

RF3 ADMINISTRATION

The Principal Employer and the Trustees confirm that the Plan shall be administered in accordance with:

- 3.1 the overriding requirements of Part I of the PA 1995;
- 3.2 the explanatory literature issued to members of the Plan as referred to in recital E of this deed;
- 3.3 the requirements applying to exempt approved schemes under Chapter I of Part XIV of the Taxes Act;
- 3.4 the requirements of the PSA 1993 relating to preservation and revaluation in respect of early leavers;
- 3.5 the requirements of the Social Security Act 1989 relating to maternity provisions for women in occupational pension schemes;
- 3.6 all other requirements of United Kingdom and European law in relation to the equal treatment of men and women;
- 3.7 the requirements of the Occupational Pension Schemes (Disclosure of Information) Regulations 1996 (SI 1996/1655) together with associated regulations issued under powers contained in the PSA 1993 and the PA 1995 (the "Disclosure Regulations").
- 3.8 The requirements of Sections 9(2), 12A and 12B of the PSA 1993 for so long as the actuary appointed by the Trustees as actuary to the Plan (in accordance with Section 47 PA 1995) certifies that pensions provided under the Plan satisfy the statutory standard by reference to the reference scheme in accordance with those Sections.

THIRD SCHEDULE

PENSION SHARING ON DIVORCE RULES



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THIRD SCHEDULE
RULES FOR PENSION SHARING ON DIVORCE

D1 INTERPRETATION AND DEFINITIONS

- 1.1 The provisions of this Third Schedule, which apply as from and including 1 December 2000, override any other contrary provisions of the Scheme.
- 1.2 Despite any other provision of the Plan this Third Schedule applies to all Members of the Plan.
- 1.3 The provisions of this Third Schedule shall be interpreted in the same way as the Definitive Deed and Rules. In this Third Schedule, the following words and expressions have the meanings given to them. Other words and expressions have the meanings given to them in SCHEDULE – PART 1 DEFINITIONS of the Rules attached to the Definitive Deed dated 20 September 1991, as amended from time to time ("the Rules") or in the SCHEDULE – PART 2 REVENUE LIMITS of the Rules.

DEPENDANT'S has the meaning in SCHEDULE – PART 1 DEFINITIONS of the Rules except that, for the purposes of this Third Schedule, references in that definition to "Member" shall be treated as though they were references to "Participant".

EARMARKING ORDER means an order made under either Section 23 of the Matrimonial Causes Act 1973 by virtue of one or both of Sections 25B and 25C of that Act or under Section 8(2) of the Family Law (Scotland) Act 1985 by virtue of Section 12A of that Act.

EX-SPOUSE means a person to whom Pension Credit Rights have been, or are to be, allocated following a Pension Sharing Order. If an Ex-Spouse is also a Member or a Dependant, references to "Ex-Spouse" apply to that person only as an Ex-Spouse and not also as a Member or a Dependant.

EX-SPOUSE PARTICIPANT means an Ex-Spouse who participates in the Plan under Rule D2 or Clause 6 of the Definitive Deed (Power to Accept Transfer In). If an Ex-Spouse Participant is also a Member or a Dependant, references to "Ex-Spouse Participant" apply to that person only as an Ex-Spouse Participant and not also as a Member or a Dependant.

MEMBER has the meaning given to it in Schedule – Part 1 (Definitions) of the Rules. If a Member is also an Ex-Spouse or an Ex-Spouse Participant, references to "Member" in the Definitive Deed and the Rules apply to that person only as a Member and not also as an Ex-Spouse or an Ex-Spouse Participant.

NEGATIVE DEFERRED PENSION means the amount by which a Member's pension or deferred pension under the Plan which arose or arises from his own Pensionable Service and from any transfer payment in respect of him made to the Plan, is reduced at the Relevant Date by Section 31 of the Welfare Act, following a Pension Sharing Order.

NORMAL BENEFIT AGE is defined in Section 101B of the PSA 1993.

PARTICIPANT means a Member or Ex-Spouse Participant.

PENSION CREDIT means a credit under Section 29(1)(b) of the Welfare Act.

PENSION CREDIT BENEFITS means the benefits payable under the Plan to or in respect of a person by virtue of rights under the Plan attributable (directly or indirectly) to a Pension Credit.

PENSION CREDIT RIGHTS means rights to future benefits under the Plan that are directly or indirectly attributable to a Pension Credit.

PENSION DEBIT means a debit under Section 29(1)(a) of the Welfare Act.

PENSION DEBIT MEMBER means a Member except that one, who has not become a pensioner on or before the date on which the marriage was dissolved or annulled is a Pension Debit Member only if either:

- (1) he is a controlling director of a company which is his employer if he is a director of the company to whom paragraph (b) of Section 417(5) of the Taxes Act applies either at the date on which his marriage was dissolved or annulled or at any time within the period of 10 years before that date; or
- (2) his earnings at the date on which his marriage was dissolved or annulled that exceeded 25% of the Permitted Maximum for the year of assessment in which the dissolution or annulment occurred. For this purpose, "earnings" shall be taken to be the total emoluments:
 - (a) which were paid to the Member in respect of Pensionable Service during the year of assessment before the year of assessment in which the marriage was dissolved or annulled, and
 - (b) from which tax was deducted in accordance with the Income Tax (Employments) Regulations 1993 (SI 1993/744).

PENSION SHARING ORDER means an order or provision under Section 28(1) of the Welfare Act.

PERMITTED MAXIMUM has the meaning given to it in Section 590C of the Act.

REVENUE LIMITS means the Inland Revenue Limited set out in SCHEDULE – PART II of the Rules and additionally shall include the limits described in Rules D4, D5 and D24.

SAFEGUARDED RIGHTS means those of a person's rights as are described in Section 68A(2) of the PSA 1993.

WELFARE ACT means the Welfare Reform and Pensions Act 1999.

D2 EX-SPOUSE'S PARTICIPATION

The Trustees may, with the consent of the Principal Employer, allow a Participant's Ex-Spouse to participate in the Plan with the status of an Ex-Spouse Participant in relation to her Pension Credit Benefits. This is subject to paragraph 1(2) of Schedule 5 to the Welfare Act.

D3 ASSIGNABILITY

Despite any other provision in the Definitive Trust Deed or Rules, a Participant may assign part or all of his retirement benefits or rights to benefits under the Plan to his Ex-Spouse to the extent necessary to comply with a Pension Sharing Order.

D4 PROVISION OF BENEFITS AND TERMS

Separate benefits

- 4.1 The Trustees shall treat Pension Credit Benefits as provided separately from any other benefits for the same person.

Benefits

- 4.2 The Trustees shall provide for and in respect of an Ex-Spouse Participant rights and benefits as they, on Actuarial Advice, shall decide. The benefits shall comply with the other provisions of this Rule D4, subject to the other provisions of this Third Schedule. The benefits shall also comply with the preservation and revaluation requirements of the PSA 1993 and be consistent with Approval. The Trustees shall tell the Ex-Spouse Participant in writing of the rights and benefits that are to be provided and the terms and conditions that are to apply.

Pension and time of payment

- 4.3 The Trustees may start to pay a pension to and at the request of the Ex-Spouse Participant at any time between her attaining age 50 and 75 or earlier because of incapacity if she is simultaneously taking benefits on incapacity grounds arising from her own Pensionable Service. The Ex-Spouse Participant may not defer commencement of the pension beyond her 75th birthday. If she is aged 75 or over when the Pension Sharing Order is implemented, the pension shall come into payment immediately. There is no limit on the amount of the pension. The pension may not be commuted, surrendered or assigned except in accordance with this Rule D4 and the other provisions of this Third Schedule. The pension shall be payable

for life (although it can carry a guarantee), unless it is exchanged for a cash sum under Sub-rule D4.15.

Cash sum commutation

4.4 If the Member who was formerly married to the Ex-Spouse Participant had already received a lump sum retirement benefit from the Plan before the date of implementation of the Pension Sharing Order, or all the Ex-Spouse Participant's Pension Credit Rights were transferred into the Plan with a lump sum nil certificate, no lump sum may be paid to the Ex-Spouse Participant. Otherwise, the Ex-Spouse Participant may choose to take a lump sum instead of part of the pension when it is first payable. The lump sum may not exceed 2.25 times the initial annual pension. For this purpose, the Trustees shall calculate the initial annual pension on the following bases:

4.4.1 if the pension payable for the year changes, the Trustees shall take the initial pension payable;

4.4.2 the Trustees shall assume that the Ex-Spouse Participant shall survive for a year; and

4.4.3 the Trustees shall ignore the effect of any exchange of pension for a lump sum.

Death before pension starts

4.5 If the terms of the Ex-Spouse Participant's benefits include a lump sum payment on her death before she receives any benefit, and she dies in this circumstance, the Trustees shall pay the lump sum to her legal personal representatives. This applies unless a lump sum is also payable in respect of her death as a Member in which case, the lump sum payable on her death as an Ex-Spouse Participant shall be payable in the same way as the lump sum payable on her death as a Member.

4.6 The lump sum may not exceed 25% of what would have been the cash equivalent of the Pension Credit Rights at the Ex-Spouse Participant's date of death. The Trustees shall use the balance of the cash equivalent to provide a non-commutable pension for any one or more of the Ex-Spouse Participant's Dependants. If the Trustees cannot trace a Dependant, Rule D23 shall apply.

