

**DEFINITIVE TRUST DEED**

DATED 2 April 2015

relating to the

**LV= EMPLOYEE PENSION SCHEME**

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*15.04.2015*

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THIS TRUST DEED is made on 2 April

2015

**BETWEEN:**

- (1) **LIVERPOOL VICTORIA FRIENDLY SOCIETY LIMITED** whose registered office is at County Gates, Bournemouth BH1 2NF (the Principal Employer); and
- (2) **THE LV= PENSION TRUSTEE LIMITED** whose registered office is at County Gates, Bournemouth BH1 2NF (the Trustees).

**BACKGROUND:**

- (A) The LV= Employee Pension Scheme (formerly called the Liverpool Victoria (1994) Staff Pension Scheme) was established by a trust deed dated 1 September 1994 made between (1) Liverpool Victoria Friendly Society Limited and (2) Liverpool Victoria Pensions Trustees (No. 1) Limited and is currently governed by a trust deed and rules (the Current Deed and Rules) dated 20 August 2014.
- (B) The LV= Pension Trustee Limited is the present trustee of the LV= Employee Pension Scheme.
- (C) Under clause 29 (*Alterations*) of the Current Deed and Rules, the Principal Employer may from time to time with the consent of the Trustee alter or replace the Current Deed and Rules subject to certain restrictions, as set out in clause 29 (*Alterations*). The Principal Employer and the Trustees wish to replace the Current Deed and Rules with a new deed and new rules in order to consolidate the Current Deed and Rules and update them with any relevant legislative updates and to make any necessary amendments to reflect how the Trustees and the Principal Employer have agreed to deal with the new pensions flexibilities announced in the Budget 2014. The new deed and new rules are to take effect on and from 6 April 2015.
- (D) The Principal Employer and the Trustees are satisfied that those restrictions to alteration of the Rules set out in clause 29 (*Alterations*) of the Current Deed and Rules will not be contravened by the proposed new trust deed and rules, and that the provisions of this deed are not ones to which the subsisting rights provisions of section 67 of the Pensions Act 1995 apply.

**OPERATIVE PROVISIONS**

**1. INTERPRETATION**

- 1.1 In this deed (the Trust Deed), the Rules means the rules annexed to this Trust Deed. Any word or expression used in this Trust Deed which is not defined in this Trust Deed but is defined in the Rules has the meaning given to it in the Rules.
- 1.2 In this Trust Deed and the Rules, where the context requires, a reference to an Act includes regulations made under that Act; a reference to legislation includes: (a) any modification or re-enactment for the time being in force; (b) any corresponding provision of any previous legislation; and (c) where the legislation applies to part only of the United Kingdom, any corresponding provision of any legislation applying to any other part of the United Kingdom.
- 1.3 In the Trust Deed and the Rules, unless the context requires otherwise, the following words and expressions have the following meanings:

Actuary means the actuary for the time being appointed, or otherwise acting, as actuary to the Scheme.

**Associated Employer** means any corporation or firm (except the Principal Employer) participating in the Scheme.

**Authorised Payment** means a payment which is authorised under section 164 (authorised member payments) or section 175 (authorised employer payments) of the Finance Act.

**Beneficiary** means any person absolutely or contingently entitled to a benefit from the Scheme.

**Benefit Crystallisation Event** has the meaning given by section 216 of the Finance Act and references to **crystallisation**, **crystallised** and **uncrystallised** have corresponding meanings.

**Cash Equivalent** and **Cash Transfer Sum** have the meanings given to them in Chapters 1 and 2 of Part 4ZA of the Pension Schemes Act 1993 and references to a right to a Cash Equivalent or Cash Transfer Sum have corresponding meanings.

**Child** means a Member's child or adopted child who is under age 18 or is over that age but under age 23 and receiving full-time education or full-time vocational training (in either case approved by the Trustees). A child born after a Member's death or after a Member's Pensionable Employment ends can qualify as a Child.

The Trustees may, if the Principal Employer agrees, include as a Child any child of a Member if he is over age 23 and qualifies as a dependant under the Taxation of Pension Schemes (Transitional Provisions) Order 2006.

**Civil Partner** means a person who has a registered civil partnership under the Civil Partnership Act 2004 and Civil Partnership has the corresponding meaning.

**Contracted-out Employment** means employment which is or was contracted-out employment by reference to the Scheme for the purposes of Part III of the Pension Schemes Act 1993.

**Contributions** means a Member's contributions paid or treated as paid to the Scheme, the Predecessor Scheme, the Frizzell Scheme or the SMA Scheme, except voluntary contributions, with interest determined by the Trustees after taking actuarial advice.

**Dependant** means, in relation to a Member:

- (a) his legitimate, legitimated, illegitimate or adopted child who:
  - (i) is under age 23; or
  - (ii) has attained age 23 and was, in the Trustees' opinion, at the date of the Member's death, dependent on the Member because of physical or mental impairment;
- (b) his Spouse; and
- (c) any natural person who, immediately before the Member's death, in the Trustees' opinion:
  - (i) was financially dependent upon the Member;
  - (ii) had a financial relationship with the Member which was one of mutual dependence; or
  - (iii) was dependent on the Member because of physical or mental impairment.

A child may, if the Principal Employer agrees, be included as a child within (a) above if he does not satisfy the above requirement but qualifies as a dependant under the taxation of Pension Schemes (Transitional Provisions) Order 2006.

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

**Employers** means the Principal Employer and the Associated Employers. In relation to any employee or former employee or person claiming through him, **Employer** means the Employer by which, at the relevant time, he is or was last employed.

**Employment** means employment with an Employer.. If a Member transfers from one Employer to another his Employment is regarded as continuous.

**Final Retirement Age** means a Member's 65th birthday. For Frizzell Members with a Normal Retirement Age under the Frizzell Scheme of 60, Final Retirement Age means that Member's 65th birthday, except in relation to Pensionable Employment on and before 31 August 2010 in relation to which it means the Member's 60th birthday. For Frizzell Members with a Normal Retirement Age under the Frizzell Scheme of 65, Final Retirement Age means that Member's 65th birthday in relation to all of that Member's Pensionable Employment.

**Finance Act** means the Finance Act 2004.

**Frizzell Member** means a Member who was formerly a member of the Frizzell Scheme and includes a Member who was formerly a member of the SMA Scheme.

**Frizzell Scheme** means the Frizzell Group Pension and Life Assurance Scheme, which was established by a trust deed dated 30 December 1952.

**Fund** refers to an investment in which a Member's DC Section Account or Member's AVC Account may be invested. The underlying investments of a Fund may change from time to time.

**GMP Age** means a man's 65th birthday and a woman's 60th birthday.

*guaranteed minimum, guaranteed minimum pension and GMP* have the same meanings as in the Pension Schemes Act 1993.

**HMRC** means Her Majesty's Revenue and Customs and its predecessor The Inland Revenue.

**Lump Sum Beneficiaries** means a Member's Dependants, Relatives, any persons (including unincorporated associations and trusts) entitled to any interest in the Member's estate, and any persons (including unincorporated associations and trusts) notified in writing by him to the Trustees under sub-clause 18.5.

**Member** refers to a Member under any Section. A person remains a Member for as long as any benefit is payable to him. Unless the context indicates otherwise, Member includes Frizzell Members within its meaning.

**Member's Lifetime Allowance, availability of the Member's Lifetime Allowance and Standard Lifetime Allowance** have the meanings given in sections 218 and 219 of the Finance Act.

**Minimum Pension Age** in relation to a Member means:

- (a) at any time up to (and including) 5 April 2010, age 50; and

- (b) thereafter age 55 or, if applicable, the Member's protected pension age in accordance with Part 3 of Schedule 36 to the Finance Act.

**Normal Retirement Age** has the meaning given to it under the Frizzell Scheme.

**Notional Contributions** means the contributions that a Sacrifice Member would have paid under the Rules had he not been a Sacrifice Member. However, in the case of a Member absent from work under Rule 12 of the DC Section (Other Absences) or Rule 4 of the DB Section (Other Temporary Absence), his Notional Contributions are on the basis that his Pay or Pensionable Earnings (as appropriate) are what they would have been if he had been working normally and receiving the remuneration likely to have been paid for doing so (rather than based on actual remuneration).

**Part-time Employment** means Employment under a contract of employment which requires an employee to work less than the number of hours in a standard full-time working week as determined by the Principal Employer.

**Phased Retirement Member** means a person who is a Member in accordance with Rule 9 of the DB Section (Phased Retirement).

**Policy** means a policy of insurance, an annuity contract provided by an insurance company (as defined in the Finance Act) or a flexi-access drawdown fund (as defined in paragraph 8A of Schedule 28 of the Finance Act). References to buying a policy include entering into an annuity contract. The policy must satisfy the requirements of applicable legislation and must contain all conditions necessary to ensure that any provision of the policy does not give rise to or constitute an Unauthorised Payment.

**Pre-6 April 2006 Rules** means the trust deeds and rules of the Scheme which were in force on 5 April 2006.

**Pre-6 April 2006 Tax Approval** means HMRC's published practice for approval before 6 April 2006 of an exempt approved scheme under Chapter 1 of Part XIV of the Income and Corporation Taxes Act 1988 as it applied to the Scheme and, if applicable to the Scheme, Schedule 6 to the Finance Act 1989.

**Predecessor Scheme** means the Liverpool Victoria Staff Pension Scheme.

**Principal Employer** means Liverpool Victoria Friendly Society Limited or any other body corporate which is for the time being the Principal Employer under clause 3 (Principal Employer) of the Trust Deed.

**Qualified Member** means a Member who has completed at least two years' qualifying service (as defined in section 71 of the Pension Schemes Act 1993) or in respect of whom the Trustees have accepted a transfer payment relating to his rights under a personal pension scheme. The Trustees and Principal Employer may choose, with the agreement of the Member affected, to treat a Member in respect of whom they have received a transfer payment as a Qualified Member even where the Member would not otherwise fall within this definition.

**Registered Scheme** means a registered pension scheme as defined in section 150(2) of the Finance Act.

**Relatives** means a Member's Spouse (including a person who in the Trustees' opinion was living with the Member as his Spouse immediately before his death), a Member's grandparents, the descendants of those grandparents living at or born after the Member's death and the spouses and Civil Partners of any of them. A stepchild or adopted child of any person is treated as that person's

child and a natural child of any person who has been adopted by another person is not excluded from this definition by reason of the application of any statutory provision.

**Retirement Age** means in relation to a Member of the DB Section, unless agreed otherwise with the Principal Employer, the Member's Final Retirement Age except in relation to Pensionable Employment on and before 31 August 2010 in relation to which it means the Member's 60th birthday.

**Rules** means the rules of any or all of the Sections according to the context as altered from time to time.

**Sacrifice Arrangement** means an arrangement operated for the time being by an Employer under which a Member can choose to reduce his monetary remuneration and receive instead a benefit in a different form and which has been notified by the Employer to the Trustees as such an arrangement for the purposes of the Scheme.

**Sacrifice Member** means a Member who participates in a Sacrifice Arrangement by agreement with the Employer or by way of automatic enrolment with the ability to opt-out in accordance with the provisions of the arrangement.

**Sacrifice Pension Contributions Member** means a Sacrifice Member who has, in accordance with a Sacrifice Arrangement, opted not to pay normal Contributions to the Scheme.

**Scheme** means the LV= Employee Pension Scheme (formerly called the Liverpool Victoria (1994) Staff Pension Scheme).

**Section** refers to one of the Sections of the Scheme as set out in sub-clause 1.6 below.

**SMA Scheme** means the SMA Holdings Limited Pension Scheme, which was established by a trust deed dated 15 April 1996.

**Spouse** means a Member's widow, widower or surviving Civil Partner (see also sub-clause 1.4).

If a Member is not survived by a widow or widower or Civil Partner the Trustees may treat one or more persons other than a Child who in the Trustees' opinion were financially dependent upon that Member at the date of his death as his Spouse. The Trustees may treat a person as financially dependent on the Member if it is their opinion that the person and the Member were financially interdependent, in particular (but without limitation) because their standard of living was maintained as a result of their joint incomes.

**State Pension Age** means pensionable age in accordance with the rules in paragraph 1 of Part 1 of Schedule 4 to the Pensions Act 1995.

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

**Unauthorised Payment** is as defined in section 160(5) of the Finance Act.

1.4 Marriage and related expressions in the Trust Deed and Rules are to be read as follows:

- (a) widower includes a man whose marriage to another man ended with the other man's death;
- (b) widow includes a woman whose marriage to another woman ended with the other woman's death;

- (c) a reference to marriage of a same-sex couple is a reference to (i) marriage between two men and (ii) marriage between two women;
- (d) a reference to a marriage is to be read as including a reference to marriage of a same-sex couple; and a reference to a married couple is to be read as including a reference to a married same-sex couple;
- (e) a reference to a person who is married is to be read as including a reference to a person who is married to a person of the same sex; and
- (f) a reference to a Spouse is to be read in accordance with (a) and (e) above.

References in sub-clause 1.4 to marriage and related expressions include a Civil Partnership and related expressions.

Where this sub-clause requires a reference to be read in a particular way, any related reference (such as a reference to persons formerly living together as a married couple) is to be read accordingly.

- 1.5 The Appendices form part of the Rules. Appendix 1 (Contracting-out) sets out the minimum benefits payable to and in respect of a person who is or has been in Contracted-out Employment. Appendix 2 (Accrual rates for Frizzell Members) sets out the accrual rates applicable to some Frizzell Members. Appendix 3 (Finance Act – limits on benefits, enhanced protection, transitional provisions and flexibilities in taking lump sums) sets out the limits on benefits, enhanced protection, transitional provisions and provisions relating to certain lump sum payments under the Finance Act. Appendix 4 (Pension Sharing on divorce or dissolution of a civil partnership) sets out the provisions relating to pension sharing.
- 1.6 There are two Sections of the Scheme (a DB Section and a DC Section). The Rules regarding membership of a Section and contributions to and benefits under a Section are set out in separate Rules for the relevant Section. The general provisions applying to both Sections are set out in the Trust Deed and in the Appendices. The Scheme is a Registered Scheme. Active Members of the DB Section were in Contracted-out Employment until 30 June 2013. Active Members of the DC Section are not in Contracted-out Employment.

