

**THE VARELCO LIMITED
PENSION FUND**

**DEFINITIVE
DEED AND RULES**

(i)

DEFINITIVE DEED FOR:-

THE VARELCO LIMITED PENSION FUND

CONTENTS
DEFINITIVE DEED AND RULES

DEFINITIVE DEED CLAUSES

<u>Clause</u>	<u>Page</u>
1. EFFECTIVE DATE AND INTERPRETATION	1/2
(a) Effective date	
(b) Interpretation	
(c) Words and expressions	
2. TRUSTEES' PERSONAL INTEREST	3
3. SCHEME TO CONFORM WITH LEGISLATION	3
4. AMENDMENT OF TRUST DEED AND RULES	3/4

ClausePage

5.	INVESTMENT, BORROWING AND UNDERWRITING POWERS	4/6
	(a) Trustees hold Fund	
	(b) Segregated Voluntary Contribution Assets	
	(c) Power to invest	
	(d) Donations, bequests and gifts	
	(e) Borrowing powers	
	(f) Power to underwrite	
	(g) Power to insure	
	(h) Trustees' indemnity insurance	
6.	POWER TO ACCEPT TRANSFER IN	6/9
7.	POWER TO TRANSFER OUT	9/13
	(a) Statutory right to a transfer value	
	(b) Non-statutory transfer value	
	Provisos relating to (a) and (b)	
8.	ADMISSION TO MEMBERSHIP OF THE SCHEME	14
9.	AUGMENTATION	15
10.	TRUSTEES' FEES, REMUNERATION AND EXPENSES	15/16
	(a) Trustees' entitlement to fees and remuneration	
	(b) Employers to pay Trustees' fees, remuneration and expenses	

<u>Clause</u>	<u>Page</u>
11. GENERAL POWERS OF TRUSTEES	16
(a) Trustees to act in accordance with deed and Rules	
(b) Trustees to act in accordance with legislation	
(c) Trustees' costs form part of the Scheme expenses	
12. RECEIPTS, PAYMENTS AND DEDUCTION OF TAX	17
(a) Arrangements for receipts, payments and delegations	
(b) Power to deduct tax	
13. TRUSTEES' CONDUCT, APPOINTMENT AND COSTS OF PROFESSIONAL ADVISORS AND AUDITORS	17/19
(a) Conduct of Trustees' meetings	
(b) Trustees' accounts and records	
(c) Appointment and costs of professional advisors	
(d) Appointment and removal of Auditors	
14. TRUSTEES' POWERS OF DELEGATION	19/21
15. MATTERS OF DOUBT AND POLYGAMOUS MARRIAGES	21
(a) Trustees to decide matters of doubt	
(b) Trustees to exercise discretion if Member's marriage is polygamous	
16. REMOVAL AND APPOINTMENT OF TRUSTEES	22
(a) Power of Principal Employer to remove and appoint Trustees	
(b) Minimum number of Trustees	
(c) Resignation of Trustees	
(d) Principal Employer assuming trusteeship	

<u>Clause</u>	<u>Page</u>
17. NON-LIABILITY OF TRUSTEES	23
18. TERMINATION OF PRINCIPAL EMPLOYER'S CONTRIBUTIONS	23
19. CHANGES IN THE PRINCIPAL EMPLOYER	23/25
(a) Transfer of obligations to another body corporate	
(b) Circumstances in which the Scheme may be determined	
(c) Acquisition of part of the Principal Employer's undertaking	
20. DETERMINATION OF THE SCHEME	25/26
(a) Events giving rise to determination of the Scheme	
(b) Termination of Employers' contributions	
21. DETERMINATION OF THE SCHEME - NOTIFICATION TO MEMBERS AND APPLICATION OF THE FUND	26/31
(a) Notification to Members, administration costs, unpaid fees, remuneration and expenses	
(b) Application of Segregated Voluntary Contribution Assets and the rest of the Fund	
(c) Payment of residue to the Employers	
(d) Rule 12(j) applies	
(e) Transfers-out	
22. ADMISSION OF ASSOCIATED EMPLOYERS AND PARTIAL DISCONTINUANCE	31/35
(a) Admission of Associated Employer	
(b) Determination of the Scheme in relation to Associated Employers	
(c) Disposal of assets on determination relating to the Associated Employer; power to retain under trusts	

<u>Clause</u>	<u>Page</u>
23. NON-ASSIGNABILITY	35/36
24. EMPLOYER'S RIGHT TO TERMINATE EMPLOYEE'S SERVICE NOT RESTRICTED	36
25. LIEN ON BENEFITS	36
26. EXERCISE OF POWERS	37
(a) Exercise of Employer's discretion or power	
(b) Agreement or consent of Principal Employer	

RULES

<u>Rule</u>	<u>Page</u>
1. DEFINITIONS AND INTERPRETATION	39
(a) Definitions	
(b) Modifications for directors	
(c) Notification to Members	
(d) Benefits for Specified Members	
(e) Limitation of amounts	
2. MEMBERSHIP	40/42
(a) Eligibility	
(b) Concurrent membership of a Personal Pension Scheme	
(c) Date of admission	
(d) Notification; application, furnishing of information; effect of wrong information; failure to join when first eligible	
(e) Right to benefits on admission	
(f) Member may terminate his Pensionable Service	

<u>Rule</u>	<u>Page</u>
(g) Cessation of membership	
(h) Temporary retention in membership for up to 12 months	
(i) Re-entry into membership	
3. CONTRIBUTIONS AND LIMITS	42/46
(a) Member's contributions and voluntary contributions	
(b) Employer's contributions	
(c) Actuarial reviews	
4. POWER TO APPLY UNCLAIMED MONIES	47
5. MEMBER'S PENSION	47/49
(a) Provision of pension	
(b) Payment on death before expiry of fixed five year period	
(c) Alternative forms of pension	
6. OTHER PROVISIONS RELATING TO MEMBER'S PENSION	49/51
(a) Exchanging pension for a lump sum	
(b) Serious ill health	
(c) Trivial Pension	
(d) Surrender of a Member's pension to provide Dependant's pension	
7. BENEFITS ON MEMBER'S DEATH	51/53
(a) While still in Service	
(b) Payment under discretionary power	
(c) Payment to widow(er)	
(d) Payment to Personal Representatives	

<u>Rule</u>	<u>Page</u>
8. DEPENDANTS' PENSIONS	53/55
(a) On Member's death after retirement	
(b) Effect of alternative fixed period in Rule 5(c)	
(c) Effect of early or late retirement of Member	
9. PENSION INCREASES	55
(a) Increases to pensions in payment	
(b) When payable and terminated	
10. RETIREMENT BEFORE NORMAL PENSION DATE	56/58
(a) Immediate payment of pension	
(b) Amount of pension payable	
(c) Lump sum death benefit prior to Normal Pension Date	
11. RETIREMENT AFTER NORMAL PENSION DATE	58/59
(a) Deferred payment of pension	
(b) Payment of death benefit before actual retirement	
12. TERMINATION OF PENSIONABLE SERVICE	59/81
(a) Right to Short Service Benefit	
(b) Discretionary award of Short Service Benefit	
(c) Benefit for a Non-Qualifying Member not granted or entitled to Short Service Benefit	
(d) Right to all or part of Member's Contributions	
(e) Discretionary award of benefits payable on death before Short Service Benefit becomes payable	
(f) How Short Service Benefit is payable	
(g) Revaluation of Short Service Benefit which exceeds Guaranteed Minimum Pension	
(h) Pensions may start before Normal Pension Date	
(i) Pensions may start after Normal Pension Date	
(j) Purchase of Qualified Policies	
(k) Trustees liable for payment of a Contributions Equivalent Premium	

<u>Rule</u>	<u>Page</u>
(l) Anti-franking of Guaranteed Minimum Pension increases	
(m) Alternative to Short Service Benefit	
(n) Money purchase alternative to Short Service Benefit	
(o) Member's right to a cash equivalent on termination of Pensionable Service	
13. TEMPORARY ABSENCE	81/83
(a) Retention in Scheme	
(b) Effect on Member's Contributions	
(c) Discretion to maintain death benefits	
(d) Overriding provisions of Rule 17	
* (e) <i>Special Provisions</i>	
(f) <i>Maternity Absence</i>	
14. MATERNITY ABSENCE LEAVE	83
* (a) <i>Definitions</i>	
(b) <i>Paid Maternity Leave</i>	
(c) <i>Unpaid Statutory Maternity Leave</i>	
(d) <i>Transitional provision</i>	
(e) <i>Notional Remuneration</i>	
(f) <i>Maternity Leave to be non-contributory</i>	
(g) <i>Voluntary Contributions</i>	
(h) <i>Employer's Contributions</i>	
(i) <i>Treatment at end of Maternity Leave</i>	
(j) <i>Right to return to work</i>	
(k) <i>General Provisions</i>	
(a) Continuous Pensionable Service	
----- (b) Payment of contractual or statutory maternity pay ceases	
----- (c) Pensionable Service ceases	
----- (d) Special provisions	
15. DISABILITY OR INCAPACITY OF MEMBER, BENEFICIARY OR DEPENDANT	84
(a) Power to pay other person(s) and corporate bodies	
(b) Conclusive evidence of incapacity	

*Amended by resolution 29.8.95.

(viii(a))

16. **SPECIAL PROVISIONS IN RELATION
TO DIRECTORS**

84/86

- (a) Inclusion of directors in the Scheme
- (b) Director's fees
- (c) Maximum benefits in respect of Special
Directors who remain in Service after Normal Pension
Date and lump sum benefits payable on death in
Service after age 75
- (d) Maximum aggregate benefits for Controlling or
Special Directors
- (e) Female Special Directors' Normal Pension
Date

<u>Rule</u>	<u>Page</u>
17. GUARANTEED MINIMUM PENSIONS	86/93
(a) Operation in accordance with this Rule	
(b) Guaranteed Minimum Pension	
(c) Postponement of Guaranteed Minimum Pension	
(d) Revaluation	
(e) Commutation of Member's Guaranteed Minimum Pension	
(f) Payment of State Scheme Premiums	
(g) Information to be given to the Secretary of State for Social Security	
(h) Reduction of a Member's benefits due to overpayment of State Scheme benefits	
18. NATIONAL INSURANCE ACTS	93/94
(a) Definitions	
(b) Scope of application of Rule 18	
(c) Entitlement to equivalent pension benefits	
(d) Trustees' entitlement to make a deduction	
19. TRUST DEED TO PREVAIL	94

SCHEDULE - CONTENTS

<u>Part</u>	<u>Page</u>
I. DEFINITIONS	95/113
II. INLAND REVENUE LIMITS	114/123
III. MEMBERSHIP, CONTRIBUTIONS AND BENEFITS OF SPECIFIED MEMBERS	124/130
IV. BENEFITS OF SPECIFIED MEMBERS WHOSE PENSIONABLE SERVICE HAS TERMINATED IN ACCORDANCE WITH RULE 12	131/134

PART II - CONTENTS

114/123

- A. MAXIMUM MEMBER'S CONTRIBUTIONS AND AUGMENTATION OF BENEFITS**
- B. MAXIMUM BENEFITS OF MEMBERS (OTHER THAN MEMBERS TO WHOM PART IIC OF THE SCHEDULE APPLIES)**
1. Member's maximum Aggregate Retirement Benefit
 2. Member's maximum Lump Sum Retirement Benefit
 3. Maximum lump sum benefit payable on the Member's death
 4. Maximum Dependants' pensions
 5. Pension increases
 6. Limits which apply where benefits are taken in advance of the Member's actual retirement
- C. SPECIAL PROVISIONS IN RESPECT OF CERTAIN MEMBERS**
1. Member's maximum Aggregate Retirement Benefit
 2. Member's maximum Lump Sum Retirement Benefit
 3. Maximum lump sum benefit payable on the Member's death
 4. Maximum Dependants' pensions
 5. Pension increases

PART III - CONTENTS

124/130

1. Membership categories - applicable to Rule 2
2. Member's Contributions - applicable to Rule 3(a)(i)
3. Member's annual rate of pension - applicable to Rule 5
4. Return of Member's Contributions - applicable to Rule 7(a)I
5. Lump sum death benefit - applicable to Rule 7(a)II
6. Dependant's annual rate of pension - applicable to Rule 7(a)III
7. Dependant's annual rate of pension - applicable to Rule 8
8. Pension increases - applicable to Rule 9
9. Members annual rate of pension - applicable to Rule 10
10. Death benefits in deferred retirement - applicable to Rule 11(b)

Part

Page

11. Member's annual rate of pension - applicable to Rule 11(a)
12. Death benefits in deferred retirement - applicable to Rule 11(b)

PART IV - CONTENTS

131/134

1. Short Service Benefit - applicable to Rule 12(a)
2. Return of Member's Contributions - applicable to Rule 12(e)(i)
3. Lump sum death benefit - applicable to Rule 12(e)(ii)
4. Dependant's annual rate of pension - applicable to Rule 12(e)(iii)

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THIS DEED is made the *23rd* day of *December* 1992 BETWEEN ELCO EUROPE LIMITED (Company Registration Number 714253) whose registered office is at Exning Road Newmarket Suffolk (referred to in this deed (and the rules attached) as the "Principal Employer" which expression includes any other person who is substituted as Principal Employer pursuant to this deed in respect of the period when that person is the Principal Employer) of the one part and GEOFFREY WALTER ATKINS of 27 Vicarage Road Newmarket Suffolk DEREK STANLEY NOTLEY of 14 Malcolm Way Newmarket Suffolk and DENIS EDWIN NICHOLS of "St. Morgan" Snailwell Road Newmarket Suffolk (referred to in this deed (and the rules attached) as the "Trustees" which expression includes the trustee or trustees for the time being of the Scheme) of the other part

WHEREAS :-

(A) By a deed (referred to in this deed as the "Interim Deed") dated the 26th day of March 1991 made between the Principal Employer (then known as Varelco Limited) of the one part, and the Trustees of the other part, the Principal Employer established under irrevocable trusts to start on (and operate as from) the 1st day of April 1991 the Retirement Benefits Scheme referred to in the Interim Deed, and known as "The Varelco Limited Pension Fund" (referred to in this deed (and the rules attached) as the "Scheme").

(B) The Interim Deed provided (amongst other things) that the Scheme is to be administered and managed by the Trustees in accordance with the provisions of a definitive deed and rules which deed the Principal Employer undertook to execute within twenty-four months from the date of execution of the Interim Deed.

(C) It is intended that this deed shall be the said definitive deed and that the rules attached to this deed shall be the said rules (referred to in this deed, and the rules attached, as the "Rules").

NOW THIS DEED PROVIDES as follows:-

1. EFFECTIVE DATE AND INTERPRETATION

(a) Effective Date

THIS deed shall have effect as if it had been executed on the same day

as but immediately following the execution of the Interim Deed. Prior to the execution of this deed the Trustees have administered the Scheme in accordance with

- (i) the Interim Deed;
- (ii) written notifications issued to the Members by the Trustees or by the Employer with the Trustees' consent;
- (iii) the requirements contained in Section 63 and Schedule 16 of the Social Security Act 1973 and any regulations made under it relating to the preservation of benefits under the Scheme, together with such other requirements of social security legislation as apply to the Scheme, and
- (iv) the requirements of Sections 53 to 56 (inclusive) of the Pensions Act and any regulations made under it relating to equal access for men and women to membership of occupational pension schemes

and in a manner which does not prejudice treatment of the Scheme as an Exempt Approved Scheme.

This deed shall not invalidate any decision which was taken or power which was exercised by the Trustees and/or an Employer in accordance with the terms of the items in (i), (ii), (iii) and (iv) above prior to the execution of this deed.

(b) Interpretation

In this deed and in the Rules and the Schedule, unless the context requires or stipulates otherwise, words importing the singular number are deemed to include the plural and vice versa, words importing the masculine gender are deemed to include the feminine (except for references made directly to a male Member or a female Member), and any reference to any statute (or a particular Chapter, Section or Part of it) or to any regulations made under it means and includes any statutory modification, re-enactment or consolidation of it for the time being in force and shall, where appropriate, be interpreted as a reference to the parallel provisions in force in Northern Ireland.

(c) Words and expressions

Words and expressions to which meanings have been ascribed in the preamble, recitals and clauses to this deed have the same meanings wherever they appear in the Rules and the Schedule, and all other words and expressions defined in Part I of the Schedule have the same meanings wherever they appear in this deed.

2. TRUSTEES' PERSONAL INTEREST

NO decision of (or exercise of a power by) the Trustees shall be invalidated or questioned on the grounds that the Trustees (or, in the case of the Trustees (or any one of them) being a body corporate, any member of such body corporate's board of directors) or any individual trustee or trustees had a direct (or personal) interest in the result of any such decision or in the exercising of any such power.

A Member who is or has been a trustee or director or officer of any corporate trustee or a delegate of any trustee shall be entitled to retain beneficially any interest or entitlement to benefits which he may have under the Scheme.

3. SCHEME TO CONFORM WITH LEGISLATION

THE Scheme shall be operated (a) in conformity with the preservation requirements of the Social Security Act 1973 and regulations made under it, (b) in conformity with the contracting-out requirements of the Pensions Act and regulations made under it, any additional requirements of the Occupational Pensions Board contained in paragraphs 4, 5, 6, 7, 8 and 235 of Memorandum Number 77 ("Scheme Rule Requirements For Contracting-Out Salary Related Schemes") as amended from time to time, and (c) in a manner which does not run contrary to any overriding legislation affecting pension schemes, and accordingly:-

- (i) if any of the provisions of this deed or the Rules are inconsistent with the requirements as in (a) and (c), then those requirements shall prevail;
- (ii) if any of the provisions of this deed or the Rules are inconsistent with the requirements as in (b) then, with the exception of those provisions necessary for so long as the Scheme is to be treated as an Exempt Approved Scheme, those requirements shall prevail.

4. AMENDMENT OF TRUST DEED AND RULES

THE Principal Employer may at any time, with the Trustees' consent,

- (i) by deed executed by the Principal Employer and the Trustees in the case of this deed or the Rules, or

- (ii) by resolution (in writing) of the Principal Employer's board of directors in the case of the Rules only

amend (or add to) all or any of the trusts, powers or provisions of this deed or the Rules, and any such amendment or addition shall have effect from such time as may be specified in that deed or resolution and so that the time so specified may be the date of that deed or resolution or any reasonable time previous or subsequent to it, so as to give the amendment or addition retrospective or future effect (as the case may be)

PROVIDED THAT

for so long as the Scheme is being treated as an Exempt Approved Scheme, any such amendment or addition shall be notified to the Board of Inland Revenue and, for so long as any employment is contracted-out by reference to the Scheme or any person is entitled to receive (or has accrued rights to) a Guaranteed Minimum Pension under the Scheme, shall not be made without the Occupational Pensions Board's consent in accordance with Section 50 of the Pensions Act if it would affect any of the matters dealt with in Part III of the Pensions Act.

5. INVESTMENT, BORROWING AND UNDERWRITING POWERS

(a) Trustees hold Fund

THE Trustees shall hold the Fund upon the trusts and with (and subject to) the powers in this deed and in the Rules declared and contained concerning the same.

(b) Segregated Voluntary Contribution Assets

The investments, monies and other assets which are attributable to any Voluntary Contributions to procure benefits on a money purchase basis shall be kept separate from the rest of the Fund, and shall be known as "Segregated Voluntary Contribution Assets". The Trustees shall divide the Fund into two parts which shall be known as Part A and Part B:

- (i) Part A shall consist of that part of the Fund which is not attributable to Segregated Voluntary Contribution Assets and shall be applied to the provision of all benefits under the Scheme other than Segregated Voluntary Contribution Benefits;
- (ii) Part B shall consist of that part of the Fund which is attributable to Segregated Voluntary Contribution Assets and shall be applied in the provision of Segregated Voluntary Contribution Benefits.

(c) Power to invest

Subject to any regulations made under Section 57A of the Pensions Act relating to restrictions on investment of the Fund in employer-related assets and despite anything contained elsewhere in this Clause 5(c), the Trustees shall have power to retain in an account (or place on deposit) with any local authority, company, bank, building society or insurance company of good repute such monies as they may consider proper and shall have power to invest the Fund (and any monies coming into their hands on account of the Scheme) and to transpose and vary any such investments in any form of investment which they could make if they were absolutely and beneficially entitled to them. In particular, the Trustees may invest all (or any part) of the Fund (i) in deferred or immediate annuity policies, retirement endowment contracts, or policies and any other contracts or policies and in unit trusts as the Trustees think fit on terms that all sums payable under such contracts, policies or unit trusts shall as and when received by the Trustees be held by them upon trust for the purposes of the Scheme; (ii) in any interest in land; (iii) by participating in any scheme of deposit administration or managed fund; (iv) in any article or commodity which, in the Trustees' opinion, will provide a capital profit; (v) in any pooled or common investment fund, investment in which shall, for so long as the Scheme is being treated as an Exempt Approved Scheme, be subject to the express approval of the Board of Inland Revenue, or (vi) in the acquisition, sale, exchange or cancellation of financial futures, options of any kind (including traded options whether call or put) and contracts or rights of any nature relating to assets or property of any kind and whether or not receipt or delivery is to be at some future date.

Any policies referred to in this Clause 5(c) shall be issued by an Approved Underwriter.

(d) Donations, bequests and gifts

The Trustees shall have power to accept any donations, transfers, bequests or gifts for any of the purposes of the Scheme.

(e) Borrowing powers

The Trustees shall have power to borrow any monies for the purposes of the Scheme and may also charge all (or any part) of the Fund with the due repayment and payment of interest on any monies so borrowed.

(f) Power to underwrite

With the Principal Employer's prior consent, the Trustees shall have power to enter into underwriting or sub-underwriting contracts on such terms as they (in their absolute discretion) think fit.

(g) Power to insure

The Trustees shall have power to insure (up to any amount) any assets of the Fund against loss, damage or depreciation (from whatever cause).

(h) Trustees' indemnity insurance

The Trustees may with the consent of the Principal Employer effect any insurance (which may include or comprise cover against professional fees and expenses) or policy of indemnity in relation to acts or omissions (whether or not negligent) of themselves, their servants, agents or other persons (including employees of the Principal Employer) in connection with the Scheme and may pay the premiums for any such insurance or policy from the Fund.

6. POWER TO ACCEPT TRANSFER IN

IF any Member is entitled or prospectively entitled to any benefit in relation to himself or his Dependants under any other Retirement Benefits Scheme, Personal Pension Scheme, Qualified Policy (approved by the Board of Inland Revenue for the purposes of Section 431(4)(d) or (e) or Section 591(2)(g) of the Act) or retirement annuity contract approved under Chapter III Part XIV of the Act then, in consideration of the Trustees agreeing with the Principal Employer's consent to accept for inclusion in the Fund from such other Retirement Benefits Scheme, Personal Pension Scheme, Qualified Policy or retirement annuity contract any cash sum or investment that its trustees or other person or persons having the necessary powers under it (referred to below as the "Transferor") may be authorised to pay or transfer to them in respect of the Member, the Trustees shall confer on him such rights under the Scheme as the Trustees (on the Actuary's advice and with the Principal Employer's agreement) shall determine

PROVIDED THAT:-

- A. the acceptance of any payment or transfer in accordance with this Clause shall be subject to any undertaking given by the Trustees to the Board of Inland Revenue and to any limit on (or reduction of) benefit required to ensure that the Member's total benefit, inclusive of that derived from the amount transferred, does not exceed the maximum that may be paid without prejudicing any current approval of the Scheme under the Act;

- B. no part of the assets so received, other than such part of them (referred to below as the "Transferred Contributions") as the Transferor shall certify to be derived (or deemed to be derived) from the contributions (if any) made by the Member under the other Retirement Benefits Scheme, Personal Pension Scheme, Qualified Policy or retirement annuity contract, shall be treated for any rights conferred on the Member in accordance with this Clause as if it had been derived from the Member's Contributions;
- C. the Trustees shall ascertain from the Transferor of any Retirement Benefits Scheme
 - I. whether, at the date when the Member ceased to be in membership of the other Retirement Benefits Scheme, there was in the provisions of that scheme a prohibition on a refund to him of his Transferred Contributions and, if there was, whether it was due to a £5,000 per annum earnings limit, and
 - II. the extent to which rights to benefit under that scheme would have been extinguished had such refund been made;
- D. other than in the case of a Personal Pension Scheme, the Trustees shall ascertain from the Transferor the period of employment which such transfer relates to, and the period of employment which such Transferred Contributions (if any) relate to;
- E. if the Member has a guaranteed minimum in relation to benefit under such other Retirement Benefits Scheme or Qualified Policy, the acceptance of any payment or transfer (in accordance with this Clause) representing the value of the accrued rights of the Member and his widow (or her widower) under such other scheme (or policy) which is equal in value, as determined by the Actuary, to such guaranteed minimum shall be in accordance with Section 38(1) of the Pensions Act and on terms which comply with the requirements of regulations made pursuant to Section 38(1) of the Pensions Act, and in particular shall be conditional upon (i) the Member's written consent having been obtained; (ii) the Member having entered the service of an Employer who is a contributor to the Fund, and (iii) where the Member has not entered Contracted-out Employment by reference to the Scheme and such accrued rights arise from a Qualified Policy as mentioned above, pensions shall be payable to (and in respect of) the Member which are of at least equal value to the annuity or annuities which would have been payable under the policy (had the payment or transfer under this Clause not been made) in respect of the accrued rights mentioned above;

F. if the Member has protected rights in relation to benefit under such other Retirement Benefits Scheme or Personal Pension Scheme, the acceptance of any payment or transfer (in accordance with this Clause), whether or not it forms part of a larger payment giving effect to both protected and other rights, shall (as certified by the Transferor) be of an amount at least equal to the value of such protected rights and shall:-

(a) be conditional upon (i) the Member's consent having been obtained (ii) the Member having entered the service of an Employer who is a contributor to the Fund, and

(b) be on terms which comply with any other requirements of regulations made pursuant to paragraph 9(1)(b) of Schedule 1 of the Social Security Act 1986;

G. whether it be assets equal in value to the value of the accrued rights to a Guaranteed Minimum Pension in respect of a Member, or to the liability for the payment of a Guaranteed Minimum Pension to (or in respect of) a Member who has already become entitled to such pension under the other Retirement Benefits Scheme which are being paid to (or transferred into) the Scheme, such assets may be accepted by the Trustees from another contracted-out Retirement Benefits Scheme without the consent of the Member concerned provided the following condition is satisfied:

the rights allowed under the Scheme in respect of those assets accepted from the other Retirement Benefits Scheme will, in the opinion of the trustees of that scheme and as notified in writing to the Trustees, be at least equal in value to the value of such accrued rights or liability transferred, in circumstances where either:-

(i) the Scheme and the other Retirement Benefits Scheme apply to employment with the same Employer, or

(ii) the Scheme and the other Retirement Benefits Scheme apply to employment with different employers, the Member concerned is one of a group of individuals in respect of whom payments or transfers are being made from that scheme to the Scheme and either:-

(a) the transfer is a consequence of a financial transaction between the employers, or

(b) the employers are connected employers as defined in regulation 42(2) of the Occupational Pension Schemes (Contracting-out) Regulations 1984, and

H. where a payment or transfer has been accepted in accordance with this Clause in circumstances where either Proviso E or G to this Clause applies:-

- (i) pensions for the Member and his widow (or her widower) shall be payable at the rates at which the Guaranteed Minimum Pensions would have been payable by the other Retirement Benefits Scheme (or Qualified Policy) if the transfer had not taken place,
- (ii) the conditions of payment relating to Guaranteed Minimum Pensions under the Scheme shall apply equally to those transferred into the Scheme, and
- (iii) the commencement date for payment of a Guaranteed Minimum Pension to a person who had already become entitled to such payment under the other Retirement Benefits Scheme is the date from which liability for payment of the same is assumed by the Scheme.

7. POWER TO TRANSFER OUT

FOR the purpose of this Clause and subsequent clauses, "Receiving Agent" means the trustees (or other person or persons) of a Retirement Benefits Scheme or Personal Pension Scheme who are authorised under it to determine rights which a Member will become entitled to under it, where such rights are derived from a transfer of assets in accordance with this Clause.

(a) Statutory right to a transfer value

Subject to Rule 12(o), in the event of a Member:-

- (i) leaving Service or terminating his Pensionable Service in accordance with Rule 2(f), or
- (ii) ceasing to be a Member in accordance with Rule 2(g) other than by terminating his Pensionable Service in accordance with Rule 2(f),

he may by application in writing to the Trustees, subject to him acquiring (in accordance with Rule 12(o)) a right to the cash equivalent of benefits accrued for and in respect of him, require the Trustees, instead of granting all or any part of the benefits (which he is entitled or prospectively entitled to under the Scheme) in relation to himself, his Beneficiaries, Personal Representatives or Dependants, to transfer from the Fund pursuant to this Clause to any other Retirement Benefits Scheme or Personal Pension Scheme under which benefits are provided for or in respect of him (which, for so long as the Scheme is to be

treated as an Exempt Approved Scheme, shall be a Qualified Scheme) such assets of equal value, as determined by the Actuary in accordance with Rule 12(o), to the cash equivalent as has not been applied in accordance with paragraph (ii)B or C of that Rule 12(o), to the intent that such Member will become entitled to such rights under that Retirement Benefits Scheme (or Personal Pension Scheme) as shall be determined by the Receiving Agent.

(b) Non-statutory transfer value

Subject to the Provisos set out below and the requirements of the Social Security Act 1973 and the Pensions Act, the Trustees, with the Principal Employer's consent, may in respect of a Member (but without the Member's consent) transfer to another Qualified Scheme a cash sum or other assets of such amount or value as the Trustees with the Principal Employer's consent determine for the purpose of providing to (or in respect of) the Member benefits under that other Qualified Scheme.