4.7 The amount of pension payable to a Dependant may not exceed 2/3rds of the initial amount of annual pension that could have been paid to the Ex-Spouse Participant at the date of her death had the whole of the cash equivalent of the Pension Credit Rights been used to purchase an annuity at an available market rate. If the Ex-Spouse Participant dies before age 50, the Trustees shall assume that she died at age 50 for the purpose of determining the pension that could have been paid to her. If more than one pension is to be paid, the total of all the pensions may not exceed the amount of pension that could have been paid to the Ex-Spouse Participant. For this purpose, the Trustees shall calculate the initial annual pension in the same way as in Sub-rule D4.4.

- 4.8 A pension for a Dependant shall be payable for life, except that a pension paid to a child shall cease on the attainment of age 18 or on any later date decided by the Trustees that is not later (save for a temporary interruption) than the date when full-time education or vocational training ends. (For this purpose, a break of not more than one academic year between leaving school and taking up a confirmed place in further education or vocational training shall be regarded as a temporary interruption.) Otherwise, the Trustees may continue to pay a pension after a child reaches age 18 if they consider he is mentally or physically disabled. Alternatively, any Dependant's pension may be exchanged fully for a lump sum on the grounds of triviality when the pension becomes payable.

Death after start of pension

- 4.9 If the Ex-Spouse Participant dies after payment of her pension has started, a non-commutable pension may be paid to any one or more of her Dependents. The amount of pension payable to a Dependant may not exceed 2/3rds of the initial annual pension that was paid to the Ex-Spouse Participant, as increased by any rise in the Index since the Ex-Spouse Participant's pension started to be paid. If more than one pension is to be paid, the total of all the pensions may not exceed the amount of initial annual pension that was payable to the Ex-Spouse Participant, as increased by any rise in the Index since the Ex-Spouse Participant's pension started to be paid. For the purpose of this sub-rule, the Trustees shall calculate the initial annual pension on the same way as in Sub-rule D4.4.
- 4.10 A pension for a Dependant shall be payable for life, except that a pension paid to a child shall cease on the attainment of age 18 or on any later date decided by the Trustees that is not later (save for a temporary interruption) than the date when full-time education or vocational training ends. (For this purpose, a break of not more than one academic year between leaving school and taking up a confirmed place in further education or vocational training shall be regarded as a temporary interruption.) Otherwise, the Trustees may continue to pay a pension after a child reaches age 18 if they consider he is mentally or physically disabled. Alternatively, any Dependant's pension may be exchanged fully for a lump sum on the grounds of triviality when the pension becomes payable.

Pension increases

- 4.11 Any pension provided under the Plan to give effect to Pension Credit Rights shall be increased annually when in payment in accordance with and subject to Regulations made under Section 40 of the Welfare Act. For the purpose of Regulation 32(2) of the Pension Sharing (Pension Credit Benefit) Regulations 2000 (SI 2000/1054), the Trustees shall decide the reference period over which the percentage increase in the Index is to be calculated. Pension increases shall be paid on the dates and at intervals the Trustees decide.

Pension guarantees

- 4.12 If the Ex-Spouse Participant's pension is guaranteed for not more than 5 years, then, on her death after payment of her pension has started and before the guaranteed period ends, the Trustees shall pay a lump sum equal to the balance of the unpaid pension instalments in accordance with this sub-rule. The lump sum may take account of the unpaid pension instalments at a discounted value and may take account of any future increases that may apply to the pension. If a lump sum is also payable in respect of her death as a Member, the lump sum payable on her death as an Ex-Spouse Participant shall be payable in the same way as the lump sum payable on her death as a Member. Otherwise, it shall be payable to her legal personal representatives.
- 4.13 If the Ex-Spouse Participant's pension is guaranteed for more than 5 years, then, if she dies before the guaranteed period ends, the Trustees shall pay the remaining balance of the pension instalments in pension form to any one or more of her Dependants, subject to the same limits and payment conditions as in Sub-rules D4.9 and D4.10. If the Trustees cannot trace a Dependant, Rule D23 shall apply.

Surrender for other Dependants' pensions

- 4.14 If the terms of the Ex-Spouse Participant's benefits permit, then, when the Ex-Spouse Participant's pension becomes payable (but not if it is paid in the form of income drawdown), she may surrender part of it to secure on her death a pension payable to any one or more of her Dependants. The amount surrendered shall not exceed the reduced pension that the Ex-Spouse Participant keeps for herself.

Cash sum for triviality and serious ill-health

- 4.15 The Trustees may convert the Ex-Spouse Participant's Pension Credit Rights into a lump sum because of triviality or exceptional circumstances of serious ill-health when the pension first becomes payable. The following shall apply if the Ex-Spouse Participant is also entitled to benefits under the Plan as a Member:
- 4.15.1 for the purposes of determining the aggregate value of the total benefits payable to the Member under sub-rule 6(b) Commutation of Pension, benefits from Pension Credit Rights shall be included; and
- 4.15.2 the Trustees shall convert the Pension Credit Rights into a lump sum because of triviality only if the Ex-Spouse Participant's benefits as a Member are converted to a lump sum at the same time.

Transfer option

- 4.16 If the Ex-Spouse Participant is a participant in another scheme approved under Chapter I of Part XIV of the Act or under Chapter IV of Part XIV of the Act and if she asks, the Trustees shall transfer her Pension Credit Rights to that other scheme. If she asks and if the Inland Revenue's requirements are satisfied, the Trustees shall transfer the Ex-Spouse Participant's Pension Credit Rights to any other scheme or

arrangement. The Trustees shall confirm to the receiving scheme or arrangement that the transfer value consists wholly or partly of Pension Credit Rights for the benefit of the Ex-Spouse Participant. Any transfer under this Sub-rule D4.16 is subject to the other scheme or arrangement being willing and able to accept the transfer.

Open market option

- 4.17 At the request of the Ex-Spouse Participant when her pension becomes payable, the Trustees shall buy, if they are able to do so, an annuity from an Insurance Company of her choice.

D5 DEATH OF EX-SPOUSE BEFORE IMPLEMENTATION OF PENSION SHARING ORDER

- 5.1 If an Ex-Spouse dies after a Pension Sharing Order is made but before the Trustees implement it, the Trustees may provide benefits up to the value of the cash equivalent of the fund that would have provided the Pension Credit Rights for the Ex-Spouse. These benefits may, at the Trustees' discretion, be in the form of a non-commutable pension for any one or more of the Ex-Spouse's Dependants or a lump sum death benefit or a combination of both.

Lump sum

- 5.2 If the Trustees decide to provide a lump sum under this Rule D5, they shall pay it to the Ex-Spouse's legal personal representatives. This applies unless a lump sum is also payable in respect of her death as a Member in which case, the Trustees shall pay any lump sum benefit on her death as an Ex-Spouse in the same way as the lump sum payable on her death as a Member.
- 5.3 Any lump sum may not exceed 25% of what would have been the cash equivalent of the fund which would have provided the Pension Credit Rights for the Ex-Spouse. The Trustees may use all or any of the balance of that fund to provide a non-commutable pension for any one or more of the Ex-Spouse's Dependants.

Dependants' pensions

- 5.4 The amount of pension payable to a Dependant may not exceed 2/3rds of the amount of the pension that could have been paid to the Ex-Spouse at the date of her death if the whole of the cash equivalent of the fund that would have provided the Pension Credit Rights had been used to purchase an annuity at an available market rate. If more than one pension is to be paid, the total of all the pensions may not exceed the amount of pension that could have been paid to the Ex-Spouse.
- 5.5 A pension for a Dependant shall be payable for life, except that a pension paid to a child shall cease on the attainment of age 18 or on any later date decided by the Trustees that is not later (save for a temporary interruption) than the date when full-time education or vocational training ends. (For this purpose, a break of not more

than one academic year between leaving school and taking up a confirmed place in further education or vocational training shall be regarded as a temporary interruption.) Otherwise, the Trustees may continue to pay a pension after a child reaches age 18 if they consider that he is mentally or physically disabled. Alternatively, any Dependant's pension may be exchanged fully for a lump sum on the grounds of triviality when the pension becomes payable.

Trustees' discharge

5.6 The provision of any benefits under this Rule shall discharge the Trustees' liability in respect of the Ex-Spouse's Pension Credit in accordance with regulation 6 of the Pension Sharing (Implementation and Discharge of Liability) Regulations 2000 (SI. 2000/1053) The Trustees may also discharge their liability under those Regulations by either:

5.6.1 entering into an annuity contract or taking out an insurance policy under Sub-rule D8.3; or

5.6.2 keeping all or part of the Pension Credit for the purposes of the Plan under Rule D23.

D6 INCOME DRAWDOWN AND FLEXIBILITY

If approval of the Plan as an Exempt Approval Scheme would not be prejudiced, the Trustees may allow an Ex-Spouse Participant (during her lifetime) or a Dependant (after an Ex-Spouse's death under Rule D5) to take the benefits at any time and in any form the Trustees decide after obtaining the Actuary's Advice.

D7 SAFEGUARDED RIGHTS

The Trustees shall comply with the Pension Sharing (Safeguarded Rights) Regulations 2000 (S.I. 2000/1055) with regard to Safeguarded Rights.