## **2. APPLICATION OF TRUST DEED AND RULES; TRUSTS OF SCHEME**

- 2.1 The Principal Employer with the consent of the Trustees declares that; except as mentioned below and subject to sub-clauses 2.2 and 2.3, this Trust Deed and the Rules take effect from and including 6 April 2015 and replace the Current Deed and Rules.
- 2.2 Each person who under the Scheme was on the day prior to the date of this Trust Deed:
  - (a) in receipt of a pension; or
  - (b) entitled to a pension, payment of which has not started; or
  - (c) contingently entitled to a pension or other benefit on the death of another person; or
  - (d) entitled or contingently entitled to a pension or other benefit by virtue of being the ex-Spouse of a Member who falls under paragraph (a) or (b) above,

is entitled under this Trust Deed and the Rules to a pension of the same amount, payable on the same terms, as the pension to which he is entitled under the Scheme on that day. Each of those persons is a Beneficiary for the purposes of this Trust Deed and the Rules. He is not a Member, except for the



purpose of clauses 7 (Trustees' powers – investment), 11 (Annuitisation and income drawdown), 18 (Payment of lump sums on the death of a Member), 31 (Alterations) and 32 (Termination), the Rules relating to a period of Contracted-out Employment, if applicable, Rule 5 (Application of Member's DC Section Account through the purchase of a Policy) of the DC Section, sub-Rules 18.5 and 18.6 (Voluntary Contributions) of the DB Section, paragraphs 9 to 14 of Appendix 3 (Finance Act – limits on benefits, enhanced protection, transitional provisions and flexibilities in taking lump sums) (provisions relating to certain lump sum payments) and Appendix 4 (Pension sharing on divorce or dissolution of a civil partnership) unless he is re-admitted to membership of the Scheme; in that event he is entitled to benefits on a basis decided by the Principal Employer with the agreement of the Trustees after taking actuarial advice. The Trustees hold the assets of the Scheme on the irrevocable trusts set out in, and must administer and manage the Scheme in accordance with, this Trust Deed and the Rules, which replace the current provisions of the Scheme.

- 2.3 Reference to a Spouse (however expressed) in this and any previous trust deed and rules of the Scheme includes a surviving same-sex spouse and Civil Partner and references to a guaranteed minimum pension or a reference Scheme pension payable to a surviving Spouse are modified to have the same effect as set out in Appendix 1 (Contracting-out).
- 2.4 The Principal Employer agrees to participate in the Scheme and to perform and observe the provisions of the Scheme which apply to it from time to time.
- 2.5 The Trustees are the administrator of the Scheme for the purposes of section 270 of the Finance Act. The Trustees must discharge the duties imposed on the administrator as referred to in that section.
- 2.6 The alterations made by this Trust Deed will take effect to the extent that section 67 of the Pensions Act 1995 would not otherwise invalidate them. If any alteration is invalidated under that section, the alterations will have effect in all other respects.
- 2.7 This Trust Deed may be executed in any number of counterparts, all of which taken together will constitute one and the same Trust Deed and any party may enter into this Trust Deed by executing a counterpart.

### **3. PRINCIPAL EMPLOYER**

- 3.1 A company may assume the position of the Principal Employer in succession to it, if it succeeds to the business, or a substantial part of the business, of the Principal Employer or is the holding company of the Principal Employer. This may happen only if the Trustees agree.
- 3.2 A change of Principal Employer:
  - (a) must be effected by a deed executed by the former Principal Employer (unless it has been wound up), the Trustees and the new Principal Employer in which the new Principal Employer agrees with the Trustees and the former Principal Employer to undertake and assume the liabilities, rights and position of the Principal Employer under this Trust Deed in succession to the former Principal Employer; and
  - (b) may take effect from the date of that deed or from an earlier or later date.

### **4. PARTICIPATION OF ASSOCIATED EMPLOYERS**

- 4.1 The Principal Employer may admit any company to participation in the Scheme or Section as an Associated Employer if the Trustees agree.

**4.2 Participation:**

- (a) must be effected by a deed by which the proposed Associated Employer agrees with the Trustees and the Principal Employer to perform and observe the provisions of the Scheme which apply to it from time to time as an Associated Employer;
- (b) may be on terms that some only of the provisions of the Scheme, or Section, or different provisions, apply to the Associated Employer or to the directors and Employees of the Associated Employer (or some of them); and
- (c) may take effect from the date of that deed or from an earlier or later date and may be for a definite or indefinite period.

**4.3 Participation in the Scheme must stop on an order being made or an effective resolution being passed for the winding up of the Associated Employer (except for the purpose of reconstruction or amalgamation). Participation in the Scheme or in a Section must stop:**

- (a) on the effective date of any notice given under sub-clause 4.7 by the Associated Employer terminating its liability to pay contributions to the Scheme or Section; or
- (b) on any date specified in the deed of participation in the Scheme, or Section, relating to the Associated Employer or on any date specified by the Principal Employer by written notice to the Associated Employer and the Trustees.

**4.4 If an Associated Employer stops participating in the DB Section:**

- (a) each Member of the DB Section in the Associated Employer's Employment who has deferred the start of his pension beyond Retirement Age or the earlier date he is entitled to the payment of a pension is treated as having retired on immediate pension on the relevant date and is entitled to benefits accordingly; and
- (b) every other Member of the DB Section in the Associated Employer's Employment is entitled to benefits on the basis that he retired from Employment before Retirement Age.

In this clause the relevant date means the date on which the Associated Employer stops participating, as decided by the Principal Employer.

**4.5 If an Associated Employer stops participating in the DC Section, each Active Member of the DC Section in the Associated Employer's Employment ceases Active Membership of the DC Section on the relevant date.**

**4.6 A company which is a European employer, within the meaning of Part 7 of the Pensions Act 2004, will not be permitted to participate in the Scheme or a Section unless the conditions set out in that Part are satisfied and the Trustees have given their consent to the participation. If a European Employer does participate in the Scheme or a Section in accordance with this clause, the Trustees will comply with the requirements of section 291 and, if applicable, section 292 of that Act.**

**4.7 An Employer may, at any time, by writing to the Trustees, terminate its liability to pay contributions to the Scheme or to any Section of the Scheme. Any notice of termination is without prejudice to any obligation of the Employer to pay contributions to the Scheme or Section in respect of any period before the effective date of the notice.**

## **5. SALARY SACRIFICE**

### *Sacrifice Members*

- 5.1 This clause applies from 1 January 2008 to any Member who is a Sacrifice Member. The benefits payable to or in respect of a Sacrifice Member under the Scheme will be determined in accordance with this Rule.
- 5.2 The Principal Employer may from time to time impose requirements relating to being a Sacrifice Member, including whether, and as from what dates, a Member may become or cease to be a Sacrifice Member and/or any period of notice a Member must give to the Employer to become or, where permitted, cease to be a Sacrifice Member. The Employer will notify the Trustees if a Member participates in or ceases to participate in a Sacrifice Arrangement.
- 5.3 If, as a consequence of participating in a Sacrifice Arrangement, a Sacrifice Member's Pay or Pensionable Earnings (as appropriate) are not the same as that which would have applied had he not participated in the Sacrifice Arrangement, benefits payable to or in respect of the Member are adjusted so as to match those benefits which would have been payable had the Member not participated in the Sacrifice Arrangement.
- 5.4 An Employer's liability to make contributions in respect of a Sacrifice Member ceases, in the case of clause 32 (Termination) of the Trust Deed, on termination of the Scheme or on the effective date in the case of sub-clause 32.1(a) of the Trust Deed.

### *Sacrifice Pension Contributions Members*

- 5.5 A Sacrifice Pension Contributions Member will not pay contributions to the Scheme in the manner described in Rule 3 of the DC Section (Contributions and costs) and Rule 5 of the DB Section (Members' contributions). The provisions of sub-Rule 3.1 of the DC Section allowing a Member to change the rate of his contributions will be treated as applying to the amount by which a Sacrifice Pension Contributions Member's Pay is reduced under the Sacrifice Arrangement.
- 5.6 The Trustees will credit to the Member's DC Section Account an amount equal to his Notional Contributions. The Employers must make such contributions to the Scheme as are necessary to enable the Trustees to make those credits. References in the DC Section to contributions or payments being credited to a Member's DC Section Account apply to Notional Contributions in the same manner as that in which they apply to other contributions made by an Employer in respect of a Member of the DC Section.
- 5.7 Any reference in the Rules to ceasing to be eligible to contribute means a Sacrifice Pension Contributions Member ceasing to be eligible for Notional Contributions to be made on his behalf.
- 5.8 A Sacrifice Pension Contributions Member who ceases to participate in the Sacrifice Arrangement will start to pay Contributions as an Active Member in accordance with the Rules unless he gives notice to cease his Active Membership under Rule 7 of the DC Section (Ceasing Active Membership) or Rule 10 of the DB Section (Ending Pensionable Employment) as required by that Rule.

## **6. SCHEME EXPENSES**

- 6.1 Unless the Principal Employer and the Trustees decide otherwise, all administration and management expenses of the Scheme (including winding up and investment) which an Employer does not meet are payable by the Trustees out of the assets of the Scheme. The Trustees have power

to reimburse an Employer out of the assets of the Scheme in respect of any expense of the Scheme which has been met by that Employer.

6.2 The Trustees may charge any proper cost against a Member's DC Section Account or a Member's AVC Account.

## 7. TRUSTEES' POWERS – INVESTMENT

7.1 In addition to all powers the law gives trustees, the Trustees may exercise any of the following powers in relation to the assets of the Scheme:

- (a) to deposit money with, or lend money to, any deposit-taking institution in any part of the world;
- (b) to retain any assets, for as long as they think fit;
- (c) to dispose of any assets or deal with them on any terms; and
- (d) either alone or in conjunction with others to acquire (whether immediately or in the future) assets of any nature, situated in any part of the world, whether or not producing income or involving liabilities or transferable by delivery or by other means.

7.2 The Trustees may enter into any kind of contract, and incur any kind of obligation, relating to the Scheme. This includes, but is not limited to, insurance contracts or policies, underwriting, stock lending, options, futures and forward contracts, contracts for differences and partnerships for the collective investment of funds. In connection with any obligation incurred in relation to the Scheme, the Trustees may grant a right of direct recourse to the assets of the Scheme.

7.3 The Trustees may enter into arrangements for the common investment on a pooled basis of assets of the Scheme with assets held on the trusts of another Registered Scheme. Those arrangements may confer on the managers of the assets any powers the Trustees may exercise in relation to the Scheme's assets and may include provisions in favour of those persons which have a similar effect as those in clauses 9 (Fund manager), 12 (Protection of Trustees and others) and 13 (Conflicts of interest).

7.4 The Trustees will make arrangements under which the value of a Member's DC Section Account or a Member's AVC Account (whether the Member's DC Section Account or Member's AVC Account is open or closed) is calculated by reference to investment methods and the value of the Funds selected and made available to Members by the Trustee from time to time.

7.5 Subject to sub-clause 7.10 below, when requested to do so by the Trustees, the Member must direct the Trustees as to which of the available Funds are to apply to his Member's DC Section Account or Member's AVC Account. The Trustees will allow a Member to change his direction from time to time. *The Member's direction (and any change in direction) must be in such form and given at such time as the Trustees from time to time notify to Members.* The right to give a direction will be subject to any conditions, restrictions or charges specified by the Trustees from time to time and notified to the Member. The Trustees must comply with a Member's investment direction properly given in accordance with this clause.

7.6 If a Member does not make an investment direction when requested to do so in accordance with sub-clause 7.5 within such time as the Trustees may allow, the Trustees will make the selection of the Fund or Funds to apply to his Member's DC Section Account or Member's AVC Account and may vary it from time to time without the Member's consent (in particular, but without limitation, as that

Member approaches Final Retirement Age). The Trustees' selection will be treated as having been directed by the Member.

- 7.7 The Trustees may at any time withdraw a Fund from the investments available to Members and/or change the investments comprised in a particular Fund without the Member's consent. The Trustees may at any time withdraw a Fund and transfer the proceeds and/or redirect Members' contributions being made to that Fund from the withdrawn Fund to another investment. If the Trustees do so, they may (but need not) request Members whose Members' DC Section Accounts or Members' AVC Accounts are affected to select another Fund or Funds from those then made available by the Trustees. If the Trustees do not request those Members to do this before the Trustees transfer the proceeds or redirect contributions of the Fund, the Trustees will notify them of the transfer and redirection and invite them to give new directions in accordance with sub-clause 7.5 in respect of their Members' DC Section Accounts or Members' AVC Accounts. If a Member does not give a new direction, he will be treated as having directed the Trustees to retain the Fund.
- 7.8 Notwithstanding any provision elsewhere in this clause 7, the Trustees do not have any duty to take account of a Member's individual circumstances, or to advise on or to keep under review any investment made by a particular Member in accordance with this clause or to consider whether or not any investment made by a Member should be realised or switched. In complying with a Member's direction, or acting in default of a direction, the Trustees have no liability to the Member or to any Beneficiary in relation to the Funds chosen or the value of any assets of the Scheme.
- 7.9 Notwithstanding the arrangements contemplated by this clause 7, a Member has no right to call for the underlying Scheme's investments and his rights are determined in accordance with the Rules.
- 7.10 If a Member is automatically enrolled into the Scheme in accordance with sub-Rule 2.2 of the DC Section, he may complete a form indicating his chosen investments or, if he chooses not to do so, the Trustees will apply such default investment option as the Trustees decide from time to time in respect of his Member's DC Section Account and this will be treated as having been elected by the Member.