For the purposes of this Clause 7(b), the word "Member" includes Members, Dependants and any other person who is entitled or prospectively or contingently entitled to benefit under the Scheme.

PROVIDED THAT in transferring assets from the Fund in accordance with Clause 7(a) or (b):-

- A. the Trustees shall ascertain from the Receiving Agent the particular Section of the Act under which (if it is so approved) the Qualified Scheme is approved by the Board of Inland Revenue;
- B. any transfer of assets from the Scheme shall be subject to any undertaking relating to such transfer given by the Trustees to the Board of Inland Revenue;
- C. to the extent of those benefits in relation to which assets have been transferred, the receipt of the Receiving Agent shall, except as otherwise provided by statute, discharge the Trustees of all liability to (and in respect of) such Member under the Scheme and the Trustees shall be under no liability to see to the application of the amount so transferred;
- D. the Trustees shall certify to the Receiving Agent the amount of the assets derived (or deemed to be derived) from contributions which the Member was required to pay to the Fund as a condition of membership of the Scheme and those contributions (if any) paid by the Member to the Fund which he was not so required to pay;

- E. the Trustees shall certify to the Receiving Agent the period of Service which such transfer relates to;
- F. if
 - (a) any lump sum benefit is to be provided under a Personal Pension Scheme in respect of assets which are to be transferred to it in accordance with this Clause, or
 - (b) the Member is, or has been at any time during the period of ten years prior to the date on which his Pensionable Service terminates (for whatever reason), a Special Director or his annual remuneration is (or was for any year during that period) equivalent to, or greater than, the permitted maximum as defined in Section 590C(2) of the Act,

then unless the Board of Inland Revenue permit otherwise, the Trustees shall not transfer those assets unless and until the Receiving Agent has confirmed receipt of a certificate signed by (or on behalf of) the Trustees in a form consistent with regulations made pursuant to Section 638(2) of the Act;

- G. except as otherwise provided for in Proviso K below, if the Member is a Contracted-out Member he has not reached State Pensionable Date;
- H. if the Member who at the date when the transfer is made to such other Retirement Benefits Scheme or Personal Pension Scheme (but not to a Retirement Benefits Scheme under which there are Contracted-out Employments nor to an appropriate personal pension scheme (as defined in the Social Security Act 1986)), consents to the transfer of the excess of accrued rights to, or the excess of the liability for the payment of, Guaranteed Minimum Pension in respect of himself and his widow (or her widower) under the Scheme, assets representing the value (as determined by the Actuary) of such excess accrued rights or pension of the Member, his Beneficiaries, Personal Representatives and Dependants may, insofar as the Member has not applied to the Trustees to apply the cash equivalent of his benefits in accordance with paragraph (ii)B or C of Rule 12(o), be transferred to such other Retirement Benefits Scheme or Personal Pension Scheme and the residual balance of accrued rights to, or the liability for the payment of, Guaranteed Minimum Pension shall be preserved under the Scheme unless the Trustees decide to pay a Transfer Premium, in which case paragraph (v) of Rule 17(f) shall apply accordingly;
- I. assets representing the value (as determined by the Actuary) of the accrued rights to, or the liability for the payment of, Guaranteed Minimum Pension for (or in respect of) the Member may, insofar as the

Member has not applied to the Trustees to apply the cash equivalent of his benefits in accordance with paragraph (ii)B or C of Rule 12(o), with the consent of the Member concerned, and subject to Rule 17(g), be transferred to an overseas scheme on condition that the Member has entered employment to which the overseas scheme applies, that employment is outside the United Kingdom, and the transfer is approved by the Occupational Pensions Board, whether or not subject to conditions;

- J. the transfer of assets representing the value, as determined by the Actuary, of the accrued rights to Guaranteed Minimum Pension (if any) of the Member and his widow (or her widower) to such other Retirement Benefits Scheme (or Personal Pension Scheme) shall be subject to Rule 17(g), in accordance with Section 38(1) of the Pensions Act and on terms which comply with the requirements of regulations made pursuant to it. In particular:-
- (i) such rights may be transferred to a money purchase contracted-out scheme (as defined in Section 66(1) of the Pensions Act) only with the Member's consent and subject to the Member entering the employment of an employer who is a contributor to the scheme concerned and on condition that the transfer payment (whether or not it forms part of a larger payment in respect of both Guaranteed Minimum Pension and other accrued rights) is of an amount at least equal to the cash value of the Member's accrued rights to Guaranteed Minimum Pension as calculated and verified in a manner consistent with regulations made under paragraph 14 of Schedule 1A of the Pensions Act;
 - (ii) such rights may be transferred to a scheme which was formerly a money purchase contracted-out scheme (as defined in Section 66(1) of the Pensions Act, but which the Occupational Pensions Board are under a duty to supervise in accordance with Section 49 of that Act) only with the Member's consent and subject to the Member entering the employment of an employer who is or was a contributor to the scheme concerned and on condition that the transfer payment is approved by the Occupational Pensions Board and is of an amount at least equal to that as described in paragraph (i) of this Proviso;
 - (iii) such rights may be transferred to an appropriate personal pension scheme (as defined in the Social Security Act 1986) only with the Member's consent and on condition that the transfer payment is of an amount at least equal to that as described in paragraph (i) of this Proviso, and

- (iv) the Trustees shall obtain from the Receiving Agent of such a scheme as is referred to in paragraphs (i), (ii) and (iii) immediately above, a certificate to the effect that such rights will be applied so as to provide money purchase benefits for (or in respect of) the Member;
- K. subject to Rule 17(g), assets representing the value, as determined by the Actuary, of the accrued rights to a Guaranteed Minimum Pension in respect of a Member and the liability for the payment of a Guaranteed Minimum Pension to or in respect of a Member who has already become entitled to such a pension, may, whether with or without his consent, insofar as he has not applied to the Trustees to apply the cash equivalent of his benefits in accordance with paragraph (ii)B or C of Rule 12(o), be transferred to another Retirement Benefits Scheme, being a Contracted-out Salary Related Scheme or a Section 49 Salary Related Scheme, where the rights allowed under it are, in the Trustees' opinion, at least equal in value to the value of such accrued rights (or liability) transferred and either:-
- (i) the Scheme and the other Retirement Benefits Scheme apply to employment with the same Employer, or
 - (ii) the Scheme and the other Retirement Benefits Scheme apply to employment with different employers, and the Member concerned is one of a group of individuals in respect of whom payments or transfers are being made from the Scheme to that scheme and either:-
 - (a) the transfer is a consequence of a financial transaction between the employers, or
 - (b) the employers are connected employers as defined in regulation 42(2) of the Occupational Pension Schemes (Contracting-out) Regulations 1984, and
- L. except as provided for in Proviso K above, the transfer to a Contracted-out Salary Related Scheme or to a Section 49 Salary Related Scheme of assets representing the value, as determined by the Actuary, of the accrued rights to (or the liability for the payment of) Guaranteed Minimum Pension, must be with the Member's consent and, if the transfer is of the accrued rights of the Member to such pension, he must have entered employment with an employer who is a contributor to such other scheme.

8. ADMISSION TO MEMBERSHIP OF THE SCHEME

SUBJECT to Rule 2, the Trustees shall have power, with the Principal Employer's consent, to admit (or re-admit) to membership of the Scheme any person:-

- (i) who is entitled or prospectively entitled to benefit in relation to himself, his Beneficiaries, Personal Representatives or his Dependants under any other Retirement Benefits Scheme, Personal Pension Scheme or Qualified Policy (being an appropriately secured policy of insurance or annuity contract such as is described in Section 52C(4) of the Pensions Act), or
- (ii) with respect to whom, in the Trustees' opinion, there is good reason to do so

and any such admission or re-admission may in either case be subject to such special terms as shall be determined by the Trustees, with the Principal Employer's consent, as to:-

- I. the date from which such admission or re-admission is to take effect;
- II. the rate of Member's Contributions (if any) but subject to any relevant maximum set out in Part II of the Schedule;
- III. the Member's entitlement (or prospective entitlement) to benefit in relation to himself, his Beneficiaries, Personal Representatives or Dependants in respect of any previous period of membership of the Scheme, and
- IV. the provision in any circumstances of a greater or a smaller benefit for the Member in relation to himself, his Beneficiaries, Personal Representatives or Dependants than would otherwise have been provided under the Rules

PROVIDED THAT for so long as the Scheme is to be treated as an Exempt Approved Scheme, no such greater benefit shall be such as will exceed any relevant maximum set out in Part II of the Schedule, nor shall the Trustees exercise their powers under this Clause in such manner as would prejudice such treatment.

9. AUGMENTATION

IF and for so long as the Scheme is to be treated as an Exempt Approved Scheme, then subject to the provisions of Part II of the Schedule, the Trustees may, with the Principal Employer's consent, grant any new and additional Relevant Benefits to any person, or augment any of the Relevant Benefits (including pensions in payment) which any person may be entitled to under this deed or the Rules.

10. TRUSTEES' FEES, REMUNERATION AND EXPENSES

(a) Trustees' entitlement to fees and remuneration

ANY trustee of the Scheme shall be entitled to fees or remuneration for his (or its) services as a trustee at a rate to be agreed from time to time between such trustee and the Principal Employer. In addition to any such fees or remuneration, any trustee of the Scheme, any firm of which that trustee is a partner and any subsidiary or associated company of that trustee (or in which he is interested, whether as an officer or shareholder) shall be entitled to retain beneficially any brokerage, commission, fee, interest or other advantage derived from monies forming part of the Fund held in its name with bankers or remuneration payable directly or indirectly to him (or it).

(b) Employers to pay Trustees' fees, remuneration and expenses

The Employers shall pay all fees and remuneration which any trustee is entitled to under the Scheme, together with all expenses incurred by the Trustees in connection with the Scheme, in such proportion as the Principal Employer shall decide. The Principal Employer and the Trustees may agree that such payment shall be included in the Employers' contributions payable in accordance with Rule 3(b) or that it be in addition to those contributions or that it be partly by one such method and partly by the other method

PROVIDED THAT:-

- A. unless it has been agreed accordingly that Trustees' fees, remuneration and expenses are payable in addition to the contributions payable in accordance with Rule 3(b) or if the Employers commit any breach of such agreement, the Trustees shall be entitled to any such payment out of the Fund, and
- B. if the Actuary at any time certifies to the Trustees that, in his opinion, the Employers' obligations under this Clause could be suspended in respect of the whole (or part) of the Trustees' fees, remuneration or

expenses for a specified period, the Trustees may, with the Principal Employer's agreement, suspend those obligations accordingly, and

- (i) where there has been an agreement for payment of Trustees' fees, remuneration and expenses by the Employers in addition to the contributions payable in accordance with Rule 3(b), the whole (or part) of those fees, remuneration and expenses shall be payable out of the Fund during any such period of suspension, or
- (ii) where there has been an agreement that the Employers' contributions in accordance with Rule 3(b) shall include contributions in respect of Trustees' fees, remuneration and expenses, the contributions which would otherwise be payable by the Employers shall be appropriately reduced. In a case in which the Employers' obligations under this Clause are wholly suspended, the Trustees shall be entitled to any such fees, remuneration and expenses out of the Fund. In a case in which the Employers' obligations under this Clause are not wholly suspended but are suspended in part, the Trustees shall be entitled to any such fees, remuneration and expenses out of the Fund except to the extent (if any) to which those obligations are not suspended.

11. GENERAL POWERS OF TRUSTEES

(a) Trustees to act in accordance with deed and Rules

THE Trustees shall have (and be entitled to exercise) all powers, rights and privileges in connection with the Scheme requisite or proper to enable them to carry out all or any transactions, acts, deeds or things arising under (or in connection with) this deed or the Rules.

(b) Trustees to act in accordance with legislation

The Trustees shall perform all duties (including those relating to the disclosure of information in respect of occupational pension schemes) imposed upon them by statute or subordinate legislation relating to the administration and management of the Scheme and shall have (and be entitled to exercise) all powers, rights and privileges required to enable them to perform any such duties.

(c) Trustees' costs form part of the Scheme expenses

The cost of performing or carrying out the duties, transactions, acts, deeds or things referred to in Clause 11(a) and (b) shall form part of the expenses incurred by the Trustees in connection with the Scheme.

12. RECEIPTS, PAYMENTS AND DEDUCTION OF TAX

(a) Arrangements for receipts, payments and delegations

THE Trustees shall make all necessary arrangements for dealing with receipts and payments under the Scheme and may by any memorandum signed by all of them (or, in the case of the Trustees being a body corporate, by any duly authorised officer of that body corporate) authorise that cheques may be drawn or endorsed by such one or more of the Trustees or by such other person (if any) as they may appoint for that purpose and may give, vary and revoke instructions as to the custody and disposal of any part of the Fund and as to the signature of proposal forms, certificates of membership and the giving of receipts and discharges (whether or not for policy monies or payments) in connection with the Scheme on the Trustees' behalf. The production of a written authority of the Trustees shall be sufficient protection to any person taking such receipts and discharges (or otherwise acting under that authority) and unless such person has received written notice of the revocation of that authority, he shall be entitled to act on the assumption that it remains in force and to be indemnified out of the Fund in respect of any claim arising out of any such act done in good faith and all costs, charges and expenses incurred in connection with it, despite any intervening change in the Trustees.

(b) Power to deduct tax

In the event of the repayment of a Member's Contributions or the payment of any other cash sum being made under the Rules in relation to which (or to some part of it) the Trustees are liable to or accountable for tax, the Trustees shall be entitled to deduct from it any such tax for which they are so liable or accountable.

13. TRUSTEES' CONDUCT, APPOINTMENT AND COSTS OF PROFESSIONAL ADVISORS AND AUDITORS

(a) Conduct of Trustees' meetings

IF there is more than one trustee of the Scheme:-

- (i) the Trustees may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit and may elect one of their number to be chairman of their meeting

PROVIDED THAT in the event of equality of votes on the election of a chairman, he shall be chosen by lot;

- (ii) where there are three or more trustees at a meeting of the Trustees, all business brought before that meeting shall be decided by a majority of the votes of the trustees present (and voting on it) and in the case of equality of votes, the chairman of the meeting shall have a second or casting vote;
- (iii) a resolution in writing signed by a majority of the Trustees but of which due notice shall have been given to all of the Trustees individually shall be as effectual as if it had been passed at a meeting of the Trustees and may consist of one or more documents in similar form each signed by one (or more) of the Trustees, and
- (iv) two trustees present at a Trustees' meeting (notice of which has been given to all the Trustees) shall form a quorum.

(b) Trustees' accounts and records

The Trustees shall keep such accounts, entries, registers and records as are necessary for the proper working of the Scheme, and shall maintain separate accounts in respect of the Segregated Voluntary Contribution Assets (and in respect of the rest of the investments, monies and other assets constituting the Fund) and may at their discretion maintain a separate account for each Member in respect of Voluntary Contributions and record in that account that part of the Segregated Voluntary Contribution Assets which is attributable to such Member.

(c) Appointment and costs of professional advisors

The Trustees may (in relation to this deed and the Rules) obtain or act upon the advice or opinion of any lawyer, banker, broker, Actuary, Auditor, investment adviser, accountant, medical practitioner or other person and shall not be responsible for any loss occasioned as a result. The cost incurred by the Trustees in obtaining any such advice or opinion shall form part of the expenses incurred by the Trustees in connection with the Scheme.

(d) Appointment and removal of Auditors

I. Where required by the Disclosure Regulations or by the Principal Employer:-

- (i) the Trustees shall appoint one or more persons, approved by the Principal Employer, to be the Auditor for the purpose of auditing accounts in respect of the Scheme, and

- (ii) the Trustees shall obtain, as soon as reasonably practicable after the end of each Accounting Period, audited accounts and a report from the Auditor in respect of the Scheme for that period, both being in a form which meet the requirements of the Disclosure Regulations.
- II. The Trustees may, by notice in writing to the Auditor, remove the person or persons for the time being acting as the Auditor and appoint another person or persons to act as the Auditor. Following the removal (or resignation) of the person or persons acting as the Auditor, the Trustees shall be under a duty to furnish to the person or persons succeeding as the Auditor, such statements as are required in accordance with regulation 3(7) of the Occupational Pension Schemes (Auditors) Regulations 1987.
- III. The Employers shall be under a duty to furnish the Trustees and the Auditor with such information and explanation as may reasonably be required by the Auditor for the performance of his duties in connection with the Scheme.
- IV. The Trustees shall be under a duty:-
 - (i) to allow the Auditor to have access at all reasonable times to any books, accounts and vouchers which are being, or have been, used in connection with the Scheme, and
 - (ii) to furnish the Auditor with such information and explanation as he may reasonably require for the performance of his duties.

14. TRUSTEES' POWERS OF DELEGATION

THE Trustees shall have (and may exercise) the following special powers in addition to all other powers conferred on them by this deed, by the Rules or by statute, namely:-

- (i) power to delegate (and authorise the sub-delegation of) any power, duties or business, including the exercise of any discretion or the formation of any opinion, to:
 - (1) any one (or more) of their number, or
 - (2) any other person (including an investment manager authorised by one of the Self-Regulatory Organisations in accordance

with the Financial Services Act 1986) acting alone or with others

as the Trustees deem necessary or desirable for the execution of their powers and duties under the Scheme. Any such delegation and the revocation of it must be by the unanimous resolution of the Trustees (other than the delegate), except to the extent that the delegation or revocation falls within paragraph (ii) of this Clause. In addition, the Trustees may authorise any investment manager (or other delegate) appointed in accordance with this Clause, or any agent of that investment manager (or delegate) to

- I. hold any part of the Fund in his name and to his order;
 - II. place any documents of title (to any part of the Fund) in safe custody with such one or more persons (whether within or outside the United Kingdom) as he thinks fit. Any such documents so placed shall be held to the order of the Trustees, who shall not be responsible for the loss (or destruction) of those documents;
 - III. retain any fees, remuneration and expenses, which shall be paid out of the Fund, unless they are otherwise paid by the Employers, and
 - IV. retain any interest or other advantage derived from monies forming part of the Fund held in its name with bankers;
- (ii) power to delegate and revoke, by a resolution passed by a majority of the Trustees (excluding the delegate), the exercise of all or any discretionary powers of a purely administrative nature;
 - (iii) power to make such arrangements generally for the administration of the Scheme as they may think fit and in particular, (a) to employ and pay nominees, agents and staff for any purpose (including that of holding in their names, either alone or with others, any investments of the Fund at any time) and a secretary to transact any business of the Scheme, including the receipt and payment of money, and (b) to pay remuneration (to be approved by the Principal Employer) to any such person or persons. Any remuneration so paid shall form part of the expenses incurred by the Trustees in connection with the Scheme, and
 - (iv) power to appoint any one (or more) of the Employers, or any Approved Underwriter with which any contracts or policies have been effected in accordance with Clause 5(c), as their agent for the purpose of

paying any pension or pensions which arise under the Scheme and the payment of such pension or pensions by any such Employer or Approved Underwriter to the person or persons entitled to receive the same under the Scheme shall be a complete discharge to the Trustees for the payment of it.

15. MATTERS OF DOUBT AND POLYGAMOUS MARRIAGES

(a) Trustees to decide matters of doubt

SUBJECT to the powers conferred by this deed or the Rules on the Principal Employer or the Employers, the Trustees shall decide all questions and matters of doubt arising under this deed or the Rules and every such decision, whether made upon a question actually raised or implied in the acts or proceedings of the Trustees, shall, so far as the law permits, be conclusive and neither any persons (including any body corporate) being or having formerly been a trustee nor the Principal Employer nor the Employers shall be liable for (or for the consequences of) any act done or omitted to be done or any payment made or omitted to be made in pursuance (or purported pursuance) of any such decision, even if such decision is subsequently held to have been wrongly made.

(b) Trustees to exercise discretion if Member's marriage is polygamous

Subject to Clause 15(a), in the event of a Member who has contracted a polygamous marriage dying and leaving more than one spouse surviving, any pension payable under the Scheme which is expressed to be payable to the Member's widow (or widower) shall be paid as the Trustees (in their absolute discretion) shall decide to any one of such surviving spouses or be apportioned between any two or more of them in such shares as the Trustees think fit

PROVIDED THAT:-

- A. any conditions that would have had to be satisfied by a sole surviving spouse for the pension to be payable to her (or him) shall also apply to each such surviving spouse to whom that pension is to be paid or between whom it is to be apportioned, and
- B. in the case of a Contracted-out Member, the Trustees shall exercise their discretion in such manner (and to such extent) as may be required to satisfy the requirements of Part III of the Pensions Act.

16. REMOVAL AND APPOINTMENT OF TRUSTEES

(a) Power of Principal Employer to remove and appoint Trustees

THE Principal Employer shall have power by deed:-

- (i) to remove any of the Trustees from office;
- (ii) to appoint a new trustee of the Scheme in place of any of the Trustees who ceases to be such a trustee for any reason, and
- (iii) to appoint (without limit as to number) any additional trustee or trustees of the Scheme.

(b) Minimum number of Trustees

The Principal Employer's powers (as specified in Clause 16(a)) shall be exercised in such manner that the number of Trustees will not be less than two

EXCEPT THAT a body corporate may remain (or be appointed) as sole trustee of the Scheme.

(c) Resignation of Trustees

The Trustees (or any of them) may resign by serving on the Principal Employer one month's notice in writing to that effect, which shall be delivered (or sent) to the Principal Employer's registered office, and at the expiry of that notice, the Trustees (or the trustee or trustees resigning in this way) shall be deemed to have retired from the trust and the Principal Employer shall execute such documents and do such things as may be necessary to give proper effect to that retirement.

(d) Principal Employer assuming trusteeship

If the number of Trustees falls below the minimum stipulated by Clause 16(b) and the Principal Employer fails to make an appointment in compliance with that Clause, then the Principal Employer and its chairman (or managing director) and secretary shall be the Trustees or (where an individual remains a trustee of the Scheme) additional trustees of the Scheme as appropriate.

17. NON-LIABILITY OF TRUSTEES

NO trustee of the Scheme shall be responsible, chargeable or liable in any manner whatsoever for (or in respect of) any loss of, nor for any depreciation in (or default upon), any of the investments, securities, stocks or policies in which the Fund (or any part of it) may at any time be invested in accordance with the provisions of this deed, nor for any delay which may occur (from whatever cause) in the investment of any monies belonging to it, nor for the safety of any securities or documents of title deposited by the Trustees for safe custody, nor for the exercise of any discretionary power conferred on the Trustees by this deed or the Rules (including any act or omission by any agent, staff or delegate appointed by the Trustees), nor for anything else except wilful default on the part of the trustee who is sought to be made liable.

18. TERMINATION OF PRINCIPAL EMPLOYER'S CONTRIBUTIONS

THE Principal Employer may at any time (but without prejudice to its liability for the payment of any contributions which have become payable) terminate its liability and (where applicable) that of its Employees to contribute to the Fund by notice in writing to the Trustees.

19. CHANGES IN THE PRINCIPAL EMPLOYER

(a) Transfer of obligations to another body corporate

IN any of the following events, that is to say:-

- (i) if the Principal Employer goes into liquidation and another body corporate (whether in contemplation of or after such liquidation) enters into an agreement with the Trustees and the Principal Employer (or its liquidator) to perform the Principal Employer's obligations under this deed and the Rules;
- (ii) if the Principal Employer's undertaking is acquired by (or vested in) any other body corporate and such other body corporate either enters into an agreement with the Trustees and the Principal Employer (or its liquidator), or is bound by virtue of (or pursuant to) any statutory provision or any order of the court made under it (or otherwise) to perform the said obligations;
- (iii) if the Principal Employer is dissolved by virtue of (or pursuant to) any statutory provision or any order of the court made under it (or

otherwise) and another body corporate is bound by virtue of (or pursuant to) any statutory provision or any order of the court made under it (or otherwise) to perform the said obligations, or

- (iv) in circumstances other than those specified in paragraphs (i), (ii) and (iii) of this Clause 19(a) and in Clause 19(c), if another body corporate, with the approval of the Board of Inland Revenue, enters into an agreement with the Trustees and the Principal Employer (or its liquidator), or is bound by virtue of (or pursuant to) any statutory provision or any order of the court made under it (or otherwise) to perform the said obligations,

the Principal Employer shall thereby be released from all the said obligations and such other body corporate (as referred to above) shall be deemed to be substituted for the Principal Employer as the person liable to perform those obligations and from that time on, this deed and the Rules shall have effect as if that other body corporate had been a party to (and had executed this deed in place of) the Principal Employer and as if references in this deed and the Rules to the Principal Employer were references to that body corporate.

(b) Circumstances in which the Scheme may be determined

In any of the following events, that is to say:-

- (i) if the Principal Employer goes into liquidation and if at the time of such liquidation or at any time after that, there is no such agreement as is referred to in paragraph (i) of Clause 19(a), and the Trustees are of the opinion that there is no reasonable expectation of such agreement;
- (ii) if the Principal Employer's undertaking is acquired by (or vested in) any body corporate and if at the time of such acquisition or at any time after that, there is no such agreement as is referred to in paragraph (ii) of Clause 19(a) and such other body corporate is not bound as mentioned in the said paragraph (ii), and the Trustees are of the opinion that there is no reasonable expectation of such agreement or of any other body corporate becoming so bound;
- (iii) if the Principal Employer is dissolved in the manner referred to in paragraph (iii) of Clause 19(a) and if at the time of such dissolution or at any time after that, no other body corporate is bound as mentioned in the said paragraph (iii), and the Trustees are of the opinion that there is no reasonable expectation of any such body corporate becoming so bound, or

- (iv) if such other circumstances as are referred to in paragraph (iv) of Clause 19(a) occur and if at the time of such occurrence or at any time after that, there is no such agreement as is referred to in the said paragraph (iv) and such other body corporate is not bound as mentioned in the said paragraph (iv), and the Trustees are of the opinion that there is no reasonable expectation of such agreement or of any such body corporate or any other body corporate becoming so bound,

the Trustees may either determine the Scheme and wind up the Fund or may by deed exercise the power to amend (or add to) any of the trusts, powers and provisions of this deed and the Rules conferred upon the Principal Employer by Clause 4 and may make such arrangements (including the closing of the Scheme to new members) or enter into such agreements (not being arrangements or agreements of such a kind as to cause the Scheme, if being treated as an Exempt Approved Scheme, to cease to be so treated if the continuation of such treatment is required) as they shall (in their absolute discretion) think fit for the continuation of the Scheme, subject however to Clause 20(a) subsequently becoming applicable.

(c) **Acquisition of part of the Principal Employer's undertaking**

If a part of the Principal Employer's undertaking is acquired, paragraph (B) of Clause 22(c) shall apply.

20. DETERMINATION OF THE SCHEME

(a) **Events giving rise to determination of the Scheme**

THE Scheme shall be determined in accordance with Clause 21 upon the happening of any one of the following events:-

- (i) the Principal Employer terminating its liability and (where applicable) that of its Employees to contribute to the Fund (unless the Trustees resolve that the determination of the Scheme shall be deferred);
- (ii) the Principal Employer failing at any time to pay to the Trustees any sum (or sums) due from the Principal Employer under this deed or the Rules within 14 days after the date on which the Trustees may have delivered written notice to the Principal Employer requiring the same to be paid, or the Principal Employer failing to observe and perform any other of its obligations under this deed or the Rules or under any deed or agreement supplemental to this deed (unless the Trustees resolve that the determination of the Scheme shall be deferred);

- (iii) the Trustees resolving to determine the Scheme after receiving actuarial advice that the contributions the Employers are paying and expected to be paid by them in the future, are so low that the long term financial position of the Fund is prejudiced;
- (iv) the Trustees exercising the power to wind up the Fund conferred on them in certain events by Clause 19;
- (v) the Trustees resolving to determine the Scheme at any time after it would have been determined (under any one of paragraphs (i), (ii) and (iv) immediately above) but for a resolution by the Trustees that such determination shall be deferred, and
- (vi) the Trustees resolving to wind up the Fund at any time after they might have exercised the power to wind up the same conferred on them in certain events by Clause 19.

(b) Termination of Employers' contributions

Upon the Fund being wound up, the liability of each of the Employers and (where applicable) the Members to contribute to it, if not already terminated under paragraph (i) of Clause 20(a), shall terminate, but without prejudice to their liability for the payment of any contributions which have become payable or which have accrued, and the Fund shall be held upon the trusts declared by Clause 21.

21. DETERMINATION OF THE SCHEME - NOTIFICATION TO MEMBERS AND APPLICATION OF THE FUND

(a) Notification to Members, administration costs, unpaid fees, remuneration and expenses

UPON the determination of the Scheme at any time, the Trustees shall notify in writing each Member and each other person to whom disclosure is required to be made under the Disclosure Regulations. Before applying the Fund in accordance with this Clause, the Trustees shall be entitled to reserve out of it such amount as they consider may be necessary to meet any expenses of the administration and of the determination of the Scheme (including any unpaid fees, remuneration or expenses payable in accordance with Clause 10) which in their opinion may not be recoverable from the Employers and to meet any tax for which they may be liable or accountable.