D8 SECURING BENEFITS

8.1 Instead of allowing an Ex-Spouse to participate in the Plan as an Ex-Spouse Participant under Rule D2, the Trustees may discharge their liability in respect of the Ex-Spouse's Pension Credit by paying the amount of the Pension Credit to a qualifying arrangement, as defined in paragraph 6 of Schedule 5 to the Welfare Act. The payment shall comply with sub-paragraph 1(3) of that Schedule 5.

8.2 The Trustees may discharge their liability for any right or benefit payable under Rule D4 by complying with Part IVA of the PSA 1993 in respect of it.

8.3 The Trustees may secure any pension payable under Rule D5 by entering into an annuity contract or taking out an insurance policy. The contract or policy shall satisfy the requirements referred to in regulation 6(3) of the Pension Sharing (Implementation and Discharge of Liability) Regulations 2000 (S.I. 2000/1053).

D9 NO EX-SPOUSE PARTICIPANT'S CONTRIBUTIONS

No Ex-Spouse Participant shall be required or able to make any contributions to the Plan. Neither may any Employer make any contributions to the Plan in respect of an Ex-Spouse Participant, unless required under legislation.

D10 CHARGING FOR PENSION SHARING AND EARMARKING ACTIVITIES

Despite any other provision in the Rules, the Trustees may charge a Participant or prospective Participant for supplying information in connection with divorce or complying with a Pension Sharing Order or an Earmarking Order, subject to the terms of, and by any of the methods allowed by, the Pensions on Divorce etc. (Charging) Regulations 2000 (SI 2000/1049).

D11 REDUCTION IN BENEFITS

If the Trustees receive a Pension Sharing Order or an Earmarking Order in respect of a Participant they shall, on implementing the order and after obtaining the Actuary's advice, reduce the benefits for and in respect of the Participant concerned to comply with that order.

D12 EVIDENCE AND INFORMATION

The Trustees may request any evidence or information they require for the purposes of the Plan from or about any beneficiary or potential beneficiary under the Plan, subject to the Pensions on Divorce etc. (Provision of Information) Regulations 2000 (SI 2000/1048). If the evidence or information is not supplied or if it is found to be unsatisfactory or incorrect, the Trustees may, after consulting, where necessary, the Actuary or Insurance Company, adjust, restrict, cancel or not provide any benefit payable to or in respect of that person or vary the terms or conditions on which any benefit is payable. Any action taken by the Trustees under this provision will be notified to the person concerned.

D13 TWO OR MORE EX-SPOUSES

In relation to any provision in the Rules relating to the situation where two or more spouses are eligible or potentially eligible for a spouse's pension, that provision is to be treated as also applying in the case of an Ex-Spouse Participant.

D14 AUGMENTATION AND DISCRETIONARY BENEFITS

Any power under the Rules (other than under the provisions relating to the winding up of the Plan) to increase any benefit or provide any new or additional benefits may not be exercised to increase or provide any benefit for or in respect of an Ex-Spouse or Ex-Spouse Participant.

D15 NO PAYMENTS TO THE CROWN, ETC

This Rule D15 applies whenever, but for this rule, any sum payable under this Third Schedule vest in the Crown, the Duchy of Lancaster or the Duke of Cornwall as bona vacantia. When this rule applies, the Trustees shall hold and apply the sum for the general purposes of the Plan.

D16 TRANSFERS OUT OF THE PLAN

Where the Trustees transfer under any of the provisions of the Plan the assets underlying the benefits for a Pension Debit Member to another pension arrangement or Approved Policy, the Trustees shall give full details of the Pension Debit and a lump sum certificate specifying the maximum permissible lump sum to the pension arrangement or the Authorised Insurer concerned.

D17 TRANSFERS INTO THE PLAN

17.1 If, under any of the provisions of the Plan, the Trustees accept a transfer payment for a person and are told by the transferring scheme or arrangement that the transfer payment consists wholly or partly of pension credit rights in the transferring scheme or arrangement, then the Trustees shall separately identify the transfer payment (or that part of it) relating to those pension credit rights from any other funds held for the benefit of that person as a Member or as a dependant of a Member. The Trustees shall comply with the requirements of Rule D4 in respect of the transferred-in pension credit rights. The person shall participate in the Plan with the status of an Ex-Spouse Participant in relation to her Pension Credit Benefits arising from her transferred-in pension credit rights. The Pension Credit Benefits shall not count towards any limit on benefits for that person under the Plan.

17.2 If the Trustees accept a transfer payment under any of the provisions of the Plan and the transferring scheme or arrangement gives them details of a Pension Debit relating to the transfer payment, the Trustees shall take account of the Pension Debit, if appropriate, in the calculation of any limit on benefits for the person concerned. If a transfer of the fund underlying the benefits for the transferee is made later to a scheme approved under Chapter I of Part XIV of the Act or under Chapter IV of Part XIV of the Act, the Trustees shall give full details of the Pension Debit to the receiving scheme.

D18 DEBTS OWED TO EMPLOYER

Any power in the Plan allowing a deduction from a Member's benefits in respect of any monetary obligation to an Employer also applies in the case of an Ex-Spouse Participant's benefits in respect of any monetary obligation to an Employer due from the Ex-Spouse Participant to the Employer.

D19 PARTIAL TERMINATION OF THE PLAN

On the partial termination of the Plan and in calculating and applying the appropriate portion of the Fund for the purposes of Clause 22 of the Definitive Deed (ADMISSION OF/ DETERMINATION OF THE PLAN IN RELATION TO ASSOCIATED EMPLOYERS), the Trustees may include or exclude the Pension Credit Rights or Pension Credit Benefits in respect of any Ex-Spouses or Ex-Spouse Participants who are ex-spouses of any of the Members in, or previously in, the Service of the Participating Employer concerned.

D20 WINDING UP PRIORITIES FOR EX-SPOUSES

If the Plan is wound up:

- 20.1 The Trustees will satisfy the Plan's liabilities in respect of pension and other benefits for Ex-spouse Participants in the way and to the extent required by section 73(1) to (3) of the Pensions Act (as modified by the Occupational Pension Schemes (Winding-up) Regulations 1996 (SI 1996/No 3126), including the provisions for the transitional period and money purchase benefits).
- 20.2 To the extent to which the Plan has any liabilities in respect of pension and other benefits for any Ex-spouse Participant to which Sub-rule D20.1 does not apply, the Trustees will treat the Ex-spouse Participant in the same way
 - 20.2.1 as Members who are pensioners, if either
 - 20.2.1.1 the Ex-spouse Participant's Pension Credit Benefits are in payment, or
 - 20.2.1.2 the Ex-spouse Participant has reached her normal benefit age (as defined in section 101B of the Pension Schemes Act) but her Pension Credit Benefits are not yet in payment, or
 - 20.2.2 as Members who have left the Scheme with prospective entitlement to benefits under the Scheme which are not yet in payment, if Sub-rule D20.2.1 does not apply to the Ex-spouse Participant.
- 20.3 Any liability for benefits which the Trustees have decided or subsequently decide to provide in accordance with D5 but which are not yet in payment will be given the same priority as a liability for benefits payable on the death of an Ex-spouse Participant who is treated in the way described in Sub-rule D20.2.1.
- 20.4 No part of any surplus assets which may be applied under winding up of the Plan may be used to augment any Pension Credit Rights.
- 20.5 The Trustees will modify the provisions of the Plan to the extent that they consider necessary to give effect to the provisions of this Rule.

D21 ALTERNATIVE TO WINDING UP

If, the Trustees decide to continue the Plan instead of winding it up and decide that no new Members are to be admitted into membership of the Plan, they may decide that Ex-Spouses may or may not be permitted to participate in the Plan.

D22 INTERNAL DISPUTE RESOLUTION PROCEDURES

In any arrangements made by the Trustees under Section 50 of the PA 1995 (Resolution of disputes) for the resolution of disagreements in relation to the Plan, the Trustees shall treat Ex-Spouses and Ex-Spouse Participants as though they were "prescribed persons" and "complainants of a prescribed description" for the purposes of regulation 2 of the Occupational Pension Schemes (Internal Dispute Resolution Procedures) Regulations 1996 (SI 1996/1270).

D23 SURPLUS ASSETS

If the Trustees do not apply any part of a Pension Credit (or its equivalent if an Ex-Spouse has died) under any other provision of this Part of the Schedule, they shall apply it for the general purposes of the Plan.

D24 ADDITIONAL REVENUE LIMITS

24.1 Despite any other provision in the Definitive Trust Deed and Rules, the benefits for a Pension Debit Member are additionally subject to the following limits to the extent that Social Security legislation allows.

Maximum pension

24.2 A pension from the Plan shall be restricted, if necessary, so that the total of the pensions under the Plan and any Associated Scheme and, in the case of a Class A Member, or a Class A Override Member any Connected Scheme, is not more than the Aggregate Retirement Benefit less the Negative Deferred Pension, any negative deferred pension in any Associated Scheme and, in the case of a Class A Member or Class A Override Member, any negative deferred pension in any Connected Scheme.

Maximum lump sum

24.3 A lump sum from the Plan and any Associated Scheme shall not be more than:

24.3.1 for a Pension Debit Member who is a Class A Member, Class A Override Member or Class B Member, an amount equal to 2.25 times the initial annual pension payable; or

24.3.2 for a Pension Debit Member who is a Class C Member, an amount of the greater of:

(a) 2.25 times the initial annual pension payable, and

(b) an amount calculated in accordance with Rule 2 of Part 1 of the Revenue Limits as if there had been no Pension Debit, less 2.25 times the Negative Deferred Pension.