## **8. TRUSTEES' POWERS – GENERAL**

- 8.1 In addition to all powers the law gives trustees, the Trustees may take any action or make any arrangements generally in connection with the administration or management of the Scheme which they think fit. In particular, they may exercise any of the following powers:
- (a) to deal with and manage any land or buildings in any way and on any terms (including repairing, improving or developing the land or buildings or erecting, altering, demolishing or maintaining any buildings on the land);
  - (b) to insure any asset against any risks and for any amounts;
  - (c) to give indemnities, warranties and undertakings binding on the assets of the Scheme including by giving security;
  - (d) to borrow money for the purpose of providing liquidity for the Scheme on a temporary basis, on any terms, including giving security;
  - (e) to obtain advice from, and engage the services of, or employ any person on any terms;
  - (f) to delegate, either generally or for any particular purpose, to any person any or all of the powers, discretions and duties of the Trustees on any terms;

- (g) to appoint any person as custodian of any assets of the Scheme on any terms including the holding of assets in a nominee's name; and
- (h) to insure the Trustees (including any employee, director or other officer of a corporate trustee, any member of any committee appointed by the directors of a corporate trustee and any employee of an Employer who is engaged in administering or managing the Scheme on behalf of the Trustees) against any liabilities incurred in connection with their trusteeship of the Scheme and to insure the assets of the Scheme against any losses arising from the administration and management of the Scheme.

8.2 The powers in sub-clauses 8.1(f) and (g) include power to authorise the delegate or custodian to exercise any of the powers contained in sub-clauses 8.1(f) and (g). A subdelegate or subcustodian so appointed may also be authorised itself to exercise those powers to give the same authority to its subdelegate or subcustodian and so on for any lower level of subdelegation or subcustodianship.

8.3 The exercise of every power or discretion and the making of every determination or decision by the Trustees in relation to the Scheme is at their absolute discretion, unless it is expressly restricted by the terms of this Trust Deed.

## 9. FUND MANAGER

9.1 Without prejudice to the generality of the other powers conferred on them, the Trustees may appoint any person to be a fund manager of all or part of the assets of the Scheme and, for that purpose, to exercise all or any of their powers and discretions. The Trustees must do this where it is obligatory under the Pensions Act 1995 and must comply with that Act in selecting a fund manager.

9.2 The terms on which any investment manager is appointed shall be decided by the Trustees. In particular, the Trustees may authorise the investment manager to act even though a conflict between the investment manager's interests and his duties to the Scheme might arise (including the purchase of assets from the Scheme and the sale of assets to the Scheme), to retain any benefit received through acting as investment manager, to deal for the account of the Scheme without being obliged to secure the best terms available and to delegate any of its powers and appoint an agent (including power to authorise a delegate or agent to appoint a subdelegate or sub-agent and so on for any lower level of subdelegation or subagency).

## 10. TRANSFERS

10.1 In this clause:

- (a) a right to a Cash Equivalent means the right set out in Chapter 1 of Part 4ZA of the Pension Schemes Act 1993; and
- (b) a right to a Cash Transfer Sum means the right set out in Chapter 2 of Part 4ZA of that Act.

### Individual transfers

10.2 A Member who has a right to a Cash Equivalent or a Cash Transfer Sum may exercise that right as permitted by the relevant legislation. A transfer payment to a pension scheme must be a recognised transfer within the meaning of section 169 of the Finance Act. If the Member chooses the purchase of a Policy, this must be such as is treated as a recognised transfer for the purpose of that section. If the Member exercises his right as so permitted, the Trustees must do what is needed to carry out what the Member requires, if the receiving scheme or insurer agrees to accept the transfer.

10.3 The amount of a Cash Equivalent and Cash Transfer Sum will be decided by the Trustees in accordance with the relevant legislation. It will be verified and certified in accordance with that legislation. With the Principal Employer's consent the Trustees may increase the amount of a Cash Equivalent or Cash Transfer Sum.

**Other transfers**

10.3A If a Beneficiary has no right to a Cash Equivalent or a Cash Transfer Sum (or if he has a right but has not exercised it):

- (a) the Trustees may make a transfer payment in respect of him to another pension scheme provided that this is a recognised transfer (as referred to in sub-clause 10.2) or to a Policy, which is such as is treated as such a recognised transfer;
- (b) the receiving scheme or Policy will be chosen by the Beneficiary and he must provide a discharge to the Trustees in a form required by them; and
- (c) a transfer in respect of a Beneficiary under this sub-clause may, if the Trustees and the Principal Employer agree, be a transfer relating to all the defined benefits the Member is entitled to from the DB Section, the whole or part of the Member's DC Section Account and/or to the whole or part of the Member's AVC Account; in that case the Trustees and the Principal Employer will also decide the terms of the transfer including its effect on the Beneficiary's rights remaining in the Scheme.

A transfer payment under this sub-clause will be calculated on a basis decided by the Trustees with the Principal Employer's consent.

**Bulk Transfers**

10.4 If some (but not all) Beneficiaries become entitled at the same time to rights under another pension scheme in which an Employer (or a successor to the whole or part of the undertaking of an Employer) participates:

- (a) at the request of the Principal Employer the Trustees may, after consulting the Actuary, make a recognised transfer (within the meaning of section 169 of the Finance Act) in respect of all or some of the Beneficiaries concerned as a group;
- (b) the transfer payment will be calculated in a manner decided by the Trustees after taking actuarial advice; and
- (c) the transfer payment may not be made until its amount has been approved by the Principal Employer, unless it is no greater than the aggregate of the Cash Equivalents and Cash Transfer Sums in respect of the group of Beneficiaries under sub-clause 10.2.

10.5 This sub-clause applies if all the Beneficiaries become entitled at the same time to rights under one or more pension schemes in which an Employer (or a successor to the whole or part of the undertaking of an Employer) participates. In this case, the Trustees may, at the request of the Principal Employer, make a transfer payment to one or more schemes of the whole of the assets of the Scheme if the transfer would be a recognised transfer within the meaning of section 169 of the Finance Act (except, if the Trustees decide, an amount in respect of any costs, expenses or other payments due from the Scheme). If a transfer payment is made to more than one scheme, assets of the Scheme will be apportioned between the other schemes as the Trustees decide after consulting the Actuary but subject to the consent of the Principal Employer.

## **Transfers In**

- 10.6 The Trustees may accept a transfer payment relating to a person who is or is to become a Beneficiary from another Registered Scheme or a Policy.
- 10.7 The Trustees must provide, for and in respect of a person for whom they have accepted a transfer payment, benefits which they decide. Where benefits are to be provided under the DB Section, the Trustees must take actuarial advice. They must inform the Beneficiary, in writing, accordingly.

## **General**

- 10.8 The Trustees must comply with the legislation relating to preservation of benefits and contracting-out in relation to any transfer payment made by them.
- 10.9 The Trustees must give the trustee or other administrator of the receiving scheme, or insurer, any information reasonably required in connection with the transfer or Policy purchase.
- 10.10 As an alternative to providing benefits from the Scheme for any Beneficiary, the Trustees may apply an amount in taking out a Policy for the Beneficiary concerned, or transfer to the Beneficiary the benefit of any Policy. Before doing so, the Trustees must obtain the written agreement of the beneficiary, except where that is not required under the Pension Schemes Act 1993. The amount to be applied or the value of the Policy to be transferred must be calculated on a basis consistent with the calculation of a Cash Equivalent. The Trustees must be reasonably satisfied, on the date the Policy is taken out or transferred, that the premium paid or the Policy's value (as the case may be) is at least equal to the value of the benefits which have accrued to or in respect of that person under the Scheme, taking into account the preservation, revaluation and contracting-out requirements of the Pension Schemes Act 1993.
- 10.11 Where a Policy is taken out, clause 11 (Annuitisation and income drawdown) will apply (except where the written agreement of the Beneficiary is not required).
- 10.12 After making a transfer payment (or partial transfer payment), the Trustees are discharged from all liabilities to and in respect of the Beneficiary to which the transfer (or partial transfer) relates. This discharge is in addition to and without prejudice to any other discharge given to the Trustees.

## **11. ANNUITISATION AND INCOME DRAWDOWN**

- 11.1 Where this clause applies the Trustees will request the Member to direct the Trustees in writing as regards the provider of the Policy and such benefits and other provisions of the Policy as the Trustees may request the Member to select. In respect of an annuity contract, the provisions which may be offered by the Trustees may include any of the following and any others as selected by the Trustees:
- (a) pension increases;
  - (b) pensions payable to a surviving Spouse or Civil Partner or one or more Dependants on the Member's death;
  - (c) a guarantee that the pension is paid for a minimum period or a provision for a defined benefits lump sum death benefit; or
  - (d) the frequency of payment of instalments.



- 11.2. If the Member fails within a reasonable time, as decided by the Trustees, to give the direction referred to in sub-clause 11.1, then the Trustees will apply the Member's DC Section Account or Member's AVC Account (or the applicable part of it) in the purchase of a Policy providing such benefits for the Member and/or any surviving Spouse or Civil Partner or Dependant and containing such Policy provisions as the Trustees decide. The Trustees' decision will be treated as having been directed by the Member.
- 11.3. The Trustees can change a direction made by a Member under sub-clause 11.1 to the extent necessary to enable a Policy to be purchased. The Trustees will inform the Member of the change and may allow him to make another choice of benefits or provisions acceptable to the Trustees.
- 11.4. The following apply to any Policy purchased under this clause 11:
- (a) the Policy may provide benefits of specific or non-specific amounts which may differ in form, amount or payment terms from those payable from or applicable under the Scheme;
  - (b) if applicable, the Policy will be issued to the Beneficiary in his name by the insurer (unless the Trustees otherwise decide);
  - (c) the Policy may be issued on a commission paying basis; and
  - (d) instead of purchasing a Policy, the Trustees may transfer to the relevant Beneficiary the benefit of any Policy and references in the Rules to purchasing a Policy will be read accordingly.
- 11.5. After purchasing a Policy under this clause 11 the Trustees are discharged from all liabilities to and in respect of the Member or Beneficiary concerned to which the transfer or Policy relates. This discharge is in addition to and without prejudice to any other discharge given to the Trustees. This discharge extends to any liability relating to the selection of the Policy and any of its terms (whether selected by the Member or the Trustees) and the provision of benefits which are to be paid to or in respect of the Member from the Policy (including, without limitation, the effect on benefits of any commission or expenses paid).

## 12. PROTECTION OF TRUSTEES AND OTHERS

- 12.1. Subject to the restriction in the next sentence, this clause applies to the Trustees, to any employee, director or other officer of a corporate trustee, to any member of any committee appointed by the directors of a corporate trustee and to any employee of an Employer who is engaged in administering or managing the Scheme on behalf of the Trustees. This clause does not, however, apply to any person acting as a trustee or a director or other officer of a corporate trustee in the course of a business of providing services in relation to pension schemes, except to the extent the Principal Employer agrees in writing. This clause does not apply to the extent that it would be inconsistent with the Pension Schemes Act 1993, the Pensions Act 1995, the Welfare Reform and Pensions Act 1999 or the Companies Act 2006.
- 12.2. No person to whom this clause applies is liable for any act or omission except a personal act or omission which he knows is a breach of duty or about which he is reckless whether or not it is a breach of duty.
- 12.3. Each person to whom this clause applies shall be indemnified out of the assets of the Scheme against any actions, proceedings, claims, costs and liabilities of any nature arising out of the management or administration of the Scheme. This indemnity does not apply to the extent that the matter is covered by insurance or to anything resulting from a personal act or omission which he knows is a breach of duty or about which he is reckless whether or not it is a breach of duty.

12.4 This clause does not reduce any protections or indemnities given by law to a person to whom this clause applies. It is, however, subject to the terms of any agreement entered into by a person to whom this clause applies relating to the performance by him of his duties.

12.5 This clause continues to operate notwithstanding the termination of the Scheme.

### 13. CONFLICTS OF INTEREST

13.1 This clause applies to the Trustees, to any employee of the Trustees, director or other officer of a corporate trustee, to any member of any committee appointed by the directors of a corporate trustee and to any employee of an Employer who is engaged in administering or managing the Scheme on behalf of the Trustees, to any person engaged to do any act in connection with the Scheme and to any person to whom any of the powers, discretions or duties of the Trustees have been delegated. This clause does not restrict section 39 of the Pensions Act 1995.

13.2 No exercise of a power or discretion or discharge of a duty by a person to whom this clause applies is invalid on the ground that he is a Beneficiary or has any other interest in the subject matter, if all the Trustees are aware of the interest.

13.3 A person to whom this sub-clause applies may retain for himself any benefit which he derived from his connection with the Scheme, if the Trustees are aware of the benefit.

13.4 In the case of a person who is remunerated for anything done in connection with the Scheme but is not an Employer, sub-clauses 13.2 and 13.3 apply only to the extent provided by any agreement entered into by that person relating to the performance of his duties in connection with the Scheme.

13.5 In exercising their powers under the Scheme, the Trustees may deal with (and in particular may employ, engage the services of or delegate to) any Employer, who is not liable to account for any profit or other benefit.

13.6 A person to whom this clause applies who is an employee, director or other officer of an Employer is not required to disclose to the Trustees any information in relation to which he owes a duty to any of the Employers or to any other person not to disclose that information, or not to disclose it without permission. Any rule of law which may require such disclosure is disapplied accordingly. This sub-clause does not restrict any statutory duty of the Employers to disclose information to the Trustees.

13.7 In this clause "delegation" includes a subdelegation by a delegate or subdelegate of the Trustees (at whatever level of subdelegation) under a power to subdelegate validly granted.