(b) Application of Segregated Voluntary Contribution Assets (Part B) and the rest of the Fund (Part A)

Upon any such determination of the Scheme (as referred to in Clause 21(a)), the Trustees shall, insofar as (and to the extent that) they have not, prior to determination of the Scheme, refunded the Members' Voluntary Contributions in accordance with paragraph (ii) of Rule 12(d), apply Part B in the provision of Segregated Voluntary Contribution Benefits and, after having done that, shall apply Part A as directed below, that is to say:-

FIRST -

in securing, insofar as they have not already done so,

- (i) the payment of their pensions to those persons who are already in receipt of them out of the Fund and the payment of any other benefits in respect of which entitlement to payment has already arisen;
- (ii) the payment of their pensions and other benefits to those Contracted-out Members for whom payment of such benefits has been deferred beyond the earlier of Normal Pension Date and State Pensionable Date and to those other Members for whom payment of such benefits has been deferred beyond Normal Pension Date;
- (iii) to the Dependants of Members for whom pensions are secured under paragraphs (i) and (ii) of this Clause 21(b), the payment of the pensions and other benefits which such Dependants are prospectively (or contingently) entitled to under the Scheme on the said Members' deaths

PROVIDED THAT the liabilities specified in paragraphs (i), (ii) and (iii) of this Clause 21(b) shall rank equally;

SECOND -

in securing so far as the remaining assets of the Fund will permit,

- (iv) to the Members entitled to them and to the extent that they have not already been secured under paragraphs (i) and (ii) of this Clause 21(b), any such benefits as are excluded by Section 33(5) of the Pensions Act from Members' Guaranteed Minimum Pensions;
- (v) Guaranteed Minimum Pensions and accrued rights to them, insofar as such benefits have not been secured under paragraphs (i), (ii) and (iii) of this Clause 21(b);

- (vi) the payment of any State Scheme Premiums which the Trustees are liable for;
- (vii) the payment of a pension to each Contracted-out Member who has not reached the earlier of Normal Pension Date and State Pensionable Date and to each other Member who has not reached Normal Pension Date and who, in either case, has neither retired with an immediate pension, nor is being provided with a return of his Member's Contributions under paragraph (ii) of Rule 12(d), such pension to start:-
 - I. at the earlier of Normal Pension Date and State Pensionable Date in the case of a Contracted-out Member or at Normal Pension Date in the case of each other Member, with an option in each case for the Member to elect a reduced pension starting at any date on which, if he elects to retire then, he could have been granted an immediate pension in accordance with Rule 10 and (unless he has previously left Service) on which he does so elect, or
 - II. immediately PROVIDED THAT the Member elects to retire at once and is granted an immediate pension in accordance with Rule 10, and
- (viii) to each Dependant of a Member for whom a pension is secured under paragraph (vii) of this Clause 21(b), the payment of any contingent pension (becoming payable upon the Member's death) which the Dependant is prospectively entitled to under the Rules

PROVIDED THAT the liabilities specified in paragraphs (v) and (vi) of this Clause 21(b) shall rank equally but (1) after the liabilities specified in paragraph (iv) and (2) before the liabilities specified in paragraphs (vii) and (viii) of this Clause 21(b) (which, together with refunds of Members' Contributions which fall to be paid in accordance with paragraph (ii) of Rule 12(d), shall rank equally) and PROVIDED FURTHER THAT in respect of each Member, the pensions to be secured under paragraphs (vii) and (viii) shall be calculated:-

- A. having regard to the value, as determined by the Actuary, of the interests in the Fund (or Part A as appropriate) of the Member and his Dependents, reduced by the value of any benefits secured in respect of the Member under paragraphs (iv) and (v) of this Clause 21(b) or deemed to be secured under Rule 17(f) if an Accrued Rights Premium has been (or will be) paid in respect of the Member;

- B. except for a Member who, in accordance with Rule 2(g), has ceased to be a Member prior to the event which gave rise to the determination of the Scheme in accordance with Clause 19 or 20 (or the determination of the Scheme relating to an Associated Employer in accordance with Clause 22(b)), by deeming a Member in Service at the date of determination of the Scheme to leave Service at that date and to be entitled to Short Service Benefit (other than Segregated Voluntary Contribution Benefits (if any) already secured, but inclusive of any benefits secured in respect of the Member under paragraphs (iv) and (v) of this Clause 21(b), or deemed to be secured under Rule 17(f) if an Accrued Rights Premium has been (or will be) paid in respect of the Member) in accordance with Rule 12, and
- C. in respect of a Member who, in accordance with Rule 2(g), has ceased to be a Member prior to the event which gave rise to the determination of the Scheme in accordance with Clause 19 or 20 (or the determination of the Scheme relating to an Associated Employer in accordance with Clause 22(b), on the basis of the whole or part of Short Service Benefit and other preserved benefit (if any) which he remains entitled to in accordance with Rule 12 (other than Segregated Voluntary Contribution Benefits (if any), but inclusive of any benefits secured in respect of the Member under paragraphs (iv) and (v) of this Clause 21(b) or deemed to be secured under Rule 17(f) if an Accrued Rights Premium has been (or will be) paid in respect of the Member), and

THIRD -

in respect of such part of the balance of the Fund then remaining unexpended in their hands as the Trustees after consultation with the Principal Employer shall decide, in augmenting any of the pensions or other benefits (except any Member's Contributions returned to the Member in accordance with Rule 12(d)) under the FIRST and SECOND applications above, or in providing Relevant Benefits for Beneficiaries or for Dependants, subject always to the limits set out in Part II of the Schedule

PROVIDED THAT:-

- A. where any pension (including the pension equivalent of all benefits in cash form and the equivalent of any pension to be provided for any person in accordance with Rule 6) payable under this Clause 21(b), when aggregated with that provided under all the Employer's Schemes, is not greater than the Trivial Pension Limit, or where a Member entitled to any

pension (under the Scheme) is in exceptional circumstances of serious ill-health, the Trustees may elect to pay a single lump sum in lieu of such pension, subject in each of these circumstances to the requirements of Rule 17(e);

- B. the provisions of Rule 6 shall apply in like manner to any pension secured for a Member in accordance with this Clause 21(b) and which starts on or after the date of determination of the Scheme, Proviso C to Rule 8(a) shall apply in like manner to any contingent pension secured for a Dependant in accordance with this Clause 21(b), and the provisions of Rule 12(h) shall apply in like manner to any deferred pension secured in accordance with this Clause 21(b) for a Member who leaves Service after the date of determination of the Scheme;
- C. subject to Provisos A and B above, any pension payable in accordance with this Clause 21(b) shall be non-commutable and non-assignable, and
- D. any benefits payable in accordance with this Clause 21(b) may, subject to Clause 21(e), be secured by purchasing Qualified Policies in accordance with Rule 12(j) and in the case of any such Members as are referred to in the SECOND application above, may be on such terms (consistent with approval under the Act) as to the payment of any benefit on the death of any Member in respect of whom the policy is issued, as the Trustees shall (in their absolute discretion) think fit to arrange, but not so that the value of the pension and of any benefit so secured shall together be in excess of the value of the Member's interest in the Fund as mentioned above.

(c) Payment of residue to the Employers

If after the benefits under the FIRST, SECOND and THIRD applications of Clause 21(b) have been provided any balance of the Fund then remains unexpended, the Trustees shall, subject to having obtained the prior agreement (in writing) of the Board of Inland Revenue, and to having met any tax for which they may be liable or accountable, and to Clause 21(e), pay the residue to the Employers in such proportions as shall be determined by the Actuary.

(d) Rule 12(j) applies

The provisions of Rule 12(j) shall apply in relation to any benefit to be secured in accordance with this Clause.

(e) Transfers-out

Subject to the Trustees having obtained the prior agreement of the Board of Inland Revenue, and to having met any tax for which they may be liable

or accountable, and to the Provisos to Clause 7 and to the Members' consent, unless such consent is not required under the said Provisos, or exceptions A or B to this Clause 21(e) apply, the Trustees may, instead of applying the assets of the Fund by way of

- (i) securing all or any of the benefits in the manner described in Proviso D to Clause 21(b), and also
- (ii) if the Trustees so decide, where a payment to the Employers falls to be made in accordance with Clause 21(c), making such payment or part of it,

transfer to another Retirement Benefits Scheme or Personal Pension Scheme (which, if the Scheme was treated as an Exempt Approved Scheme immediately before its determination, shall be a Qualified Scheme) such of the assets of the Fund which would otherwise have been so applied, together with all other assets (if any) then remaining in the Fund, to the intent that the Members, Dependants and Beneficiaries whose benefits would otherwise have been secured in the manner described in Proviso D to Clause 21(b) will be entitled to such rights in that other scheme as the Receiving Agent (as defined in Clause 7) shall decide

EXCEPT THAT:-

- A. in the case of a Member who, upon the determination of the Scheme, is in Service, his consent shall not be required to the transfer of his accrued rights to another Retirement Benefits Scheme relating to the same or another employment with his Employer (or its successor), where such transfer takes place with a view to the Member acquiring transfer credits under that scheme, and
- B. in the case of a Member who, upon the determination of the Scheme, is not in Service, his consent shall not be required to the transfer of his Short Service Benefit or, as the case may be, liability for the payment of his pension, to another Retirement Benefits Scheme which, if he were to be in employment as in exception A above, would satisfy the provisions of that exception.

22. ADMISSION OF ASSOCIATED EMPLOYERS AND PARTIAL DISCONTINUANCE

(a) Admission of Associated Employer

THE Principal Employer may, with the Trustees' consent, admit to participation in the Scheme an employer being a corporate body, association,

partnership or individual associated in business with the Principal Employer or a subsidiary company of the Principal Employer (or otherwise approved for the purposes of this Clause 22(a) by the Board of Inland Revenue) upon such terms as the Principal Employer may decide and as are consistent with the approval of the Scheme as an Exempt Approved Scheme.

PROVIDED THAT:-

- A. for so long as the Scheme is to be treated as an Exempt Approved Scheme, the consent of the Board of Inland Revenue is obtained to the participation of such employer, and
- B. any such employer shall enter into a deed by which it covenants with the Trustees to comply with (and observe the provisions of) this deed and the Rules so far as they are applicable to it as an Associated Employer.

(b) Determination of the Scheme in relation to Associated Employers

The participation of an Associated Employer (and its Employees) in the Scheme shall cease and determine if one or more of the following events occur:-

- (i) the Associated Employer gives to the Trustees notice in writing of its intention to discontinue its participation in the Scheme and to terminate its liability and (where applicable) that of its Employees to contribute to the Fund;
- (ii) the Associated Employer fails to perform and observe the provisions referred to in Proviso B to Clause 22(a);
- (iii) an order is made or an effective resolution is passed (other than for the purposes of reconstruction or amalgamation) for the winding-up of the Associated Employer, and
- (iv) the Associated Employer's participation ceases to be satisfactory for the purposes of approval of the Scheme under the Act but so that despite such cessation, the Associated Employer may continue to participate in the Scheme for such period (if any) not extending beyond the Entry Date next but one following the date of such cessation as that Associated Employer and the Trustees shall agree.

(c) Disposal of assets on determination relating to the Associated Employer; power to retain under trusts

- (A) If an Associated Employer ceases (in accordance with Clause 22(b)) to participate in the Scheme, the appropriate portion of the Fund

applicable to:

- (i) Members in the employment of that Associated Employer, and
- (ii) if the Trustees in consultation with the Principal Employer so decide, any Members who had at any time been in such employment,

shall be determined by the Actuary and in relation to all those Members, the provisions of Clause 21 (other than exceptions A and B to Clause 21(e)) and paragraph (C) of this Clause 22(c) shall then, with due alteration of details, be applied to the said portion of the Fund.

(B) If

- (i) part of the Principal Employer's undertaking or an Associated Employer's undertaking (or any part of it) is acquired by another body corporate (not being an Associated Employer, nor the Principal Employer) or other person or persons, or
- (ii) a purchaser other than the Principal Employer (or an Associated Employer) acquires a majority of the issued share capital of an Associated Employer, in circumstances where continued participation of that Associated Employer would be satisfactory for the purposes of approval of the Scheme under the Act,

the appropriate portion of the Fund applicable to

- (a) in the case of (i) above, such of the Members as shall cease to be Employees of the Principal Employer or of the Associated Employer, as the case may be, as a result of such acquisition of the undertaking or part of it, and, if the Trustees in consultation with the Principal Employer so decide, any Members who had at any time been employed in the undertaking (or part of it so acquired), or
- (b) in the case of (ii) above, such of the Members as are employed by the Associated Employer, a majority of the issued share capital of which has been so acquired, and, if the Trustees in consultation with the Principal Employer so decide, any Members who had at any time been so employed

shall, but only if the Trustees in consultation with the Principal Employer so decide, be determined by the Actuary and in relation

to those Members, the provisions of Clause 21 (other than exceptions A and B to Clause 21(e)) and paragraph (C) of this Clause 22(c) shall then, with due alteration of details, be applied to the appropriate portion of the Fund. In such case, any such Members as are present Employees of, or were at any time employed by (if included as mentioned above), the Associated Employer a majority of the issued share capital of which has been so acquired, and the Associated Employer itself, shall cease to participate in the Scheme.

(C) Subject to the Trustees having obtained the prior agreement of the Board of Inland Revenue, the Trustees may transfer the accrued rights of a group of Members to another Retirement Benefits Scheme without the consent of those Members provided that

I. both the Scheme and the other Retirement Benefits Scheme:

(i) apply to employment with the same employer, or

(ii) apply to employment with different employers and the transfer is a consequence of a financial transaction between the employers, or

(iii) apply to employment with different employers and the employers are treated as connected for the purposes of Section 51A of the Pensions Act; and

II. an Actuary certifies to the Trustees that the transfer credits to be acquired for the Members under the other Retirement Benefits Scheme are at least equal in value to the rights being transferred. The Actuary, when calculating the value of any rights for the purpose of this paragraph, must comply with the requirements of Regulation 12(4) of the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991.

(D) If after the implementation of paragraphs (A), (B) or (C) of this Clause 22(c) and after the benefits under the FIRST, SECOND and THIRD applications of Clause 21(b) have been provided any balance of the appropriate portion of the Fund then remains unexpended, the Trustees shall pay such balance to the Employers in such proportion as shall be determined by the Actuary unless the Trustees in consultation with the Principal Employer decide that such balance is to be retained in the Fund

PROVIDED THAT where the Actuary has determined the appropriate portion of the Fund, and if the Trustees so agree, and subject to the

consent of the Associated Employer, or, where a part of the Principal Employer's undertaking is being acquired, of the Principal Employer, the assets constituting the appropriate portion may be segregated from the assets constituting the remainder of the Fund (in which case, the provisions of Clause 21 shall not then be applied to the appropriate portion) and continue to be held by the Trustees upon and subject to the trusts, powers and provisions of this deed and the Rules until such date as the Trustees shall determine, not being later than the date of the winding up of the Fund as a whole but on the basis that, on such date, the assets constituting the appropriate portion so segregated shall be available as assets to secure only the benefits for (or in respect of) the Members to whom the appropriate portion was applicable when it was determined by the Actuary, that no further Employees of the Associated Employer shall be admitted to membership of the Scheme, that no further contributions shall be made by the Associated Employer, nor by the Principal Employer, in respect of any such Members, nor by any of such Members themselves, and that the segregated appropriate portion shall at no time be available to secure the benefits of (or in respect of) any other Members.

23. NON-ASSIGNABILITY

THE assignment by a Member (or any other person entitled to Relevant Benefits under the Scheme) of any benefit under the Scheme is prohibited, and if any Member or other person either wholly or partially assigns or charges any present or future benefit arising under the Scheme or attempts or purports to do so, or if any other act is done or event happens, with the result that such benefit, if belonging absolutely to the Member (or other person), would be vested in or payable to (or charged in favour of) any other individual, firm or company, the Member or other person shall forfeit all rights whatsoever to such benefit

EXCEPT THAT a Guaranteed Minimum Pension payable to a Contracted-out Member or to his widow (or her widower) shall not be forfeited in this way, but shall remain payable to the Member or to the widow (or widower) as the case may be, unless such payment is suspended in accordance with Rule 15(a).

If any benefit is forfeited in this way, the Trustees shall, as from the date on which they receive notice of the act or event causing such forfeiture, hold the forfeited benefit upon trust for the general purposes of the Scheme, but with power (if they so think fit) to pay or apply that benefit (or any part of it) at their sole and absolute discretion in case of hardship to, or for the benefit of, all or any one or more (to the exclusion of the other or others) of the Member and his Dependants or, if a person other than a Member is concerned, such other person and the persons who bear the same relationships to him as

Dependants bear to a Member, but so that in no circumstances shall any payment be made to a purported assignee or chargee.

24. EMPLOYER'S RIGHT TO TERMINATE EMPLOYEE'S SERVICE NOT RESTRICTED

NOTHING in this deed (or the Rules) shall in any way restrict the Employer's right to terminate a Member's Service, nor be used in aggravation of damages in any action, counterclaim or suit brought by such Member against the Employer in respect of the termination of his Service.

25. LIEN ON BENEFITS

THE benefits provided under the Scheme in respect of a Member (excluding Guaranteed Minimum Pensions and accrued rights to them, the benefits arising by virtue of a transfer payment pursuant to Clause 6 and any equivalent pension benefits which the Member may be entitled to in accordance with Rule 18) shall, unless the Trustees with the Employer's consent decide otherwise, stand charged with the payment of any monetary obligation due to the Employer arising out of a criminal, negligent or fraudulent act or omission of that Member

PROVIDED THAT:-

- A. such charge shall not exceed the lesser of (i) the value, as determined by the Actuary, of any present or future benefits arising under the Scheme in respect of the Member, and (ii) the amount of the obligation;
- B. the Trustees shall give the Member a certificate showing the amount to be so paid to the Employer and the effect of such payment on his present or future benefits under the Scheme, and
- C. in the event of the Member disputing the amount to be so paid to the Employer, the Employer shall not be entitled to enforce such payment until the obligation has become enforceable under an order of a competent court or the award of an arbitrator.

Production of a certificate signed by (or on behalf of) the Employer that any amount is so owing to it shall be sufficient evidence of the fact.

26. EXERCISE OF POWERS

(a) Exercise of Employer's discretion or power

Any discretion or power under this Deed or the Rules exercisable by an Employer (with the exception of the power to appoint and remove the Trustees under Clause 16(a)) is exercised in its absolute unfettered discretion and may be exercised in the sole and exclusive interests of the Employer. Any implied term or condition (whether in this Deed, the Rules, in any contract of employment or otherwise) to the contrary is excluded. For the avoidance of doubt, but without limitation, references to an implied term or condition include any implied term or condition of mutual trust and confidence or of good faith.

(b) Agreement or consent of Principal Employer

Where the agreement or consent of the Principal Employer is required in this deed and the Rules or where the Principal Employer exercises any power, the Principal Employer shall owe no duty to the Employer, Member, Beneficiary or other person in giving or withholding its agreement or consent or exercising any power. Any implied term or condition (whether in this Deed and Rules or in any contract of employment or otherwise) to the contrary is excluded. For the avoidance of doubt, but without limitation, references to an implied term or condition include any implied term or condition of mutual trust and confidence or of good faith.

IN WITNESS of this the Principal Employer and the Trustees have executed this Deed on the date first shown above

THE COMMON SEAL of
ELCO EUROPE LIMITED
was placed in the presence of

Company Director

R E Hinds

and

Seal

Company Secretary

D E Nichols

SIGNED and DELIVERED as a
deed by **GEOFFREY WALTER** *G W Atkins*
ATKINS in the presence of:-

Signature *Ann Jackson*
Name *ANN JACKSON*
Address *14 Paddocks Drive
Newmarket
Suffolk CB8 9BE*
Occupation *Secretary*

SIGNED and DELIVERED as a
deed by **DEREK STANLEY** *D S Notley*
NOTLEY in the presence of:-

Signature *Ann Jackson*
Name *ANN JACKSON*
Address *14 Paddocks Drive
Newmarket
Suffolk CB8 9BE*
Occupation *Secretary*

SIGNED and DELIVERED
as a deed by **DENIS EDWIN** *D E Nichols*
NICHOLS in the presence of:-

Signature *Ann Jackson*
Name *ANN JACKSON*
Address *14 Paddocks Drive
Newmarket
Suffolk CB8 9BE*
Occupation *Secretary*

RULES of
THE VARELCO LIMITED PENSION FUND

1. DEFINITIONS AND INTERPRETATION

(a) Definitions

Throughout the Rules and the Schedule, unless the context requires or stipulates otherwise, words and expressions defined in Part I of the Schedule have the meanings ascribed to them in that Part.

(b) Modifications for directors

In relation to the inclusion of a director in the Scheme, the provisions of the Rules and the Schedule shall be read as modified by Rule 16.

(c) Notification to Members

Any notification to a Member or any other person required by the provisions of the Rules shall be made in writing by the Trustees or by the Employer with the Trustees' consent.

(d) Benefits for Specified Members

Subject to the provisions of the Rules and, in particular subject always to Rule 17, there shall be provided for and in respect of a Member such one or more of the Relevant Benefits permitted by the Rules. Such Relevant Benefits shall be of such amount or at such rate as the Employer, with the Trustees' consent, in its absolute discretion decides and as shall be notified to the Member in accordance with Rule 1(c) above. Except where the Member is notified otherwise, in the case of a Specified Member the amount or rate of any such benefit shall be as set out in Parts III and IV of the Schedule.

(e) Limitation of amounts

Any benefits provided under the Scheme, and any other benefits or forms of benefit derived from them, shall be subject to such of the limits set out in Part II of the Schedule as may be appropriate.

2. MEMBERSHIP

(a) Eligibility

The Employees eligible to become Members shall (subject to the Trustees' consent) be those who on the date on which they are to be admitted to membership have not reached Normal Pension Date and, except as provided for in Rule 2(b), are not participating in a Personal Pension Scheme covering earnings on which benefits under the Scheme are based, and who the Employer shall inform the Trustees are so eligible

PROVIDED THAT any Employee who at the Participating Date or on any subsequent day is within the appropriate category or categories set out in Part III of the Schedule shall (unless the Employer decides otherwise and the Employee is notified accordingly) be eligible for membership.

(b) Concurrent membership of a Personal Pension Scheme

For so long as the Scheme is to be treated as an Exempt Approved Scheme, an Employee who is participating in a Personal Pension Scheme covering earnings on which benefits under the Scheme are based shall be eligible to become a Member in accordance with Rule 2(a) or be re-admitted into membership of the Scheme only if:-

- (i) he is not required to contribute to the Fund in accordance with paragraph (i) of Rule 3(a) and he is provided solely with benefits under the Scheme payable in the event of his death, or
- (ii) he has opted in writing not to join (and does not join) a section of the Scheme whose Members' employments are Contracted-out Employments by reference to the Scheme and such Personal Pension Scheme permits the acceptance only of minimum contributions from the Secretary of State for Social Security and not contributions from the Member concerned nor from his Employer, or
- (iii) the Board of Inland Revenue otherwise permit.

(c) Date of admission

An Employee shall be admitted to membership of the Scheme on the day on which he is first eligible unless some other date is agreed between the Trustees and the Employer.

(d) Notification; application, furnishing of information; effect of wrong information; failure to join when first eligible

An Employee who is eligible for membership in accordance with Rule 2(a) shall be so notified in writing and may be required to make formal application in order to be able to join the Scheme, and to furnish such information, particulars and evidence and submit to such medical examinations as shall in each case be required by the Trustees. If information, particulars or evidence so furnished is such as to give rise to a modification of benefit (or benefits) or if such information or any particular or evidence is not furnished or is subsequently found to be incorrect, the Trustees shall determine and shall notify to the Member, his Beneficiary or Dependant as the case may be the extent (if any) to which the benefit (or benefits) will be modified. If any Employee who is eligible for membership declines to become a Member, he shall not be admitted to membership after that time, except with the consent of the Employer and the Trustees and subject to such conditions as the Trustees may require.

(e) Right to benefits on admission

An Employee shall, on being admitted to membership of the Scheme, become entitled to its benefits in accordance with (and subject to) the Trust Deed and the Rules.

(f) Member may terminate his Pensionable Service

A Member who remains in Service may, if he so desires and by informing the Trustees or the Employer in writing, terminate his Pensionable Service (for further accrual of Long Service Benefit) either upon the expiry of such period of notice (if any) as shall have been notified to the Member in accordance with Rule 1(c), or at such other date as shall be agreed between the Trustees and the Employer.

(g) Cessation of membership

Although referred to as a Member in relation to any benefit which he or any other person may be (or may become) entitled to under the Scheme, a Member shall cease to be a Member if he terminates his Pensionable Service in accordance with Rule 2(f), or if he has been notified by the Employer that he is no longer eligible for membership. If a Member has terminated his Pensionable Service in accordance with Rule 2(f), then for so long as he is not required to contribute to the Fund in accordance with paragraph (i) of Rule 3(a), benefits may be provided in respect of him, which are payable on his death in accordance with Rule 7, as shall have been notified to him in accordance with Rule 1(c). In addition to such benefits (if any) provided in respect of a Member in accordance with Rule 7, the benefits which have accrued in respect of him at the date of cessation of membership, together with additional Relevant

Benefits (if any) being provided in accordance with paragraph (ii) of Rule 3(a), shall continue to be provided under the Scheme, subject to the provisions of the Trust Deed and Rules.

(h) Temporary retention in membership for up to 12 months

If in accordance with Rule 2(g), a Member would otherwise cease to be a Member or if he leaves Service and in either case becomes prospectively eligible for another Retirement Benefits Scheme (but not a Personal Pension Scheme), he may for a period not exceeding 12 months (or such longer period as the Board of Inland Revenue may allow) until he becomes a member of that scheme be deemed by the Trustees at the Employer's request, and with the Member's consent, to remain in Service and/or a Member of the Scheme in relation to such of his benefits and (where appropriate) Member's Contributions as shall be agreed.

(i) Re-entry into membership

A Member who has terminated his Pensionable Service in accordance with Rule 2(f) or who has been notified by the Employer that, in accordance with Rule 2(g), he is no longer eligible for membership, may subsequently be permitted by the Trustees, with the Principal Employer's consent, to re-enter membership of the Scheme, subject to Clause 8 of the Trust Deed and this Rule.

3. CONTRIBUTIONS AND LIMITS

(a) Member's contributions and voluntary contributions

(i) If and for so long as the Scheme is to be treated as an Exempt Approved Scheme, no rate of contribution fixed in accordance with this paragraph may be altered before the first anniversary of the date on which the first payment at that rate became due, unless the specific agreement of the Board of Inland Revenue has been obtained. Subject to Part IIA of the Schedule ~~*and to Rule 2(h),~~ *and other relevant provisions of the Rules* and if the Employer so requires, each Member shall, if and for so long as he has neither terminated his Pensionable Service nor been notified by the Employer that, in accordance with Rule 2(g), he is no longer eligible for membership of the Scheme, contribute to the Fund, as a condition of membership of the Scheme, towards the cost of the Relevant Benefits payable to (or in respect of) him at such rate as the Employer, with the Trustees' consent, shall in its absolute discretion decide

EXCEPT THAT (unless the Employer, with the Trustees' consent, decides otherwise and the Member is notified accordingly) a Specified

**Amended by resolution 29.8.95.*

Member shall, subject to the provisions above, contribute in each Scheme Year at the appropriate rate set out in Part III of the Schedule.

- (ii) Subject to paragraph (vi) of this Rule 3(a) and to Part IIA of the Schedule, and after the expiry of such period of notice (if any) as shall have been notified to him in accordance with paragraph (iv) of this Rule 3(a), a Member may, if he so desires, contribute to the Fund (over and above the contributions (if any) which he is required to pay as a condition of membership of the Scheme) at such rate as he thinks fit (but subject to a minimum rate as the Employer, in accordance with paragraph (v) of this Rule 3(a), may require) and at such frequency as the Employer shall permit, in order to provide additional Relevant Benefits, the value of which shall, in the Trustees' opinion, be reasonable, having regard to the amount of the contributions paid in accordance with this paragraph and, except for additional Relevant Benefits provided which are money purchase benefits, to the value (for the purposes of Part II of the Schedule) of the other benefits under the Scheme. These Relevant Benefits shall be payable to (or in respect of) him at such intervals and in such manner as the Employer, with the Trustees' consent, shall in its absolute discretion decide and as shall be notified in writing to the Member PROVIDED THAT where the Member first entered into a contractual obligation (or agreement) on or after 8th April, 1987 to pay voluntary contributions, the Relevant Benefits secured by those voluntary contributions shall be in the form of non-commutable pension, unless
- (a) those Relevant Benefits are
- I. payable in lump sum form in accordance with Rule 7, or
 - II. commuted (in accordance with any provision of the Trust Deed or the Rules) on the grounds of triviality or serious ill-health; or
- (b) the Board of Inland Revenue permit otherwise.
- (iii) After the expiry of such period of notice (if any) as shall have been given by a Member in accordance with a notification given to him by the Employer under paragraph (iv) of this Rule 3(a), a Member may terminate, resume or adjust the rate (subject to Part IIA of the Schedule and to paragraph (v) of this Rule 3(a)) of any contributions being paid in accordance with paragraph (ii) of this Rule 3(a).
- (iv) The Employer may require a period of notice to be given by the Member (which shall not exceed twelve months) to elapse before accepting contributions from the Member in accordance with

paragraph (ii) of this Rule 3(a) or before permitting any termination, resumption or adjustment of the rate (as referred to in paragraph (iii) of this Rule 3(a)) of such contributions and shall notify the Member in writing of any such period of notice for the time being in force. The Employer shall have power to dispense with, reimpose or adjust the length (subject to a maximum of twelve months) of any such period of notice and shall notify the Members in writing accordingly if it exercises that power.

- (v) The Employer may require that contributions paid in accordance with paragraph (ii) of this Rule 3(a) are paid at a rate not less than a minimum rate and shall notify the Member of any such minimum rate for the time being in force. The Employer shall have power to dispense with, reimpose or adjust such minimum rate and, if it exercises that power, shall notify the Members in writing accordingly EXCEPT THAT such minimum rate shall at no time exceed 0.5 per cent of the Member's earnings in a tax year, or, if greater, 3 times the lower earnings limit (within the meaning of Section 1 of the Pensions Act) for that tax year.