24.4 For the purposes of Sub-rule D24.3, the initial annual pension shall be calculated on the following bases:

24.4.1 if the pension payable for the year changes, the Trustees shall take the initial pension payable;

24.4.2 the Trustees shall assume that the Pension Debit Member shall survive for a year; and

24.4.3 the Trustees shall ignore the effect of commutation.

Maximum Dependents' pensions

24.5 On the death of the Pension Debit Member, any pension from the Plan for a Dependant shall not be more than 2/3rds times the residual amount. When more than one pension is to be paid, the total of all the pensions shall not be more than 100% of the residual amount. For this purpose, the residual amount is the Member's maximum Aggregate Retirement Benefit an amount determined in accordance with Revenue Limits as if there had been no Pension Debit, less the Negative Deferred Pension, any negative deferred pension in any Associated Scheme and, in the case of a Class A Member or Class A Override Member, any negative deferred pension in any Connected Scheme.



FOURTH SCHEDULE

THE VARELCO RULES

THE VARELCO RULES

1. APPLICATION OF VARELCO RULES

The Varelco Rules set out in this Fourth Schedule shall apply to any member (a "Varelco Member") of the Varelco Limited Pension Fund ("the Fund") who has become a Member of the Plan as a result of the transfer of his accrued right from the Fund to the Plan and they shall replace or modify Rules 1 to 18 of the Plan and the Schedule only to the extent provided in the Fourth Schedule, otherwise Rules 1 to 18 of the Plan and the Schedule shall also apply to the Varelco Members.

The Varelco Rules shall include the revised versions of the Schedule Parts III and IV attached to them which shall apply to the Members instead of the corresponding Parts of the Schedule attached to the Rules of the Plan.

In any case as to doubt as to the benefits payable under the Varelco Rules the Trustees shall refer to the provisions of the documents relating to the Fund.

2. VARELCO MEMBER'S PENSION

(a) Provision of Pension

A Varelco Member may be provided with a pension on retirement at Normal Pension Date which, subject to such other provisions of the Rules as may apply, shall start on the relevant Pension Payment Date and continue for the rest of the Varelco Member's life and shall normally be paid by monthly instalments, no payment being due after the Varelco Member's death.

In the case of a Varelco Member who is a Contracted-out Member whose Normal Pension Date is earlier than State Pensionable Date, any increase in the Guaranteed Minimum Pension shall be additional to the amount of pension accrued to the Varelco Member at Normal Pension Date, but this additional amount shall be inclusive of such amount (if any) by which the Varelco Member's pension, after it has started to be paid, has been increased in accordance with Rule 9 of the Plan and shall not become payable until State Pensionable Date.

(b) Payment on death before expiry of fixed five year period

- (i) If the Varelco Member dies within the period of five years from the start of his pension, the pension payable to an adult Dependant under Rule 8(a) of the Plan shall be increased for the remainder of the five year period so that when any pension payable to a Member's Dependent Child under Rule 8(a) of the Plan is added to it, it equals the full amount of the Varelco Member's pension at the date of his death.

- (ii) If no pension is payable to an adult Dependant under Rule 8(a) of the Plan, any pensions(s) payable to a Varelco Member's Dependent Children under Rule 8(a) of the Plan shall, for the remainder of the five year period, be increased proportionately so that in aggregate they equal the Varelco Member's pension at the date of death.
- (iii) Where a Varelco Member's adult Dependant dies whilst in receipt of the enhanced pension described in paragraph (i) of the Varelco Rule 2(b) the pension(s) payable to Dependent Children under Rule 8(a) of the Plan shall, for the remainder of the five year period (if any), be increased proportionately so that in aggregate they equal the Varelco Member's pension at his date of death.

PROVIDED THAT if there is no pension payable under Varelco Rule 2(b) there shall be payable to the Varelco Member's Personal Representatives a lump sum equal to the discounted value as determined by the Actuary of the pension which would have been paid for the remainder of the five year period but for the Varelco Member's death.

(c) Alternative forms of pension/fixed period; restrictions

Subject to the provisions of Rule 16 of the Plan, the Trustees shall have power (with the Varelco Member's agreement) to substitute, at the date of that Varelco Member's retirement, for any such pension, such other pension payable to the Varelco Member (which, except as provided for elsewhere in the Rules, shall be non-commutable and non-assignable and of a value equal, as determined by the Actuary, to the value of the pension for which the same is substituted) as they decide

PROVIDED THAT:

- A. such substituted pension may be of an adjusted annual amount payable at such frequency and/or in such manner as shall be notified to the Varelco Member;
- B. the annual amount of pension shall not exceed any relevant maximum set out in Part II of the Schedule to the Plan.
- C. the benefit under Varelco Rule 2(b) payable on death after retirement on pension may be calculated by reference to a period of less (but not more) than five years;
- D. except in the case of a Varelco Member who is a Contracted-out Member, the pension may be payable for whichever is the longer of the rest of the Varelco Member's life and a fixed period of more than five years (but not exceeding ten years), any payments falling within the fixed period but subsequent to the Varelco Member's death being made to that Varelco Member's Personal Representatives, save that in exceptional circumstances (and for so long as the Plan is to be treated as an Exempt Approved Scheme, only with the approval of the Inland Revenue), a death benefit shall be payable in accordance with Rule 7(b) of the Plan but calculated by reference to such period (not exceeding ten years) as shall be determined by the Trustees, and
- E. payments of the substituted pension shall cover the whole period from the date of the Varelco Member's retirement

3. RETIREMENT BEFORE NORMAL PENSION DATE

(a) Immediate payment of pension

On retirement from Service before Normal Pension Date, then if such retirement occurs

- (i) on or after the Varelco Member's 50th birthday and the Employer agrees that the Varelco Member may be offered an immediate pension under this Rule, or
- (ii) on account of Incapacity and the Employer, with the Trustees' consent, agrees that the Varelco Member may be offered and immediate pension under this Rule,

a Varelco Member shall be entitled to, if he so requests, as an alternative to the benefit under Rule 12 of the Plan (but subject to Rule 12(m) of the Plan), to an immediate pension

The Trustees may pay an immediate pension without receiving a request from the Varelco Member where the Varelco Member cannot make such a request because of serious Incapacity.

(b) Amount of pension payable

The immediate pension shall be payable in accordance with Varelco Rule 2, but subject to Rule 6 of the Plan. Except where a Varelco Member is notified otherwise, in the case of a Varelco Member who is a Specified Member the amount of the immediate pension shall be as set out in Part III of the Schedule (as amended by these Varelco Rules).

The immediate pension shall only be paid if the amount payable at State Pensionable Date will not be less than the Varelco Member's Guaranteed Minimum Pension. The Trustees may pay a smaller pension before the State Pensionable Date if they are satisfied on the Actuary's advice that the benefits payable are equal in value to the benefits which would have been payable if the above condition does not apply. If payment of an immediate pension is not possible because of this condition, the Varelco Member shall be entitled to a preserved pension under Rule 12 of the Plan.

The value of an immediate pension under Varelco Rule 3 must either exceed the value of the preserved pension calculated under Rule 12 of the Plan when Pensionable Service stops or, in the opinion of the Trustees acting on the Actuary's advice, compare reasonably with it.

(c) Lump sum death benefit prior to Normal Pension Date

A lump sum death benefit may be provided on or after retirement under this Rule to the extent permitted by the Inland Revenue. The lump sum death benefit may be payable on a Varelco Member's death on or after Pension Payment Date and before Normal Pension Date.

EXCEPT THAT if the Varelco Member is retiring in exceptional circumstances of serious ill-health, such a lump sum benefit may not be provided if the Trustees have paid a lump sum in place of the whole of the Varelco Member's pension in accordance with Rule 6(b) of the Plan.

Except where a Varelco Member is notified otherwise, in the case of a Varelco Member who is a Specified Member the lump sum death benefit payable under this Rule shall be the amount set out in accordance with Part III of the Schedule (as amended by these Varelco Rules).

The amount of such lump sum benefit payable on a Varelco Member's death as mentioned above shall:

- I. be of such amount as the Employer, with the Trustees' consent, shall be in its discretion decide and notify to the Varelco Member in accordance with Rule 1(c) of the Plan on or prior to the date of his actual retirement, and
- II. not exceed the amount which would have been paid under Rule 7(a)II of the Plan if the Varelco Member had died on the day before his actual retirement, increased in proportion to any increase in the Index from that day up to the date of death, or such other amount specified by the Inland Revenue.

PROVIDED THAT if the Varelco Member retires early on grounds other than Incapacity, the value (as determined by the Actuary) of any lump sum provided in accordance with Varelco Rule 3(c) shall, unless the Inland Revenue permits otherwise, be taken into account in determining any maximum amount of the Varelco Member's retirement benefit under Part II of this Schedule.

Any lump sum death benefit provided in accordance with Varelco Rule 3(c) shall be payable

- (i) in accordance with Rule 7(b) of the Plan, if the Varelco Member retires early due to Incapacity and the Inland Revenue allows payment in this way,
- (ii) in accordance with Rule 7(d) of the Plan, if the Varelco Member retires early due to Incapacity and (i) is not applicable, and
- (iii) in accordance with Rule 7(d) of the Plan, if the Varelco Member retires early on grounds other than Incapacity.