13.8 This clause continues to operate notwithstanding the termination of the Scheme.

### 14. TRUSTEES' PROCEEDINGS

The Trustees' duties and powers are exercisable either by resolutions of the directors of the Trustees, of any committee (which need not include directors) which the directors have appointed either generally or for any particular purpose, or through any duly authorised officer appointed for any general or particular purpose by the directors.

### 15. TRUSTEES' REMUNERATION

Any individual Trustee or director of a corporate trustee who is not an employee of an Employer may be paid from the assets of the Scheme any fees which are agreed from time to time with the Principal Employer. In addition, any firm of which a Trustee or director is a partner, and any

corporation in which he is in any way interested, is entitled to be paid all proper charges for business transacted, time spent and acts done in connection with the Scheme.

## **16. APPOINTMENT AND REMOVAL OF TRUSTEES**

- 16.1 The Principal Employer may by deed appoint a new trustee of the Scheme in place of the Trustee for the time being, whose trusteeship shall be terminated by the deed.
- 16.2 The Trustees shall put in place arrangements in compliance with sections 241 and 242 of the Pensions Act 2004 (appointment of member-nominated trustees/directors).
- 16.3 An outgoing trustee must promptly execute any deeds and other documents required to transfer the assets of the Scheme to the Trustees for the time being.

## **17. BENEFIT INCREASES AND DISCRETIONARY PENSIONS**

At the request of the Principal Employer, but subject to payment of any contributions the Trustees require (after taking actuarial advice), the Trustees may:

- (a) increase any of the benefits under the Scheme; and/or
- (b) provide a benefit for or in respect of any current or former employee of an Employer or of an Employer's predecessor in business.

## **18. PAYMENT OF LUMP SUMS ON THE DEATH OF A MEMBER**

- 18.1 The Trustees must distribute any lump sum payable under Rule 10 of the DC Section (Death of an Active Member, Special Life Cover Member or Life Cover Member) or Rule 12 of the DB Section (Death of Member – lump sum) (as appropriate) in accordance with this clause within two years of receiving notification of the Member's death, or within two years of the time when the Trustees should reasonably have become aware of the Member's death if earlier, among the Member's Lump Sum Beneficiaries, and his personal representatives, in such shares as the Trustees decide. In exercising this power, the Trustees need not take steps to identify every person who is a Lump Sum Beneficiary.
- 18.2 In distributing any lump sum benefit payable in accordance with this clause, the Trustees may pay it to, or apply it for the benefit of, all or any one or more of the Lump Sum Beneficiaries of a Member, or to his personal representatives, in shares the Trustees decide.
- 18.3 The Trustees may, in exercise of the power contained in sub-clause 18.2, pay or transfer the lump sum benefit (or any part of it) to Trustees (including for this purpose themselves) to be held on trust (including discretionary trusts) for any one or more of the Lump Sum Beneficiaries of the Member (whether or not for other persons also). The Trustees may confer on those trustees any powers and discretions (including power to charge remuneration) the Trustees think fit.
- 18.4 The Trustees have the power to apply the whole or any part of the lump sum benefit in the purchase of pensions for any one or more of the Lump Sum Beneficiaries of the Member.
- 18.5 A Member may, by notice to the Trustees in the form they prescribe, notify the Trustees of the persons in whose favour he wishes the scope of the Trustees' powers under this clause to be exercised. A notice may be withdrawn (whether or not another is submitted) at any time. A notice neither binds the Trustees nor fetters them in any way in the exercise of their powers under this clause, but may be taken into account by them.

18.6 If all or any part of the lump sum has not been distributed under this clause by the last time for distribution referred to in sub-clause 18.1, the amount not distributed will be retained in the Scheme for such purposes as the Trustees decide and no benefit will be payable under this clause.

## 19. BENEFITS – DEDUCTION OF TAX, OVERPAID, AND UNCLAIMED

19.1 The Trustees may reduce any payment from, or the value of any benefit provided by, the Scheme by the amount of any tax, duty or other fiscal imposition in respect of any amount for which they are liable relating to the Beneficiary concerned.

19.2 If any amount paid to a Beneficiary exceeds his entitlement, the Trustees may deduct the amount overpaid from any future payments due to that Beneficiary or to any other person who derives his entitlement to benefit through that Beneficiary. Alternatively, the Trustees may at any time recover the amount overpaid from the person to whom it was paid. No deduction may be made from any guaranteed minimum pension.

19.3 Unless the Trustees decide otherwise, any benefit or instalment of a benefit payable under the Scheme is forfeited if it is not claimed within six years after first becoming payable or after the later date on which notice of entitlement is given to the Beneficiary concerned.

19.4 If the Crown, the Duchy of Lancaster, the Duchy of Cornwall or any foreign country or state (or an agency or other authority of it) is entitled directly or indirectly to the whole of a deceased's estate and, but for this sub-clause, a benefit under the Scheme would be payable to the estate, that benefit (except any guaranteed minimum pension) is forfeited.

## 20. ANNUAL ALLOWANCE CHARGE: SCHEME PAYS FACILITY

20.1 If a Member incurs an annual allowance charge (within the meaning of section 227 of the Finance Act) notwithstanding the provisions of Appendix 3 (Finance Act – limits on benefits, enhanced protection, transitional provisions and flexibilities in taking lump sums) and the Trustees become jointly liable to pay the charge (following receipt of a notice under section 237B(3) of the Finance Act or otherwise), the Trustees must:

(a) pay the annual allowance charge by the due date in accordance with arrangements prescribed by HMRC; and

(b) make a corresponding adjustment to the Member's benefits under the Scheme.

20.2 For this purpose the Trustees may take such steps as they consider appropriate after consulting the Principal Employer provided that the adjustment is just and reasonable having regard to normal actuarial practice as advised to the Trustees by the Actuary.

20.3 In discharging the powers in this clause, the Trustees and Principal Employer may rely on any information provided by the Member (or his personal representatives). If the Member becomes liable to pay any charge or penalty in connection with an annual allowance charge for which the Trustees have become jointly liable (including an Unauthorised Payments charge), neither the Trustees nor the Principal Employer are liable to pay the charge or penalty if either has relied in good faith on such information provided.

## 21. DEBTS OWED TO AN EMPLOYER

21.1 If a Beneficiary owes any amount to the Trustees, the Principal Employer may require the Trustees either to deduct the amount from any benefit payable to or in respect of him or, after taking actuarial advice, to reduce the value of the benefit to take account of the amount owed.

21.2 If the Trustees are satisfied that a Member owes money to an Employer as a result of his criminal, negligent or fraudulent act or omission, the Principal Employer may require the benefits for or in respect of the Member to be reduced, the value of the reduction being the amount owed. The reduction will be applied in a manner decided by the Trustees, after taking actuarial advice. The Trustees must give the Member a certificate showing the amount he owes to the Employer and the reduction in his benefits. If the Member disputes the amount owed to the Employer, the Trustees must not reduce his benefits until the amount has become enforceable under a court order or arbitrator's award. If a Member's benefits are reduced, the Trustees must pay to the Employer the amount owed or, if less, the value of the Member's benefits, if so required by the Principal Employer.

21.3 The powers contained in this clause must not be exercised to:

- (a) reduce any benefit below any applicable guaranteed minimum; or
- (b) reduce any benefit derived from a transfer to the Scheme (unless permitted by law).

## **22. BENEFITS NOT TO BE ASSIGNED**

22.1 Except for the exercise of any option or the making of any election under the Rules or the making of a pensions sharing order, a Beneficiary must not in any way assign or charge the whole or part of his benefits under the Scheme. If he does this his benefits are forfeited with effect from the relevant event or the time his benefits become payable if later.

22.2 The Trustees may apply all or part of the forfeited benefits for the benefit of the Beneficiary and/or any of his Dependants (except any assignee) in the proportions and manner they decide.

22.3 This clause does not apply to a Beneficiary's guaranteed minimum pension, which by statute is incapable of being transferred, and is subject to sections 91 and 92 of the Pensions Act 1995.

## **23. PAYMENT WITHOUT PROBATE**

If a Beneficiary dies before a monthly instalment of pension is due but after the event which gives rise to the payment of the pension, the sum payable to the estate of the deceased may be paid by the Trustees to the Spouse, or any Dependants, of the deceased or to any person entitled to any benefit from the deceased's estate, even though the recipient may not have been granted representation to the estate at the time of payment. A receipt given by the person to whom payment is made is as effective as if it had been given by the legal personal representatives of the deceased.

## **24. LIMITATION OF CLAIMS**

No person has any claim, right or interest under or in respect of the Scheme except under or in accordance with the provisions of this Trust Deed.

## **25. MINORS AND INCAPACITATED BENEFICIARIES**

25.1 If a Beneficiary is a minor or in the Trustees' opinion is suffering from any mental or physical incapacity making him unable to manage his affairs, the Trustees may pay all or part of his benefit either to any other person for the benefit of the Beneficiary or to any of his Dependants. They may do this at the time the benefit is payable, or later. The receipt of the person to whom the benefit is paid is a complete discharge for the amount paid and the Trustees do not have any further responsibility in relation to it. If a Beneficiary is a minor, the Trustees may pay any benefit to him if they think this appropriate. Subject to sub-clause 25.2, any amount still retained by the Trustees on the death of the Beneficiary is payable to his estate. This sub-clause does not apply to any guaranteed minimum pension.

- 25.2 If a Beneficiary is entitled to the immediate payment of a guaranteed minimum pension, it must be paid to him, except in the following two cases:
- (a) if he is in the Trustees' opinion unable to act by reason of mental disorder or otherwise, the Trustees may suspend payment of the guaranteed minimum pension. In that event they may pay or apply sums equivalent to the suspended guaranteed minimum pension (equivalent sums) for the maintenance of the Beneficiary and/or his Dependants. If equivalent sums are not paid or applied they must be held for the Beneficiary until he is again able to act or be paid to his legal personal representatives if he dies first; and/or
  - (b) if he is imprisoned or detained in legal custody, the Trustees may suspend payment of the *guaranteed minimum pension*. In that event they must pay or apply equivalent sums for the maintenance of such one or more of the Beneficiary's Dependants as they decide.
- 25.3 If equivalent sums are paid or applied or held, there is no entitlement to payment of the guaranteed minimum pension for the period to which the equivalent sums relate.

## 26. EVIDENCE AND INFORMATION

- 26.1 A Beneficiary must produce any evidence and information required by the Trustees. The Trustees may rely on any evidence or information produced by a Beneficiary to an Employer instead of obtaining it directly. Payment of any benefit under this Trust Deed to a Beneficiary may be deferred by the Trustees until the evidence or information required is produced.
- 26.2 If any evidence or information produced by a Beneficiary is incorrect, the benefits for and in respect of him may be amended to the extent the Trustees think appropriate after taking actuarial advice but no benefit may be reduced below any applicable guaranteed minimum.
- 26.3 The Trustees are entitled to rely on any information received from the Principal Employer concerning whether a person is eligible for membership in the Scheme, whether a person is in full or Part-time Employment, a person's normal hours of work and any full-time equivalent, the amount or nature of any person's earnings, the calculation of any period of Employment or the reason why a Member's Employment ends or why he is no longer eligible for continued membership of the Scheme.

## 27. COMMUNICATIONS

References to notification and any other communication (including the provision of a document) mean a written one. If so decided by the Trustees in respect of any communication or category of communication, a communication will be treated as written if it is (or is sent by way of) an electronic communication unless not allowed by legislation.

## 28. ACTUARIAL INVESTIGATIONS

- 28.1 The Trustees must appoint an individual as actuary to the Scheme as required by the Pensions Act 1995. An appointment may be revoked at any time and a new appointment made. Any requirement on the Trustees to take actuarial advice is construed as a requirement to consult an actuary (who may, but need not, be the actuary to the Scheme) or a firm of actuaries or a corporate body making available the advice of an actuary.
- 28.2 The Trustees must obtain the actuarial valuations and certificates required under the Pensions Act 2004 at the required intervals or more frequently if they decide. All necessary accounts and information must be supplied by the Trustees and the Employers for this purpose.

## **29. AUDITOR, ACCOUNTS AND RECORDS**

- 29.1 The Trustees must appoint as auditor a person or firm eligible for appointment as an auditor of an occupational pension scheme under the Pensions Act 1995.
- 29.2 The Trustees must keep books and records relating to their meetings, the Beneficiaries and the Scheme's financial transactions as required by the Pensions Act 1995.
- 29.3 The Trustees must within seven months after 31 March in each year obtain audited accounts for the period ending on that date and an auditor's statement, as required by the Pensions Act 1995. The Trustees and the Employers must give the auditor information for this purpose, as required by the Pensions Act 1995. The Trustees may from time to time change the Scheme's accounting date.

## **30. PENSION INPUT PERIOD**

- 30.1 The nominated date for the purpose of the Scheme's pension input period under section 238 of the Finance Act is 31 March each year.
- 30.2 The Trustees may decide not to accept further voluntary contributions in respect of any Member if the Member has nominated a pension input period under section 238 of the Finance Act which differs from the pension input period nominated by the Trustees and has failed, after being requested to do so by the Trustees, to withdraw the nomination.
- 30.3 The Trustees may take such action as they consider appropriate to ensure that the total pension input amount of a Member does not exceed the annual allowance for any purpose consequential to calculating the total pension input amount (those expressions have the meanings given by the Finance Act).