- (vi) If and for so long as the Scheme is to be treated as an Exempt Approved Scheme, then (1) if the Member's Pensionable Service has terminated, that Member shall not contribute to the Fund unless the Employer permits and the prior agreement of the Board of Inland Revenue has been obtained, and (2) if any one (or more) of sub-paragraphs (a) to (c) below applies, a Member may only contribute to the Fund in accordance with paragraph (ii) of this Rule 3(a) if (and only to the extent that) the Employer permits and subject to the approval of the Board of Inland Revenue:
 - (a) the Member is entitled only to benefits provided in accordance with Rule 7;
 - (b) the Member has attained, or is within 12 months of attaining Normal Pension Date, or
 - (c) the Member is a member (or is eligible to become a member) of another Retirement Benefits Scheme in relation to the Employer which complies with "the voluntary contributions requirements" of Section 12(1) of the Social Security Act 1986 and which has not been excepted from the application of Section 12(1)(a) and (b) of that Act.

- (vii) Any reference in the Trust Deed or in the Rules to a Member's Contributions shall include references to contributions made as detailed in (ii) above EXCEPT THAT any reference (whether implied or otherwise) to a return of, or a benefit equal in value to, Member's Contributions shall, insofar as they represent contributions made as

detailed in (ii) above, be deemed to include a reference to a return of or a benefit equal in value to the value (as determined by the Trustees) of the investments, monies and other assets representing the contributions as detailed in (ii) above at the time such benefit is granted or refund made.

- (viii) Any limit on a Member's Contributions necessary to comply with Part IIA of the Schedule shall be applied, as far as is practicable, by means of a level restriction throughout the remainder of the Member's membership of the Scheme.
- (ix) Each Member's contributions shall be deducted from salary or wages by the Employer and paid to the Trustees. No contributions shall be payable on or after Normal Pension Date unless the Employer decides otherwise and the Member is notified accordingly. Unless agreed otherwise between the Member and the Employer, no contributions shall be payable after a Member has contributed to the Fund and to such of any previous Employer's Schemes as he has been notified in writing for an aggregate period of 40 years.

**(x) The administrator of the Scheme shall comply with the requirements of Regulation 5 of the Retirement Benefits Schemes (Restriction on Discretion to Approve) (Additional Voluntary Contributions) Regulations 1993 [SI 1993 No 3016] and where the Scheme is the "leading scheme" in relation to a Member, with the requirements of Regulation 6 of those Regulations so far as they concern main schemes. If these Regulations are amended or replaced by any other regulations then this paragraph will have effect as if it had been amended or replaced accordingly.*

(b) Employer's contributions

- (i) Each Employer shall from time to time make such contributions to the Fund as the Principal Employer determines, on the Actuary's advice, to enable the Trustees to provide the benefits of the Scheme. The Principal Employer shall, as soon as practicable, inform the Trustees of any determination made by it under this sub-rule.
- (ii) The Employer's contributions shall be payable in such manner and at such times as shall be agreed from time to time between the Principal Employer and the Trustees.
- (iii) The Principal Employer shall review the rate of Employer's contributions required at intervals of not more than three years and six months.

**Amended by resolution 29.8.95.*

(c) Actuarial reviews

- (i) The Trustees shall, at intervals not greater than three years and six months, arrange for the Actuary to make a signed actuarial valuation and statement about the Fund's financial position. Any such actuarial valuation and statement shall satisfy the Disclosure Regulations and be made available in accordance with the Disclosure Regulations.
- (ii) If any such actuarial valuation made in accordance with the principles of (and fulfilling the requirements of) statutory regulations made pursuant to Schedule 22 of the Act, discloses that the value of the Fund exceeds

the value of the liabilities of the Scheme by a percentage which is more than the maximum (if any) prescribed by statutory regulations then in force, the following provisions shall apply. To the extent that statute permits, and the Board of Inland Revenue have approved, that excess may be reduced by such one (or more) of the following ways as the Principal Employer in consultation with the Trustees shall decide:-

- (1) by augmenting Relevant Benefits being provided under the Scheme;
 - (2) by providing Relevant Benefits which are not being provided under the Scheme but which are permitted by the Rules;
 - (3) by the Employers suspending or reducing their contributions to the Fund for a period of five years or less;
 - (4) by the Members suspending or reducing their contributions to the Fund for a period of five years or less;
 - (5) by paying, subject to Section 11(3) of the Social Security Act 1990, all or part of that excess to the Employers in such proportions as shall be determined by the Actuary;
 - (6) by such other ways as may be prescribed by statutory regulations.
- (iii) Despite any actuarial valuation of the Scheme made in accordance with paragraph (ii) of this Rule 3(c), if the Actuary is of the opinion that the value of the Fund exceeds the value of the liabilities of the Scheme and for that (or any other) reason, certain alterations are recommended to be made to the benefits or to the contributions payable under the Scheme, the Principal Employer in consultation with the Trustees may make such of those alterations or take such other action as they deem expedient to reduce that excess, except the payment of money out of the Fund to the Employers. A payment to the Employers may be required by the Board of Inland Revenue to be made as a condition for their continued treatment of the Scheme as an Exempt Approved Scheme, in which event such a payment shall, unless the Scheme is no longer to be treated as an Exempt Approved Scheme, be made by the Trustees in such proportions as shall be determined by the Actuary.
- (iv) If any actuarial valuation discloses that the value of the Fund is less than the value of the liabilities of the Scheme, such action shall be taken as the Principal Employer shall agree with the Trustees on the Actuary's advice.

4. POWER TO APPLY UNCLAIMED MONIES

ANY monies payable out of the Scheme and not claimed within six years from the date on which they were due to be paid may (at the Trustees' discretion) be applied:-

- (i) in augmenting the benefits of those Members still in Service;
- (ii) in reducing the Employer's contributions to the Scheme, or
- (iii) in payment of the expenses of the management and administration of the Scheme.

5. MEMBER'S PENSION

(a) Provision of pension

A 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 Member's life and shall normally be paid by monthly instalments, no payment being due after the Member's death.

In the case of a Contracted-out Member whose Normal Pension Date is earlier than State Pensionable Date, any increase in the Guaranteed Minimum Pension attributable to the revaluation in accordance with Rule 17(d) shall be additional to the amount of pension accrued to the Member at Normal Pension Date, but this additional amount shall be inclusive of such amount (if any) by which the Member's pension, after it has started to be paid, has been increased in accordance with Rule 9 and shall not become payable until State Pensionable Date.

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

(i) If the Member dies within the period of five years from the start of his pension, the pension payable to his spouse under Rule 8(a) 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) is added to it, it equals the full amount of the Member's pension at the date of his death.

(ii) If the Member is not survived by a spouse any pension(s) payable to a Member's Dependent Children under Rule 8(a) shall, for the remainder of

the five year period, be increased proportionately so that in aggregate they equal the Member's pension at his date of death.

(iii) Where a Member's spouse dies whilst in receipt of the enhanced pension described in paragraph (i) of this Rule 5(b) the pension(s) payable to Dependent Children under Rule 8(a), shall, for the remainder of the five year period (if any), be increased proportionately so that in aggregate they equal the Member's pension at his date of death.

(iv) If the Member is not married at the date of death the benefit described in paragraph (i) of this Rule 5(b) may, at the Trustees' discretion, apply to one or more of the member's adult Dependants.

PROVIDED THAT if there is no pension payable under this Rule 5(b) there shall be payable to the 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 Member's death.

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

Subject to the provisions of Rule 17, the Trustees shall have power (with the Member's agreement) to substitute, at the date of that Member's retirement, for any such pension, such other pension payable to the 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 may 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 Member;
- B. the annual amount of pension shall not exceed any relevant maximum set out in Part II of the Schedule;
- C. the benefit under Rule 5(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 Contracted-out Member, the pension may be payable for whichever is the longer of the rest of the 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 Member's death being made to that Member's Personal Representatives, save that

in exceptional circumstances (and for so long as the Scheme is to be treated as an Exempt Approved Scheme, only with the approval of the Board of Inland Revenue), a death benefit shall be payable in accordance with Rule 7(b) 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 Member's retirement.

6. OTHER PROVISIONS RELATING TO MEMBER'S PENSION

(a) Exchanging pension for a lump sum

A Member may when his pension commences under the Scheme exchange part or all of his pension which is in excess of his Guaranteed Minimum Pension for a lump sum as set out in this Rule 6. The pension shall be exchanged for a lump sum at a rate decided from time to time by the Actuary and which is approvable by the Board of Inland Revenue.

The option shall be restricted, if necessary, to ensure that any pension secured by the Member's Voluntary Contributions is not taken as a lump sum.

(b) Serious ill health

The Trustees may, if a Member who is in exceptional circumstances of serious ill health so elects (in writing) before his pension under the Scheme is due to commence, pay a lump sum in place of the Member's pension which would have been payable. If the Member's serious ill health is such that the Member is not capable of making such an election the Trustees may deem him to have made the election.

The lump sum shall be calculated on the Actuary's advice (and at a rate which is approvable by the Board of Inland Revenue) as being the equivalent of the Member's pension entitlement (including any pension secured by the Member's Voluntary Contributions) which exceeds his Guaranteed Minimum Pension.

The lump sum shall be payable on the date upon which the Member's pension was due to commence or as soon as practicable after that date. The only benefits payable after such a lump sum is paid are any pension payable on the death of the Member in accordance with Rule 8 and the Member's Guaranteed Minimum Pension and any lump sum payable on death under Rule 5(b) in respect of it.

This Rule 6(b) shall not apply to a person to whom Rule 6(c) applies.

(c) Trivial Pension

The Trustees may pay a lump sum to a Member in place of his pension under the Scheme (including any pension secured by the Member's Voluntary Contributions) if his aggregate pension, including the pension equivalent of any benefit not in pension form, under the Scheme and under any Employer's Schemes is not greater than (or subsequently due to any increase in the Trivial Pension Limit becomes not greater than) the Trivial Pension Limit.

The lump sum shall be calculated on the Actuary's advice as being the equivalent of the Member's pension entitlement and at a rate which is approvable by the Board of Inland Revenue.

The lump sum shall be payable on

- (i) the date on which the pension was due to commence, or as soon as practicable after that date, or
- (ii) in the case of a pension which is being paid to the Member, on such date as the Trustees may decide provided that it does not prejudice the treatment of the Scheme as an Exempt Approved Scheme.

(d) Surrender of a Member's pension to provide Dependant's pension

A Member may request in writing that part of his pension which is due to commence under the Scheme should be exchanged to provide a pension on his death for such one or more Dependants whom he has selected. The pension exchanged shall be converted at rates decided from time to time by the Trustees on the Actuary's advice.

Any pension payable under this Rule 6(d) to a Dependant shall be on such terms and conditions as determined by the Trustees and notified to the Member and Dependant accordingly and, where appropriate, in accordance with the contracting-out requirements of the Pensions Act.

If a Dependant whom the Member has specified should die or cease to qualify as a Dependant before the Member's pension under the Scheme has become payable then the Member's pension under the Scheme shall be treated as though no surrender under this Rule 6(d) had occurred.

This option shall be restricted to ensure that

- (i) a Dependant's pension is greater than the Trivial Pension Limit, and
- (ii) the Member's remaining pension is not less than the Guaranteed Minimum Pension, and
- (iii) the aggregate annual amount of the Dependant's pensions under this Rule 6(d) does not exceed the Member's pension remaining after exercising this option but before exercising any option to exchange his pension for a lump sum under Rule 6(a) above.

7. BENEFITS ON MEMBER'S DEATH

(a) While still in Service

In addition to any benefits which may be provided on the death of a Member in such other circumstances as are specified elsewhere in the Rules, if a Member's death occurs while he is still in Service prior to Normal Pension Date, any one (or more) of the following benefits may be provided:-

- I. all or part of the Member's Contributions (if any) paid on or prior to the date of his death (excluding any contributions made in accordance with paragraph (ii) of Rule 3(a) which have been applied by the Trustees towards benefits payable in accordance with paragraphs II and III of this Rule 7(a)), such amount to be payable in accordance with Rule 7(b);
- II. a lump sum benefit payable in accordance with Rule 7(b);
- III. a pension starting at the relevant Pension Payment Date and which is payable to any one (or more) of the Dependents by whom the Member is survived. Such pension shall (unless the Trustees have decided otherwise and the Member or the appropriate Dependant has been notified accordingly) be payable by monthly instalments and shall continue for the rest of any such Dependant's life subject always to Provisos A and B to Rule 8(a)

PROVIDED THAT:-

- A. if the total pension payable as a result of the Member's death to any such Dependant under all the Employer's Schemes is not greater than (or subsequently due to any increase in the Trivial Pension Limit becomes not greater than) the Trivial Pension Limit, the Trustees may elect to pay a single lump sum (calculated on a basis determined by the Actuary

as reasonable) in lieu of the total pension payable at the date of such election, and

- B. subject always to Proviso A to this Rule 7(a), the widow (or widower) of a Contracted-out Member shall be provided with a pension which satisfies the relevant provisions of Rule 17 and if the Member had ceased to be in Contracted-out Employment prior to his death, any increase in the Guaranteed Minimum Pension attributable to the revaluation in accordance with Rule 17(d) in respect of the widow (or widower) from the date the Member ceased to be in Contracted-out Employment to the date the widow's (or widower's) pension becomes payable shall be additional to the benefit that has accrued to her (or him) on the day following the date the Member ceased to be in Contracted-out Employment.

(b) Payment under discretionary power

Subject to no such benefits being held in the Fund for more than two years following the date of the Member's death, the Trustees shall have power to pay or apply any benefits which are expressed (elsewhere in the Rules) to be payable in accordance with this Rule 7(b) at such time or times to (or for the benefit of) such one or more of the Member's Beneficiaries and Personal Representatives in such shares, proportions and manner and for such interests as the Trustees in their absolute discretion decide (including the transfer of the whole or part of those benefits to trustees to be held by those trustees for such Beneficiaries upon such trusts and powers (including discretionary trusts or powers exercisable by those trustees) as the Trustees shall decide) and all or any expenses, fees, stamp duty or other outgoings incurred for the purpose of, or in connection with, any such payment or application (irrespective of how that payment or application is made) may, if the Trustees so decide, be deducted from (or paid out of) the said benefits.

If the Trustees do not exercise this power within a period of two years from the date of the Member's death, they shall pay the whole (or that part) of the benefits not so paid or applied (as mentioned above) to the deceased Member's Personal Representatives. If any such benefits would vest in the Crown, the Duchy of Lancaster or the Duke of Cornwall as bona vacantia or in a creditor, the Trustees shall continue to hold those benefits under the trusts of the Scheme and use them for such purposes of the Scheme as they shall decide.

In exercising their discretion, or in making any such payment or application as mentioned above, the Trustees shall be entitled to consult with the Associated Employer who the Member was last employed by prior to his death or with the Principal Employer, and to rely upon the certificate of any such employer that any person to whom (or for whose benefit) any sum is to be so paid (or applied) is a Beneficiary and in making any such transfer as mentioned above,

the Trustees shall be entitled to rely upon the certificate of any solicitor (or firm of solicitors) to the effect that the trusts upon which the transferred benefits will be held are such that those benefits must necessarily be paid to (or applied for the benefit of) one or more of the Beneficiaries.

(c) Payment to widow(er)

Any benefits which are expressed (elsewhere in the Rules) to be payable in accordance with this Rule 7(c) shall be paid to the deceased Member's widow or widower (or if there is no widow or widower, to his Personal Representatives). If any such benefits would vest in the Crown, the Duchy of Lancaster or the Duke of Cornwall as bona vacantia or in a creditor, the Trustees shall continue to hold those benefits under the trusts of the Scheme and use them for such purposes of the Scheme as they shall decide.

(d) Payment to Personal Representatives

Any benefits which are expressed (elsewhere in the Rules) to be payable in accordance with this Rule 7(d) shall be paid to the deceased Member's Personal Representatives.

8. DEPENDANTS' PENSIONS

(a) On Member's death after retirement

In addition to any pensions which may be provided on the death of a Member to any one or more of his Dependants in such other circumstances as are specified elsewhere in the Rules, if a Member (after retiring on pension at Normal Pension Date) is survived by any one or more of his Dependants, there may be provided for any one or more of those Dependants a pension which, subject to Rule 8(b), shall start on the relevant Pension Payment Date. Such pension shall (unless the Trustees have decided otherwise and the Member or the appropriate Dependant has been notified accordingly) be payable by monthly instalments and shall continue for the rest of any such Dependant's life

PROVIDED THAT:-

- A. if the Dependant is a child, payment of the pension shall not be continued after any age specified for this purpose in any notification issued to the Member in accordance with Rule 1(c) which is valid at the date of the Member's death;
- B. subject always to Proviso A immediately above, if the Dependant is a child the pension shall continue to be payable only until the Dependant

no longer satisfies any of the conditions A, B, C or D of the definition of Dependants contained in Part I of the Schedule;

- C. if the total pension payable to a Dependant under all the Employer's Schemes (other than pensions provided voluntarily by the Member by surrender of pension payable to him) is not greater than (or subsequently due to any increase in the Trivial Pension Limit becomes not greater than) the Trivial Pension Limit, the Trustees may elect to pay to the Dependant (or, in the circumstances set out in paragraph I. below, to the Member with the Dependant's written consent), in lieu of any pension otherwise payable to the Dependant under this Rule 8(a), a single lump sum calculated on a basis determined by the Actuary as reasonable either
- I. at the date on which a single lump sum is paid to the Member in lieu of his pension, if the Member's total pension from all the Employer's Schemes (including the pension equivalent of any benefits not in pension form and any pension which the Member may have surrendered voluntarily to provide a pension for another person) would not have exceeded the Trivial Pension Limit;
 - II. at the date when such pension becomes payable to the Dependant, or
 - III. at such date after the date of any increase in the Trivial Pension Limit when the Trustees elect to pay a single lump sum in lieu of the instalments of the total pension remaining payable; and
- D. subject always to Proviso C to this Rule 8(a), the widow (or widower) of a Contracted-out Member shall be provided with a pension which satisfies the relevant provisions of Rule 17 and where the Member's Normal Pension Date is earlier than State Pensionable Date and the Member ceases to be in Contracted-out Employment prior to State Pensionable Date, in the event of his subsequent death before State Pensionable Date, the revaluation of the Guaranteed Minimum Pension in accordance with Rule 17(d) in respect of the widow (or widower) from the date the Member ceases to be in Contracted-out Employment to the date the widow's (or widower's) pension becomes payable shall be additional to the benefit that has accrued to the widow (or widower) on the day following the date the Member ceases to be in Contracted-out Employment.

(b) Effect of alternative fixed period in Rule 5(c)

If the Trustees have substituted (under Rule 5(c)) a pension payable for a fixed period of more than five years, any pension under Rule 8(a) shall not start until the expiry of that fixed period.

(c) Effect of early or late retirement of Member

If a Member retires before Normal Pension Date and is granted an immediate pension under Rule 10 or if he remains in Service after Normal Pension Date and payment of his pension is deferred under Rule 11 until the date of his retirement, Rule 8(a) shall apply as if the date of his retirement were his Normal Pension Date, but the amount of pension provided for any Dependant shall be reduced or increased according to whether the Member retires before or after Normal Pension Date

PROVIDED THAT:-

- A. if the Member retires before Normal Pension Date, the reduced amount of pension shall be calculated by the method described in Rule 10(b) but by reference to that part of the Short Service Benefit consisting of pension payable to the Dependant which has accrued in respect of the Member;
- B. if the Member retires after Normal Pension Date, the increased amount of pension shall be calculated on a basis determined by the Actuary as reasonable having regard to the period of deferment and to the ages of the Member and the Dependant, and
- C. in the case of a Contracted-out Member, the adjusted amount of the widow's (or widower's) pension shall be subject to the relevant provisions of Rule 17.

9. PENSION INCREASES

(a) Increases to pensions in payment

Any pension in course of payment, whether to a Member or to a Dependant, shall be reviewed regularly and may be increased annually (or at such other intervals as the Trustees shall determine) after the start of that pension, by such amount as the Employer (with the Trustees' consent) shall decide.

(b) When payable and terminated

Such pension increases shall be payable with the normal instalments of pension and shall terminate when the normal instalments cease.

10. 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 Member's 50th birthday and the Employer agrees that the 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 Member may be offered an immediate pension under this Rule,

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

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

(b) Amount of pension payable

The immediate pension shall be payable in accordance with Rule 5 and subject to Rule 6. Except where a Member is notified otherwise, in the case of a Specified Member the amount of the immediate pension shall be as set out in Part III of the Schedule.

The immediate pension shall only be paid if the amount payable at State Pensionable Date will not be less than the Member's Guaranteed Minimum Pension. The Trustees may pay a smaller pension before 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 did not apply. If payment of an immediate pension is not possible because of this condition the Member shall be entitled to a preserved pension under Rule 12.

The value of an immediate pension under this Rule 10 must either exceed the value of the preserved pension calculated under Rule 12 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 Board of Inland Revenue. The lump sum death benefit may be payable on a Member's death on or after Pension Payment Date and before Normal Pension Date

EXCEPT THAT if the 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 Member's pension in accordance with Rule 6(b).

Except where a Member is notified otherwise, in the case of 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.

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

- I. be of such amount as the Employer, with the Trustees' consent, shall in its discretion decide and notify to the Member in accordance with Rule 1(c) 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 if the 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 Board of Inland Revenue.

PROVIDED THAT if the Member retires early on grounds other than Incapacity, the value (as determined by the Actuary) of any lump sum provided in accordance with this Rule 10(c) shall, unless the Board of Inland Revenue permit otherwise, be taken into account in determining any maximum amount of the Member's retirement benefit under Part II of the Schedule.

Any lump sum death benefit provided in accordance with this Rule 10(c) shall be payable

- (i) in accordance with Rule 7(b), if the Member retires early due to Incapacity and the Board of Inland Revenue allows payment in this way,
- (ii) in accordance with Rule 7(d), if the Member retires early due to Incapacity and (i) is not applicable and

- (iii) in accordance with Rule 7(d), if the Member retires early on grounds other than Incapacity.

11. RETIREMENT AFTER NORMAL PENSION DATE

(a) Payment of benefits

In the event of retirement from Service being postponed until after Normal Pension Date, a Member shall be entitled to an immediate pension on such retirement or, subject to the consent of the Principal Employer and the Trustees, the 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 this Rule 11 shall be payable as stated in Rule 5 and subject to Rule 6.

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

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

- A. If the 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 17(d) shall be additional to both the amount of pension accrued to the Member at Normal Pension Date and any increase of pension due to payment being deferred under this Rule 11(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 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 17(c) shall be additional to both the amount of pension accrued to the Member at Normal Pension Date and any increase of pension (in excess of the Guaranteed Minimum Pension) due to payment being deferred under this Rule 11(a).

(b) Payment of death benefits before actual retirement

On the death of a 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 Board of Inland Revenue. These benefits shall be in

the same form and payable in the same manner as like benefits under Rules 7(a), 5(b) and 8(a), unless the Board of Inland Revenue permits otherwise.

PROVIDED THAT unless the Employer decides otherwise and the Member is notified accordingly, in the case of a Specified Member the benefits, and amounts of them shall be as set out in Part III of the Schedule.

Any lump sum benefit payable under this Rule 11(b), other than a refund of the Member's Contributions, shall be payable in accordance with Rule 7(b), to the extent permitted by the Board of Inland Revenue, and otherwise in accordance with Rule 7(d). A refund of all or part of the Member's Contributions shall be payable in accordance with Rule 7(d).

12. TERMINATION OF PENSIONABLE SERVICE

(a) Right to Short Service Benefit

Subject to Rule 12(d), and, if appropriate, Clause 21 or 22 of the Trust Deed, in the event of a Qualifying Member's Pensionable Service terminating before Normal Pension Date for any reason (including the operation of Clause 21 or 22 of the Trust Deed) except early retirement in accordance with Rule 10, or death, there shall be provided in respect of him Short Service Benefit of an amount (or amounts as appropriate) calculated in such manner as shall have been notified to him

PROVIDED THAT in the case of a Contracted-out Member, such Short Service Benefit shall be subject to the provisions of Rule 17.

(b) Discretionary award of Short Service Benefit

Subject to Rule 12(d), and, if appropriate, Clause 21 or 22 of the Trust Deed, in the event of a Non-Qualifying Member's Pensionable Service terminating before Normal Pension Date for any reason (including the operation of Clause 21 or 22 of the Trust Deed) except early retirement in accordance with Rule 10, or death, then

- (i) there shall be provided in respect of him the whole (or any part) of Short Service Benefit, which he would be entitled to under Rule 12(a) were he a Qualifying Member, if any notification issued to him in accordance with Rule 1(c), which is valid at the date of termination of his Pensionable Service, so provides, and
- (ii) there may be provided in respect of him at the Employer's request and with the Trustees' consent, the whole (or any part) of such

Short Service Benefit to the extent that it is not provided under paragraph (i) of this Rule 12(b)

PROVIDED THAT if such Member is a Contracted-out Member:-

- A. any pension provided for him or for his widow (or her widower) under paragraph (i) or (ii) of this Rule 12(b) shall be subject to the provisions of Rule 17;
- B. he shall be provided with a pension payable from State Pensionable Date at a rate equal to his Guaranteed Minimum Pension if a pension has not been provided for him as part of any benefits provided under paragraph (i) or (ii) of this Rule 12(b);
- C. his widow (or her widower) shall be provided with a pension payable from the date of his death should that occur on or after the date from which his pension becomes payable, at a rate equal to the widow's (or widower's) Guaranteed Minimum Pension, if a pension has not been provided for the widow (or widower) as part of any benefits provided under paragraph (i) or (ii) of this Rule 12(b), and
- D. any pension provided under paragraph B or C of this Proviso shall be subject to the provisions of Rule 17, cover the lifetime of the pensioner from the date when it becomes payable and be payable monthly or with such other frequency as the Trustees shall decide.

Despite anything to the contrary in this Rule 12(b), if a Contributions Equivalent Premium is paid in respect of a Non-Qualifying Member who is a Contracted-out Member, paragraph (v) of Rule 17(f) shall apply.

(c) Benefit for a Non-Qualifying Member not granted or entitled to Short Service Benefit

In the event of a Non-Qualifying Member's Pensionable Service terminating before Normal Pension Date for any reason (including the operation of Clause 21 or 22 of the Trust Deed) except early retirement in accordance with Rule 10, or death, and such Member not being granted or entitled to Short Service Benefit (or any part of it) in accordance with Rule 12(b), then subject, if appropriate, to Clause 21 or 22 of the Trust Deed,

- (i) if the Member is a Contracted-out Member, he shall be entitled to a pension payable from State Pensionable Date at the rate of his Guaranteed Minimum Pension;
- (ii) if the Member is a Contracted-out Member, his widow (or her widower) shall become entitled upon his death occurring on or after

the date when the pension which he is entitled to under this Rule 12(c) becomes payable, to a pension payable at the rate of the widow's (or widower's) Guaranteed Minimum Pension;

- (iii) if the Member is a Contracted-out Member, Rule 17 shall apply to any pension payable in accordance with this Rule 12(c);
- (iv) any pension payable in accordance with paragraphs (i) and (ii) of this Rule 12(c) shall cover the lifetime of the pensioner from the date when it becomes payable and be payable monthly or with such other frequency as the Trustees shall decide, and
- (v) if the Member is neither a Contracted-out Member nor a Contributory Member, he shall not be entitled to any benefits under the Scheme.

Despite anything to the contrary in this Rule 12(c), if a Contributions Equivalent Premium is paid in respect of a Non-Qualifying Member who is a Contracted-out Member, paragraph (v) of Rule 17(f) shall apply.

(d) **Right to all or part of Member's Contributions**

- (i) Subject to paragraphs (ii), (iii), (iv), and (v) of this Rule 12(d), and, if appropriate, subject to Clause 21 or 22 of the Trust Deed, a Non-Qualifying Member who is a Contributory Member, and whose Pensionable Service terminates in the circumstances specified in Rule 12(c), shall receive the return of his Member's Contributions.
- (ii) Despite the other provisions of this Rule 12(d), Transferred Contributions (as defined in Proviso B to Clause 6 of the Trust Deed) shall not be returned to a Member on termination of his Pensionable Service unless, at the date of cessation of his membership of the Retirement Benefits Scheme from which they were transferred, either they could have been returned to him under the provisions of that scheme or they could not have been so returned solely by reason of the inclusion of a £5,000 per annum earnings limit in the provisions of that scheme.
- (iii) Any return made to a Member, on termination of his Pensionable Service, of his Member's Contributions (or any part of them) shall extinguish all entitlements of the Member, his Dependants or Beneficiaries to any other benefits in respect of the period of employment to which such Member's Contributions (or part of them) relate

PROVIDED THAT:-

- A. if the Member is a Contracted-out Member, entitlements to Guaranteed Minimum Pensions related to such period shall not be so extinguished unless a Contributions Equivalent Premium (or, in the event of the operation of Clause 21 of the Trust Deed, an Accrued Rights Premium), is paid in respect of the Member;
 - B. any entitlement of the Member to equivalent pension benefits under Rule 18 shall not be so extinguished, and
 - C. any entitlements granted under Clause 6 of the Trust Deed shall be so extinguished only to the extent that the entitlements, under the other Retirement Benefits Scheme, corresponding to the transferred assets would have been extinguished if the transfer had not been made but the Transferred Contributions (as defined in the said Clause 6) had been refunded to the Member at the date when his membership of the other Retirement Benefits Scheme ceased.
- (iv) The return of a Member's Contributions under paragraph (i) of this Rule 12(d) shall not be available without the Trustees' and the Employer's consent, unless it has been expressly permitted by a notification issued to the Member in accordance with Rule 1(c) which is valid at the date of termination of his Pensionable Service.
- (v) If a Member receives a return of his Member's Contributions under paragraph (i) of this Rule 12(d), the Trustees shall deduct from the sum returned to the Member
- I. any tax payable by them in respect of such sum, and
 - II. in the case of a Member (other than a Member who receives a return of his Member's Contributions upon the determination of the Scheme in accordance with Clause 21 of the Trust Deed) who is or has been in Contracted-out Employment by reference to the Scheme, the lesser of the Certified Amount and the amount of the return which relates to Contracted-out Employment

or such lesser sum (or sums) as they may agree with the Employer.