4. RETIREMENT AFTER NORMAL PENSION DATE

(a) Payment of benefits

In the event of a retirement from Service being postponed until after Normal Pension Date, a Varelco Member shall be entitled to an immediate pension on such retirement or, subject to the consent of the Principal Employer and the Trustees, the Varelco Member may elect to take all or part of his benefits on a date on or after Normal Pension Date and before his actual retirement provided that such action does not prejudice the treatment of the Scheme as an Exempt Approved Scheme.

Any pension under Varelco Rule 4 shall be payable as stated in Varelco Rule 2 and subject to Rule 6 of the Plan.

Except where a Varelco Member is notified otherwise, in the case of a Varelco Member who is a Specified Member the pension payable under this Rule at the Varelco Member's actual retirement shall be as set out in Part III of the Schedule (as amended by these Varelco Rules).

PROVIDED THAT in the case of a Varelco Member who is Contracted-out Member:

- A. If the Varelco Member's Normal Pension Date is earlier than State Pensionable Date, any increase in the Guaranteed Minimum Pension attributable to the revaluation in accordance with Rule 16(d) of the Plan shall be additional to both the amount of pension accrued to the Varelco Member at Normal Pension Date and any increase of pension due to payment being deferred under Varelco Rule 4(a). This additional amount in respect of the revaluation of the Guaranteed Minimum Pension will not become payable until State Pensionable Date, and
- B. where the Varelco Member's Normal Pension Date is the same as State Pensionable Date, any increase in the Guaranteed Minimum Pension attributable to its postponement in accordance with paragraph (ii) of Rule 16(c) of the Plan shall be additional to both the amount of pension accrued to the Varelco Member at Normal Pension Date and any increase of pension (in excess of the Guaranteed Minimum Pension) due to payment being deferred under Varelco Rule 4(a).

(b) Payment of death benefits before actual retirement

On the death of a Varelco Member while still in Service after Normal Pension Date, there shall be payable such benefits (if any) as the Trustees decide and which are permitted by the Inland Revenue. These benefits shall be in the same form and payable in the same manner as like benefits under Rules 7(a) and 8(a) of the Plan and Varelco Rule 2(b) unless the Inland Revenue permits otherwise.

PROVIDED THAT unless the Employer decides otherwise and the Varelco Member is notified accordingly, in the case of a Varelco Member who is a Specified Member the benefits, and amounts of them shall be as set out in Part III of the Schedule (as amended by these Varelco Rules).

Any lump sum benefit payable under Varelco Rule 4(b), other than a refund of the Varelco Member's Contributions, shall be payable in accordance with Rule 7(b) of the Plan to the extent permitted by the Inland Revenue, and otherwise in accordance with Rule 7(d) of the Plan. A refund of all or part of the Varelco Member's Contributions shall be payable in accordance with Rule 7(d) of the Plan.

5. MATERNITY ABSENCE

Varelco Rule 5 applies only in the case of a female Varelco Member who is absent from work for reasons of pregnancy, confinement or childbirth.

(a) Definitions

For the purposes of Varelco Rule 5, the following expressions have the meanings ascribed to them:

"Maternity Leave" means, in respect of a woman, any period of absence from work (to which she has a contractual or statutory right) for reasons of pregnancy, confinement or childbirth.

"Paid Maternity Leave" means, in respect of a woman, any period of Maternity Leave during which she receives from her Employer:

- (i) any contractual remuneration (as defined in paragraph 3 of Schedule 13 to the Social Security Contributions and Benefits Act 1992); or
- (ii) any statutory maternity pay (as defined in Section 164 of the Social Security Contributions and Benefits Act 1992).

"Unpaid Maternity Leave" means, in respect of a woman, any period of Maternity Leave which is ordinary maternity leave under Section 71 of the Employment Rights Act 1996 for which the Varelco Member does not receive:

- (i) any contractual remuneration (as defined in paragraph 3 of Schedule 13 to the Social Security Contributions and Benefits Act 1992); or
- (ii) any statutory maternity pay (as defined in Section 164 of the Social Security Contributions and Benefits Act 1992).

(b) Paid Maternity Leave

During any paid Maternity Leave, the following provisions apply in respect of a Varelco Member:

- (i) she will be treated as remaining in membership of the Plan;
- (ii) her Pensionable Service will be treated as continuous; and
- (iii) the benefits applicable to and in respect of her under the Plan will continue to accrue (or, if otherwise appropriate, will continue to be provided), on the same basis and subject to the same terms and conditions which otherwise would have applied under the Plan had she been working normally (and had not been absent from work for reasons of pregnancy, confinement or childbirth), subject to other provisions of Varelco Rule 5.

(c) Unpaid Maternity Leave

During any period of Unpaid Maternity Leave, membership, Pensionable Service and benefits will continue under the Plan in the same way which applies under Varelco Rule 5(b).

The provisions of Varelco Rule 5(j) apply.

(d) Notional Remuneration

During a period of:

- (i) Paid Maternity Leave, where a Varelco Member's remuneration is, in the opinion of the Employer, less than that which otherwise would have applied had she not been absent and had been working normally; or
- (ii) Unpaid Maternity Leave

the Varelco Member's remuneration which counts for the purposes of calculating benefits under the Plan, will be taken for the purposes of the Plan as the notional amount (the Varelco Member's "Notional Remuneration") which, in the opinion of the Employer (and as notified in writing by the employee to the Trustees), would have applied had she not been absent from work.

However, the amount of notional remuneration to apply in calculating the Varelco Member's Notional Remuneration (as calculated or otherwise expressed as a weekly amount) in respect of each week during any period of Unpaid Maternity Leave, shall not exceed the amount which under Chapter II of Part XIV of the Employment Rights Act 1996, counts as a week's pay. For this purpose, the notional remuneration to apply for a part of a week shall be calculated on a proportionate basis.

This provision applies solely for the purposes of calculating benefits and an Employer's contributions under the Plan. It does not entitle a Varelco Member in any way to any additional remuneration from the Employer because of its application.

(e) Maternity Leave to be non-contributory

During a period of Maternity Leave, no Varelco Member shall have any liability to contribute to the Scheme.

(f) Voluntary Contributions

During a period of Maternity Leave, a Varelco Member may start to pay or terminate, resume or adjust any voluntary contributions to the Plan in accordance with paragraphs (ii) and (iii) of Rule 3(a) of the Plan.

(g) Employer's Contributions

During a period of Paid Maternity Leave or Unpaid Maternity Leave, the Employer shall continue to pay contributions to the Plan in respect of the Varelco Member concerned in accordance with Rule 3(b) of the Plan in order to continue the benefits applicable for an in respect of the Varelco Member under Varelco Rule 5(b), or as appropriate Varelco Rule 5(c), subject to Varelco Rule 5(d).

In addition, the Employer shall also pay contributions to the Plan equal to the Varelco Member's contributions which, but for Varelco Rule 5(e) she would otherwise have been required to pay to the Plan under Rule 3(a)(i) of the Plan had she been working normally (and had not been absent from work for reasons of pregnancy, confinement or childbirth). For this purpose, the contributions to be paid by the Employer shall be calculated by reference to the Varelco Member's Notional Remuneration.

(h) Treatment at end of Maternity Leave

If, at the end of the period of Paid Maternity Leave or Unpaid Maternity Leave, a Varelco Member has not returned to work, she will be treated for the purposes of the Plan as having then left Pensionable Service, subject to any continued provision of benefits for or in respect of the Varelco Member under Varelco Rule 5(i)(ii). Unless Varelco Rule 5(i)(ii) applies, the provisions of Rule 12 will then apply.

(i) Right to return to work

- (i) If a female Varelco Member has a contractual right or, in accordance with Section 71 or Section 73 of the Employment Rights Act 1996, a statutory right to return to work and has complied with any requirement to give notice of her intention to return to work, she will be treated as remaining in membership of the Plan during her Maternity Leave.
- (ii) During the Varelco Member's Maternity Leave, the Employer will decide, after obtaining the Actuary's advice, the period and extent to which any contributions and benefits will continue to be maintained or otherwise provided for or in respect of a Varelco Member under the Plan, subject to other provisions of Varelco Rule 5.
- (iii) If, at or before the end of the period of Maternity Leave, a Varelco Member returns to work in exercise of her right referred to in Varelco Rule 5(i)(i), her Pensionable Service will be treated as continuous during the period of absence.
- (iv) If, before the end of the period of Maternity Leave, a Varelco Member notifies her Employer (in writing) that she no longer intends to return to work or if at the end of the period of Maternity Leave, a Varelco Member has not returned to work, she will be treated for the purposes of the Plan as having left Service.

The date of leaving Service will be taken as whichever is the latest of the following:

- A. the date on which any period of Maternity Leave expires;
- B. the last day for which she received any remuneration or Statutory Maternity Pay; and
- C. the date on which her right to exercise the right to return to work expires (or any earlier cancellation of her notice of intention to return to work),

subject to Varelco Rule 5(i)(ii). The provisions of Rule 12 of the Plan will then apply.

(j) **General Provisions**

- (i) The provision of any benefit during any period of Maternity Leave must be consistent with the preservation and contracting -out requirements of the Pension Plans Act 1993 and with any requirements relating to continued treatment of the Plan as an Exempt Approved Plan.
- (ii) Any benefits to be maintained or otherwise provided for in or in respect of a Varelco Member during an period of absence from work (and the terms and conditions applicable to them) will be notified in writing to the Varelco Member by the Trustees or the Employer.
- (iii) No female Employee will be prevented from admittance or re-admittance into membership of the Plan solely because of absence from work for reasons of pregnancy, confinement or childbirth.
- (iv) No modification shall be imposed in respect of any benefit payable on the death of a woman who is absent from work (at or after the time of becoming a Varelco Member) solely for reasons of pregnancy, confinement or childbirth.