## **31. ALTERATIONS**

- 31.1 Subject to section 67 of the Pensions Act 1995 and sub-clause 31.2, the Principal Employer may from time to time with the consent of the Trustees alter or replace this Trust Deed and the Rules.
- 31.2 No alteration or replacement shall be made under sub-clause 31.1 above if it would:
- (a) have the effect of reducing the amount or duration of any pension currently or prospectively payable as at the date on which the deed of alteration or replacement is executed to or in respect of a Member who is no longer in Pensionable Employment; or
  - (b) have the effect of reducing the amount or duration of the prospective pension payable to and in respect of a Member at the date on which the deed of alteration or replacement is executed below the amount or duration of the pension payable to and in respect of him had his Pensionable Employment terminated immediately before that date; or
  - (c) result in any refund to the Principal Employer prior to the winding up of the Scheme.
- 31.3 An alteration or replacement must be made by a deed executed by the Principal Employer and the Trustees and, subject to sub-clause 31.2 above, may have retrospective effect. An alteration or replacement may be made even after termination of the Scheme.

**32. TERMINATION**

**32.1 The Scheme will terminate:**

- (a) on the effective date of any termination by the Principal Employer of its liability to contribute to the Scheme; or
- (b) on the date on which an order is made against the Principal Employer, or it passes an effective resolution, for its winding up, unless a new Principal Employer has succeeded within three months.

**32.2 A Section of the Scheme will terminate on the effective date of any termination by the Principal Employer of its liability to contribute to the Scheme in respect of that Section.**

**32.3 On the termination of the Scheme, or of a Section of it, no further contributions become payable to the Scheme or to the Section concerned, and no person may become a Member of the Scheme, or of the Section concerned. Each Member of the DB Section who is in Pensionable Employment is treated as leaving Pensionable Employment (except that he is treated as entitled to a deferred pension, whether or not he is a Qualified Member), and the Active Membership of each Member of the DC Section will cease. Each Special Deferred Member will be deemed to have left Employment as at the date of termination of the Scheme or of a Section of it. The Trustees will continue to administer and manage the Scheme, or the Section concerned, in accordance with this Trust Deed and the Rules. At any time after the Scheme terminates, the Trustees may decide to wind it up. Subject to the power conferred on the Trustees by section 38 of the Pensions Act 1995, they must wind the Scheme up if so directed by the Principal Employer (as long as the direction is given before an order has been made against the Principal Employer, or it has passed a resolution, for its winding up).**

**32.4 If the Scheme winds up, the Trustees must identify the assets (the DC Assets) representing the value of any rights in respect of money purchase benefits as referred to in section 73(10) of the Pensions Act 1995. The DC Assets include the Employers' Account of the DC Section but only to the extent that the Employers' Account is required to meet any purpose referred to in Rule 6 of the DC Section (Employers' Account). The Trustees must discharge the costs and liabilities of the Scheme attributable to money purchase benefits (as referred to in section 73(10) of the Pensions Act 1995) by application of the DC Assets.**

**32.5 If the Scheme winds up, the Trustees must pay from the Scheme:**

- (a) all expenses and liabilities incurred in administration and management of the Scheme or in connection with its termination or winding up; and
- (b) any unpaid benefit which became due before the winding up began.

After paying (or reserving for) the items in (a) and (b), the Trustees must apply the remainder of the Scheme's assets, excluding the DC Assets, towards satisfying its liabilities in accordance with section 73 of the Pensions Act 1995. The Trustees must deal with any assets and liabilities attributable to money purchase benefits as required by that section.

**32.6 If any assets of the Scheme remain after the Trustees have satisfied the Scheme's liabilities under the Pensions Act 1995, the Trustees may use all or part of them in one or more of the following ways:**

- (a) to increase a benefit provided for or in respect of any beneficiary;
- (b) to provide a different benefit for or in respect of any beneficiary; and/or



(c) to provide a benefit for or in respect of any person whose benefits have been forfeited.

32.7 Any assets of the Scheme which ultimately remain must, subject to compliance with the Pensions Act 1995, be paid (less tax) to the Employers participating in the Scheme on the termination date, in proportions the Trustees decide.

32.8 In satisfying the Scheme's liabilities on winding up, the Trustees are entitled to assume that no person will become married or divorced or be born after a date (which must not be earlier than the beginning of the winding up) selected by them. This does not apply in relation to a guaranteed minimum pension.

32.9 The Scheme's liabilities may be satisfied by the Trustees in any one or more of the following ways:

(a) making transfer payments in accordance with the Rules for which no request or approval of any Employer is required;

(b) purchasing insurance policies or annuity contracts provided by an insurance company as defined in the Finance Act;

(c) paying lump sums which are winding up lump sums or winding up lump sum death benefits within the meaning of sections 166 and 168 of the Finance Act; and/or

(d) in another way permitted under the Pensions Act 1995.

32.10 If the Trustees satisfy any liability under sub-clause 32.9(b), they must try to purchase policies or annuities providing benefits on the same terms as under this Trust Deed and the Rules. However if the Trustees consider it to be in the interests of the Beneficiaries as a whole, the policies or annuities may be for different amounts or on different terms.

**SIGNATORIES**

**IN WITNESS** of which this Trust Deed has been executed and delivered on the date which appears first on page one.

**EXECUTED** as a deed by  
**LIVERPOOL VICTORIA FRIENDLY SOCIETY LIMITED**  
acting by

.....  
Director

and

.....  
Secretary/Director

**EXECUTED** as a deed by  
**THE LV= PENSION TRUSTEE LIMITED**  
acting by

.....  
Director

and

.....  
Secretary/Director

**THE RULES**

- of the DB Section of the -

**LV= EMPLOYEE PENSION SCHEME**

**ALLEN & OVERY**  
Allen & Overy LLP

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## 1. INTERPRETATION AND DEFINITIONS

### 1.1 Supplement to the Trust Deed

These Rules supplement the Trust Deed and words defined in the Trust Deed have the same meanings in the DB Section.

### 1.2 Additional DB Section defined terms

In the DB Section:

**Final Pensionable Earnings** are calculated as at the date a Member's Pensionable Employment ends. They are the greater of his Pensionable Earnings in any 12 month period ending on 31 March within the period of five years ending at that date and whichever of the following applies:

- (a) in the case of Members with variable Pensionable Earnings (other than Frizzell Members), Pensionable Earnings for the last 12 complete months before that date; or
- (b) in the case of Members with non-variable Pensionable Earnings (other than Frizzell Members), Pensionable Earnings for the last 365 days before that date; or
- (c) in the case of Frizzell Members:
  - (i) basic annual salary (excluding any cost of living allowance, but including, where appropriate, other allowances as defined by the Principal Employer) as at the previous 1 April, in respect of that part of the Member's pension which is attributable to Pensionable Employment before 6 April 1997; and
  - (ii) Pensionable Earnings for the last 365 days prior to the date when Pensionable Employment ends, in respect of that part of the Member's pension which is attributable to Pensionable Employment after 5 April 1997.

If when his Pensionable Employment ends a Member has been in Employment for less than 12 months, his Final Pensionable Earnings are the annual equivalent of his Pensionable Earnings from his Employer over the period of his Employment.

**Lump Sum Death Benefit** means the benefit under sub-Rule 12.1(b) applicable to a Member.

**Member** means a person who has been admitted to membership of the DB Section of the Scheme.

**Member's AVC Account** means, for the purposes of the DB Section, an account maintained in accordance with sub-Rule 18.3 and, where the context requires, the amount standing to the credit of that account.

**Pensionable Earnings** means, in respect of a Member, his earnings from his Employment excluding, unless the Principal Employer decides otherwise, bonuses, commission, overtime, expenses, shift allowances, benefits in kind, vouchers for goods or services, any earnings received from a subsidiary of the Principal Employer, any payment made to a Member in lieu of a period of notice he would otherwise serve or in lieu of holiday and any other earnings notified by the Principal Employer to the Member concerned as non-pensionable. An Employer may establish arrangements under which a Member may choose to reduce his earnings and receive instead a benefit in a different form, on terms that the reduction in earnings is to be treated as pensionable. If an Employer establishes arrangements of this type, the Pensionable Earnings of a Member who participates in the

arrangements are deemed to be what they would have been if the Member had not participated in the arrangements.

**Pensionable Employment** means a Member's last or only period of membership of the DB Section of the Scheme. In the case of a Member who was in pensionable service under the Predecessor Scheme on 31 August 1994, it is increased by his period of pensionable service under the Predecessor Scheme. In the case of a Member who is a Frizzell Member, it is increased by his period of service under the Frizzell Scheme, including any period of service under the SMA Scheme where that period of service has been transferred to the Scheme.

If there has been a break in membership of a period up to and including six months, the Member's Pensionable Employment will be increased by his previous period of membership, unless a transfer payment has been made in respect of that period. If the break in membership exceeds six months, the previous period of membership may, if the Principal Employer decides, count towards his Pensionable Employment. In either case, the Member will not be entitled to any other benefits in respect of that previous period.

A Member's Pensionable Employment ends at the earliest of 30 June 2013, his death, his 75th birthday and the end date specified in sub-Rule 10.1. It is counted in years and complete months, each month being 1/12th of a year.

**Scale Pension** means 1/60th of a Member's Final Pensionable Earnings multiplied by the period of his Pensionable Employment. A Member's Scale Pension may be calculated by reference to two different retirement ages. Where this is the case, the Member's Scale Pension shall be calculated in two tranches. The first tranche is referable to a Member's Pensionable Employment on and before 31 August 2010 and shall be calculated by reference to the Retirement Age which applied to the Member on and before 31 August 2010. The second tranche is referable to a Member's Pensionable Employment on and after 1 September 2010 and shall be calculated by reference to the Retirement Age which applied to the Member on and after 1 September 2010. Frizzell Members with more favourable accrual rates will continue to receive those higher rates in calculating their Scale Pension (see Appendix 2 (Accrual rates for Frizzell Members)).

For this purpose:

- (a) any period of the Member's Pensionable Employment which is Part-time Employment is multiplied by PT/FT; and
- (b) if any earnings to be taken into account in calculating Final Pensionable Earnings are earned while the Member is in Part-time Employment, they are multiplied by FT/PT,

where:

PT = the number of hours the Member is required to work under his contract of employment in each week during the period of his Part-time Employment; and

FT = the number of hours in the standard full-time working week as determined for the Member by the Principal Employer.

If the ratio PT:FT changes during Pensionable Employment, a separate calculation must be made under (a) above in respect of the period of Pensionable Employment before and after the change.

If the ratio PT:FT changes during the period over which earnings are taken into account in calculating Final Pensionable Earnings, a separate calculation must be made under (b) above in respect of the relevant period before and after the change in order to calculate the full-time equivalent of the Member's Final Pensionable Earnings.

**Special Deferred Member** has the meaning given in sub-Rule 2.2.

**Trust Deed** means the definitive trust deed of the Scheme.

## **2. MEMBERSHIP OF THE DB SECTION**

2.1 The DB Section was closed to new Members on 31 December 2009. Where a person ceases Pensionable Employment under Rule 10 (Ending Pensionable Employment), that person will not be eligible to rejoin the DB Section at a later date.

2.2 The DB Section is closed to future accrual with effect from 30 June 2013. Any Member who is in Pensionable Employment immediately before that date shall cease to be in Pensionable Employment on 30 June 2013 and shall be entitled to a deferred pension under sub-Rule 10.6 (a Special Deferred Member).

## **3. MATERNITY AND OTHER TYPES OF FAMILY LEAVE**

3.1 Subject to sub-Rule 2.2 above, if a Member is absent from work for a period of leave covered by this Rule, Rule 10 (Ending Pensionable Employment) does not apply to the Member but the Member's membership continues during the leave subject to the provisions set out in this Rule. In this Rule:

**section** refers to a section of the Employment Rights Act 1996;

**ordinary adoption leave** is as defined in section 75A;

**additional adoption leave** is as defined in section 75B;

**ordinary maternity leave** is as defined in section 71;

**additional maternity leave** is as defined in section 73;

**parental leave** is as defined in section 76;

**paternity leave** is as defined in section 80A or 80B;

**other family leave** means a period of absence from work for family reasons (within the meaning of Schedule 5 to the Social Security Act 1989) excluding any period of maternity, adoption, paternity or parental leave; and

**Notional Pensionable Pay** means Pensionable Earnings on the basis that the person was working normally and receiving remuneration likely to have been paid for so doing as decided by the Employer from time to time.

3.2 This sub-Rule applies to a period of:

- ordinary maternity leave;
- ordinary adoption leave;
- additional maternity leave during which remuneration is paid;

- paternity leave;
- parental leave;
- additional adoption leave during which remuneration is paid; and
- other family leave during which remuneration is paid.

*If a Member is absent from work for a period to which this sub-Rule applies, the period of absence is Pensionable Employment on the following basis:*

- (a) *the Member need pay contributions only on actual remuneration received (falling within the type of remuneration constituting Pensionable Earnings); and*
- (b) *the Member's benefits are based on Notional Pensionable Pay except that during a period of other family leave, the Member's benefits, other than the Lump Sum Death Benefit, are based on his actual remuneration received (falling within the type of remuneration constituting Pensionable Earnings); the Lump Sum Death Benefit continues to apply during other family leave based on Notional Pensionable Pay.*

3.3 This sub-Rule applies to a period of:

- unpaid additional maternity leave;
- unpaid additional adoption leave; or
- unpaid other family leave.

*If a Member is absent from work for a period to which this sub-Rule applies the period of absence is not Pensionable Employment but the Member remains a Member for the purposes of the Lump Sum Death Benefit only. That benefit is based on the Member's Notional Pensionable Pay.*

3.4 *If a Member, after a period of unpaid additional maternity leave, unpaid additional adoption leave or unpaid other family leave, exercises the right to return to work, he may have any part of his leave treated as Pensionable Employment and as part of the period of two years' qualifying service used to determine whether a Member is a Qualified Member. To do this, the Member must pay the contributions which he would have paid based on Notional Pensionable Pay for that part of his leave which is to be treated as Pensionable Employment.*

3.5 *If the Member informs the Employer that he does not intend to return to work, or loses the right to do so or does not in fact return to work, the Member's Pensionable Employment ends and Rule 10 (Ending Pensionable Employment) applies from:*

- (a) *the day the Member stops receiving statutory maternity pay, adoption leave pay or paternity pay or contractual remuneration or, if earlier, the date on which his employment ends;*
- (b) *in the case of unpaid other family leave, the day when the Member's absence from work for that period of leave started;*
- (c) *in the case of parental leave or unpaid ordinary maternity leave, the day when that period of leave ended for the purposes of the Employment Rights Act 1996; or*
- (d) *in the case of unpaid additional maternity leave or unpaid additional adoption leave, the day ordinary maternity leave or ordinary adoption leave ends.*



In any case the Lump Sum Death Benefit ends on the earlier of: (i) the day on which the Employer is informed that the Member does not intend to return to work; and (ii) the day on which the Member loses the right to return to work, but not before the day referred to in (a) above.