(e) Discretionary award of benefits payable on death before Short Service
Benefit becomes payable

There may be provided any one (or more) of the following benefits as the Employer shall, with the Trustees' consent, decide to become payable in the event of a Member's death occurring before any Short Service Benefit under Rule 12(a) or (b) or a pension under Rule 12(c) becomes payable or before any earlier date from which a reduced benefit may become payable under Rule 12(h):-

- (i) all or part of the Member's Contributions (if any) paid prior to the date of termination of his Pensionable Service, such amount to be payable (except as provided for in Rule 12(j)) in accordance with Rule 7(d);
- (ii) a lump sum benefit payable (except as provided for in Rule 12(j)) in accordance with Rule 7(c) in the event of the Member having left Service, or in accordance with Rule 7(b) in the event of the Member not having left Service;
- (iii) a pension starting at the relevant Pension Payment Date payable to any one or more of the Dependants by whom the Member is survived, such pension (unless the Trustees have decided otherwise and the Member or the appropriate Dependant has been notified accordingly) being payable by monthly instalments for the rest of any such Dependant's life subject always to Provisos A and B to Rule 8(a)

PROVIDED THAT:-

- A. (unless the Employer, with the Trustees' consent, decides otherwise and the Member is notified accordingly, but subject always to Proviso C immediately following) in the case of a Specified Member, the benefits and amounts of them shall be as set out in Part IV of the Schedule;
- B. if the pension payable (as a result of the Member's death) under paragraph (iii) of this Rule 12(e), when aggregated with similar pensions under all the Employer's Schemes, is not greater than (or subsequently due to any increase in the Trivial Pension Limit becomes not greater than) the Trivial Pension Limit, the Trustees may elect to pay in lieu of the said pension at the date of such election a single lump sum calculated on a basis determined by the Actuary as reasonable, and
- C. in the event of a Contracted-out Member dying before any pension to which he is entitled under Rule 12(a), (b) or (c) becomes payable, his widow (or her widower) shall be provided with a pension which shall be subject to the provisions of Rule 17, cover the widow's (or widower's) subsequent

lifetime, be payable monthly or with such other frequency as the Trustees shall decide and be payable at a rate equal to

- I. the rate of the widow's (or widower's) Guaranteed Minimum Pension or
- II. such higher rate as may have been specified in any notification issued to the Member in accordance with Rule 1(c) which was valid at the date when his Pensionable Service terminated.

Despite anything to the contrary in this Rule 12(e), if a Contributions Equivalent Premium is paid in respect of a Non-Qualifying Member who is a Contracted-out Member, paragraph (v) of Rule 17(f) shall apply.

(f) **How Short Service Benefit is payable**

Short Service Benefit shall be payable in the same manner as Long Service Benefit on attainment by the Member of Normal Pension Date or (as the case may require) his subsequent death

EXCEPT THAT if the Member remains in Service for any period after Normal Pension Date, the Trustees may postpone payment of Short Service Benefit for any such period.

Any pension payable to (or in respect of) the Member under Rule 12(a), (b), (c), (h) or (i) shall be subject to Rules 5 and 6 (and, where appropriate, Rules 8 and 9).

(g) **Revaluation of Short Service Benefit which exceeds Guaranteed Minimum Pension**

- (i) Subject to paragraph (xiii) of Rule 12(o), the amount of Short Service Benefit (excluding any part of Short Service Benefit provided on a money purchase basis) which a Member is granted (or entitled to), on termination of Pensionable Service, under Rule 12(a) or (b) which exceeds the Guaranteed Minimum Pension shall, provided there is at least one complete year between the date of such termination and the Member's Normal Pension Date, be increased for each complete year between those dates by such an amount as has been notified to the Member in accordance with Rule 1(c), and which, in any event, will not be less than five per cent per annum compound, or if less, the appropriate revaluation percentage as prescribed by the Secretary of State for Social Security.

- (ii) Subject to paragraph (xiv) of Rule 12(o), the amount of Short Service Benefit which a Member is granted (or entitled to) under Rule 12(a) or (b) which is on a money purchase basis, being
- (a) derived from the Member's Voluntary Contributions, or
 - (b) in excess of the Member's Guaranteed Minimum Pension and derived from any cash sum or investment accepted (in accordance with Clause 6 of the Trust Deed) by the Trustees for inclusion in the Fund

and which is provided for (or in respect of) the Member payable on or after Normal Pension Date, shall, provided there is at least one complete year between the date of such termination and the Member's Normal Pension Date, be adjusted by such an amount as determined by the Trustees as is commensurate with the investment yield and any bonuses arising from, in respect of (a) above, such Member's Contributions, and in respect of (b) above, any cash sum or investment accepted (in accordance with Clause 6 of the Trust Deed) by the Trustees for inclusion in the Fund on behalf of the Member, which would have been applied if the Member's Pensionable Service had not terminated, less if the Trustees so decide, an amount not exceeding the administrative expenses incurred by the Trustees in providing the Short Service Benefit or, if it is less, the amount of the administrative expenses which would have been incurred in providing a money purchase benefit for the same Member if his Pensionable Service had not terminated before Normal Pension Date.

(h) Pensions may start before Normal Pension Date

Subject to the Trustees' consent, a Member who has left Service and in respect of whom benefits have been provided under Rule 12(a) or (b) may, at any date prior to Normal Pension Date at which an immediate pension could have been granted under Rule 10 had he not previously left Service, elect that in lieu of such benefits, reduced benefits shall become payable as if that date were his Normal Pension Date

PROVIDED THAT:-

- A. such reduced benefits shall be calculated, insofar as they consist of pension payable to the Member, by a method similar to the method stipulated in Rule 10(b) and, insofar as they consist of pensions for Dependants, by a method similar to the method stipulated in Proviso A to Rule 8(c), and

B. in the case of a Contracted-out Member, the Trustees shall not consent to such election unless the reduced benefits would satisfy the relevant provisions of Rule 17.

(i) Pensions may start after Normal Pension Date

Subject to the Trustees' consent, a Member in respect of whom benefits have been provided under Rule 12(a) or (b) may, if he continues in employment after Normal Pension Date, elect to have payment of his Short Service Benefit deferred until his 70th birthday if he is continuing in employment after that date, or otherwise until the date of his actual retirement

PROVIDED THAT:-

A. if the Member's Normal Pension Date is prior to his 60th birthday (if male) or 55th birthday (if female), such election may not be made without the prior consent of the Board of Inland Revenue, and

B. in the case of a Contracted-out Member, payment shall not be postponed after State Pensionable Date, nor continue to be postponed after that date, unless the requirements of Rule 17(c) are satisfied.

In such event, the Member shall be entitled to receive, as from the relevant Pension Payment Date, a pension at an increased rate calculated on a basis determined by the Actuary as reasonable, having regard to the Member's age at such date and to the period of deferment. Any pensions payable to Dependents shall be calculated by a method similar to that stipulated in Proviso B to Rule 8(c).

On the death of the Member after Normal Pension Date but before such benefits become payable there shall be payable, to the extent permitted by the Board of Inland Revenue, benefits of a like nature and amount to those which would have been payable if his benefit had become payable from the day immediately prior to the date of his death.

Such benefits shall be payable in the same manner as the benefits under Rule 5(b) and Rule 8(a).

(j) Purchase of Qualified Policies

Despite anything to the contrary expressed or implied in this Rule or elsewhere in the Trust Deed and Rules, at the date a Member's Pensionable Service terminates, or at any time after that date, the Trustees may apply out of the Fund an amount not exceeding the value (as determined by the Actuary) of the benefits which the Member, or any Beneficiary, Personal Representative or Dependant of the Member, has a prospective entitlement to under the Scheme, in

the purchase of one or more Qualified Policies providing benefits for one or more of such persons, in lieu of the benefits (or any part of them) which would otherwise be payable under the Rules, and under which policy (or policies) pensions are non-commutable and non-assignable except to such extent as may be permitted in accordance with the Rules and as the Trustees think fit

PROVIDED THAT:-

- A. if pursuant to sub-paragraph B of paragraph (ii) of Rule 12(o), a Member makes an application to the Trustees for the purchase of one or more Qualified Policies, the Trustees shall purchase such policies only if they show (or are endorsed to show) that they (a) may not be assigned or surrendered except as provided for in C(i) below, (b) may not be commuted except as provided for in C(ii) below, and (c) satisfy the requirements set out in C(iii), (iv) and (v) below and only if they have been approved by the Inland Revenue;
- B. the purchase (by the Trustees) of one or more Qualified Policies, where the Member is not exercising his right in accordance with sub-paragraph B of paragraph (ii) of Rule 12(o), shall be made only if they have been approved by the Inland Revenue and if:-
- (a) such policies show (or are endorsed to show) that they:-
 - (i) may not be assigned or surrendered except as provided for in C(i) below,
 - (ii) may not be commuted except as provided for in C(ii) below,
 - (iii) satisfy the requirements set out in C(iii), (iv) and (v) below, and
 - (b) except as provided for in D(ii) below, they are purchased at the written request of the Member or his widow (or her widower), or with his or the widow's (or widower's) written consent in such a form as is prescribed from time to time by statute or statutory regulations and thereupon the Trustees shall be discharged from their liability to provide benefits for (and in respect of) the Member under the Scheme to the extent that an amount equivalent in value to the value of such benefits has been applied by the Trustees in the purchase of the policy (or policies);
- C. a Qualified Policy purchased by the Trustees in accordance with this Rule 12(j) may provide for early and late retirement and must show (or be endorsed to show) that the maturity date under the policy coincides with the Member's Normal Pension Date and:-

- (i) that the proceeds under it may not be assigned or surrendered except with the Member's consent in writing and then only by one (or more) of the following:
 - (a) by transfer direct or through a pension consultant to another policy of insurance or annuity contract (which meets the provisions of this Proviso and Proviso D to this Rule 12(j)), under which all or such part of the benefits previously secured under the Qualified Policy are either replaced or secured;
 - (b) by transfer direct to the trustees or managers of a Qualified Scheme (other than a Personal Pension Scheme) which applies to the employment of the Member at the time of the assignment or surrender in order to provide transfer credits for the Member under it;
 - (c) by transfer direct to a Personal Pension Scheme (other than a Self-Employed Pension Arrangement) in order to provide money purchase benefits under it, or
 - (d) in the case only of benefits which are not, and do not include, Guaranteed Minimum Pensions, by transfer direct to a Self-Employed Pension Arrangement in order to provide money purchase benefits under it.

- (ii) that the amount secured may not be commuted except where,
 - (a) the benefits provided under the policy have become payable and the aggregate of those benefits and all other benefits currently or prospectively payable to the Member or, as the case may be, his widow (or her widower) under all of the Employer's Schemes are not greater than the Trivial Pension Limit,
 - (b) the benefits provided under the policy have become payable, commutation does not apply to that part of those benefits which consists of the Member's and his widow's (or her widower's) Guaranteed Minimum Pension, and the Member has requested (or consented to) the commutation, and
 - (i) the Member has attained the age of 50, or

- (ii) the Member's earning capacity is destroyed or seriously impaired by physical or mental deterioration, or
 - (iii) the Member is in exceptional circumstances of serious ill-health, or
 - (c) the Occupational Pensions Board consider it suitable in circumstances other than those previously described in this Proviso,
 - (iii) that under such policy, the insurance company or friendly society which issues the policy assumes an obligation to the Member or to trustees of the policy to pay the benefits to, or to trustees for the benefit of, the Member and (if appropriate) Beneficiaries, Personal Representatives or Dependants of the Member,
 - (iv) that if any Guaranteed Minimum Pension is due (or prospectively due) to the Member
 - (a) the annuity to be paid (under such policy) to him, or for his benefit, will be at least equal to the Guaranteed Minimum Pension due to him (or, as the case may be, prospectively due to him) at State Pensionable Date, subject to any revaluation or increase under Sections 35 and 37A of the Pensions Act, and
 - (b) if the Member dies leaving a widow (or widower), the annuity to be paid under it to, or for the benefit of, that widow (or widower) will be at least equal to the Guaranteed Minimum Pension due to her (or him), subject to any increase under Section 37A of the Pensions Act,
 - (v) either:-
 - (a) a statement of the total length of the period or periods of service which gave rise to the benefits secured by the policy, or
 - (b) where that total length exceeds 2 years, a statement to that effect;
- D. where Proviso A to this Rule 12(j) does not apply, the Trustees may secure benefits by a Qualified Policy if they so decide, and in so doing, be discharged from their liability in respect of the benefit so provided in circumstances where

- (i) if the Member has died, and if the benefit under the Scheme on the Member's death is payable to a person other than his widow, it must be at the written request or with the written consent of that person in such a form as is prescribed (or permitted from time to time) by statute or statutory regulations;
- (ii) it is made without the consent of the Member, such policy is an alternative to Short Service Benefit, the Member will be able to assign or surrender such policy on the conditions set out in Regulation 2 of the Occupational Pension Schemes (Discharge of Liability) Regulations 1985, and one of the following applies:-
 - (a) the Scheme has been determined in accordance with Clause 20 of the Trust Deed and the Fund is being applied in accordance with Clause 21 of that deed, or
 - (b) either the Member has less than five years' Qualifying Service or the Occupational Pensions Board consider that, in the circumstances, it is reasonable for the Scheme to provide the alternative to Short Service Benefit without the Member's consent and, in either case, all of the following conditions are met:
 - (1) the Qualified Policy is taken out or entered into at least twelve months after the Member left Pensionable Service;
 - (2) at least thirty days before the Qualified Policy is taken out or entered into, the Trustees have given to the Member a written notice of their intention to purchase such a policy in accordance with this paragraph unless before the expiry of such notice (or, if it is later, the first anniversary of the date on which the Member left Pensionable Service), the Member has made an application pursuant to paragraph (ii) of Rule 12(o) which he has not withdrawn under paragraph (iii) of that Rule (the notice being sent to the Member at his last known address or delivered to the Member personally), and
 - (3) when the Trustees agree with the insurance company or friendly society to take out or enter into the Qualified Policy there is no outstanding application by the Member pursuant to Rule 12(o)(ii);

- (iii) the Member has died with less than 5 years' Qualifying Service, a benefit is payable to the Member's widow or widower which includes a Guaranteed Minimum Pension and at least thirty days before the Qualified Policy is taken out or entered into the Trustees have given to the widow or widower a written notice of their intention to purchase such a policy in accordance with this paragraph, the notice being sent to the widow or widower at her or his last known address or delivered to the widow or widower personally;
- E. if Short Service Benefit is to be provided under such policy, it shall, in the case of a Qualifying Member, guarantee to provide Short Service Benefit and, in the case of such a Member who is a Contracted-out Member and insofar as Short Service Benefit includes benefits accrued during Contracted-out Employment, guarantee to provide benefits at a minimum level not less than those prescribed under Rule 17(b) and, in addition, shall be in a form acceptable to the Occupational Pensions Board as meeting all the contracting-out requirements in respect of such benefits at such level as certified to the Trustees by the insurance company or friendly society issuing such policy;
- F. subject to the limits set out in Part II of the Schedule, any such policy may provide Relevant Benefits different from Short Service Benefit EXCEPT THAT in the case of a Contracted-out Member, such policy shall guarantee to provide benefits at a minimum level not less than that prescribed under Rule 17(b) and be in a form, as certified to the Trustees by the insurance company or friendly society issuing such policy, acceptable to the Occupational Pensions Board as meeting all of the contracting-out requirements in respect of such benefits at such level, unless in the case of a Qualifying Member the accrued rights to Guaranteed Minimum Pension are preserved under the Scheme or, in the case of a Non-Qualifying Member, a Contributions Equivalent Premium has been paid;
- G. any such policy shall, to the extent that the Rules permit, provide benefits for one or more of the Member or any Beneficiary, Personal Representative or Dependant of the Member to the exclusion of the other or others of them but subject nevertheless to Proviso F above, and each such person (whether or not excluded from benefit under the policy) shall accordingly cease to be entitled to any prospective benefit under the Scheme but only to the extent that an amount equivalent in value to the value of such prospective benefit has been applied by the Trustees (as mentioned above) in the purchase of a policy. Save as otherwise provided for in accordance with Provisos B and D(i) to this Rule 12(j), the consent of any such Beneficiary, Personal Representative or Dependant or other person prospectively entitled to benefit under the Trust Deed or the Rules in relation to such Member shall not be required;

- H. any such policy shall be issued to the Member, where he is exercising his option as mentioned in sub-paragraph B of paragraph (ii) of Rule 12(o), or, where he is not exercising that option, to the Member, Beneficiary, Personal Representative or Dependant of the Member, or in either case to a trustee or trustees for any such person respectively or be issued to the Trustees and assigned to such person or to a trustee or trustees for the same;
- I. commutation on the grounds of triviality or in exceptional circumstances of serious ill-health shall not be permitted under any such policy in excess of any maximum set out in Part II of the Schedule unless satisfactory arrangements have been made by the insurance company or friendly society issuing such policy for the payment of any tax due consequent upon such commutation;
- J. the policy shall show (or be endorsed to show) the amount in monetary terms which can be commuted at Normal Pension Date or earlier retirement on pension;
- K. any such policy shall show (or be endorsed to show) any lump sum payable under the policy (including any such lump sum representing a Member's Contributions) on the Member's death in monetary terms and if the policy so provides, shall be payable to his Personal Representatives, Beneficiaries or Dependents as the trustee of the policy shall decide;
- L. except in respect of a policy which provides for Short Service Benefit in accordance with Proviso E above, the policy shall show (or be endorsed to show) a monetary limit in terms of pension in respect of the Member's benefits on his retirement;
- M. any such policy may provide that the proceeds under it, insofar as they relate only to any excess over those required to provide accrued rights to Guaranteed Minimum Pension, may be used to provide such benefits at the maturity of the policy as the Member or the trustee or trustees of the policy (as the case may be) shall then decide, if he or they shall not under the terms of the policy have already decided, and as the policy shall permit, but subject nevertheless to Provisos G and O to this Rule 12(j);
- N. the Trustees may purchase more than one such policy from one or more insurance companies or friendly societies to provide benefits in accordance with this Rule 12(j) (and unless otherwise so provided, with the Member's consent) in a manner acceptable to the Board of Inland Revenue;

- O. for so long as the Scheme is being treated as an Exempt Approved Scheme, the benefits under any such policy (and its terms and conditions) shall not be such as would prejudice such treatment;
- P. the endorsements referred to in Provisos A, B, C, J, K and L above shall be made to the policy before it is given to the Member, and
- Q. whenever the Trustees purchase such a Qualified Policy in respect of a Guaranteed Minimum Pension, they shall comply with Rule 17(g).

(k) **Trustees liable for payment of a Contributions Equivalent Premium**

In the event of a Contributions Equivalent Premium becoming payable in respect of a Contracted-out Member, the Trustees shall be liable for (and shall make) the payment to the Department of Social Security from the Fund and on the payment of a Contributions Equivalent Premium, paragraph (v) of Rule 17(f) shall apply.

(l) **Anti-franking of Guaranteed Minimum Pension increases**

- (i) Any increase in the Guaranteed Minimum Pension attributable to the revaluation in accordance with Rule 17(d) shall be additional to the amount of the whole (or such part) of Short Service Benefit as is provided in respect of a Qualifying Member at the date of termination of Pensionable Service in accordance with this Rule;
- (ii) where a Non-Qualifying Member is provided with an entitlement to a pension in accordance with Rule 12(b), any increase in the Guaranteed Minimum Pension attributable to the revaluation in accordance with Rule 17(d) shall be additional to the amount of pension provided, to the extent that the pension provided does not exceed the amount which would have had to be provided if he were a Qualifying Member, and
- (iii) in the event of death before State Pensionable Date of a Qualifying Member or Non-Qualifying Member referred to in paragraph (i) or (ii) of this Rule 12(l), the revaluation of the Guaranteed Minimum Pension in accordance with Rule 17(d) in respect of the widow (or widower) from the date the Member ceases to be in Contracted-out Employment to the date the widow's (or widower's) pension becomes payable, shall be additional to the benefit that has accrued to the widow (or widower) on the day following the date the Member ceases to be in Contracted-out Employment.

(m) Alternative to Short Service Benefit

Subject to Rule 12(o), where in respect of a Member whose Pensionable Service is terminating, an alternative to Short Service Benefit, whether as a complete or partial substitute for Short Service Benefit, is being provided in accordance with the Trust Deed or the Rules and if

- A. the Member has not made an application in accordance with paragraph (ii) of Rule 12(o), or
- B. he has made such an application, but
 - (i) it has been withdrawn, or
 - (ii) he has, in accordance with sub-paragraph A or C of paragraph (ix) of Rule 12(o), lost his right to any cash equivalent, or
 - (iii) he never had such right in accordance with Rule 12(o),

the value of

- (a) the pension payable, or
- (b) where the alternative benefit is provided under Rule 12(j), the payment by the Trustees to the insurer, or
- (c) where the alternative benefit is provided under Clause 7 of the Trust Deed, the transfer payment to the trustees of such other scheme as is mentioned in that Clause,

shall, to the reasonable satisfaction of the Trustees, equal or exceed the value of the Short Service Benefit or other relevant part of such benefit so substituted, such value to reflect the value of the Short Service Benefit (or such part of it so substituted) which arises by virtue of Section 41A or 41B and Part I of Schedule 1A of the Pensions Act.

(n) Money purchase alternative to Short Service Benefit

In respect of a Member leaving Pensionable Service, instead of providing Short Service Benefit calculated in the same manner as Long Service Benefit, the Trustees may, if they so decide, but subject to the Member's consent and without prejudice to the Member exercising his right in accordance with paragraph (ii) of Rule 12(o), provide at the date of leaving Pensionable Service (or at any time after that date) a money purchase alternative to Short Service Benefit under the Scheme PROVIDED THAT:-

- A. the sum allocated to the Member towards the provision of benefits for (and in respect of) him on a money purchase basis shall be at least equivalent in value, as determined by the Actuary, to the value of the Short Service Benefit (including revaluation to Normal Pension Date in accordance with Rule 12(g)) at the date the Member leaves Pensionable Service, unless he is a Non-Qualifying Member and a Contributions Equivalent Premium has been paid in respect of him, in which event the sum so allocated shall be reduced by an amount equal to the Contributions Equivalent Premium so paid;
- B. the benefits payable to and in respect of him shall be determined by the Trustees (on the Actuary's advice) and may, if the Trustees so decide, be provided by means of an annuity contract or insurance policy purchased by the Trustees in their names with the sum allocated upon such terms as the Trustees shall decide, and
- C. in the case of a Contracted-out Member, all of the contracting-out requirements shall continue to apply to accrued rights to Guaranteed Minimum Pension included in such an alternative (including revaluation to State Pensionable Date in accordance with Rule 17(d), anti-franking in accordance with Rule 12(1) and increases to Guaranteed Minimum Pension in accordance with paragraph (v) of Rule 17(b)) unless he is a Non-Qualifying Member, and a Contributions Equivalent Premium has been paid in respect of him.
- (o) Member's right to a cash equivalent on termination of Pensionable Service

- (i) When a Qualifying Member or Non-Qualifying Member becomes entitled to (or is granted) Short Service Benefit or other preserved benefit in accordance with this Rule, provided his Pensionable Service terminates at least one year before his Normal Pension Date or, in the case of a Member whose Normal Pension Date is earlier than age 60, terminates before his Normal Pension Date, he shall, on termination of such service, acquire a right to a cash equivalent (as determined by the Actuary and notified to the Trustees) of the benefits under the Scheme that have accrued to (or in respect of) him, such cash equivalent being determined at the Relevant Date

EXCEPT THAT in respect of any Short Service Benefit or other preserved benefit derived from the acceptance of any payment or transfer into the Scheme in accordance with Clause 6 of the Trust Deed (or as otherwise permitted by statute) without the Member's consent, such Member shall, subject otherwise to this Rule 12(o):-

- I. acquire a right to the cash equivalent (as determined by the Actuary and notified to the Trustees) of those benefits, such cash equivalent being determined on the date on which the Member makes a valid application in accordance with paragraph (ii) of this Rule 12(o) and which has not been withdrawn in accordance with paragraph (iii) of this Rule 12(o), and
 - II. exercise his right to such cash equivalent in accordance with this Rule 12(o), but irrespective of whether or not his Pensionable Service has terminated and, if it has, irrespective of the date on which his Pensionable Service terminated.
- (ii) The Member may exercise his right to a cash equivalent in accordance with this Rule 12(o) by making an application (in writing) to the Trustees requiring them to apply such cash equivalent in whichever one or more of the following ways as he chooses:-
- A. by transfer from the Fund in accordance with Clause 7 of the Trust Deed of all or, subject to the following provisions of this Rule 12(o), any part of the assets representing the cash equivalent, to such other Retirement Benefits Scheme or Personal Pension Scheme whose trustees or managers are able and willing to accept him in consideration of him acquiring rights under it in accordance with Clause 7 of the Trust Deed;
 - B. by purchasing, in accordance with Rule 12(j), one or more Qualified Policies from one or more insurance companies or friendly societies chosen by the Member who are willing to accept payment on account of the Member from the Trustees, and
 - C. by subscribing to such other type (or types) of pension arrangement as may be prescribed by the Secretary of State for Social Security.
- (iii) A Member may withdraw an application under paragraph (ii) of this Rule 12(o) by giving the Trustees notice in writing either delivered to them personally or sent by post in a registered letter or by recorded delivery

EXCEPT THAT such notice shall be of no effect if it is given to the Trustees at a time when, in order to comply with what the Member previously required, they have entered into an agreement with a third party to use the whole (or part) of the Member's cash equivalent in accordance with this Rule 12(o).

- (iv) The Member may only exercise his right on or before:-
- A. one year before the date on which he attains Normal Pension Date (or, in the case of a Member whose Normal Pension Date is earlier than age 60, one year before the date on which he attains age 60), or
 - B. six months after the date when his Pensionable Service terminates,
- whichever is the later.
- (v) Where a Member exercises his right, subject to the following provisions of this Rule 12(o), he is required to do so in respect of the whole cash equivalent as mentioned above, unless the trustees or managers of such other scheme or arrangement as is referred to in paragraph (ii)A and C respectively of this Rule 12(o), not being a Retirement Benefits Scheme under which there are Contracted-out Employments nor an appropriate personal pension scheme (as defined in the Social Security Act 1986), are able and willing to receive a transfer in respect of the liability for the Member's accrued rights other than accrued rights to Guaranteed Minimum Pension, in which case, the Trustees shall either:-
- A. retain in the Scheme such assets as they consider to be sufficient to meet their liability for Guaranteed Minimum Pension in respect of the Member and his widow (or her widower), or
 - B. pay a Transfer Premium, in which case paragraph (v) of Rule 17(f) shall apply accordingly.
- (vi) Unless the Occupational Pensions Board agree otherwise, the Trustees shall apply the whole (or part) of the Member's cash equivalent in accordance with this Rule 12(o), by the date specified in (a) below

PROVIDED THAT if:-

- A. disciplinary proceedings or proceedings before a court have been commenced against a Member at any time before the first anniversary of the date when his Pensionable Service terminates, and
- B. it appears to the Trustees that the proceedings may lead to the whole (or part) of benefits provided under the Scheme in respect of the Member being forfeited,

the Trustees shall apply the cash equivalent (a) within 12 months of the date on which they receive the Member's written application in accordance with paragraph (ii) of this Rule 12(o) or, if earlier, by the date on which the Member attains Normal Pension Date (or, in the case of a Member whose Normal Pension Date is earlier than age 60, by the date on which he attains age 60), or (b) before the expiry of three months after the conclusion of the disciplinary or court proceedings (including any proceedings on appeal), whichever is the later.

(vii) If the Trustees fail without reasonable excuse to apply the whole or part of a Member's cash equivalent in accordance with this Rule 12(o) within 6 months of the Relevant Date, that Member's cash equivalent shall be increased by:-

- I. the interest on the cash equivalent as at the Relevant Date, calculated on a daily basis over the period from the Relevant Date to the date on which the Trustees apply the whole (or part) of the Member's cash equivalent as mentioned above, at the same rate as that payable for the time being on judgment debts by virtue of Section 17 of the Judgment Act 1838 or, if it is greater,
- II. the amount, if any, as determined by the Actuary, by which the cash equivalent as at the Relevant Date falls short of what it would have been if the Relevant Date had been the date on which the Trustees apply the whole (or part) of the Member's cash equivalent as mentioned above.

(viii) If it is the established custom of the Employer, with the Trustees' Consent, to award additional benefits under the Scheme beyond those previously notified in writing to the Member, the cash equivalent as determined by the Actuary in accordance with paragraph (i) of this Rule 12(o) shall either be increased or not increased, to take account of any such additional benefits as

would accrue to the Member concerned if the custom continued unaltered, as the Trustees shall direct the Actuary.