6. **DEFINITIONS**

For the purposes of these Varelco Rules:

"Basic Salary" means the basic annual salary or wages of a Varelco Member (excluding bonuses, commission, overtime and any other fluctuating emoluments) at the relevant date, except that in the case of a Varelco Member who is paid partly by commission, part of this commission may, at the Employer's discretion, count towards Basic Salary provided that the Employer has advised the Varelco Member in writing.

"Contribution Salary" shall be determined on each Entry Date and means Basic Salary on that date less an amount equal to 1.2 times the State Scheme Deduction applicable at that date; if the Varelco Member is employed on a part-time basis the offset will be calculated as:

$$1.2 \times \text{State Scheme Deduction} \times \frac{\text{normal part-time hours}}{\text{normal full-time hours}}$$

PROVIDED THAT for the calculation of benefits, but not Varelco Member's Contributions, in no event will a Varelco Member's Contribution Salary be less than the Varelco Member's Contribution Salary at the previous Entry Date where such a lower figures would occur due to an increase in the State Plan Deduction. This proviso will not apply where a Varelco Member's Basic Salary is reduced to reflect a change from full-time to part-time employment.

“Dependent Child” means a Varelco Member’s child who, at the date of the Varelco Member’s death, is under the age of 18 (or older if, in the Trustees’ opinion, the child is receiving full-time secondary education).

“Entry Date” means the 6 April in each year, or the date of joining the Plan if earlier.

“Final Plan Salary” means the Varelco Member’s Plan Salary at the Entry Date immediately preceding the Varelco Member’s Normal Pension Date (or earlier date of death or termination of Pensionable Service).

“Full Member” means a Varelco Member who is not a Limited Varelco Member.

“Limited Varelco Member” means a Varelco Member who is included for Limited Varelco Membership.

“Limited Varelco Membership” means membership of the Plan as a Varelco Member but only for the purposes of the lump sum death benefit under the provisions of paragraph II of Rule 7(a) of the Plan and without the requirement for the Varelco Member to contribute to the Plan.

“Pensionable Service” means the continuous Service (but excluding any period of Service during which the Varelco Member, by virtue of Rule 2(f) or (g) having applied in respect of him, is not entitled to accrue Long Service Benefit) which a Varelco Member completes subsequent to the date of joining the Plan as a Full Varelco Member and prior to Normal Pension Date and which qualifies the Varelco Member for Long Service Benefit, together with any Service which counted as pensionable under any previous Employer’s Plan, including the Cambridge Electronic Industries Pension Fund, and which the Varelco Member has been notified in writing will count as Pensionable Service under the Plan.

If the Varelco Member is employed on a part-time basis his Pensionable Service will be reduced by the proportion which the total number of hours which he is contracted to work bears to the total number of standard hours of work which applies to a full-time employee performing the same or a comparable job.

“Plan Salary” shall be determined on each Entry Date and means Basic Salary on that date less an amount equal to 1.2 time the State Scheme Deduction applicable at the at date. If the Varelco Member is employed on a part-time basis his basic salary will be increased before the deduction is made by the proportion by which the total number of standard hours of work which applies to a full-time employee performing the same or a comparable job bears to the total number of hours which he is contracted to work.

“Serious Incapacity” means physical or mental deterioration which, in the Trustees’ opinion, prevents the Varelco Member from following any form of remunerative employment.

“State Scheme Deduction” means the annual rate of the basic State retirement pension payable to a single person.

“Temporary Absence” means any period of temporary absence from Service:

- (i) due to injury or illness, but not exceeding two years or such longer period as the Trustees shall decide;
- (ii) during which the Varelco Member ceases to be actively and continuously engaged in his ordinary occupation for the purposes of service with the Armed Forces of or other work of national importance for the United Kingdom or any allied country including secondment to a Government Department and in respect of which the Employer decides that the provisions of Rule 13 of the Plan shall apply to the Varelco Member;
- (iii) due to pregnancy or confinement during which a female Varelco Member may exercise her right to return to work in accordance with Section 71 or Section 73 of the Employment Rights Act 1996, having complied with any requirement to give notice of her intention to return to work;
- (iv) for reasons other than those referred to in paragraphs (i), (ii) and (iii) of this definition not exceeding one year or such longer period as shall be agreed by the Employer and Trustees PROVIDED THAT any period longer than ten years shall be agreed by the Inland Revenue.

“Varelco Member’s Contributions” means any Member’s Contributions attributable to a Varelco Member.

THE VARELCO RULES

SCHEDULE – PART III

(APPLICABLE ONLY TO VARELCO MEMBERS)

MEMBERSHIP, CONTRIBUTIONS (IF APPLICABLE) AND BENEFITS OF SPECIFIED MEMBERS (EXCLUDING SPECIFIED MEMBERS WHOSE PENSIONABLE SERVICE HAS TERMINATED IN ACCORDANCE WITH RULE 12 OF THE PLAN AND WHO HAVE NOT RE-ENTERED MEMBERSHIP IN ACCORDANCE WITH RULE 2(i) OF THE PLAN.

Contributions and benefits set out below are (as provided for in Rules 3 and 4(b) of the Plan respectively) subject to the Inland Revenue limits set out in Part II of the Schedule.

1. MEMBERSHIP CATEGORIES – APPLICABLE TO RULE 2 OF THE PLAN

No new Varelco Members will be admitted to the Plan after 31 March 2001.

2. VARELCO MEMBER'S CONTRIBUTIONS – APPLICABLE TO RULE 3(a)(i) OF THE PLAN

A rate throughout a Plan Year of 7.5% of a Varelco Member's Contribution Salary determined on the Entry Date at the start of that Plan Year.

3. MEMBER'S ANNUAL RATE OF PENSION – APPLICABLE TO RULE 5

$1/60 \times N \times FPS$

When N is the number of complete years with a proportionate amount for any additional complete months of Pensionable Service (subject to a maximum of 40 years to count).

FPS is Final Plan Salary.

4. RETURN OF VARELCO MEMBER'S CONTRIBUTIONS – APPLICABLE TO RULE 7(a)I OF THE PLAN

If no Dependant's pension or pensions are payable in accordance with Rule 7(a)III of the Plan an amount, payable in accordance with Rule 7(d) of the Plan, equal to the Member's Contributions paid up to (and including) the date of death without interest.

5. LUMP SUM DEATH BENEFIT – APPLICABLE TO RULE 7(a)II OF THE PLAN

In respect of a Limited Varelco Member and a Full Varelco Member

3 x BS

Where

BS is the Varelco Member's Basic Salary at the date of death.

6. DEPENDANT'S ANNUAL RATE OF PENSION – APPLICABLE TO RULE 7(a)III OF THE PLAN

(a) Payable

(i) in respect of a married Varelco Member, to the widow or widower

and

(ii) in respect of an unmarried Varelco Member, at the Trustees' discretion, to one or more adult Dependants in such proportions as the Trustees shall decide

55% x MP

PROVIDED THAT if a married Varelco Member has so requested in writing, that part of the pension which exceeds the widow's/ widower's Guaranteed Minimum Pension may, at the Trustees' discretion, be paid in part or in whole to one or more adult Dependants in such proportions as the Trustees shall decide, in which case the widow's/ widower's pension shall be correspondingly reduced.

(b) Payable to, or for the benefit of, any child of the Varelco Member who qualifies as a Dependent Child, for each child

11% x MP

PROVIDED THAT if the number of Dependent Children exceeds four, the pensions shall be payable in respect of such four of the Dependent Children as the Trustees at their discretion may decide.

Where MP in each case is the annual rate of pension which would have been payable to the Varelco Member under Varelco Rule 2 (calculated in accordance with 3 above) based on the Pensionable Service which the Varelco Member could have completed to Normal Pension Date and his Final Plan Salary at the date of death.

PROVIDED THAT

1. Where a pension is payable to more than one adult Dependent the total amount payable shall not exceed the pension that would have been payable to a widow or widower.
2. Any pension payable to or for the benefit of, a Dependent Child shall be twice the amount shown in (b) above if no pension is payable to widow, widower or adult Dependant, or if a widow, widower or adult Dependant receiving a pension dies (so long as that person is the sole recipient).
3. Any pension payable to, or for the benefit of, a Dependent Child shall cease when he attains age 10 or stops receiving full-time secondary education, if later.

7. DEPENDANT'S ANNUAL RATE OF PENSION – APPLICABLE TO RULE 8 OF THE PLAN

If the Varelco Member dies within the period of five years from the start of his pension, then the pensions described in this paragraph will be increased in accordance with Varelco Rule (b) for the remainder of the five year period.

(a) Payable

(i) in respect of a married Varelco Member, to the widow or widower

and

(ii) in respect of an unmarried Varelco Member, at the Trustees' discretion, to one or more adult Dependants in such proportions as the Trustees shall decide

55% x MP

PROVIDED THAT if a married Member has so requested in writing that part of the pension which exceeds the widow's/ widower's Guaranteed Minimum Pension may, at the Trustees' discretion, be paid in part or in whole to one or more adult Dependants in such proportions as the Trustees shall decide, in which case the widow's/ widower's pension shall be correspondingly reduced.