- 3.6 A Member admitted solely for the purpose of the Lump Sum Death Benefit who is absent from work for a period of leave referred to in this Rule remains a Member for that purpose. The benefit is based on Notional Pensionable Pay. The benefit continues until the earlier of: (a) the day on which the Member informs the Employer that he does not intend to return to work; and (b) or, as the case may be, the day on which he loses the right to do so. However, if the Member so informs the Employer while on ordinary maternity leave, ordinary adoption leave, paternity leave or parental leave, the benefit ends on the day on which that leave ends.

#### **4. OTHER TEMPORARY ABSENCE**

- 4.1 This Rule applies to a Member who is absent from work for a reason which does not fall within Rule 3 (Maternity and other types of family leave) but is approved by the Principal Employer for the purposes of this Rule. A Member to whom this Rule applies continues to be a Member (whether or not his Employment continues) on the basis set out in this Rule for the period the Principal Employer decides. At the end of that period the provisions of the Rules relating to ending Pensionable Employment apply to the Member.
- 4.2 During a period of absence, a Member's Pensionable Earnings are decided from time to time by the Principal Employer and notified to the Trustees. His Pensionable Earnings must not be less than they were immediately before the absence started, or be greater than they would have been, in the Principal Employer's opinion, if he had not been absent.
- 4.3 Unless absence is because of incapacity, the Principal Employer may give written notice to the Trustees (either at the start of a Member's absence from work or later) that during the period of absence benefits under all or any of Rules 12 (Death of Member – lump sum), 13 (Death of a Member – Spouse's Pension) and 14 (Children's pensions) (except any Spouse's or Children's pensions relating to Pensionable Employment completed by the Member at the date any notice expires) no longer apply or are reduced. Any pension payable to a Member's widow or widower or Civil Partner must not be less than the appropriate guaranteed minimum. This sub-Rule overrides the other provisions of this Rule.
- 4.4 During absence a Member may continue to pay Contributions to the Scheme as if the Member was working normally or may pay Contributions on a basis agreed with the Principal Employer. Any part of a period of absence for which a Member does not pay Contributions is not Pensionable Employment, except if the absence is because of incapacity.

#### **5. MEMBERS' CONTRIBUTIONS**

- 5.1 A Member must contribute to the Scheme at the rate of 5% of Pensionable Earnings until his Pensionable Employment ends. However, a different rate of contribution to the Scheme (including a nil rate) may be agreed between the Trustees and Principal Employer or between a Member and his Employer.
- 5.2 A Member may until his Pensionable Employment ends pay voluntary contributions. He may pay them on a regular or irregular basis and may vary their amount or stop them. He may also pay a single contribution at any time. This sub-Rule is subject to sub-Rule 5.3.
- 5.3 A Member wishing to pay voluntary contributions, or to vary his amount or stop them, must tell the Trustees in writing in a form they require. The Trustees may from time to time impose requirements

on the amount and frequency of payment of voluntary contributions and on any period of notice to be given by a Member.

## 6. EMPLOYERS' CONTRIBUTIONS

- 6.1 Each Employer must pay contributions to the Scheme at the rate or of an amount (if any) which the Actuary thinks appropriate, with a view to making advance provision for the benefits accruing under the Scheme. The Actuary will take into account any deficiency or surplus in the value of the Scheme's assets and liabilities disclosed by the most recent report of the Actuary pursuant to clause 28 (Actuarial investigations) of the Trust Deed. This Rule is subject to the requirements of Part 3 of the Pensions Act 2004 (scheme funding). The rate payable by one Employer may be different from the rate payable by another.
- 6.2 The Employers' contributions must be paid by the Employers to the Trustees, or as the Trustees direct, at intervals arranged between the Trustees and the Employers. Those intervals must be in conformity with any schedule of contributions for the time being in force under section 227 of the Pensions Act 2004.
- 6.3 The Principal Employer may, subject to the agreement of the Trustees (such agreement not to be unreasonably withheld), decide that all or part of the contributions or costs to be paid by an Employer under this Rule 6 are to be met out of the Employers' Account of the DC Section.

## 7. RETIREMENT AT OR AFTER RETIREMENT AGE

- 7.1 On termination of Employment, on or before 30 June 2013, at or after Retirement Age, a Member is entitled to an immediate annual pension which must in any event start on his 75th birthday at the latest even if he is still in Employment. If he continues in Pensionable Employment until he retires, his pension is his Scale Pension calculated at the date he retires.
- 7.2 If a Member's Pensionable Employment ends at or after Retirement Age but before termination of Employment, he is entitled to an immediate annual pension which must in any event start on his 75th birthday at the latest even if he is still in Employment. His pension is his Scale Pension calculated when Pensionable Employment ends and then increased at a rate decided by the Trustees on the basis of actuarial advice.

## 8. RETIREMENT BEFORE FINAL RETIREMENT AGE

### **Incapacity Retirement**

- 8.1 In this Rule:
- (a) **total incapacity** means physical or mental deterioration which permanently prevents a Member from carrying out any form of gainful employment; and
  - (b) **partial incapacity** means physical or mental deterioration which permanently prevents a Member from carrying out the job he was doing before the onset of the condition or any other job which his Employer could require him to carry out under his contract of employment,

and related expressions are construed accordingly.

The decision whether or not a Member is totally or partially incapacitated is to be taken by the Principal Employer but the Principal Employer may only treat a Member who is under age 50 (on and after 6 April 2010, age 55) as totally or partially incapacitated if evidence is received by the

Trustees from a registered medical practitioner that the Member is (and will continue to be) totally or partially incapacitated and the Trustees are satisfied that the Member has ceased working.

- 8.2 If a Member who has completed at least five years' Pensionable Employment retires from Employment on or before 30 June 2013 and before Final Retirement Age because of total or partial incapacity, he may elect to receive an immediate annual pension instead of the appropriate benefits under Rule 10 (Ending Pensionable Employment). It is his Scale Pension, calculated in the case of total incapacity as if his Pensionable Employment as a Member included the period from his retirement until Final Retirement Age or, in the case of partial incapacity, half that period. If the Member is in Part-time Employment when he retires, the period of Pensionable Employment he would have completed after retirement and up to Final Retirement Age is multiplied by PT/FT. For the purpose of this Rule, the period from retirement until Final Retirement Age will, if necessary, be restricted so that the total of that period and Pensionable Employment does not exceed 40 years. In the case of partial incapacity, any necessary restriction of that period will be applied before halving that period in order to calculate the Member's pensions. If the Member is employed on a fixed term contract, his Scale Pension is calculated in the case of total incapacity as if his Pensionable Employment as a Member included the period from his retirement until the end of his contract term or, in the case of partial incapacity, half that period.

For the purpose of this Rule, PT means the number of hours the Member is required to work under his contract of employment in each week during the period of his Part-time Employment and FT is as defined in the definition of Scale Pension in sub-Rule 1.2 and is taken at the date Pensionable Employment ends.

In relation to incapacity pensions, where a Member's Scale Pension is calculated by reference to two different retirement ages, the Member's Scale Pension shall be calculated in two tranches. The first tranche referable to the Member's Pensionable Employment on and before 31 August 2010 shall be calculated by reference to the Final Retirement Age which applied to the Member on and before 31 August 2010. The second tranche referable to a Member's Pensionable Employment on and after 1 September 2010 shall be calculated by reference to the Final Retirement Age which applied to the Member on and after 1 September 2010.

- 8.3 If before Retirement Age a Member, in the Trustees' opinion, either stops suffering from physical or mental deterioration of the same degree as gave rise to the entitlement to pension under sub-Rule 8.2 or is in receipt of income from work, the Trustees may reduce the Member's pension entitlement (and they may decide to pay no pension up to Retirement Age). The Trustees shall be entitled to call for such medical or other advice as they consider appropriate for the purpose of arriving at such a decision. If he was a Qualified Member the Member must, as a minimum, receive from Retirement Age the deferred pension to which he would have been entitled under sub-Rule 10.6 if he had not become entitled to a pension under sub-Rule 8.2, reduced by an amount decided by the Trustees on a basis advised by the Actuary to take account of any cash sum received by the Member under Rule 11 (Lump sums, including pension commencement lump sums). Nothing in this Rule prevents a Member previously in receipt of an incapacity pension from electing to receive an immediate annual pension under sub-Rule 8.4 (reduced as described in the previous sentence).

#### **Other Retirement**

- 8.4 If a Member who is not suffering from incapacity retires from Employment on or before 30 June 2013 and before Retirement Age, but on or after his 50th birthday (on and after 6 April 2010, his 55th birthday), he may elect to receive an immediate annual pension instead of the appropriate benefits under Rule 10 (Ending Pensionable Employment). It is his Scale Pension reduced by an amount decided by the Trustees on a basis advised by the Actuary.

## **Value of Early Retirement Pensions**

- 8.5 An immediate pension under this Rule (with any ancillary or contingent benefits) must, to the reasonable satisfaction of the Trustees, be at least equal in value, on the date it starts to be payable, to the benefits which have accrued to and in respect of the Member under the Scheme, taking into account the preservation, revaluation and contracting-out requirements of the Pension Schemes Act 1993.

## **9. PHASED RETIREMENT**

- 9.1 This Rule applies if a Qualified Member who has attained his 50th birthday (55th birthday on and after 6 April 2010) requests that his pension becomes payable to him even though his Employment continues, and his Employer agrees.

- 9.2 A Member who is drawing his pension while continuing in Employment pursuant to this Rule is referred to as a **Phased Retirement Member**.

- 9.3 A Phased Retirement Member's Pensionable Employment will end on the day before the day with effect from which the payment of his pension is to start.

- 9.4 The amount of pension or lump sum payments to or in respect of the Phased Retirement Member (either during Employment or after Employment ceases) and the terms on which any such pension or lump sum is payable in any event must be agreed by the Member, his Employer and the Trustees and notified by the Trustees to the Phased Retirement Member in writing.

- 9.5 Subject to sub-Rule 9.4, the provisions which apply to a Phased Retirement Member in respect of payment of pension or lump sum payments, unless inconsistent with the provisions of this Rule, are:

- (a) Rule 11 (Lump sums, including pension commencement lump sums);
- (b) Appendix 3 (Finance Act – limits on benefits, enhanced protection, transitional provisions and flexibilities in taking lump sums);
- (c) sub-Rule 12.2 (Death in Deferment);
- (d) sub-Rule 12.6 (Death in Retirement);
- (e) sub-Rule 13.7 (Death of a Member – Spouse's Pension);
- (f) Rule 14 (Children's pensions);
- (g) Rule 15 (Spouses' and Children's Pensions – additional provisions);
- (h) Rule 16 (Payment of pensions);
- (i) Rule 17 (Pension increases); and
- (j) clause 18 of the Trust Deed (Payment of lump sums on the death of a Member),

unless the Phased Retirement Member is otherwise notified by the Trustees.

- 9.6 The Phased Retirement Member's application to draw his pension must be notified in writing to the Employer no later than three months before the date on which he would (but for this Rule) become entitled to payment of his whole pension. The notification must state the amount of lump sum by way of commutation (if any) which the Phased Retirement Member requests.

9.7 A Phased Retirement Member's pension will be payable in one part unless otherwise requested by him and agreed by the Trustees and Principal Employer in writing. The pension payable to a Phased Retirement Member will be subject to reduction by an amount decided by the Trustees on a basis advised by the Actuary from time to time.

9.8 A Phased Retirement Member to whom this Rule 9 applies may become a Member of the DC Section subject to such conditions and/or restrictions as the Trustees and Principal Employer may stipulate.

## 10. ENDING PENSIONABLE EMPLOYMENT

### Leaving the Scheme

10.1 A Member's Pensionable Employment ends on the end date specified below if:

- (a) he gives the Principal Employer at least one month's notice (or any shorter period the Principal Employer agrees to accept) of his intention to leave the DB Section of the Scheme, but stays in Employment; or
- (b) he leaves Employment; or
- (c) his fixed term contract expires and is not renewed; or
- (d) he is absent from work and stops being a Member under Rule 3 (Maternity and other types of family leave) or Rule 4 (Other temporary absence); or
- (e) he becomes a Phased Retirement Member; or
- (f) his Employer stops participating in the Scheme; or
- (g) he is in Pensionable Employment on 30 June 2013 and accordingly his Pensionable Employment terminates on that date on the closure of the DB Section to future accrual.

The end date in the case of (a) above is the date specified in the notice and in any other case is the date of the event causing his Pensionable Employment to end.

### Non-Qualified Members

10.2 In sub-Rule 10.3:

**Contributions Refund** means, in relation to a non-Qualified Member, a sum representing the aggregate of his employee contributions and where transfer credits have been allowed to him under the Scheme by virtue of a transfer payment under clause 10 (Transfers) of the Trust Deed, his employee contributions to the transferring scheme, so far as they relate to the transfer payment, and do not exceed the amount of the transfer payment.

**employee contributions** means, in relation to a non-Qualified Member, contributions made to the Scheme by or on behalf of him on his own account, but does not include a transfer payment by virtue of which transfer credits have been allowed to him under the Scheme, or any Pension Credit or amount paid to the Scheme which is attributable (directly or indirectly) to a Pension Credit.