- (ix) The Member shall lose his right to any cash equivalent under the Scheme
 - A. if the whole (or any part) of the pension or benefit in lieu of the pension payable under the Scheme becomes payable before he attains Normal Pension Date (or, in the case of a Member whose Normal Pension Date is earlier than age 60, becomes payable before he attains age 60);
 - B. if he fails to exercise the option before the right to exercise it has expired;
 - C. if the Scheme is wound up in accordance with Clause 21 of the Trust Deed.
- (x) If on the date of any actuarial statement (or certification) made pursuant to Regulation 4(3) and 3(A) of the Occupational Pension Schemes (Transfer Values) Regulations 1985, the Scheme does not have sufficient assets to meet its liability in respect of the whole (or any specified part) of the Members' accrued rights to benefit under the Scheme, the cash equivalent or, as the case may be, the part of that cash equivalent which corresponds with that specified part of those accrued rights, may be reduced by the Trustees by the percentage by which the Scheme is shown to be deficient.
- (xi) For the purpose of determining a Member's cash equivalent in accordance with this Rule 12(o), any charge or lien on the whole or part of Short Service Benefit (or other preserved benefit) in respect of the Member and any set off against the whole or part of such Short Service Benefit (or other preserved benefit) shall be disregarded. Except as otherwise provided for in this Rule 12(o), the cash equivalent to be applied in accordance with paragraph (ii) of this Rule 12(o) shall only be reduced by the Trustees to take account of any surrender, commutation or forfeiture of the whole or part of the Short Service Benefit or other preserved benefit (as referred to in paragraph (i) of this Rule 12(o)) of the Member concerned which occurs before the Trustees do what is needed to comply with the Member's exercise of his right under paragraph (ii) of this Rule 12(o). In such event, the cash equivalent shall be reduced in proportion to the reduction in the total value of the Short Service Benefit or, as the case may be, other preserved benefit as mentioned above.

- (xii) Where the Member has exercised (in accordance with paragraph (ii) of this Rule 12(o)) his right in respect of the cash equivalent and the Trustees have done what is needed to carry out what the Member requires, the Trustees shall be statutorily discharged, to the extent that Part II of Schedule 1A of the Pensions Act permits, from any obligation to provide benefits which the cash equivalent related to except (and to the extent) that an obligation to provide Guaranteed Minimum Pension continues to subsist where such liability is retained in the Scheme in the situation provided for in paragraph (v) of this Rule 12(o).
- (xiii) For the purposes of this Rule 12(o) and Rule 12(g) (but subject to the exception below), a Member's Pensionable Service shall be deemed not to have terminated if:
- I. the Pensionable Service which has terminated is a period of such service which is one, other than the last one, of a series of such periods in respect of the Member whilst in Service, and
 - II. there is between successive periods of Pensionable Service:
 - (i) no interval;
 - (ii) an interval not exceeding one month;
 - (iii) an interval of any length if it is between two periods of Pensionable Service, the second of which results from the exercise of a right to re-enter Service (following pregnancy^{*}, ~~or~~ confinement ^{*or childbirth}) under Section 45(1) of the Employment Protection (Consolidation) Act 1978, or
 - (iv) an interval of any length if it is between two periods of Pensionable Service, the second of which results from a resumption of Service by the Member following a period of absence which arose in consequence of a trade dispute within the meaning of Section 19(2)(b) of the Social Security Act 1975

EXCEPT THAT this paragraph shall not apply where the Trustees have, during any interval such as is set out in (ii)-(iv) of subparagraph II of this paragraph, done what is needed to carry out what the Member requires following his exercise of a right (or

**Amended by resolution 29.8.95.*

rights) in accordance with paragraph (ii) and paragraph (xiii) of this Rule 12(o).

- (xiv) A Member's right to a cash equivalent (as referred to above) shall be subject to the following conditions:
- (a) where a Contributions Equivalent Premium or an Accrued Rights Premium has been paid in respect of a Member in accordance with Section 42 or Section 44 of the Pensions Act, any cash equivalent, to which that Member has acquired or been granted a right in accordance with this Rule 12(o), shall be reduced (to nil if need be) to the extent that it represents the Member's accrued rights to a Guaranteed Minimum Pension under the Scheme;
 - (b) where a Member has been provided with an alternative to Short Service Benefit as is mentioned in sub-paragraph (b) or (c) of paragraph (ii) of Proviso D to Rule 12(j), and the Trustees are in consequence discharged from their liability to provide Short Service Benefit, the cash equivalent in respect of that Member shall be reduced to nil, and
 - (c) where a Member has been provided with an alternative to Short Service Benefit in accordance with exception A or B to Clause 21(e) of the Trust Deed and the Trustees are in consequence discharged from their liability to provide Short Service Benefit, the cash equivalent in respect of that Member shall be reduced to nil.

13. TEMPORARY ABSENCE

(a) Retention in Scheme

In the event of the Temporary Absence of a Member (other than **a female Member who, on or after 10th June 1994, is absent for reasons of pregnancy, confinement or childbirth* or a Member who, in accordance with Rule 2(g), has ceased to be a Member) during any period, the provisions of Rule 12 shall not apply and, subject to the provisions of Rule 14 in relation to maternity absence, it shall be for the Employer to decide to what extent (if any) the Member will be entitled to Relevant Benefits in respect of such period

PROVIDED THAT for so long as the Scheme is to be treated as an Exempt Approved Scheme, then:-

**Amended by resolution 29.8.95.*

- 81(a) -

- A. the provisions of this Rule 13(a) shall apply in respect of a Member only if there is a reasonable expectation (or intention) of his Temporary

Absence ceasing and the Member then continuing in Service, unless he is receiving (or is entitled to receive) pay under a sick pay, permanent health insurance or salary continuation scheme, or otherwise, in which case the provisions of this Rule 13(a) shall apply whether or not there is a clear expectation of his Temporary Absence ceasing and him then continuing in Service, and

- B. if during a period (excluding any period during which the Member does not accrue Long Service Benefit) of Temporary Absence, a Member enters (a) membership of another Retirement Benefits Scheme or (b) membership (other than concurrent membership in accordance with Rule 2(b)) of a Personal Pension Scheme, this Rule will continue to apply in respect of him only if prior confirmation has been received from the Board of Inland Revenue that approval of the Scheme will not be prejudiced as a result.

If at the expiry of the appropriate period of Temporary Absence the Member is not in Service, or the condition set out in Proviso B immediately above is not satisfied, the provisions of Rule 12 shall then apply. Alternatively, in lieu of the benefit which he would otherwise be entitled to under Rule 12, the Member may (with the Trustees' and the Employer's consent) be granted an immediate pension in accordance with Rule 10.

(b) Effect on Member's Contributions

With the Employer's consent, any Member's Contributions payable under Rule 3 may, subject to the provisions of the Schedule, be continued in whole or in part or be suspended during any such period of Temporary Absence or part of it. If such contributions are continued, whether in whole or in part, the Employer shall take due account of any such contributions so paid in deciding, in accordance with Rule 13(a), to what extent the Member will be entitled to Relevant Benefits in respect of the period of Temporary Absence.

(c) Discretion to maintain death benefits

Subject to the Trustees' agreement, the Employer shall also decide whether or not all (or part) of any benefit payable on the death of a Member will be maintained during any such period of Temporary Absence or part of it

PROVIDED THAT in the event of the death of a Contracted-out Member occurring during Temporary Absence, his widow (or her widower) shall be provided with a pension of an amount not less than the minimum widow's (or widower's) pension specified in Rule 17.

If any such death benefit is not maintained or is reduced during any such period of Temporary Absence, then on Temporary Absence ceasing and the Member

then continuing in Service, such restriction of the death benefit as the Trustees consider necessary may be imposed.

(d) Overriding provisions of Rule 17

All the provisions of this Rule are subject to the overriding provisions of Rule 17.

*(e) Special provisions

No employee shall be prevented for admittance or re-admittance into membership of the Scheme solely because of being temporarily absent from work.

(f) Maternity Absence

If absence is due to pregnancy, confinement or childbirth, the provisions of Rule 13 do not apply and the provisions of Rule 14 apply instead.

14. MATERNITY ABSENCE

**This Rule 14 applies only in the case of a female Member who, on or after 10th June 1994, is absent from work for reasons of pregnancy, confinement or childbirth.*

(a) Definitions

For the purposes of this Rule 14, 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).*

**Amended by resolution 29.8.95.*

"Unpaid Statutory Maternity Leave" means, in respect of a woman, any period of Maternity Leave arising under the provisions of Section 35 of the Employment Protection (Consolidation) Act 1978 (as substituted by the Trade Union Reform and Employment Rights Act 1993) for which the 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

This provision applies from 23rd June 1994 in respect of any period of Paid Maternity Leave occurring after 22nd June 1994.

During any period of Paid Maternity Leave, the following provisions apply in respect of a Member:

- (i) she will be treated as remaining in membership of the Scheme;*
- (ii) her Pensionable Service will be treated as continuous; and*
- (iii) the benefits applicable to and in respect of her under the Scheme 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 Scheme had she been working normally (and had not been absent from work for reasons of pregnancy, confinement or childbirth), subject to the other provisions of this Rule 14.*

(c) Unpaid Statutory Maternity Leave

This provision applies from 10th June 1994 in respect of any period of Unpaid Statutory Maternity Leave occurring after this date concerning a woman whose expected week of childbirth begins on or after 16th October 1994.

During any period of Unpaid Statutory Maternity Leave, membership, Pensionable Service and benefits will continue under the Scheme in the same way which applies under Rule 14(b).

**Amended by resolution 29.8.95.*

(d) Transitional Provision

In respect of:

- (i) *any period of Paid Maternity Leave occurring between 10th June 1994 and 22nd June 1994 (inclusive of both dates); or*
- (ii) *any period of Unpaid Statutory Maternity Leave occurring after 10th June 1994 in respect of a woman whose expected week of childbirth is before 16th October 1994,*

the provisions of Rule 14(j) apply.

(e) Notional Remuneration

During a period of:

- (i) *Paid Maternity Leave, where a 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 Statutory Maternity Leave,*

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

However, the amount of notional remuneration to apply in calculating the Member's Notional Remuneration (as calculated or otherwise expressed as a weekly amount) in respect of each week during any period of Unpaid Statutory Maternity Leave, shall not exceed the amount which, under Schedule 14 to the Employment Protection (Consolidation) Act 1978, 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 Scheme. It does not entitle a Member in any way to any additional remuneration from the Employer because of its application.

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(f) Maternity Leave to be non-contributory

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

(g) Voluntary Contributions

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

(h) Employer's Contributions

During a period of Paid Maternity Leave or Unpaid Statutory Maternity Leave, the Employer shall continue to pay contributions to the Scheme in respect of the Member concerned in accordance with Rule 3(b) in order to continue the benefits applicable for and in respect of the Member under Rule 14(b) or, as appropriate, Rule 14(c), subject to Rule 14(e).

In addition, the Employer shall also pay contributions to the Scheme equal to the Member's contributions which, but for Rule 14(f), she would otherwise have been required to pay to the Scheme under Rule 3(a)(i) 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 Member's Notional Remuneration.

(i) Treatment at end of Maternity Leave

If, at the end of the period of Paid Maternity Leave or Unpaid Statutory Maternity Leave, a Member has not returned to work, she will be treated for the purposes of the Scheme as having then left Pensionable Service, subject to any continued provision of benefits for or in respect of the Member under Rule 14(j)(ii). Unless Rule 14(j)(ii) applies, the provisions of Rule 12 will then apply.

(j) Right to return to work

(i) *If a female Member has a contractual right or, any statutory right to return to work and has given her Employer the information required by her contract of employment or by Part III of the Employment Protection*

**Amended by resolution 29.8.95.*

(Consolidation) Act 1978, she will be treated as remaining in membership of the Scheme during her Maternity Leave.

- (ii) During the 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 Member under the Scheme, subject to the other provisions of this Rule 14.*
- (iii) If, at or before the end of the period of Maternity Leave, a Member returns to work in exercise of her right referred to in Rule 14(j)(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 Member notifies Employer (in writing) that she no longer intends to return to work or at the end of the period of Maternity Leave, a Member has not returned to work, she will be treated for the purposes of the Scheme as if she had left Pensionable Service.*

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

the date on which any period of Maternity Leave arising under the provisions of Section 35 of the Employment Protection (Consolidation) Act 1978 (as substituted by the Trade Union Reform and Employment Rights Act 1993) expires;

the last day for which she received any contractual 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 Rule 14(j)(ii). The provisions of Rule 12 will then apply.

(k) 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*

**Amended by resolution 29.8.95.*

Pensions Schemes Act 1993 and with any requirements relating to continued treatment of the Scheme as an Exempt Approved Scheme.

- (ii) *Any benefits to be maintained or otherwise provided for or in respect of a Member during any period of absence from work (and the terms and conditions applicable to them) will be notified in writing to the Member by the Trustees or the Employer.*
- (iii) *No female Employee will be prevented from admittance or re-admittance into membership of the Scheme 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 Member) solely for reasons of pregnancy, confinement or childbirth.*

(a)-----Continuous Pensionable Service

~~-----This Rule applies to Members who are absent from work wholly or partly on the grounds of pregnancy or confinement. Such a period of absence will count as Pensionable Service for so long as the Member receives contractual or statutory maternity pay.~~

(b)-----Payment of contractual or statutory maternity pay ceases

~~-----If the Member stops receiving contractual or statutory maternity pay before resuming employment with an Employer the Principal Employer and the Trustees may agree to treat the Member as remaining in Pensionable Service.~~

(c)-----Pensionable Service ceases

~~-----If the Member is not deemed to be in Pensionable Service the Member will be treated as if she had left Service provided that if the Member exercises her statutory right to return to work under Section 33 of the Employment Protection (Consolidation) Act 1978 her Pensionable Service will be deemed to be continuous and the period of absence shall count as Pensionable Service unless the Member has been notified otherwise.~~

**Amended by resolution 29.8.95.*

(d)-----Special provisions

~~-----The--Employer--and--the--Trustees--may--agree--any--special--provisions--which
should--apply--to--the--Member's--contributions--and--benefits--in--respect--of--any--period
of--absence--under--this--Rule--subject--to--Part--II--of--the--Schedule--and--the
requirements of the Social Security Act 1989.~~

Amended by resolution 29.8.95.

**15. DISABILITY OR INCAPACITY OF MEMBER,
BENEFICIARY OR DEPENDANT**

(a) Power to pay other person(s) and corporate bodies

If any person entitled to any benefit under the Scheme is an infant or (in the Trustees' opinion) is under any disability or suffering from any physical or mental incapacity, the Trustees may pay that benefit (or any part of it) to such person or persons, body corporate or institution (as the Trustees shall think fit) on his behalf and the receipt of such person or persons, body corporate or institution shall completely discharge the Trustees and exonerate them from all further concern or responsibility in relation to it

PROVIDED THAT payment of a Guaranteed Minimum Pension to a pensioner may not be suspended, unless the pensioner is unable to act by reason of mental disorder or otherwise and arrangements have been made for sums equivalent to the Guaranteed Minimum Pension either to be paid or applied for the maintenance of the pensioner or his dependants or to be held until the pensioner is able to act or to be held for his estate.

(b) Conclusive evidence of incapacity

For the purpose of this Rule, a certificate by a qualified medical practitioner that any person is suffering from any physical or mental incapacity may be accepted by the Trustees as conclusive evidence of the fact.

16. SPECIAL PROVISIONS IN RELATION TO DIRECTORS

(a) Inclusion of directors in the Scheme

Directors may be included in the Scheme and the expression "Employees" as defined in Part I of the Schedule shall be deemed to include them

PROVIDED THAT for so long as the Scheme is to be treated as an Exempt Approved Scheme, such treatment would not be prejudiced by the inclusion of any such director.

(b) Director's fees

The expression "Remuneration" as defined in Part I of the Schedule shall be deemed to include, where appropriate (or may consist wholly of), director's fees which the director is beneficially entitled to and which are not treated for tax purposes as a receipt of a profession in which that director is engaged, and any such fees shall rank either as basic salary or as fluctuating emoluments

according to the basis on which they are voted. Total remuneration, as referred to in Part IIA, B3 and C3 of the Schedule, and basic pay and fluctuating emoluments (as referred to in (a)(i) and (b)(i) respectively of the definition of "Final Remuneration" in Part I of the Schedule) shall in each case include any such director's fees according to the basis on which they are voted.

(c) Maximum benefits in respect of Special Directors who remain in Service after Normal Pension Date and lump sum benefits payable on death in Service on or after age 75

Subject to Part IIC of the Schedule, if a Special Director remains in Service after Normal Pension Date, the provisions of Rule 11 shall apply EXCEPT THAT:

- (i) if actual retirement is age 70 or less and no benefits are taken before that date in accordance with Rule 11(a), then for so long as the Scheme is to be treated as an Exempt Approved Scheme, the maximum benefits shall be calculated by reference to $N/60$ ths or $3N/80$ ths (as appropriate) of Final Remuneration, where N is the number of years in Service (not exceeding 40), or such greater fraction as will not prejudice approval of the Scheme under the Act;
- (ii) the maximum benefits described in paragraph (i) above shall be increased, if actual retirement is subsequent to age 70, by such amount as shall be determined by the Actuary having regard to the Special Director's age at the date of actual retirement and to the years in Service subsequent to age 70 or (if the Special Director has completed not less than 40 years' Service prior to age 70 and a greater maximum can thereby be provided, but subject to Rule 16(d)) the maximum benefits shall be calculated by reference to $N/60$ ths or $3N/80$ ths (as appropriate) of Final Remuneration, where N is the number of years in Service and does not exceed 45 and does not include any years over 40 relating to Service prior to age 70;
- (iii) if a Special Director elects to receive a lump sum benefit and to defer the balance of his pension in accordance with Rule 11(a), his maximum pension shall be calculated at the date of such election in accordance with paragraphs (i) and (ii) above, but based only on his Service up to that date. After that date, his total benefits (including the pension equivalent of the lump sum benefit) shall not be increased beyond such maximum, such maximum pension (inclusive of the pension equivalent of all lump sums paid to the Member under the Employer's Schemes) being increased proportionately up to the date when the Member's deferred pension starts to be paid by not more than the proportionate increase (if any) in the Index since the date of such election

EXCEPT THAT in respect of any period of Service after the date of such election or attainment of age 70, whichever is the later, the increase may be calculated on a basis determined by the Actuary as reasonable having regard to the duration of that period and the Special Director's age at the end of that period, if the increase so calculated would be greater than an increase calculated by reference to the proportionate increase in the Index for that period, and

(iv) any lump sum benefits payable in respect of a Special Director in the event of his death in Service on or after attainment of age 75 shall, despite anything to the contrary in the Rules, be payable in accordance with Rule 7(c).

(d) Maximum aggregate benefits for Controlling, Restricted or Special Directors

In relation to a Controlling Director or to a Member who is or has been a Special Director, the calculation of a relevant maximum benefit in accordance with Part IIB or C (as appropriate) of the Schedule or, in relation to a Special Director only, the calculation of a maximum benefit described in Rule 16(c), shall be subject to such reduction as may be required by the Board of Inland Revenue to take account of any corresponding benefits under either a retirement annuity contract or trust scheme approved under Section 620 of the Act or a Personal Pension Scheme or FSAVCS which the Member has contributed to whilst not in Service.

(e) Female Special Directors' Normal Pension Date

In relation to a female Special Director, "Normal Pension Date" as defined in Part I of the Schedule shall not without the prior consent of the Board of Inland Revenue be prior to such director's 60th birthday.

17. GUARANTEED MINIMUM PENSIONS

(a) Operation in accordance with this Rule

If a Contracting-out Certificate specifying that any employment is contracted-out by reference to the Scheme be issued to the Principal Employer or to any Associated Employer, then subject to Clauses 3, 4, 6 and 7 of the Trust Deed and to Rules 4 and 15, but in all other respects regardless of anything to the contrary contained in the Trust Deed or the Rules, the Scheme shall in relation to any Contracted-out Employment be operated in accordance with the provisions of this Rule EXCEPT THAT the provisions of this Rule (and the contracting-out provisions contained elsewhere in the Trust Deed and the Rules) shall not, other than in respect of any Guaranteed Minimum Pension accrued to

(or in respect of) a Member, apply in respect of such Member if and for so long as he has opted in writing not to join (or remain a Member of) a section of the Scheme whose Members' employments are Contracted-out Employments by reference to the Scheme PROVIDED THAT the Member's option in writing (as referred to above) shall be valid only if made at such time (or times) and in such manner as have been notified to the Member in accordance with Rule 1(c) and which notification is valid at the time the option is elected.

(b) Guaranteed Minimum Pension

- (i) Any benefit payable to (or in respect of) a Member under this Rule shall be inclusive of any benefit (other than equivalent pension benefits under Rule 18) under any other provisions of the Scheme.
- (ii) If a Member has a guaranteed minimum in relation to his pension under the Scheme in accordance with Section 35 of the Pensions Act, he shall be entitled to receive under the Scheme a pension payable for life from State Pensionable Date at a rate equivalent to a weekly rate of not less than that guaranteed minimum.
- (iii) If a male Member has a guaranteed minimum in relation to his pension under the Scheme in accordance with Section 35 of the Pensions Act and he dies at any time leaving a widow, she shall be entitled, from the date of his death, to receive under the Scheme a pension payable for life at a rate equivalent to a weekly rate of not less than half the Member's guaranteed minimum.
- (iv) If a female Member has a guaranteed minimum in relation to her pension under the Scheme in accordance with Section 35 of the Pensions Act and she dies leaving a widower, he shall be entitled, from the date of her death, to receive under the Scheme a pension payable for life at a rate equivalent to a weekly rate of not less than half of that part of the Member's guaranteed minimum which is attributable to earnings for the tax year 1988-1989 and subsequent tax years.
- (v) The guaranteed minimum pensions referred to in paragraphs (ii), (iii) and (iv) of this Rule 17(b) shall, insofar as they are attributable to earnings in the tax years from (and including) 1988-1989, be increased by the Trustees on a basis equivalent to, or (as the Employer, with the Trustees' consent, shall in its absolute discretion decide and shall notify to the Member in accordance with Rule 1(c)) on a basis more favourable than, the requirements of Section 37A of the Pensions Act and of any orders made under it.

(c) **Postponement of Guaranteed Minimum Pension**

- (i) The start of a Member's Guaranteed Minimum Pension may be postponed beyond State Pensionable Date, or continue to be postponed after that date, only if one of the following applies:
- I. the Member continues in Service beyond State Pensionable Date;
 - II. the Member continues beyond State Pensionable Date in employment which is not Service and has given his consent to such postponement, and
 - III. where either I or II applies and a period of more than five years has elapsed since the Member's State Pensionable Date, the Member has given his consent to such postponement.
- (ii) If the start of a Member's Guaranteed Minimum Pension is postponed for any period beyond State Pensionable Date, his guaranteed minimum shall be increased to the extent, if any, specified in Section 35(6), (6A) and (6B) of the Pensions Act.

(d) **Revaluation**

If a Member ceases to be in Contracted-out Employment by reference to the Scheme before State Pensionable Date for any reason except death (save as provided for below), the Guaranteed Minimum Pension which he will be entitled to at State Pensionable Date shall be calculated on the basis that the Guaranteed Minimum Pension which has accrued up to such cessation will be increased as specified in paragraph (i) of the following paragraphs (i), (ii) and (iii):-

- (i) for each tax year after that in which Contracted-out Employment by reference to the Scheme ceases, up to and including the last complete tax year before State Pensionable Date or the Member's earlier death, by such rate as regulations made under Section 45(1)(b) of the Pensions Act specify as being relevant to the date of cessation;
- (ii) I. for each tax year after that in which Contracted-out Employment by reference to the Scheme ceases, up to and including the last complete tax year before State Pensionable Date or the Member's earlier death, by five per cent compound for each such tax year, or

- II. by the percentage by which earnings factors for the tax year in which Contracted-out Employment by reference to the Scheme ceases are increased by the last order under Section 21 of the Pensions Act to come into force before the tax year in which the Member reaches State Pensionable Date or dies (as the case may be)

whichever makes the lesser increase, or

- (iii) by the percentage by which earnings factors for the tax year in which Contracted-out Employment by reference to the Scheme ceases are increased by the last order under Section 21 of the Pensions Act to come into force before the tax year in which the Member reaches State Pensionable Date or dies (as the case may be)

EXCEPT THAT the Principal Employer may, with the consent of the Trustees and of the Occupational Pensions Board, and by resolution in writing, substitute for the method of increase specified in the opening paragraph of this Rule 17(d) one of the alternative methods of increase described in paragraphs (i), (ii) and (iii) above, and any such substitution shall apply in respect of all Members who cease to be in Contracted-out Employment by reference to the Scheme after the effective date of the resolution.

Upon the acceptance, in accordance with Clause 6 of the Trust Deed, of any payment or transfer from any other Retirement Benefits Scheme (or Personal Pension Scheme or Qualified Policy) representing the value of the accrued rights of the Member and his widow (or her widower) to the guaranteed minimum under it, the Guaranteed Minimum Pension which he will be entitled to at State Pensionable Date in respect of his Contracted-out Employment by reference to that scheme (or policy) shall be increased by such one or more of the methods specified in paragraphs (i), (ii) or (iii) of this Rule 17(d) (as shall comply with regulations made pursuant to Section 38(1) of the Pensions Act or paragraph 9(1)(b) of Schedule 1 of the Social Security Act 1986) as the Employer, with the Trustees' consent, shall in its absolute discretion decide and shall notify to the Member in writing

EXCEPT THAT the references in paragraphs (i), (ii) and (iii) of this Rule 17(d) to "by reference to the Scheme" shall be deemed to be references to "by reference to such other Retirement Benefits Scheme, Personal Pension Scheme or Qualified Policy".

(e) Commutation of Member's Guaranteed Minimum Pension

- (i) Any option available under the provisions of the Trust Deed and Rules, whereby a lump sum may be paid in lieu of a pension payable to a Contracted-out Member, may not be exercised in such

a manner that his Guaranteed Minimum Pension as revalued up to and including the last complete tax year before State Pensionable Date in accordance with Rule 17(d) would be commuted, unless the total pension (including the pension equivalent of all benefits in cash form and any pension which he may have surrendered or allocated to provide a pension for a Dependant) payable to him at Pension Payment Date, when aggregated with that provided under all the Employer's Schemes, would never exceed the Trivial Pension Limit, any one of the circumstances specified in paragraph (ii) of this Rule 17(e) applies and the relevant conditions set out in paragraph (iii) of this Rule 17(e) are satisfied.

(ii) The circumstances referred to in paragraph (i) of this Rule 17(e) are that:-

- A. the Member has reached State Pensionable Date;
- B. the Member has not reached State Pensionable Date, but is retiring with an immediate pension;
- C. the Member has not reached State Pensionable Date and the Scheme is being determined in accordance with Clause 21 of the Trust Deed, or
- D. the Member is in receipt of a pension which does not exceed the Trivial Pension Limit (or a subsequently increased Trivial Pension Limit).

(iii) The conditions referred to in paragraph (i) of this Rule 17(e) are that:-

- I. where paragraph (ii)B of this Rule 17(e) applies, the Member is treated as being retired under all of the Employer's Schemes which provide benefits in respect of him (referred to in this Rule 17(e) as "the other schemes");
- II. where paragraph (ii)C of this Rule 17(e) applies, each of the other schemes is being wound up, and
- III. where paragraph (ii)B or C of this Rule 17(e) applies, either each of the other schemes in relation to which the Member has served in Contracted-out Employment has paid a State Scheme Premium in respect of him or it requires the guaranteed minimum applicable to his accrued pension under it in accordance with Section 35 of the Pensions Act in respect of the Member to be revalued by the method

described in Rule 17(d) and the Short Service Benefit in excess of that guaranteed minimum to be revalued in accordance with Rule 12(g).

- (iv) (a) For the purpose of the Trivial Pension Limit specified in any option available under the provisions of the Trust Deed and the Rules whereby a lump sum may be paid in lieu of pension, any pension deemed to be secured for the Member or his widow (or her widower), as the case may be, under Rule 17(f) shall be ignored.
- (b) For the purpose of calculating whether or not the Member's total pension benefits exceed the Trivial Pension Limit, the Trustees shall ensure, to their reasonable satisfaction, that account is taken of any revaluation which would have been required in accordance with Rules 12(g) and 17(d) if the pension had not been commuted, together with anti-franking in accordance with Rule 12(1).

(f) Payment of State Scheme Premiums

- (i) If in accordance with Sections 44 or 44A of the Pensions Act and regulations made pursuant to them, the Trustees pay an Accrued Rights Premium or a Transfer Premium in respect of a Member, they shall be deemed to have secured as a result:-
 - A. a pension for that Member payable on his retirement at State Pensionable Date of an amount equal to the amount of the Guaranteed Minimum Pension by reference to which the Accrued Rights Premium is calculated, revalued up to (and including) the last complete tax year before State Pensionable Date in accordance with Rule 17(d), and
 - B. a pension for his widow of an amount equal to one half of the said Guaranteed Minimum Pension, or a pension for her widower of an amount equal to one half of that part of the said Guaranteed Minimum Pension which is attributable to earnings for the tax year 1988-1989 and subsequent tax years, in each case revalued similarly up to (and including) the last complete tax year before State Pensionable Date or the Member's earlier death.
- (ii) If a Member, in respect of whom an Accrued Rights Premium has been paid, starts receiving benefits under the Scheme at an earlier or later date than State Pensionable Date, the Trustees shall be deemed to have secured in respect of that Member, in lieu of the

pensions referred to in paragraph (i) of this Rule 17(f), equivalent pensions (as determined by the Actuary) starting, in the case of the pension for the Member, on such earlier or later date.