(b) Payable to, or for the benefit of, any child of the Varelco Member who qualifies as a Dependent Child, for each child

11% x MP

PROVIDED THAT if the number of Dependent Children exceeds four, the pensions shall be payable in respect of such four of the Dependent Children as the Trustees at their discretion may decide.

Where MP in each case is the annual rate of the pension payable to the Varelco Member at the date of death (or, in the case of a Varelco Member whose pension was reduced by the election of one or both of the options under Rules 6(b) and (c) of the Plan, the pension which would have been payable but for such elections(s), or, where pension instalments continue to be paid under Varelco Rule 2(b), the aggregate pension payable at the end of the five year period.

PROVIDED THAT

1. Where a pension is payable to more than one adult Dependant the total amount payable shall not exceed the pension that would have been payable to a widow or widower.
2. Any pension payable to, or for the benefit of, Dependent Children shall be twice the amount shown in (b) above if no pension is payable to widow, widower or adult Dependant, or if a widow widower or adult Dependent receiving a pension dies (so long as that person is the sole recipient).
3. Any pension payable to, or for the benefit of, a Dependent Child shall cease when he attains age 18 or stops receiving full-time secondary education, if later.

8. PENSION INCREASES – APPLICABLE TO RULE 9 OF THE PLAN

Applied only to that part of any pension under the Plan which represents Guaranteed Minimum Pension attributable to earnings in the tax years from (and including) 1988-1989. The rate which complies with any orders made under Section 37A of the Pensions Act by the Secretary of State for Social Security, compounded on each 6 April which falls after the start of the pension.

Applied to the balance, if any, of the pension. The annual rate of increase in the Government's Index of Retail Prices for the 12 months to the previous November (subject to a maximum of 5%) compounded on each 6 April which falls after the start of the pension. If the proportion by which the Index has increased is greater than 5% the Trustees have discretion to pay a further increase up to a maximum of 75% of the increase in the Index.

9. VARELCO MEMBERS ANNUAL RATE OF PENSION – APPLICABLE TO RULE 10 OF THE PLAN

- (a) In the case of a Varelco Member who retires on grounds of Serious Incapacity, at the Trustees' discretion:

$$1/60 \times NS \times FPS$$

- (b) In the case of a Varelco Member who retires on grounds of Incapacity and (a) above is not applicable:

$$1/60 \times N \times FPS$$

(c) In the case of a Varelco Member who retires on grounds other than Incapacity

$1/60 \times N \times \text{FPS}$

reduced on the Actuary's advice to take account of payment before age 60

Where in each case

NS is the number of complete years with a proportionate amount for any additional complete months of Pensionable Service which the Varelco Member would have completed if he had remained a Varelco Member until Normal Pension Date (subject to a maximum of 40 years to count)

N is the number of complete years with a proportionate amount for any additional complete months of Pensionable Service which the Varelco Member has completed at the date of retirement (subject to a maximum of 40 years to count)

FPS is the Final Plan Salary

10. DEATH BENEFITS IN EARLY RETIREMENT – APPLICABLE TO RULE 10(c) OF THE PLAN

None,

UNLESS the Varelco Member's Pensionable Service includes Service under the Cambridge Electronic Industries Pension Fund when a lump sum death benefit shall become payable if the Varelco Member dies before Normal Pension Date equal to

$3 \times \text{BS}$

where BS is the Varelco Member's Basic Salary at the date of his retirement.

11. VARELCO MEMBER'S ANNUAL RATE OF PENSION – APPLICABLE TO RULE 11(a) OF THE PLAN

$1/60 \times N \times \text{FPS}$

increased on the Actuary's advice for each complete month between Normal Pension Date and the date of retirement

where N is the number of complete years with a proportionate amount for any additional complete months of Pensionable Service (subject to a maximum of 40 years to count)

FPS is Final Plan Salary

12. DEATH BENEFITS IN DEFERRED RETIREMENT – APPLICABLE TO RULE 11(d) OF THE PLAN

- (a) Dependants' pensions in accordance with Rule 8 of the Plan as described in paragraph 7 of this Part of the Schedule calculated on the assumption that the Varelco Member retired the day before the date of his death.
- (b) Increases to any Dependants' pensions or a lump sum payable in accordance with Rule 7(d) of the Plan as described in Varelco Rule 2(b) but calculated on the assumption that the Varelco Member retired the day before the date of his death.

THE VARELCO RULES

SCHEDULE – PART IV

(APPLICABLE ONLY TO VARELCO MEMBERS)

BENEFITS OF SPECIFIED MEMBERS WHOSE PENSIONABLE SERVICE HAS TERMINATED IN ACCORDANCE WITH RULE 12

1. SHORT SERVICE BENEFIT – APPLICABLE TO RULE 12(a) OF THE PLAN

(a) Varelco Member's annual rate of pension at Normal Pension Date

$$(1/60 \times N \times \text{FPS}) + G + R$$

Where

N is the number of complete years with a proportionate amount for any additional complete months of Pensionable Service completed by the Varelco Member up to the date of termination of Pensionable Service (subject to a maximum of 40 years to count)

FPS is the Varelco Member's Final Plan Salary

G is the increase in the Guaranteed Minimum Pension attributable to the revaluation in accordance with Rule 16(d) and, in the case of a female Varelco Member, any increases in accordance with Rule 16(c)(ii).

R is an amount to be added to that part (if any) of a Varelco Member's Short Service Benefit which exceeds his Guaranteed Minimum Pension at the date of termination of Pensionable Service, such additional amount being calculated in accordance with the following formula:

$$A (B-C)$$

Where

A is the revaluation percentage (as defined in Section 52A of the Pensions Act) for the period which is relevant for that Varelco Member, specified in the year ending on 31 December last before the date on which the Varelco Member attains Normal Pension Date.

B is the amount of the Varelco Member's pension calculated from the above formula and before the addition of G and R

C is any part of the amount in B which consists of the Varelco Member's Guaranteed Minimum Pension at the date on which the Varelco Member's Pensionable Service terminates.

(b) Dependant's Annual Rate Of Pension Arising On The Death Of A Member Following Payment Of His Pension From Normal Pension Date

1. Payable

(i) in respect of a married Varelco Member, to the widow or widower

and

(ii) in respect of an unmarried Varelco Member, at the Trustees' discretion, to one or more adult Dependants in such proportions as the Trustees shall decide

55% x MP

2. Payable to, or for the benefit of, any child of the Varelco Member who qualifies as a Dependent Child, for each child

11% x MP

PROVIDED THAT if the number of Dependant Children exceeds four the pensions shall be payable in respect of such four of the Dependant Children as the Trustees in their discretion desire.

Where MP is the annual rate of the pension payable to the Varelco Member at the date of death (or, in the case of a Varelco Member whose pension was reduced by the election of one or both of the options under Rule 6 (b) and (c) of the Plan, the pension which would have been payable but for such elections).

PROVIDED THAT

1. Where a pension is payable to more than one adult Dependant the total amount payable shall not exceed the pension that would have been payable to a widow or widower.
2. Any pension payable to, or for the benefit of, a Dependent Child shall be twice the amount shown in Section 2 above if no pension is payable to a widow, widower or adult Dependant, or if a widow, widower or adult Dependant receiving a pension dies (so long as that person is the sole recipient).
3. Any pension payable to, or for the benefit of, a Dependent Child shall cease when he attains age 18 or stops receiving full-time secondary education, if later.

(c) Pension increases

Applied only to that part of any pension under the Plan which represents Guaranteed Minimum Pension attributable to earnings in the tax years from (and including) 1988 -1989. The rate which complies with any orders made under Section 37A of the Pensions Act by the Secretary of State for Social Security, compounded on each 6 April which falls after the start of the pension.

Applied to the balance, if any, of the pension. The annual rate of increase in the Government's Index of Retail prices for the 12 months to the previous November (subject to a maximum of 5%) compounded on each 6 April which falls after the start of the pension.

2. RETURN OF VARELCO MEMBER'S CONTRIBUTIONS – APPLICABLE TO RULE 12(e)(i) OF THE PLAN

If no Dependant's pension is payable in accordance with Rule 12(e)(iii) of the Plan, an amount equal to the Varelco Member's Contributions paid up to (and including) the date of death, without interest.

3. LUMP SUM DEATH BENEFIT – APPLICABLE TO RULE 12(e)(ii) OF THE PLAN

NOT APPLICABLE

4. DEPENDANT'S ANNUAL RATE OF PENSION – APPLICABLE TO RULE 12(e)(iii) OF THE PLAN

1. Payable

(i) in respect of a married Varelco Member, to the widow or widower

and

(ii) in respect of an unmarried Varelco Member, at the Trustees' discretion, to one or more adult Dependants in such proportions as the Trustees shall decide

$55\% \times MP$

NOTE: This pension shall increase only to the extent required to comply with the requirements of paragraph (v) of Rule 16(b).

2. Payable to, or for the benefit of, any child of the Varelco Member who qualifies as a Dependent Child, for each child:

$11\% \times MP$

PROVIDED THAT if the number of Dependant Children exceeds four, the pension shall be payable in respect of such four of the Dependent Children as the Trustees at their discretion may decide.