10.3 A non-Qualified Member whose Pensionable Employment ends before Retirement Age has a right to a Contributions Refund or, if he is eligible as stated in sub-Rule 10.4, to a Cash Transfer Sum in accordance with clause 10 (Transfers) of the Trust Deed. A Contributions Refund is calculated in accordance with section 101AF of the Pension Schemes Act 1993 and reduced by the amount

referred to in section 61(2) of the Pension Schemes Act 1993. A Contributions Refund is increased by interest on his employee contributions at a rate determined by the Trustees after taking actuarial advice. A payment of interest must qualify and be paid as a scheme administration member payment as defined in the Finance Act. If a Contributions Refund is paid, a contributions equivalent premium will be paid in accordance with that Act. A Contributions Refund is not payable to a Member who has previously become entitled to any benefit under the Scheme or who is over age 75 and is restricted to the extent necessary to be a short service refund lump sum as defined in the Finance Act. No further benefits are payable to or in respect of a non-Qualified Member who has received a Contributions Refund.

- 10.4 A non-Qualified Member whose Pensionable Employment ends before Retirement Age is entitled to a Cash Transfer Sum if, on the date on which his Pensionable Employment ends, the aggregate of the following periods amounts to at least three months and he meets the other applicable statutory requirements: his Pensionable Employment (including, if he has completed more than one period of Pensionable Employment, any previous period of Pensionable Employment) and any period of linked qualifying service under another scheme (within the meaning of section 179 of the Pension Schemes Act 1993). If a Cash Transfer Sum is paid, a contributions equivalent premium will not be payable.
- 10.5 The Trustees will, within such period after the end of the non-Qualified Member's Pensionable Employment as they decide, notify him of his rights under sub-Rules 10.3 and 10.4 and how he may exercise the rights and provide information, as required by section 101AC of the Pension Schemes Act 1993. The Trustees will allow him a period after that notification in which to exercise his right to a Cash Transfer Sum. If he does not exercise it in such manner and by such date as the Trustees have allowed (as notified to him) the Trustees will pay a Contributions Refund in accordance with sub-Rule 10.3.

#### **Qualified Members**

- 10.6 A Qualified Member whose Pensionable Employment ends before Retirement Age is entitled to a deferred annual pension payable from Retirement Age. It is equal to the Scale Pension increased to the extent required by the revaluation and contracting-out requirements of the Pension Schemes Act 1993 (the **Ordinary Deferred Pension**).

Where a Member's Scale Pension is calculated by reference to two different retirement ages, the Member's Scale Pension shall be calculated in two tranches. The first tranche referable to the Member's Pensionable Employment on and before 31 August 2010 shall be calculated by reference to the Retirement Age which applied to the Member on and before 31 August 2010. The second tranche referable to a Member's Pensionable Employment on and after 1 September 2010 shall be calculated by reference to the Retirement Age which applied to the Member on and after 1 September 2010.

Any Special Deferred Member shall be entitled to the better of an Enhanced Deferred Pension or an Ordinary Deferred Pension.

The **Enhanced Deferred Pension** means the Ordinary Deferred Pension, but with revaluation (in respect of benefits accrued on or after 6 April 2009) during any part of the Pre-Pension Period whilst the Special Deferred Member remains in Employment (the **Enhanced Pre-Pension Period**) calculated by the Actuary on the basis of the 3% Revaluation Assumption.

The **3% Revaluation Assumption** means revaluation in accordance with the Pension Schemes Act 1993 but on the basis that references to the "lower revaluation percentage" in Paragraph 2 of Schedule 3 to the Pension Schemes Act 1993 (which applies to the revaluation of benefits accrued on or after 6 April 2009) shall be deemed to mean the amount determined by the Actuary as the

amount which would have been specified by order of the Secretary of State in respect of the Pre-Pension Period, if references to "2.5%" in the definition of "lower maximum rate" in Paragraph 2(6) of that Schedule were deleted and replaced by references to "3%" in respect of the Enhanced Pre-Pension Period.

For the purposes of this sub-Rule 10.6, Pre-Pension Period has the meaning given in section 83(1)(a) of the Pension Schemes Act 1993.

If, on or after 1 March 2014, a Special Deferred Member either (i) opts-out of an Enhanced Deferred Pension by notice in writing to the Trustees; or (ii) opts-out of the DC Section by notice in writing to the Trustees and has not confirmed in such opt-out notice that he or she wishes to remain entitled to the Enhanced Deferred Pension, he or she will be deemed to have left Employment for the purposes of the Enhanced Deferred Pension with effect from the date specified in the notice.

### **Options**

10.7 A Member may request the Trustees in writing:

- (a) to pay him a reduced immediate annual pension (which cannot start before his 50th birthday (55th birthday on and after 6 April 2010) unless he is retiring on account of incapacity) instead of his deferred annual pension; or
- (b) to postpone the payment of his deferred annual pension and pay it to him, appropriately increased, at a later date.

The Trustees may accept or reject the request. If they accept it they must ensure to their reasonable satisfaction, after consulting the Actuary, that the reduced immediate pension (which may be at a lower level up to State Pension Age than from that age) is at least equal in value, on the date it starts to be payable, to the benefits which have accrued to and in respect of the Member under the Scheme, taking into account the preservation, revaluation and contracting-out requirements of the Pension Schemes Act 1993.

Note: in the case of a Special Deferred Member who is aged 50 or over as at 30 June 2013 and requests a reduced immediate pension under this sub-Rule 10.7 on retirement from Employment, it is the intention of the Trustees and the Principal Employer that any reduction factors will be applied on a basis which is no less favourable than the early retirement reduction factors the Trustees would have applied in respect of an active Member taking an early retirement pension under sub-Rule 8.4 on 30 June 2013. These early retirement factors may, however, be reviewed by the Trustees from time to time and for the avoidance of doubt may be set at a level which is higher or lower than the factors in place on 30 June 2013.

## **11. LUMP SUMS, INCLUDING PENSION COMMENCEMENT LUMP SUMS**

11.1 A Member who is under age 75 and whose Member's Lifetime Allowance is available (wholly or in part) may, on becoming entitled to payment of a pension under the Rules before reaching age 75, exchange for an immediate lump sum part or all of the pension up to the maximum permitted for the lump sum to qualify as a pension commencement lump sum as defined in Schedule 29 to the Finance Act, subject to compliance with the contracting-out requirements of the Pension Schemes Act 1993. If a Member has exchanged part of his pension entitlement for a lump sum before 6 April 2006 and chosen to defer receipt of all or part of the pension to which the lump sum relates, he is not able to exchange any further part of that pension entitlement for a lump sum.

11.2 A Member whose Member's AVC Account has not been applied, who is under age 75 and whose Member's Lifetime Allowance is available (in whole or in part) may, on becoming entitled to have

his Member's AVC Account applied, choose to have paid to him a lump sum from his Member's AVC Account up to the maximum permitted for the lump sum to qualify as a pension commencement lump sum as defined in Schedule 29 to the Finance Act.

- 11.3 An exchange of pension must take effect at the date from which the pension for which it is exchanged would otherwise have been payable to the Member. The lump sum must be paid within 12 months beginning with the day on which the Member becomes entitled to the pension.
- 11.4 After he has been informed of his options by the Trustees, the Member must notify the Trustees in writing (in the form and within such time as they require) of his choice under sub-Rule 11.1 or 11.2 and provide such information as they require to establish his available Member's Lifetime Allowance and the available portion of his lump sum allowance within the meaning of Schedule 29 to the Finance Act. A Member's Lifetime Allowance or lump sum allowance (or part of it) will be treated as not available for the purposes of this Rule if the Member has not provided such information and confirmed its availability in writing to the Trustees.
- 11.5 The basis on which a pension is converted to a lump sum is decided by the Trustees on the basis of actuarial advice.
- 11.6 Other provisions relating to the payment of lump sums are contained in Appendix 3 (Finance Act – limits on benefits, enhanced protection, transitional provisions and flexibilities in taking lump sums).

## 12. DEATH OF MEMBER – LUMP SUM

### Death in Employment

- 12.1 If on or before 30 June 2013 a Member dies while in Pensionable Employment, or a Phased Retirement Member dies while in Employment, a lump sum is payable in accordance with clause 18 (Payment of lump sums on the death of a Member) of the Trust Deed. It is equal to the total of:
  - (a) his Contributions (if any); and
  - (b) four times his Final Pensionable Earnings.

### Death in Deferment

- 12.2 If a Member dies in Employment while entitled to a deferred annual pension under sub-Rule 7.2 but before it starts, a lump sum is payable in accordance with clause 18 (Payment of lump sums on the death of a Member) of the Trust Deed. It is equal to five times the annual pension which would have been paid to him on the termination of his Employment plus a sum equal to his Final Pensionable Earnings.
- 12.3 If a Member other than a Frizzell Member dies while entitled to a deferred annual pension under sub-Rule 10.6 but before it starts, a lump sum is payable in accordance with clause 18 (Payment of lump sums on the death of a Member) of the Trust Deed. It is equal to five times the annual pension which would have been paid to him at Retirement Age, increased to the extent the Trustees and the Principal Employer decide, to take account of the revaluation requirements of sub-Rule 10.6. Where a Member's annual pension is calculated by reference to two different retirement ages the Member's annual pension is calculated in two tranches. The first tranche is referable to the Member's Pensionable Employment on and before 31 August 2010. This shall be calculated by reference to the Retirement Age which applied to the Member on and before 31 August 2010. The second tranche referable to a Member's Pensionable Employment on and after 1 September 2010 shall be calculated by reference to the Retirement Age which applied to the Member on and after 1 September 2010. However in certain circumstances the lump sum is four times Final Pensionable Earnings, if that



would be greater. Those circumstances are that the Member's Pensionable Employment ended because of redundancy (or any other reason approved by the Principal Employer for this purpose) and he dies within 12 months of the end of his Pensionable Employment.

- 12.4 If a Frizzell Member who left Pensionable Employment after 5 April 1997 dies before his deferred annual pension under sub-Rule 10.6 starts, a lump sum is payable in accordance with clause 18 (Payment of lump sums on the death of a Member) of the Trust Deed. It is equal to:
- (a) his Contributions during his Pensionable Employment before 6 April 1997; and
  - (b) five times the annual pension which would have been paid to him at Retirement Age, based on his Pensionable Employment after 6 April 1997 and increased to the extent the Trustees and the Principal Employer decide, to take account of the revaluation requirements of sub-Rule 10.6.
- 12.5 If a Frizzell Member, who left Pensionable Employment before 6 April 1997, dies before his deferred annual pension under sub-Rule 10.6 starts, he is entitled to a refund of his Contributions.

#### **Death in Retirement**

- 12.6 If a Member or a Phased Retirement Member dies before attaining age 75 and within a period of five years from the date his pension starts, a lump sum is payable in accordance with clause 18 (Payment of lump sums on the death of a Member) of the Trust Deed. It is equal to the instalments of pension which would have been paid during the remainder of that period if he had survived, ignoring increases which would have applied. If he dies on or after attaining age 75, those instalments will continue to be paid to his legal personal representative until the end of that five year period. However in certain circumstances the lump sum is four times Final Pensionable Earnings (less any payments received from the Scheme as a result of retirement including pension payments and any pension commencement lump sum) if that would be greater. Those circumstances are that the Member's Pensionable Employment ended because of redundancy (or any other reason approved by the Principal Employer for this purpose), he dies before attaining age 75 within 12 months of the end of his Pensionable Employment and he joined the Predecessor Scheme before 1 October 1991.

### **13. DEATH OF A MEMBER – SPOUSE'S PENSION**

- 13.1 An immediate annual pension is payable to the surviving Spouse of a Member who dies in any of the circumstances described in sub-Rules 13.2 to 13.7. The amount of the pension is calculated in accordance with the relevant sub-Rule. Where a Spouse's pension is calculated by reference to two different retirement ages, the Member's Scale Pension is calculated in two tranches. The first tranche is referable to a Member's Pensionable Employment on and before 31 August 2010 and is calculated by reference to the Final Retirement Age applicable to the Member on and before 31 August 2010. The second tranche referable to a Member's Pensionable Employment on and after 1 September 2010 shall be calculated by reference to the Final Retirement Age which applied to the Member on and after 1 September 2010.
- 13.2 If a Member dies on or before Final Retirement Age in Pensionable Employment, the Spouse's pension is 50% of the Member's Scale Pension, but calculated as if his Pensionable Employment as a Member had lasted until Final Retirement Age (subject to a maximum of 40 years). If the Member is in Part-time Employment when he dies the period of Pensionable Employment he would have completed until Final Retirement Age is multiplied by PT/FT, where PT means the number of hours the Member is required to work under his contract of employment in each week during the period of his Part-time Employment and FT is as defined in the definition of Scale Pension in sub-Rule 1.2 and is taken at the date Pensionable Employment ends.