- (iii) The pensions deemed to be secured for a Member or his widow (or her widower) under paragraphs (i) and (ii) of this Rule 17(f) shall be deemed to be incapable of commutation or surrender and to be part of the total pensions provided for them under the Scheme except as provided by paragraph (iv) of Rule 17(e).
- (iv) If in accordance with Section 44 of the Pensions Act and regulations made pursuant to it, the Trustees pay a Pensioner's Rights Premium in respect of a person who has become entitled to receive a Guaranteed Minimum Pension under the Scheme, they shall be deemed to have secured for that person a pension of an amount equivalent to the Guaranteed Minimum Pension by reference to which the Pensioner's Rights Premium is calculated and (where appropriate):
 - A. for his widow, a pension equal to one half of that deemed to be secured for him, or
 - B. for her widower, a pension equal to one half of that part deemed to be secured for her which is attributable to earnings for the tax year 1988-1989 and subsequent tax years.

The pension which the Trustees are liable to pay to the pensioner and, where appropriate, to his widow (or her widower) shall be reduced by the amounts of the respective pensions deemed to have been secured by the payment of the Pensioner's Rights Premium.

- (v) If in accordance with Sections 42, 44 and 44A of the Pensions Act and regulations made pursuant to them, a State Scheme Premium other than a limited revaluation premium is paid in respect of a person, the accrued rights (under the Scheme) of that person and, where appropriate, of his widow (or her widower) to a Guaranteed Minimum Pension shall be extinguished, and the provisions of this Rule (other than the provisions of this Rule 17(f)) shall cease to be applicable in relation to that person and, where appropriate, his widow (or her widower).

(g) Information to be given to the Secretary of State for Social Security

Whenever the Trustees transfer their responsibility for, or make a transfer payment in respect of, a Guaranteed Minimum Pension to another

person or body, the Trustees shall, within five weeks from the date of the transfer or transfer payment, notify the Secretary of State for Social Security of its occurrence, giving him such particulars as he may reasonably require to enable him to identify the other person or body.

(h) Reduction of a Member's benefits due to overpayment of State Scheme benefits

If, by virtue of paragraphs (1) and (3) of Regulation 23 of The Occupational Pension Schemes (Contracting-out) Regulations 1984, a Member or his widow (or her widower) entitled to a benefit specified in Section 29(1)(a) of the Pensions Act receives an amount of that benefit, as certified by the Secretary of State for Social Security, which would not otherwise have been paid and the Secretary of State recovers that amount from the Scheme, then the Trustees may reduce the benefits otherwise payable to such Member, widow or widower under the Scheme by the same amount.

18. NATIONAL INSURANCE ACTS

(a) Definitions

In this Rule, "National Insurance Act" means the National Insurance Act 1965 or the National Insurance Act (Northern Ireland) 1966, the expressions "equivalent pension benefits" and "non-participating employment" have the meanings ascribed to them in the National Insurance Act, and the expression "non-participating Member's Contributions" means the whole or part, as the case may be, of Member's Contributions payable during any period of non-participating employment.

(b) Scope of application of Rule 18

Subject to Clause 23 of the Trust Deed and to the provisions of the Trust Deed and Rules affected by Part III of the Pensions Act, but in all other respects regardless of anything to the contrary in the Trust Deed and Rules, the provisions of this Rule shall apply.

(c) Entitlement to equivalent pension benefits

A Member shall be absolutely and indefeasibly entitled under the Scheme to equivalent pension benefits if he has been in non-participating employment in relation to any other retirement benefits arrangement from which the liability for the payment to him of equivalent pension benefits has been transferred to the Scheme

PROVIDED THAT such equivalent pension benefits and any other pension benefits which he is entitled to under the Scheme (apart from a Guaranteed Minimum Pension) shall be mutually inclusive.

(d) Trustees' entitlement to make a deduction

If a Contributory Member who is prospectively entitled to equivalent pension benefits under the Scheme becomes entitled to a refund of his non-participating Member's Contributions, the Trustees shall be entitled to deduct from it such sum as they consider appropriate for the Member to contribute towards the cost of his equivalent pension benefits.

19. TRUST DEED TO PREVAIL

If the provisions of the Rules or the Schedule (or any amendment or addition to them) are inconsistent with those of the Trust Deed, the latter provisions shall prevail PROVIDED ALWAYS THAT the provisions of Rules 17 and 18 shall prevail over any provisions of the Trust Deed with which they may be inconsistent.

SCHEDULE - PART I

DEFINITIONS

"Accounting Period" means a period selected by the Trustees and notified to the Principal Employer, and which satisfies the requirements of the Disclosure Regulations.

"Accrued Rights Premium" has the meaning ascribed to it in Section 44(3) of the Pensions Act.

"Act" means the Income and Corporation Taxes Act 1988.

"Actuary" means a Fellow of the Institute of Actuaries or of the Faculty of Actuaries in Scotland.

Any provision of the Rules or the Trust Deed (as amended, or added to, from time to time) which requires the Trustees to consult with the Actuary, or otherwise obtain his advice, shall be read and construed as imposing upon the Trustees the obligation to consult with, or otherwise obtain actuarial advice from, a Fellow of the Institute of Actuaries or of the Faculty of Actuaries in Scotland who will personally carry out the duties imposed on the Actuary in relation to the Scheme and who will sign any report or other written advice or recommendation of an actuarial nature in relation to the Scheme.

"Aggregate Retirement Benefit" means the aggregate of:-

- (i) the Member's non-commutable pension under the Scheme, under any Associated Scheme and under all FSAVCS which the Member has contributed to whilst in Service plus
- (ii) the pension equivalent of the Member's Lump Sum Retirement Benefit.

In the case of a Member to whom Section C of Part II of the Schedule applies and whose Pensionable Service had not terminated prior to 1 October 1991, the pension equivalent of the Lump Sum Retirement Benefit shall, for the purposes only of calculating his Aggregate Retirement Benefit, be one twelfth of his Lump Sum Retirement Benefit, unless otherwise agreed by the Board of Inland Revenue.

"Approved Underwriter" means in respect of any policy:-

- (i) issued to secure Guaranteed Minimum Pensions, an insurance company which is, at the relevant time, an insurance company authorised by the competent authority of a member State, under either Article 6 or Article 27 of Council Directive 79/267/EEC on the coordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of direct life assurance, to take up the activities referred to under any of Heads I, III, VII and IX of the Annex to that Directive, or
- (ii) referred to in Clause 5(c), an insurance company to which Part II of the Insurance Companies Act 1982 (referred to below as the "1982 Act") applies, or an individual or any other body referred to in Section 2 of the 1982 Act, and which is authorised by or under Section 3 or 4 of the 1982 Act to carry on ordinary long-term insurance business as defined in the 1982 Act.

"Associated Employer" means any employer admitted to participation in the Scheme, other than the Principal Employer.

"Associated Employments" means two or more concurrent employments to which all of the following apply:-

- (a) there is a period during which the Member has held all of them;
- (b) that period counts under the Scheme in the case of all of them as a period in respect of which Relevant Benefits are payable, and
- (c) during that period, all the employers in question are associated

and for the purpose of this definition (and the definition of "Connected Scheme" below), employers are associated if one is under the control of the other, or both are under the control of a third party, where "control" has the meaning ascribed to it in Section 840 of the Act (or, in the case of a close company, Section 416 of the Act).

"Associated Scheme" means:-

- (a) in respect of a Member who is subject to Part IIC of this Schedule, any Relevant Scheme which is a Connected Scheme or which provides Relevant Benefits in respect of Service, and
- (b) in respect of any other Member, any Relevant Scheme providing Relevant Benefits in respect of Service.

"Auditor" means a person (or persons) qualified to act as an auditor of a company under Section 389 of the Companies Act 1985, or a person approved by the Secretary of State for Social Security, not being:-

- (i) a Member;
- (ii) a trustee of the Scheme;
- (iii) a person who is employed under a contract of service by the Trustees;
- (iv) any of the Employers, or
- (v) a director or Employee of any of the Employers or any other person prohibited from being an auditor of the Scheme by the Disclosure Regulations.

"Basic Salary" means the basic annual salary or wages of a Member (excluding bonuses, commission, overtime and any other fluctuating emoluments) at the relevant date, except that in the case of a 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 Member in writing.

"Beneficiaries" means and includes the following:-

- (i) the Member's spouse or any ancestor or descendant (however remote the relationship) of the Member or of his spouse and the spouse of any such ancestor or descendant,
- (ii) any brother or sister of the Member or of his spouse (whether of the whole or the half-blood) and any descendant of any such brother or sister and the spouse of any such brother or sister or of any such descendant of any such brother or sister,
- (iii) any step-brother or step-sister of the Member or of his spouse and any descendant of any such step-brother or step-sister and the spouse of any such step-brother or step-sister or of any such descendant of any such step-brother or step-sister,
- (iv) any uncle or aunt of the Member or of his spouse and any descendant of any such uncle or aunt and the spouse of any such uncle or aunt or of any such descendant of any such uncle or aunt,

whether or not, in any of the cases (i), (ii), (iii) and (iv) immediately above, the Member was liable for (or to contribute to) their maintenance or support and including any such person related by adoption,

- (v) any other natural person who, in the Trustees' opinion, has been dependent or partly dependent on the Member for maintenance or support,
- (vi) any person (whether or not a natural person) entitled to any interest in the Member's estate under any testamentary disposition made by him and in respect of which a grant of representation has been obtained, and
- (vii) any nominee (who may be an individual, a charity, an association or body corporate) of the Member whom he wishes to be treated as a beneficiary for the purposes of the Scheme and whose name and address the Member has notified to the Trustees in writing

and for the purpose of this definition:-

- I. "spouse" includes wife, husband, widow, widower and any former wife or husband and a person who the Member (or other relevant person) has gone through any lawful ceremony of marriage with;
- II. "descendant" includes step-children, and
- III. the class of Beneficiaries shall be closed at the Member's death EXCEPT THAT it shall include persons then conceived who, if born, would have been Beneficiaries.

"Calculation Date" means the date of (or the date regarded as the date of) the Member's retirement or, if earlier, the date on which the Member's Pensionable Service terminated (for whatever reason).

"Certified Amount" has the meaning ascribed to it in Section 47(2) of the Pensions Act in circumstances where it is certified by the Secretary of State for Social Security and a like meaning in circumstances where it is not so certified.

"Commencement Date" means the 1st April 1991.

"Connected Scheme" means any Relevant Scheme which is connected with the Scheme in relation to the Member; that is to say, where all of the following apply:-

- (a) there is a period during which the Member has been the employee of two associated employers;
- (b) that period counts under both the Scheme and the Relevant Scheme as a period in respect of which Relevant Benefits are payable, and
- (c) that period counts under the Scheme as Service and under the Relevant Scheme as service with the other employer.

"Contracted-out Employment" has the meaning ascribed to it in Section 30 of the Pensions Act, and for the purpose of this definition:-

- A. in the event of accrued rights to Guaranteed Minimum Pension (whether derived from protected rights or otherwise) being transferred to the Scheme under the provisions of Clause 6 of the Trust Deed, the expression "Contracted-out Employment" shall, for the purposes of Rule 17(a) and the definition of "Contracted-out Member" immediately below, be deemed to include:
 - (i) employment in any period of Qualifying Service which was Contracted-out Employment by reference to the Retirement Benefits Scheme which such accrued rights were transferred from, and
 - (ii) any period during which minimum contributions (as defined in the Social Security Act 1986) were paid to a Personal Pension Scheme, and in respect of which the Member would be treated as entitled to a Guaranteed Minimum Pension (at a rate other than nil) by virtue of Section 4 of the Social Security Act 1986 or Section 29(2) or (2A) of the Pensions Act and from which Personal Pension Scheme a transfer of such protected rights has been made, and
- B. if a Member takes up Contracted-out Employment in relation to the Scheme not more than six months after ceasing to be in such Contracted-out Employment with the same Employer, or with another Employer covered in relation to such Contracted-out Employment by a Contracting-out Certificate issued to an Employer which either is a holding company or is treated by the Occupational Pensions Board as a holding company, the two periods of Contracted-out Employment shall be treated as continuous, subject to a Contributions Equivalent Premium either not having been paid on termination of the earlier period, or having been so paid and refunded by the Department of Social Security.

"Contracted-out Member" means a Member who is (or has been) in Contracted-out Employment by reference to the Scheme other than such a Member in respect of whom a State Scheme Premium (other than a limited revaluation premium as defined in Section 45(1) of the Pensions Act) has been paid.

"Contracted-out Salary Related Scheme" means an occupational pension scheme which is contracted-out by virtue of Section 32(2) of the Pensions Act.

"Contracting-out Certificate" has the meaning ascribed to it in Section 30(1) of the Pensions Act.

**"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 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 Member's Contributions, in no event will a Member's Scheme-Contribution Salary be less than the Member's Scheme-Contribution Salary at the previous Entry Date where such a lower figure would occur due to an increase in the State Scheme Deduction. This proviso will not apply where a Member's Basic Salary is reduced to reflect a change from full-time to part-time employment.

"Contributions Equivalent Premium" has the meaning ascribed to it in Section 42(1) of the Pensions Act.

"Contributory Member" means a Member who has any Member's Contributions in the Fund.

"Controlling Director" means a director of one or more of the Employers who was prior to 6th April, 1973 a controlling director (as defined in Section 624(3) of the Act) of one or more of the Employers.

"Dependants" means the following:-

- (i) the wife, husband, widow, widower, child or children of a Member, and
- (ii) any other natural person who, in the Trustees' opinion, is financially dependent upon that Member (or was so dependent) at the date of his death or retirement as appropriate

**Amended by resolution 29.8.95.*

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

- A. he is under the age of 18 years;
- 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.

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

"**Disclosure Regulations**" means the Occupational Pension Schemes (Disclosure of Information) Regulations 1986.

"**Employees**" means employees of the Employer who are normally resident in Great Britain or Northern Ireland or such other countries as may be agreed by the Trustees.

"**Employer**" means that one of the Employers who any particular Employee is for the time being employed by.

"**Employers**" means collectively the Principal Employer and any Associated Employers.

"**Employer's Schemes**" means all Retirement Benefits Schemes of the Employer or which the Employer contributes (or has contributed) to.

"**Entry Date**" means the Commencement Date and any subsequent sixth day of April.

"**Exempt Approved Scheme**" has the meaning ascribed to it by Section 592(1) of the Act.

"**Final Remuneration**" means:-

- (a) in respect of a Member to whom the Occupational Pension Schemes (Transitional Provisions) Regulations 1988 apply, the greater of:-
 - (i) the highest Remuneration for any one of the 5 years preceding the Calculation Date, being the aggregate of:-
 - I. the basic pay for the year in question, and
 - II. the yearly average over 3 or more consecutive years ending with the expiry of the corresponding basic pay year, of any fluctuating emoluments PROVIDED THAT fluctuating emoluments of a year other than the basic pay year may be increased in proportion to any increase in the Index from the last day of that year up to the last day of the basic pay year, and
 - (ii) the yearly average of the total emoluments for any 3 or more consecutive years ending not earlier than 10 years before the Calculation Date

EXCEPT THAT:-

- A. in relation to a Special Director, Final Remuneration shall be the amount ascertained in accordance with (ii) above and (i) above shall not apply, and
 - B. where Final Remuneration is computed by reference to any year other than the last complete year ending on the Calculation Date, the Member's Remuneration (as calculated in (i) above) or total emoluments (for the purposes of (ii) above) for that year may be increased in proportion to any increase in the Index from the last day of that year up to the Calculation Date, but this exception shall not apply to the calculation of the maximum Lump Sum Retirement Benefit in accordance with paragraph 2 of Part IIB of this Schedule unless the Member's Aggregate Retirement Benefit is similarly increased beyond the maximum amount which could have been paid but for this exception and the Proviso to (i)II above and then only to the same proportionate extent;
- (b) in respect of any other Member, the greater of:-
- (i) the highest Remuneration for any one of the 5 years preceding the Calculation Date, being the aggregate of:-
 - I. the basic pay for the year in question, and
 - II. the yearly average over 3 or more consecutive years ending with the expiry of the corresponding basic pay year, of any fluctuating emoluments PROVIDED THAT fluctuating emoluments of a year other than the basic pay year may be increased in proportion to any increase in the Index from the last day of that year up to the last day of the basic pay year, and
 - (ii) the yearly average of the total emoluments for any 3 or more consecutive years ending not earlier than 10 years before the Calculation Date

PROVIDED THAT for the purposes of (a) and (b) of this definition:-

- A. other than for the purposes of paragraph 3 of Part IIB and C of this Schedule, Remuneration and total emoluments do not include any amounts which arise from the acquisition or disposal of shares or an interest in shares or from a right to acquire shares or anything in respect of which tax is chargeable by virtue of Section 148 of the Act EXCEPT THAT such amounts may be included where the shares or the option or other interest

- in shares gave rise to a schedule E tax liability before 17th March, 1987 or, alternatively, where the schedule E tax liability arises on or after 17th March, 1987 in respect of such shares, option or interest acquired (or granted) before that date;
- B. other than for the purposes of Part IIC and paragraph 3 of Part IIB of this Schedule, in relation to a Special Director or any other Member whose Remuneration in any year subsequent to 5th April, 1987 used for the purpose of calculating benefits has exceeded £100,000 or such other figure as may be prescribed in an order made by the Treasury, Final Remuneration shall (subject to Proviso D below) be the amount ascertained in accordance with (b)(ii) above and (b)(i) above shall not apply EXCEPT THAT (1) in relation to any Member whose Remuneration, in the year immediately prior to the Calculation Date, is £100,000 or more, his Final Remuneration shall be the greater of (a) £100,000 and (b) the amount ascertained in accordance with (b)(ii) above (in which case, (b)(i) above shall not apply), and (2) in relation to any Member (other than a Special Director) who retires on or before 5th April, 1991, and to whom (1) above does not apply, his Final Remuneration shall not exceed the greater of
- I. the greater of (a) the amount ascertained in accordance with (b)(ii) above and (b) his Remuneration assessable to income tax under schedule E for the year of assessment 1986-1987 or, if greater, for an earlier year of assessment if within 5 years of the Member's retirement, and
- II. his total remuneration (within the meaning given by Section 612(1) of the Act) assessable to income tax under schedule E for the year of assessment 1986-1987;
- C. where Final Remuneration is computed by reference to any year other than the last complete year ending on the Calculation Date, the Member's Remuneration (as calculated in (b)(i) above) or total emoluments (for the purposes of (b)(ii) above) for that year may be increased in proportion to any increase in the Index from the last day of that year up to the Calculation Date, but this Proviso shall not apply to the calculation of the maximum Lump Sum Retirement Benefit in accordance with paragraph 2 of Part IIB or C of this Schedule, unless (and subject to Proviso D below) the Member's Aggregate Retirement Benefit is similarly increased beyond the maximum amount which could have been paid but for this Proviso and the Proviso to (b)(i)II above and then only to the same proportionate extent, nor shall this Proviso apply to the exception to Proviso B above unless the year of assessment is earlier than the year 1986-1987;

- D. for the purpose of the calculation of the maximum Lump Sum Retirement Benefit in accordance with paragraph 2 of Part IIB of this Schedule, Final Remuneration shall not in any event exceed £100,000 or such other sum as may be specified in an order made by the Treasury, and
- E. in relation to all Members who are subject to Part IIC of this Schedule, the following shall apply:-
- (a) Remuneration in relation to any year means the aggregate of the total emoluments (for the year concerned)
 - I. from the Employer, and
 - II. in respect of any Associated Employment or any Connected Scheme

which are assessable to income tax under schedule E, but excluding any emoluments in excess of the permitted maximum as defined in Section 590C(2) of the Act, and

- (b) Final Remuneration (and the annual rate of the Member's total remuneration for the purpose of calculating the maximum benefits in accordance with paragraphs 3 and 4(iii) of Part IIC of this Schedule) shall not exceed the permitted maximum as defined in Section 590C(2) of the Act.

"Final Scheme Salary" means the Member's Scheme Salary at the Entry Date immediately preceding the Member's Normal Pension Date (or earlier date of death or termination of Pensionable Service).

"FSAVCS" means a Retirement Benefits Scheme, commonly referred to as a 'Free-Standing Additional Voluntary Contribution Scheme', approved under Section 591(2)(h) of the Act and to which the Member's Employer is not a contributor and which provides Relevant Benefits additional to those provided by the Scheme.

"Full Member" means a Member who is not a Limited Member.

"Full Membership" means membership of the Scheme which is not Limited Membership.

"Fund" means the investments, monies and other assets for the time being held by the Trustees for the purposes of the Scheme.

"Guaranteed Minimum Pension" means any pension provided under the Scheme for a Contracted-out Member from State Pensionable Date, or for the widow (or widower)

of a Contracted-out Member from the date of the Member's death, to the extent to which its rate is equal to the relevant minimum rate required by paragraph (ii), (iii) or (iv) of Rule 17(b).

"Incapacity" means physical or mental deterioration which, in the Trustees' opinion, prevents the Member from following his normal employment or seriously impairs his earning capacity.

"Index" means the Government's Index of Retail Prices or any other official cost of living index published by authority in place of (or in substitution for) that Index.

"Limited Member" means a Member who is included for Limited Membership.

"Limited Membership" means membership of the Scheme for the purposes of the lump sum death benefit under the provisions of paragraph II of Rule 7(a) and without the requirement for the Member to contribute to the Fund.

"Long Service Benefit" means the type of benefits which a Member (or any Beneficiary, Personal Representative or Dependant of that Member) would be entitled to at or after Normal Pension Date under the Scheme if he remained in Pensionable Service until Normal Pension Date.

"Lump Sum Retirement Benefit" means the total value of all retirement benefits payable in any form other than non-commutable pension under the Scheme and any Associated Scheme.

"Members" means:-

- (i) those Employees who, being eligible for membership in accordance with Rule 2, have been admitted to membership of the Scheme,
- (ii) such other persons admitted to membership of the Scheme in accordance with Clause 8 of the Trust Deed, and
- (iii) any former Employees

so long as (and only for so long as) they remain entitled or prospectively entitled to any benefit under the Scheme.

"Member's Contributions" means the sum of:-

- (i) any contributions paid by the Member under the provisions of Rule 3, and

- (ii) any amount received by the Trustees under the provisions of Clause 6 of the Trust Deed which is so designated.

"Non-Qualifying Member" means a Member who is not a Qualifying Member.

"Normal Pension Date" means such date as the Employer, with the consent of the Trustees, decides and notifies to the Member no later than the date on which he is admitted to membership of the Scheme

PROVIDED THAT

- A. it shall, in the case of a Specified Member, be his 65th birthday unless the Employer shall advise it to be such other date (within the limits specified in Proviso B) as shall have been agreed between the Trustees and the Employer;
- B. such date shall not without the prior consent of the Board of Inland Revenue be prior to the Member's 60th birthday nor subsequent to the Member's 75th birthday, and
- C. Normal Pension Date, once fixed in accordance with this definition, may subsequently be altered, subject to :
- I. the consent of the Board of Inland Revenue having been obtained where it is altered to a date
- (a) earlier than that originally fixed, and the Member is within five years of the new date, except where such consent is not required by the Board of Inland Revenue or (b) outside the range in Proviso B, and
- II. in the case of a Contracted-out Member, the Occupational Pensions Board's consent having been obtained where it is altered to a date later than the Member's State Pensionable Date.

"Participating Date" means, in the case of the Principal Employer, the Commencement Date and in the case of an Associated Employer, the effective date of that employer's admission to the Scheme.

"Pensionable Service" means the continuous Service (but excluding any period of Service during which the 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 Member completes subsequent to the date of joining the Scheme as a Full Member and prior to Normal Pension Date and which qualifies the Member for Long Service Benefit, together with any Service which counted as pensionable under any previous Employer's Scheme, including the Cambridge Electronic Industries

Pension Fund, and which the Member has been notified in writing will count as Pensionable Service under the Scheme.

**If the 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.*

"Pension Payment Date" means:-

- (i) in the case of a pension payable to a Dependant under Rule 6, 8 or 12 (other than Rule 12(e)), the due date of the next instalment of the Member's own pension which would have been paid but for his death or, if the Member's pension is payable for a fixed period, the sixth day of the month following any later date of expiry of such fixed period in the case of a pension payable under Rule 8;
- (ii) in the case of a pension payable to a Dependant under Rule 7 or 12(e), the sixth day of the month coincident with or, if there is no such coincident date, next following the date of the Member's death. If the date of the Member's death is not coincident with the sixth day of a month then the first instalment of the pension shall be a proportionate amount payable on the date of the Member's death; and
- (iii) in the case of a pension payable to a Member, the sixth day of the month coincident with or, if there is no such coincident date, next following the date of (or, in accordance with any provision of the Rules, the date regarded as the date of) that Member's actual retirement. If the date of the Member's retirement is not coincident with the sixth day of a month then the first instalment of the pension shall be a proportionate amount payable on the date of the Member's actual retirement.

"Pensioner's Rights Premium" has the meaning ascribed to it in Section 44(3) of the Pensions Act.

"Pensions Act" means the Social Security Pensions Act 1975.

"Personal Pension Scheme" means a scheme approved under Chapter IV of Part XIV of the Act.

"Personal Representatives" means the executors or administrators of a deceased Member's estate.

**Amended by resolution 29.8.95.*

"Qualified Policies" means insurance policies or annuity contracts issued by or entered into with:-

- (i) the United Kingdom office or branch of an insurance company to which Part II of the Insurance Companies Act 1982 applies and which is

authorised by or under Section 3 or 4 of that Act to carry on ordinary long-term insurance business as defined in that Act, or

- (ii) an insurance company which
 - (a) is, at the relevant time, an insurance company authorised by the competent authority of a member State, under either Article 6 or Article 27 of Council Directive 79/267/EEC on the coordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of direct life assurance, to take up the activities referred to under any of Heads I, III, VII and IX of the Annex to that Directive, and
 - (b) has a person resident in the United Kingdom acting on its behalf who will be responsible for the discharge of all duties imposed on the administrator of the Scheme under Chapter I of Part XIV of the Act, or
- (iii) a friendly society registered under Section 7(1)(a) of the Friendly Societies Act 1974 or Section 1(1)(a) of the Friendly Societies Act (Northern Ireland) 1970, and which is an authorised person as defined in Section 207(1) of the Financial Services Act 1986 and which is authorised under either Regulation 5 or Regulation 6 of the Friendly Societies (Long Term Insurance Business) Regulations 1987 to carry on long term business as defined in those Regulations.

"Qualified Scheme" means:-

- (i) a Retirement Benefits Scheme approved under the Act;
- (ii) a Personal Pension Scheme, or
- (iii) any other fund, scheme or arrangement approved by the Board of Inland Revenue for the purpose of any transfer of assets to it from the Scheme.

"Qualifying Member" means a Member who has completed not less than two years' Qualifying Service, or for whom a transfer payment in respect of his rights under a personal pension scheme (as defined in the Social Security Act 1986), or under an FSAVCS, has been accepted in accordance with Clause 6 of the Trust Deed, or who has had a break in Pensionable Service and became entitled to Short Service Benefit on the termination of the period of Pensionable Service before the break provided that his accrued rights in respect of that period have not been:-

- (i) transferred to another scheme in accordance with Clause 7 of the Trust Deed;
- (ii) appropriately secured by the purchase of a Qualified Policy in accordance with Rule 12(j); or
- (iii) extinguished by payment of a State Scheme Premium under the Pensions Act or by payment of a lump sum.

"Qualifying Service" means the aggregate of the following periods:-

- (i) Pensionable Service which a Member completes subsequent to the date of his last entry into membership of the Scheme;
- (ii) Service which qualifies the Member for benefit under any other Retirement Benefits Scheme of the Employer;
- (iii) service whilst a member of another Retirement Benefits Scheme relating to the same or any other employment in respect of which additional rights to Long Service Benefit have been granted under the Scheme in substitution for accrued rights under such other Retirement Benefits Scheme, whether by transfer direct from that scheme, or via the surrender of benefits previously secured by a Qualified Policy, and
- (iv) service which gave rise to the benefits under a Qualified Policy which has been accepted in accordance with Clause 6 of the Trust Deed

and for the purpose of this definition:-

- A. no account shall be taken of any period which does not qualify the Member for Long Service Benefit or for similar benefits under the other Retirement Benefits Scheme or Qualified Policy;
- B. no period shall be reckoned twice;
- C. two separate periods of Service shall be aggregated and regarded as one period of Service if the break between them coincided with, or occurred within, a break between two periods of Contracted-out Employment which are treated as continuous in accordance with paragraph B of the definition of "Contracted-out Employment" above;
- D. if there is a break in Pensionable Service (that is, after his Pensionable Service is terminated, the Member returns to Pensionable Service under the Scheme) and Pensionable Service is again terminated, the period of

Pensionable Service previously terminated and any linked Qualifying Service in relation to that period counts as Qualifying Service, whether or not it qualifies the Member for Long Service Benefit, if the break:-

- (i) does not exceed one month;
- (ii) was due to pregnancy or confinement in exercise of a right under Section 45(1) of the Employment Protection (Consolidation) Act 1978 and the Member returns to Pensionable Service no later than one month after re-entering Service, or
- (iii) arose in consequence of a trade dispute within the meaning of Section 19(2)(b) of the Social Security Act 1975.

"Relevant Benefits" has the meaning ascribed to it by Section 612(1) of the Act.

"Relevant Date" means, other than for the purpose of exception B to paragraph (i) of Rule 12(o), the later of the date on which a Member's Pensionable Service terminates and the date on which that Member makes a valid application in accordance with paragraph (ii) of Rule 12(o) and which has not been withdrawn in accordance with paragraph (iii) of that Rule. For the purpose of exception B (as referred to above), "Relevant Date" means the later of the date on which a Member's Service terminates and the date on which that Member makes a valid application, which has not been withdrawn as mentioned above.