Where MP in each case is the annual rate of pension which would have been payable to the Varelco Member under Rule 12(a) of the Plan (calculated in accordance with paragraph 1 of this Part except that G and R are only calculated to the date of the Varelco Member's death)

PROVIDED THAT

1. Where a pension is payable to more than one adult Dependant the total amount payable shall not exceed the pension that would have been payable to a widow or widower.
2. Any pension payable to, or for the benefit of, a Dependent Child shall be twice the amount shown in Section 2 above is no pension is payable to a widow, widower or adult Dependant, or if a widow, widower or adult Dependant receiving a pension dies (so long as that person is the sole recipient).
3. Any pension payable to, or for the benefit of, a Dependent Child shall cease when he attains age 18 or stops receiving full-time secondary education, if later.

FIFTH SCHEDULE

FURTHER PLAN AMENDMENTS

FIFTH SCHEDULE

FURTHER PLAN AMENDMENTS

With effect from 18 February 2000 the following amendments are made to the Rules:

1. (a) The definition of 'Dependants' in the SCHEDULE – PART I DEFINITIONS is amended to read as follows:

"Dependants" means the following:

- (i) the wife, husband, widow, widower, child or children of a Member, and
- (ii) any individual who, in the Trustees' opinion, cohabits with the Member (or has cohabited with the Member), is wholly or partly financially dependent on or interdependent with the Member (or was so dependent or interdependent at the date of the Member's death or retirement, as appropriate) and includes any person notified by the Member in writing to the Trustees as a person to whom he wishes dependant's benefits to be paid.

PROVIDED THAT a child may be a Dependant only if he satisfies one of the following conditions:

- A. he is under 18 years of age;
- B. he has attained the age of 18 years and is receiving full-time educational or vocational training which has been continuous since that age;
- C. he has attained the age of 18 years and would satisfy condition B of this Proviso but for a temporary interruption in his educational or vocational training, or
- D. he has attained age 18 years and does not satisfy condition B or C of this Proviso but is financially dependent on the Member by reason of mental or physical incapacity.

- (b) The following definition of **"Final Band Earnings"** shall be inserted alphabetically in the SCHEDULE – PART 1 DEFINITIONS

"Final Band Earnings" means in relation to a Member, that part of his Final Pensionable Pay which falls between the annual equivalent of the Lower Earnings Limit (as determined by the Trustees) and the annual equivalent of the Upper Earnings Limit (as determined by the Trustees).

- (c) The following definition of **"Minimum Spouse's Pension"** shall be inserted alphabetically in the SCHEDULE – PART 1 DEFINITIONS

“Minimum Spouse’s Pension” means the total of:

- (i) the widow or widower’s Guaranteed Minimum Pension (if any) in respect of Contracted-out Employment completed by the Contracted-out Member before 6 April 1997, and
 - (ii) 1/160th of the Contracted-out Member’s Final Band Earnings multiplied by his Pensionable Service while in Contracted-out Employment after 6 April 1997.
- (d) The following definition of “Upper Earnings Limit” shall be inserted alphabetically in the SCHEDULE – PART 1 DEFINITIONS.

“Upper Earnings Limit” means the upper earnings limit for the purposes of the Social Security Contributions and Benefits Act 1992.

2. The SCHEDULE – PART III is amended as follows:

- (a) Paragraph 6 **Dependant’s Annual Rate of Pension – Applicable to Rule 7(a)III** is amended to read as follows:

“Dependant’s Annual Rate of Pension – Applicable to Rule 7(a)III

- (a) Payable to the widow/ widower or Dependant of a married Member

30% of PGP LESS one-half of SP

where PGP is the Member’s Pensionable Gross Pay in the 12 months immediately preceding the date of his death.

SP is any personal State Pension to which the widow/ widower may be entitled.

Except that the widow/ widower of a Contracted-out Member will always be entitled to the Minimum Spouse’s Pension.

- (b) Payable to each of the Member’s Dependent Children subject to a maximum of four such children.

25% of WP

where WP is the amount of the widow’s/widower’s pension as calculated under (a) above.

If no widow’s/ widower’s pension is payable under (a) above or if the widow/ widower dies while in receipt of pension under (a) above, then the amount of each child’s pension shall be doubled.”

- (b) Paragraph 7 **Dependant’s Annual Rate of Pension – Applicable to Rule 8** is amended to read as follows:

“Dependant’s Annual Rate of Pension – Applicable to Rule 8

Payable to the widow/widower or Dependant of a married Member

50% of P

where P is the annual pension to which the Member was entitled at the date of death but ignoring any reduction because the Member elected one or both of the options under Rules 6(b) and (c). Any reduction in the Member’s pension because the Member retired before Normal Pension Date shall also be ignored when calculating P.

Except that the widow/widower of a Contracted-out Member will always be entitled to the Minimum Spouse’s Pension.”

- (c) Paragraph 9 **Death Benefits in Deferred Retirement – Applicable to Rule 11(d)** will be amended to read as follows:

“Death Benefits in Deferred Retirement – Applicable to Rule 11(d)

(a) LUMP SUM

A lump sum equal to four times the Member’s monthly instalment of pension, after the exercise of any election under Rule 6(b), will be paid in accordance with the provisions of Rule 7(b) for the benefit of his/her widow/ widower, Dependant or Dependent Children.

If there is no widow/ widower Dependant or Dependent Children, a lump sum equal to the excess, if any, of his Member’s Contributions over the value of the benefits paid to the Member will be paid to his Personal Representatives.

(b) DEPENDANT’S PENSION

Payable to the widow/widower or Dependant of a married Member in accordance with Rule 8

50% of P + G

where P is the annual pension to which the Member would have been entitled if he had retired on the day before the date of his death but ignoring any reduction because the Member elected one or both of the options under Rule 6(b) and (c).

G is the difference between the annual rate of the widow’s/ widower’s Guaranteed Minimum Pension revalued (in accordance with Rule 16(d)) to the date of the Member’s death, and one half of the Member’s Guaranteed Minimum Pension on the day after he ceased to be in employment which was Contracted-out Employment by reference to the Plan (in the case of a female Member, taking into account only that part of the Member’s guaranteed minimum which is attributable to earnings for the tax year 1988-1989 and subsequent tax years).

3. The SCHEDULE – PART IV is amended to read as follows:

- (a) Paragraph 1 (b) Dependant's Annual Rate of Pension arising on the death of a Member following payment of his pension from Normal Pension Date is amended to read as follows:

"Dependant's annual rate of pension arising on the death of a Member following payment of his pension from Normal Pension Date"

- (a) Payable to the widow/widower or Dependant of a married Member

55% x MP

- (b) Payable to each of the Member's Dependant Children subject to a maximum of four such children

11% x MP

where MP is the annual rate of the pension payable to the Member at the date of death (or, in the case of a Member whose pension was reduced by the election of one or both of the options under Rule 6 of the Plan, the pension which would have been payable but for such elections).

G is the increase in the Guaranteed Minimum Pension attributable to the revaluation in accordance with Rule 17(d) and, in the case of a female Member, any increases in accordance with Rule 17(c)(ii).

R is an amount to be added to that part (if any) of a Member's Short Service Benefit which exceeds his Guaranteed Minimum Pension at the date of termination of Pensionable Service, such additional amount being calculated in accordance with the following formula:

$A(B-C)$

Where

A is the revaluation percentage (as defined in Section 52A of the Pensions Act) for the period which is relevant for that Member, specified in the year ending on 31 December last before the date on which the Member attains Normal Pension Date.

B is the amount of the Member's pension calculated from the above formula and before the addition of G and R.

C is any part of the amount in B which consists of the Member's Guaranteed Minimum Pension at the date on which the Member's Pensionable Service terminates.

PROVIDED THAT

1. Where a pension is payable to more than one adult Dependant the total amount payable shall not exceed the pension that would have been payable to a widow or widower.
2. Any pension payable to, or for the benefit of, a Dependent Child shall be twice the amount shown in Section (b) above if no pension is payable to a widow, widower or adult Dependant, or if a widow, widower or adult Dependant receiving a pension dies (so long as that person is the sole recipient).
3. Any pension payable to, or for the benefit of, a Dependent Child shall cease when he attains age 18 or stops receiving full-time secondary education, if later.

(b) Paragraph 4 Dependant's Annual Rate of Pension – applicable to Rule 12(e)(iii) is amended to read as follows:

“Dependant's annual rate of pension – applicable to Rule 12(e)(iii)”

(a) Payable to the widow/widower or Dependant of a Married Member

55% x MP

NOTE: This pension shall increase only to the extent required to comply with the requirements of paragraph (v) of Rule 17(b).

(c) Payable to each of the Member's Dependent Children subject to a maximum of four such children

11% x MP

Where MP is the annual rate of pension payable which would have been payable to the Member under Rule 12(a) (calculated in accordance with paragraph 1 of this Part except that G and R are only calculated to the date of the Member's death).

PROVIDED THAT

1. Where a pension is payable to more than one adult Dependant the total amount payable shall not exceed the pension that would have been payable to a widow or widower.
2. Any pension payable to, or for the benefit of, a Dependent Child shall be twice the amount shown in Section (b) above if no pension is payable to a widow, widower or adult Dependant, or if a widow, widower or adult Dependant receiving a pension dies (so long as that person is the sole recipient).

3. Any pension payable to, or for the benefit of, a Dependent Child shall cease when he attains age 18 or stops receiving full-time secondary education, if later.
4. The amendments set out in this Fifth Schedule apply to the provisions relating to the Varelco Members, as set out in the Fourth Schedule, but with such modifications as the Trustees consider appropriate to give effect to them.