"Relevant Scheme" means any scheme approved (or seeking approval) under Chapter I Part XIV of the Act.

"Remuneration" means (except as provided for in the definition of "Final Remuneration" above) the aggregate of (i) the basic wage or salary for the relevant year and (ii) the yearly average of any fluctuating emoluments over that year and the two preceding years (or such shorter period during which they have been paid).

"Retirement Benefits Scheme" has the meaning ascribed to it by Section 611(1) of the Act.

"Schedule" means the schedule which this Part I is part of (as attached to and forming part of the Rules) and which consists of Parts I, II, III and IV.

~~*"Scheme 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 Member is employed on a part-time basis the offset will be calculated as~~

*Amended by resolution 29.8.95.

~~-----1.2 x State Scheme Deduction x normal part-time hours
-----normal full-time hours~~

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

"Scheme 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 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.

"Scheme Year" means the period of twelve consecutive calendar months commencing on any Entry Date.

"Section 49 Salary Related Scheme" means an occupational pension scheme which was formerly a Contracted-out Salary Related Scheme and which the Occupational Pensions Board are under a duty to supervise in accordance with Section 49 of the Pensions Act.

"Segregated Voluntary Contribution Assets" has the meaning ascribed to it in Clause 5(b) of the Trust Deed.

"Segregated Voluntary Contribution Benefits" means (a) where separate accounts are maintained (in accordance with Clause 13(b) of the Trust Deed) in respect of each Member concerned, such additional benefits as can be purchased on a money purchase basis for (or in respect of) the Member by that part of the Segregated Voluntary Contribution Assets as is attributable to that Member and (b) where such separate accounts are not maintained, such additional benefits as can be purchased on a money purchase basis for (or in respect of) the Member by that part of the Segregated Voluntary Contribution Assets as shall be determined by the Actuary to be attributable to that Member.

"Self-Employed Pension Arrangement" means a Personal Pension Scheme which is neither a personal pension scheme within the meaning of the Social Security Act 1986, nor a contract or a scheme approved under Chapter III of Part XIV of the Act.

*Amended by resolution 29.8.95.

"Serious Incapacity" means physical or mental deterioration which, in the Trustees' opinion, prevents the Member from following any form of remunerative employment.

"Service" means, other than for the purposes of Part II of this Schedule, service with (or employment by) any one or more of the Employers and, for the purposes of the Scheme, transfer of service or employment between any of the Employers shall not be construed as termination of Service. For the purposes of Part II of this Schedule, "Service" means:-

- (a) in respect of a Member who is subject to Part IIC of this Schedule, the aggregate of:-
 - (i) all periods of service with (or employment by) any one or more of the Employers, and
 - (ii) all other periods which count in respect of any Associated Employment or any Connected Scheme; and
- (b) in respect of any other Member, service with (or employment by) any one or more of the Employers.

"Short Service Benefit" means benefits consisting of or comprising benefits of any description which would have been payable to (or in respect of) a Member as Long Service Benefit.

"Special Director" means a Member who, at any time on or after 17th March, 1987 (and, in the case of a Member who retires, at any time in the last 10 years before retirement), has been both within the definition of a director in Section 612(1) of the Act and within paragraph (b) of Section 417(5) of the Act in relation to the Employer who the Member is, or has been, employed by.

"Specified Member" means a Member who at the date of his admission to the Scheme or, if he has been admitted to membership more than once, the date of his last such admission, was eligible for membership in accordance with the Proviso to Rule 2(a).

"State Pensionable Date" means, in relation to a male Member, his 65th birthday and in relation to a female Member, her 60th birthday.

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

"State Scheme Premium" means an Accrued Rights Premium, a Contributions Equivalent Premium, a limited revaluation premium (as defined in Section 45(1) of the Pensions Act), a Pensioner's Rights Premium or a Transfer Premium.

"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 Member ceases to be actively and continuously engaged in his ordinary occupation for the purpose 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 shall apply to the Member;

- (iii) due to pregnancy or confinement during which a female Member may exercise her right to return to work, having notified the Employer of her intention to do so under the provisions of Section 33 of the Employment Protection (Consolidation) Act 1978;
- (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 Board of Inland Revenue.

"Transfer Premium" has the meaning ascribed to it in Section 44A of the Pensions Act.

"Trivial Pension Limit" means £260 per annum or such higher amount per annum as may be prescribed from time to time by regulations made under paragraph 15(4) of Schedule 16 of the Social Security Act 1973 and Section 39(1) of the Pensions Act and as is consistent with approval of the Scheme under the Act.

"Trust Deed" means the deed which these Rules are attached to (as amended from time to time).

"Voluntary Contributions" means and includes voluntary contributions paid by a Member to the Fund in accordance with Rule 3(a) and that part of any transfer into the Fund (in accordance with Clause 6 of the Trust Deed) which is attributable to voluntary contributions made (or deemed to be made) by a Member to the Retirement Benefits Scheme from which such transfer is made.

- (a) in respect of a Member who is subject to Part IIC of this Schedule, the aggregate of:-
 - (i) all periods of service with (or employment by) any one or more of the Employers, and
 - (ii) all other periods which count in respect of any Associated Employment or any Connected Scheme; and
- (b) in respect of any other Member, service with (or employment by) any one or more of the Employers.

"Short Service Benefit" means benefits consisting of or comprising benefits of any description which would have been payable to (or in respect of) a Member as Long Service Benefit.

"Special Director" means a Member who, at any time on or after 17th March, 1987 (and, in the case of a Member who retires, at any time in the last 10 years before retirement), has been both within the definition of a director in Section 612(1) of the Act and within paragraph (b) of Section 417(5) of the Act in relation to the Employer who the Member is, or has been, employed by.

"Specified Member" means a Member who at the date of his admission to the Scheme or, if he has been admitted to membership more than once, the date of his last such admission, was eligible for membership in accordance with the Proviso to Rule 2(a).

"State Pensionable Date" means, in relation to a male Member, his 65th birthday and in relation to a female Member, her 60th birthday.

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

"State Scheme Premium" means an Accrued Rights Premium, a Contributions Equivalent Premium, a limited revaluation premium (as defined in Section 45(1) of the Pensions Act), a Pensioner's Rights Premium or a Transfer Premium.

"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 Member ceases to be actively and continuously engaged in his ordinary occupation for the purpose 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 shall apply to the Member;

- (iii) due to pregnancy or confinement during which a female Member may exercise her right to return to work, having notified the Employer of her intention to do so under the provisions of Section 33 of the Employment Protection (Consolidation) Act 1978;
- (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 Board of Inland Revenue.

"Transfer Premium" has the meaning ascribed to it in Section 44A of the Pensions Act.

"Trivial Pension Limit" means £260 per annum or such higher amount per annum as may be prescribed from time to time by regulations made under paragraph 15(4) of Schedule 16 of the Social Security Act 1973 and Section 39(1) of the Pensions Act and as is consistent with approval of the Scheme under the Act.

"Trust Deed" means the deed which these Rules are attached to (as amended from time to time).

"Voluntary Contributions" means and includes voluntary contributions paid by a Member to the Fund in accordance with Rule 3(a) and that part of any transfer into the Fund (in accordance with Clause 6 of the Trust Deed) which is attributable to voluntary contributions made (or deemed to be made) by a Member to the Retirement Benefits Scheme from which such transfer is made.

SCHEDULE - PART II

INLAND REVENUE LIMITS

Note:- This Part sets out the maximum Member's Contributions and the maximum benefits which will not prejudice approval of the Scheme as an Exempt Approved Scheme. It does not indicate the contributions which a Member is required to pay to the Scheme nor does it confer any benefits of any kind on any Member of the Scheme.

A. MAXIMUM MEMBER'S CONTRIBUTIONS AND AUGMENTATION OF BENEFITS

1. Maximum amount payable

If and for so long as the Scheme is to be treated as an Exempt Approved Scheme, the total contributions paid by a Member in a year of assessment to the Scheme and to all Relevant Schemes shall not exceed 15% of his total remuneration for that year in respect of service to which those schemes apply, unless a greater amount is permitted by the Board of Inland Revenue.

For the purpose of this section A, total remuneration shall:-

- (i) exclude any amounts which arise from the acquisition or disposal of shares or an interest in shares or from a right to acquire shares or anything in respect of which tax is chargeable by virtue of Section 148 of the Act, and
- (ii) in respect of a Member to whom Section C below applies, exclude any remuneration in excess of the permitted maximum as defined in Section 590C(2) of the Act.

2. Return of surplus funds

If the value of a Member's Voluntary Contributions (including, for the purposes of this Part II, any interest or earnings on them) exceeds the amount required to bring the Member's Scheme benefits up to the relevant limits set out in section B or C (as appropriate) below, the Trustees shall deduct from such excess any tax payable by them in accordance with Part III of Schedule 6 of the Finance Act 1989 and return the balance to the Member.

3. Augmentation of benefits

Where a Member is a member of a FSAVCS which provides additional Relevant Benefits to supplement those provided by the Scheme, the provisions of the paragraph immediately below shall apply in relation to any augmentation of the Relevant Benefits provided for him by the Scheme after he has ceased to participate in the FSAVCS.

Any provisions in the Trust Deed or the Rules imposing a limit on the amount of a benefit provided for the Member shall have effect (despite anything in them to the contrary) as if they provided for the limit to be reduced by the amount of any like benefit provided for him by the FSAVCS.

B. MAXIMUM BENEFITS OF MEMBERS (OTHER THAN MEMBERS TO WHOM PART IIC OF THIS SCHEDULE APPLIES)

- (I) Despite anything to the contrary in the Trust Deed or the Rules, for so long as the Scheme is to be treated as an Exempt Approved Scheme, the benefits payable to a Member, to his Dependants, Personal Representatives or Beneficiaries shall not, when aggregated with all benefits of a like nature provided under all FSAVCS and Relevant Schemes providing benefits in respect of Service, exceed the limits set out in this section B.
- (II) The Principal Employer may (with the Trustees' consent) in its absolute discretion permit a Member, who would otherwise be subject to this section B, to give to the Trustees (at any time prior to the Calculation Date) written notice to the effect that section C of this Part II is to apply to him.

1. Member's maximum Aggregate Retirement Benefit

The Member's Aggregate Retirement Benefit shall not exceed:-

- (i) on retirement at (or before) Normal Pension Date, a pension of 1/60th of Final Remuneration for each year of Service (not exceeding 40 years) or such greater amount as will not prejudice approval of the Scheme under Chapter I Part XIV of the Act;
- (ii) on retirement after Normal Pension Date, a pension of the greatest of:-
- A. the amount calculated in paragraph 1(i) immediately above on the basis that the actual date of retirement was the Member's Normal Pension Date;

- B. the amount which could have been provided at Normal Pension Date in accordance with paragraph 1(i) immediately above increased either by such amount as shall be determined by the Actuary in respect of the period of deferment or in proportion to any increase in the Index during that period, and
- C. where the Member's total Service has exceeded 40 years, the aggregate of 1/60th of Final Remuneration for each year of Service before Normal Pension Date (not exceeding 40 such years) and of a further 1/60th of Final Remuneration for each year of Service after Normal Pension Date, with an overall maximum of 45 reckonable years,

Final Remuneration being computed, in respect of sub-paragraphs A and C above, as at the actual date of retirement, but subject always to paragraph 6 of this section B;

- (iii) on termination of Pensionable Service (other than by retirement on pension) before Normal Pension Date, a pension of 1/60th of Final Remuneration for each year of actual Service (not exceeding 40 years), but excluding Service subsequent to termination of Pensionable Service, or such greater amount as will not prejudice approval of the Scheme under Chapter I Part XIV of the Act. The amount computed as described above, which exceeds the Guaranteed Minimum Pension accrued at the date of cessation of Contracted-out Employment, may be increased by the greater of 5% for each complete year and the increase in the Index which has occurred between the date of termination of Pensionable Service and the date on which the pension begins to be payable. In addition, the Guaranteed Minimum Pension referred to above shall be increased in accordance with Rule 17(d).

2. Member's maximum Lump Sum Retirement Benefit

The Member's Lump Sum Retirement Benefit shall not exceed:-

- (i) on retirement at (or before) Normal Pension Date, 3/80ths of Final Remuneration for each year of Service (not exceeding 40 years) or such greater amount as will not prejudice approval of the Scheme under Chapter I Part XIV of the Act, taking into account any additional Relevant Benefits secured by Voluntary Contributions, and by voluntary contributions to any Associated Scheme and to all FSAVCS which the Member has contributed to whilst in Service;

- (ii) on retirement after Normal Pension Date, the greatest of:-
- A. the amount calculated in accordance with paragraph 2(i) immediately above on the basis that the actual date of retirement was the Member's Normal Pension Date;
 - B. the amount which could have been provided at Normal Pension Date in accordance with paragraph 2(i) immediately above, together with an amount representing interest on it, and
 - C. where the Member's total Service has exceeded 40 years, the aggregate of 3/80ths of Final Remuneration for each year of Service before Normal Pension Date (not exceeding 40 such years) and of a further 3/80ths of Final Remuneration for each year of Service after Normal Pension Date, with an overall maximum of 45 reckonable years,

Final Remuneration being computed, in respect of sub-paragraphs A and C immediately above, as at the actual date of retirement, but subject always to paragraph 6 of this section B;

- (iii) on termination of Pensionable Service (other than by retirement on pension) before Normal Pension Date, a lump sum of 3/80ths of Final Remuneration for each year of actual Service (not exceeding 40 years), but excluding Service subsequent to termination of Pensionable Service, or such greater amount as will not prejudice approval of the Scheme under Chapter I Part XIV of the Act, taking into account any additional Relevant Benefits secured by Voluntary Contributions, and by voluntary contributions to any Associated Scheme and to all FSAVCS which the Member has contributed to whilst in Service. The amount computed as described in this paragraph (iii) may be increased in proportion to any increase in the Index which has occurred between the date of termination of Pensionable Service and the date on which the pension begins to be payable, but only if (and to the same extent as) the total benefits have been increased in accordance with paragraph 1(iii) of this section B.

3. **Maximum lump sum benefit payable on the Member's death**

The lump sum benefit (exclusive of any refund of the Member's Contributions (and any interest on them)) payable on the death of a Member while in Service or (having left Service with a deferred pension) before his pension starts to be paid shall not, when aggregated with all like benefits under Associated Schemes and FSAVCS which the Member has contributed to whilst in Service, exceed the greater of:-

- I. £5,000, and
- II. 4 times the greater of the annual rate of the Member's total remuneration from the Employer at the date of his death and his Final Remuneration (but excluding Proviso A to that definition)

less

- (i) any lump sum (other than a refund of his own contributions and any interest on them) payable, on the Member's death, under all Relevant Schemes in respect of service with previous employers, and
- (ii) any lump sum life assurance benefit payable, on the Member's death, under a retirement annuity contract or trust scheme approved under Section 621 of the Act, under Personal Pension Schemes or FSAVCS which the Member has contributed to whilst not in Service

if the aggregate of such lump sums exceeds £2,500.

4. Maximum Dependants' pensions

Any pension for a Dependant, when aggregated with the pensions (other than those provided by surrender of the Member's own pension) payable to that Dependant under all Associated Schemes and all FSAVCS which the Member has contributed to whilst in Service, shall not exceed an amount equal to 2/3rds of the Aggregate Retirement Benefit:-

- (i) being paid to the Member at the date of his death (including any pension increases given under Rule 9), or
- (ii) being a deferred benefit payable to the Member at Normal Pension Date, or
- (iii) prospectively payable to the Member who dies in Service had he remained in Service up to the Normal Pension Date at the rate of total remuneration in force immediately before his death, or
- (iv) prospectively payable to the Member who dies in Service after Normal Pension Date on the basis that he had retired on the day before he died,

or such greater amount as will not prejudice approval of the Scheme under Chapter I Part XIV of the Act.

If pensions are payable to more than one Dependant, the aggregate of all Dependents' pensions payable in respect of the Member under the Scheme, under all Associated Schemes and all FSAVCS which the Member has contributed to whilst in Service, shall not exceed the full amount of whichever is the appropriate Aggregate Retirement Benefit under (i), (ii), (iii) or (iv) of this paragraph or such greater sum as will not prejudice approval of the Scheme under Chapter I Part XIV of the Act.

5. Pension increases

The maximum amount of a pension ascertained in accordance with this section B, less any pension which has been commuted for a lump sum (unless the Board of Inland Revenue allow otherwise) and surrendered to provide a Dependant's pension may be increased by the increase in the Index which has occurred since the pension started to be paid (or at such higher rate as will not prejudice approval of the Scheme under Chapter I Part XIV of the Act).

6. Limits which apply where benefits are taken in advance of the Member's actual retirement

If a Member elects under Rule 11(c) to take any part of his benefits under the Scheme in advance of actual retirement, the limits set out in paragraphs 1 and 2 of this section B shall apply as if he had retired at the date of that election, no account being taken of subsequent Service, save that the maximum amount of any uncommuted pension not starting immediately may be increased either by such amount as shall be determined by the Actuary in respect of the period of deferment or in proportion to any increase in the Index during that period.

C. SPECIAL PROVISIONS IN RESPECT OF CERTAIN MEMBERS

Except to the extent permitted by the Board of Inland Revenue (in which case, Part IIB of this Schedule shall apply), this section C shall apply to all Members.

(i) Rule 11(c) and paragraphs (i), (ii) and (iii) of Rule 16(c) shall not apply, and the provisions of the Trust Deed and the Rules shall have effect (despite anything in them to the contrary) as if they provided:-

I. that a Member's retirement benefit shall be paid no later than the date on which he attains age 75, and

II. subject to I. immediately above, that no part of a Member's retirement benefit shall be paid in advance of actual retirement (or

leaving service), except to the extent required by Rule 17 in respect of his Guaranteed Minimum Pension (if any), and

- (ii) despite anything to the contrary in the Trust Deed or the Rules, for so long as the Scheme is to be treated as an Exempt Approved Scheme, the following shall apply:-
 - (a) any term contained in these Rules which is used as a measure of a Member's annual earnings for the purpose of calculating that Member's benefits is to be interpreted as though those earnings are no greater than the permitted maximum as defined in Section 590C(2) of the Act, and
 - (b) the benefits (as calculated in sub-paragraph (a) immediately above) payable to a Member, to his Dependants, Personal Representatives or Beneficiaries shall not, when aggregated with all benefits of a like nature provided under all FSAVCS and Relevant Schemes providing benefits in respect of Service, exceed the limits set out below.

1. **Member's maximum Aggregate Retirement Benefit**

The Member's Aggregate Retirement Benefit shall not exceed:-

- (i) on retirement (other than before Normal Pension Date on grounds of Incapacity) at any time between attaining age 50 and attaining age 75, a pension of 1/60th of Final Remuneration for each year of Service (not exceeding 40 years) or such greater amount as will not prejudice approval of the Scheme under Chapter I Part XIV of the Act;
- (ii) on retirement at any time before Normal Pension Date on grounds of Incapacity, a pension of the amount which could have been provided at Normal Pension Date in accordance with paragraph 1(i) immediately above, Final Remuneration being computed as at the actual date of retirement;
- (iii) on termination of Pensionable Service (other than by retirement on pension) before attaining age 75, a pension of 1/60th of Final Remuneration for each year of actual Service (not exceeding 40 years), but excluding Service subsequent to termination of Pensionable Service, or such greater amount as will not prejudice approval of the Scheme under Chapter I Part XIV of the Act. The amount computed as described above, which exceeds the Guaranteed Minimum Pension accrued at the date of cessation of Contracted-out Employment, may be increased by the greater of 5% for each complete year and the increase in the Index which has occurred between the date of termination of Pensionable Service and the

date on which the pension begins to be payable. In addition, the Guaranteed Minimum Pension referred to above shall be increased in accordance with Rule 17(d).

2. Member's maximum Lump Sum Retirement Benefit

The Member's Lump Sum Retirement Benefit shall not exceed:-

- (i) on retirement (other than before Normal Pension Date on grounds of Incapacity) at any time between attaining age 50 and attaining age 75, 3/80ths of Final Remuneration for each year of Service (not exceeding 40 years) or such greater amount as will not prejudice approval of the Scheme under Chapter I Part XIV of the Act, taking into account any additional Relevant Benefits secured by Voluntary Contributions, and by voluntary contributions to any Associated Scheme and to all FSAVCS which the Member has contributed to whilst in Service;
- (ii) on retirement at any time before Normal Pension Date on grounds of Incapacity, the amount which could have been provided at Normal Pension Date in accordance with paragraph 2(i) immediately above, Final Remuneration being computed as at the actual date of retirement;
- (iii) on termination of Pensionable Service (other than by retirement on pension) before attaining age 75, a lump sum of 3/80ths of Final Remuneration for each year of actual Service (not exceeding 40 years), but excluding Service subsequent to termination of Pensionable Service, or such greater amount as will not prejudice approval of the Scheme under Chapter I Part XIV of the Act, taking into account any additional Relevant Benefits secured by Voluntary Contributions, and by voluntary contributions to any Associated Scheme and to all FSAVCS which the Member has contributed to whilst in Service. The amount computed as described in this paragraph (iii) may be increased in proportion to any increase in the Index which has occurred between the date of termination of Pensionable Service and the date on which the pension begins to be payable, but only if (and to the same extent as) the total benefits have been increased in accordance with paragraph 1(iii) of this section C.

3. Maximum lump sum benefit payable on the Member's death

The lump sum benefit (exclusive of any refund of the Member's Contributions (and any interest on them)) payable on the death of a Member while in Service or (having left Service with a deferred pension) before his pension starts to be paid shall not, when aggregated with all like benefits under Associated Schemes and FSAVCS which the Member has contributed to whilst in Service, exceed the greater of:-

- I. £5,000, and
- II. 4 times the greater of the annual rate of the Member's total remuneration from the Employer at the date of his death and his Final Remuneration (but excluding Proviso A to that definition)

less

- (i) any lump sum (other than a refund of his own contributions and any interest on them) payable, on the Member's death, under all Relevant Schemes in respect of service with previous employers, and
- (ii) any lump sum life assurance benefit payable, on the Member's death, under a retirement annuity contract or trust scheme approved under Section 621 of the Act, under Personal Pension Schemes or FSAVCS which the Member has contributed to whilst not in Service

if the aggregate of such lump sums exceeds £2,500.

4. Maximum Dependants' pensions

Any pension for a Dependant, when aggregated with the pensions (other than those provided by surrender of the Member's own pension) payable to that Dependant under all Associated Schemes and all FSAVCS which the Member has contributed to whilst in Service, shall not exceed an amount equal to 2/3rds of the Aggregate Retirement Benefit:-

- (i) being paid to the Member at the date of his death (including any pension increases given under Rule 9), or
- (ii) being a deferred benefit payable to the Member at any time between attaining age 50 and attaining age 75, or
- (iii) prospectively payable to the Member who dies in Service had he remained in Service up to the Normal Pension Date at the rate of total remuneration in force immediately before his death, or
- (iv) prospectively payable to the Member who dies in Service after Normal Pension Date on the basis that he had retired on the day before he died,

or such greater amount as will not prejudice approval of the Scheme under Chapter I Part XIV of the Act.

If pensions are payable to more than one Dependant, the aggregate of all Dependents' pensions payable in respect of the Member under the Scheme, under all Associated Schemes and all FSAVCS which the Member has contributed to whilst in Service, shall not exceed the full amount of whichever is the appropriate Aggregate Retirement Benefit under (i), (ii), (iii) or (iv) of this paragraph or such greater sum as will not prejudice approval of the Scheme under Chapter I Part XIV of the Act.

5. Pension increases

The maximum amount of a pension ascertained in accordance with this section C, less any pension which has been commuted for a lump sum (unless the Board of Inland Revenue allow otherwise) and surrendered to provide a Dependant's pension may be increased by the increase in the Index which has occurred since the pension started to be paid (or at such higher rate as will not prejudice approval of the Scheme under Chapter I Part XIV of the Act).

SCHEDULE - PART III

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

Contributions and benefits set out below are (as provided for in Rules 3 and 1(e) respectively) subject to the Inland Revenue limits set out in Part II of this Schedule.

1. Membership categories - applicable to Rule 2

Despite the category set out in paragraph (b) below, certain Employees (as specified in paragraph (a) below) shall be eligible for membership of the Scheme for the purposes only of the lump sum death benefit payable in accordance with Rule 7(a)II (of the amount specified in paragraph 5 below) and shall not be required to contribute to the Fund.

Such Limited Membership shall begin on the later of the Participating Date and the day on which the Employee first falls within the category in paragraph (a) below and shall terminate on the day on which the Employee is first within the category in paragraph (b) below.

~~*If a Limited Member does not become a Full Member at his first opportunity and he is then aged less than 18 years 3 months, he shall remain a Limited Member until the earlier of his admission as a Full Member and the date on which he attains that age.~~

**If a Limited Member does not become a Full Member at his first opportunity and he is then aged less than 18 years and 6 months, he shall remain a Limited Member until the earlier of his admission as a Full Member and the date on which he attains that age.*

(a) Limited Membership

All ~~*full-time~~-permanent Employees, who are age 18 or over but under age 60 shall be automatically admitted to the Scheme on the day on which they first satisfy the above requirements.

**Amended by resolution 29.8.95.*

(b) Full Membership

~~*All full-time permanent Employees, who have completed three months' continuous Service with the Employer and who are age 18 or over but under age 60 shall be automatically admitted to the Scheme on the day on which they first satisfy the above requirements.~~

**All permanent Employees who have completed a probationary period of service with the Employer (the length of which shall be advised to the Employee by the Employer but shall not be more than 6 months) and who are age 18 or over but under age 60 shall be automatically admitted to the Scheme on the day on which they first satisfy the above requirements.*

If any Employee who is eligible for Full Membership declines to become a Full Member when he is first eligible, he may be admitted to Full Membership on any subsequent Entry Date so long as he has not reached his 36th birthday.

2. Member's Contributions - applicable to Rule 3(a)(i)

A rate throughout a Scheme Year of 6% of a Member's ~~*Scheme-Contribution~~ Salary determined on the Entry Date at the start of that Scheme Year.

3. Member's annual rate of pension - applicable to Rule 5

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

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)

and

FSS is Final Scheme Salary.

4. Return of Member's Contributions - applicable to Rule 7(a)I

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

**Amended by resolution 29.8.95.*

5. Lump sum death benefit - applicable to Rule 7(a)II

In respect of a Limited Member and a Full Member

3 x BS

Where

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

6. Dependant's annual rate of pension - applicable to Rule 7(a)III

1. Payable

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

and

(ii) in respect of an unmarried Member, at the Trustees' discretion, to one or more adult Dependents 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 Dependents in such proportions as the Trustees shall decide, in which case the widow's/widower's pension shall be correspondingly reduced.

2. Payable to, or for the benefit of, any child of the 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 Member under Rule 5 (calculated in accordance with paragraph 3 of this Part) based on the Pensionable Service which the Member could have completed to

Normal Pension Date and his Final Scheme Salary at the date of 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 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.

7. Dependant's annual rate of pension - applicable to Rule 8

If the Member dies within the period of five years from the start of his pension, then the pensions described in this paragraph 7 will be increased in accordance with Rule 5(b) for the remainder of that five year period.

1. Payable

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

and

(ii) in respect of an unmarried Member, at the Trustees' discretion, to one or more adult Dependents 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 Dependents in such proportions as the Trustees shall decide, in which case the widow's/widower's pension shall be correspondingly reduced.

2. Payable to, or for the benefit of, any child of the 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 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(a) and (d), the pension which would have been payable but for such election(s), or, where pension instalments continue to be paid under Rule 5(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 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.
8. Pension increases - applicable to Rule 9

Applied only to that part of any pension under the Scheme 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 6th 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 6th April which falls after the start of the pension.

9. Members annual rate of pension - applicable to Rule 10

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

$$1/60 \times NS \times FSS$$

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

$$1/60 \times N \times FSS$$

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

$$1/60 \times N \times FSS$$

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 Member would have completed if he had remained a 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 Member has completed at the date of retirement (subject to a maximum of 40 years to count)

FSS is Final Scheme Salary

10. Death benefits in early retirement - applicable to Rule 10(c)

None,

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

$3 \times BS$

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

11. Member's annual rate of pension - applicable to Rule 11(a)

$1/60 \times N \times FSS$

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)

FSS is Final Scheme Salary.

12. Death benefits in deferred retirement - applicable to Rule 11(b)

- (a) Dependants' pensions in accordance with Rule 8 as described in paragraph 7 of this Part of the Schedule calculated on the assumption that the 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) as described in Rule 5(b) but calculated on the assumption that the Member retired the day before the date of his death.



SCHEDULE - PART IV

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

1. Short Service Benefit - applicable to Rule 12(a)

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

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

Where:-

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

FSS is the Member's Final Scheme Salary.

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 31st 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.

(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 Member, to the widow or widower

and

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

55% x MP

2. Payable to, or for the benefit of, any child of the 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 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 more of the options under Rule 6, 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 Scheme 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 6th 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 6th April which falls after the start of the pension.

2. Return of Member's Contributions - applicable to Rule 12(e)(i)

If no Dependant's pension is payable in accordance with Rule 12(e)(iii), an amount equal to the 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)

NOT APPLICABLE.

4. Dependant's annual rate of pension - applicable to Rule 12(e)(iii)

1. Payable

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

and

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

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).

- 2. Payable to, or for the benefit of, any child of the 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 Member under Rule 12(a) (calculated in accordance with paragraph 1 of this Part except that G and R are only calculate 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 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.