- 13.3 If a Member dies after Final Retirement Age in Pensionable Employment and before retirement, the Spouse's pension is 50% of the pension which would have been paid to the Member if he had retired from Employment on the date of his death.
- 13.4 If a Member, other than a Frizzell Member, dies while entitled to a deferred annual pension under sub-Rule 10.6 or sub-Rule 7.2, the Spouse's pension is 50% of the Member's Scale Pension, increased to the extent the Trustees and the Principal Employer decide, to take account of the revaluation requirements of sub-Rule 10.6.
- 13.5 If a Frizzell Member who left Pensionable Employment after 5 April 1997 dies while entitled to a deferred annual pension under sub-Rule 10.6, the Spouse's pension is:
- (a) the guaranteed minimum pension for Pensionable Employment before 6 April 1997; and
  - (b) 50% of the Member's Scale Pension for Pensionable Employment after 5 April 1997, increased to the extent the Trustees and the Principal Employer decide, to take account of the revaluation requirements of sub-Rule 10.6.
- 13.6 If a Frizzell Member who left Pensionable Employment before 6 April 1997 dies while entitled to a deferred annual pension under sub-Rule 10.6, his surviving Spouse is entitled to an immediate annual pension equal to the guaranteed minimum pension.
- 13.7 If a Member dies after starting to receive his pension, the Spouse's pension is 50% of the Member's full pension. The Member's full pension is the amount his pension from the Scheme would have been at his death, if he had not exchanged any part of it for cash under Rule 11 (Lump sums, including pension commencement lump sums). If the Member's pension has been reduced before GMP Age because of an obligation to pay a guaranteed minimum pension afterwards, or it has been reduced under sub-Rule 8.3, the Member's full pension is calculated as if it had not been reduced. If it is a total or partial incapacity pension, the Member's full pension is calculated as if it had been his Scale Pension, without including any part of the period from retirement to Final Retirement Age.

#### 14. CHILDREN'S PENSIONS

If a Member dies in any of the circumstances referred to in Rule 13 (Death of a Member – Spouse's Pension) and he is survived by one or more Children living at or born after his death, each Child is entitled to an immediate annual pension. The Child's pension is equal to 1/15th of his Final Pensionable Earnings.

#### 15. SPOUSES' AND CHILDREN'S PENSIONS – ADDITIONAL PROVISIONS

- 15.1 If a Member is survived by more than five Children, the total annual amount of the pensions payable to his Children (so long as there are more than five) is limited to the total annual amount payable in respect of five Children. For any period during which there are more than five Children, the total annual amount to which they are entitled must be allocated from time to time to the Children in proportions the Trustees decide.
- 15.2 No pension is payable to a Spouse or a Child if a Member has received a cash sum under Rule 12 (Death of Member – lump sum) instead of all the pension payable to and in respect of him.
- 15.3 If the Trustees treat one or more Dependants as a Spouse, they may decide that the Spouse's pension payable is to be reduced by such amount as they think appropriate. If more than one person is treated as a Spouse, the Trustees may pay the whole or any part of the Spouse's pension (reduced, if the Trustees so decide) to any one or more of such persons in shares the Trustees decide.

## **16. PAYMENT OF PENSIONS**

### **Members**

- 16.1 A Member's pension is payable from the date it falls due by regular instalments throughout his lifetime on each payment day. The last instalment is payable on the payment day in the instalment period in which the Member dies.
- 16.2 If a Member's entitlement to his pension does not start from a payment day, an appropriate proportion of the full instalment is payable with the first instalment.
- 16.3 If a Member dies before the first instalment of his pension is due but after the event which gives rise to its payment, an appropriate proportion of the full instalment is payable to such person or persons as the Trustees in their absolute discretion determine.

### **Spouses**

- 16.4 A Spouse's pension is payable from the date it falls due by regular instalments on the payment day in each instalment period during the lifetime of the Spouse. The last instalment is payable on the payment day in the instalment period in which the Spouse dies.
- 16.5 If a guaranteed minimum pension is payable to the widow, widower or surviving Civil Partner of a Member and the widow, widower or surviving Civil Partner dies before the first instalment is due, but after the Member's death, an appropriate proportion of the full instalment of the guaranteed minimum pension is payable to the widow's, widower's or surviving Civil Partner's personal representatives.

### **Children**

- 16.6 A Child's pension is payable from the date it falls due by regular instalments on the payment day in each instalment period until the Child is no longer a Child as defined in sub-clause 1.3 of the Trust Deed. The last instalment is payable on the payment day in the instalment period in which the event causing its termination occurs.
- 16.7 In this Rule payment day means a day in each month chosen by the Trustees, who may decide that instalments of a pension are to be payable less (or more) frequently than monthly, in which case this Rule is construed accordingly.

## **17. PENSION INCREASES**

- 17.1 Each pension under the Scheme (except, unless the Principal Employer decides otherwise and the Trustees agree, a pension under sub-clause 17(b) of the Trust Deed and a pension derived from a Member's voluntary contributions) increases in each year after it has started to be paid.
- 17.2 Unless determined otherwise, that part of a pension which exceeds any guaranteed minimum pension in payment is increased on 1 April in each year. The rate of increase is the percentage increase in the Office for National Statistics retail price index over a period selected by the Trustees for the purpose of this Rule, but subject to a maximum increase of 5% (or any higher rate decided by the Principal Employer with the agreement of the Trustees) for that part of the pension which is attributable to the Member's Pensionable Employment before 1 December 2007 and 2.5% (or any higher rate decided by the Principal Employer with the agreement of the Trustees) for the part attributable to Pensionable Employment on or after that date.

- 17.3 Subject to sub-Rule 17.4 below, for pensions attributable to Pensionable Employment before 5 April 1997, the rate of increase referred to in sub-Rule 17.2 will have a guaranteed minimum of 3% per annum.
- 17.4 Sub-Rules 17.2 and 17.3 above apply to that part of a pension in payment to a Frizzell Member in relation to benefits accrued in the Frizzell Scheme, except that the pension in payment is increased on 6 July in each year. The rate of increase is the percentage increase in the Office for National Statistics retail price index during the year ending 30 April.
- 17.5 If at the time of the first increase the pension has been payable for less than a year, the increase will be calculated on a basis decided by the Trustees after consulting the Actuary.

## 18. VOLUNTARY CONTRIBUTIONS

- 18.1 A Member may pay voluntary contributions until his Pensionable Employment ends.
- 18.2 Subject to sub-Rule 11.2, the Trustees must provide for each Member who has paid voluntary contributions on a defined benefit basis up to and including 31 March 1995 a pension for life of a level amount payable to the Member only without any Spouse's pension. The pension is calculated in accordance with tables maintained and published by the Trustees for this purpose.
- 18.3 The Trustees must maintain an account for each Member (including a Frizzell Member) who has paid voluntary contributions on a money purchase basis (whether before, on or after 31 March 1995). A Member's voluntary contributions paid on a money purchase basis in accordance with this sub-Rule 18.3 and bonuses, interest or other accretions as the Trustees from time to time decide are credited to the Member's AVC Account.
- 18.4 The Member may agree in writing with the Trustees that some or all of his voluntary contributions (paid after 31 March 1995) are not to be credited to his Member's AVC Account but used to increase the benefit under sub-Rule 12.1.
- 18.5 A Member's AVC Account must be used in any one or more of the following ways, as the Member agrees in writing with the Trustees (or in the absence of agreement as the Trustees decide):
- (a) increasing the Member's pension;
  - (b) paying a one-off cash sum to the Member (which, for the avoidance of doubt includes a pension commencement lump sum and an uncrystallised funds pension lump sum (both as defined in Schedule 29 of the Finance Act));
  - (c) paying a pension to the Member's Spouse on the Member's death;
  - (d) purchasing a Policy in accordance with clause 11 (Annuitisation and income drawdown) of the Trust Deed; and/or
  - (e) a transfer-out in accordance with sub-clause 10.3A (Other transfers) of the Trust Deed.

A Member's AVC Account will be debited when it is applied under the Rules to any extent to provide a benefit or transfer payment.

- 18.6 As an alternative to sub-Rule 18.5, if both the Member requests and the Trustees agree, the Member's AVC Account can also be transferred to the Member's DC Section Account on such terms as the Trustees determine after consulting the Actuary.

- 18.7 A Member's AVC Account shall be secured outside the Scheme unless the Trustees determine otherwise. The amount or value of the benefits under sub-Rule 18.5 is decided by the Trustees after consulting the Actuary.
- 18.8 When a Member's pension from the Scheme starts to be paid the Trustees must transfer the whole of the Member's AVC Account to the assets of the Scheme (in which event the benefit to be provided by it will be paid from and become a liability of the Scheme) and/or apply the whole of the Member's AVC Account for any one or more of the options set-out in sub-Rule 18.5 (b), (c), (d) and (e).
- 18.9 If a Qualified Member's Pensionable Employment ends his Member's AVC Account is maintained unless a transfer payment is made or his benefits are bought out. If a non-Qualified Member's Pensionable Employment ends, his contributions credited to his Member's AVC Account will form part of, and be treated in the same way as, a Contributions Refund (as defined in Rule 10 (Ending Pensionable Employment) under the Rules.
- 18.10 If the Scheme terminates the Trustees must apply each Member's AVC Account in accordance with section 73 of the Pensions Act 1995.
- 18.11 If a Member dies before his Member's AVC Account is applied (and, in respect of that Member's AVC Account, neither a transfer payment has been made nor his benefits bought out), a lump sum is payable, in accordance with clause 18 (Payment of lump sums on the death of a Member) of the Trust Deed, equal to the value of the Member's AVC Account.
- 18.12 On using a Member's AVC Account to provide additional benefits (on taking out a Policy or otherwise) the Trustees are discharged from all liability in respect of the Member's AVC Account to or in respect of the beneficiary concerned. This discharge is in addition to and without prejudice to any other discharge given to the Trustees.

## APPENDIX 1

### CONTRACTING-OUT

1. This Appendix overrides any inconsistent provision elsewhere in the Trust Deed or the Rules except clauses 19.3 and 19.4, 25 (Minors and incapacitated Beneficiaries), 31 (Alterations) and 32 (Termination) of the Trust Deed.

In this Appendix:

**Contracted-out Employment** means employment which is or was contracted-out employment by reference to the Scheme for the purposes of Part III of the Pension Schemes Act 1993.

**Regulation** refers to the Occupational Pension Schemes (Contracting-out) Regulations 1996.

**Guaranteed minimum pensions**

2.
  - (a) This paragraph applies to a Beneficiary who has been a Member and has a guaranteed *minimum in relation to the pension for him from the Scheme in accordance with section 14 of the Pension Schemes Act 1993*, or has had his rights to a guaranteed minimum pension transferred to the Scheme.
  - (b) The Beneficiary is entitled to a pension at a rate equivalent to a weekly rate of at least that guaranteed minimum. The pension is payable for life from State Pension Age but the start of the pension can be postponed for any period during which the Beneficiary remains in employment after State Pension Age:
    - (i) if the employment is employment to which the Scheme relates and the postponement is not for more than five years; or
    - (ii) if the Member consents.
  - (c) If the Beneficiary is male and dies at any time leaving a widow (which for these purposes does not include a Civil Partner or a same-sex spouse), she is entitled to a pension at a rate equivalent to a weekly rate of at least one-half of that guaranteed minimum. The pension is payable from the date of the Beneficiary's death, for life. However, if the widow is one of two or more widows of valid polygamous marriages, she has no such entitlement unless she is entitled to a Category B retirement pension under regulation 3 of the Social Security and Family Allowances (Polygamous Marriages) Regulations 1975.
  - (d) If the Beneficiary is female and dies on or after 6 April 1989 leaving a widower, or, if the Beneficiary (male or female) dies leaving a Civil Partner or a same-sex spouse and in either case the circumstances described in Regulation 57 exist, the widower, surviving Civil Partner or same-sex spouse is entitled to a pension at a rate equivalent to a weekly rate of at least one-half of the part of that guaranteed minimum which is attributable to earnings for the tax year 1988/89 and later tax years. The pension is payable from the date of the Beneficiary's death, for life.

- (e) A pension payable to a Beneficiary under any other provision of the Trust Deed or the Rules may be offset against his entitlement to a guaranteed minimum pension increased as required by paragraphs 3, 4 and 5, except to the extent that:
  - (i) it includes equivalent pension benefits (as referred to in sections 13(6) and (7) of the Pension Schemes Act 1993), any benefits resulting from his voluntary contributions and any amount resulting from the revaluation requirements of that Act; or
  - (ii) offsetting would contravene paragraph 6.
- (f) Notwithstanding the previous provisions of this paragraph, a lump sum may be paid instead of a pension under this paragraph:
  - (i) if and to the extent permitted by Regulation 60;
  - (ii) if the lump sum is of a type which is permitted by the Rules in relation to other rights under the Scheme (referred to in this paragraph as the **corresponding lump sum**);
  - (iii) subject to the consent of the Beneficiary to whom the pension would have been paid if and to the extent that his consent is needed in relation to the provision of the corresponding lump sum; and
  - (iv) subject to payment of the lump sum not causing any maximum amount under the Rules applicable to the corresponding lump sum to be exceeded.

#### **Increases**

- 3. The guaranteed minimum pensions referred to in paragraph 2, insofar as they are attributable to earnings in the tax years from and including 1988/89, must be increased in accordance with the requirements of section 109 of the Pension Schemes Act 1993.

#### **Postponed payment**

- 4. If the start of a guaranteed minimum pension for a Beneficiary to whom paragraph 2 applies is postponed for any period after State Pension Age, it must be increased to the extent (if any) specified in section 15 of the Pension Schemes Act 1993.

#### **Revaluation**

- 5. If a Member's Contracted-out Employment ends before State Pension Age, his guaranteed minimum at State Pension Age or his earlier death is calculated by increasing the guaranteed minimum pension which has accrued up to the date Contracted-out Employment ends by one of the following methods, except that the method in (a) applies only if Contracted-out Employment ended before 6 April 1997:

- (a) the increase is by the lesser of:
  - (i) 5% compound for each tax year after the one in which Contracted-out Employment ends up to and including the last complete tax year before State Pension Age or earlier death; and
  - (ii) the percentage by which earnings factors for the tax year in which Contracted-out Employment ends are increased by the last order under section 148 of the Social

Security Administration Act 1992 to come into force before the tax year in which the Member reaches State Pension Age or dies, if earlier;

- (b) the increase is by the rate specified by regulations made under section 16(3) of the Pension Schemes Act 1993 as being relevant at the date Contracted-out Employment ends, for each tax year after that in which Contracted-out Employment ends, up to and including the last complete tax year before State Pension Age or earlier death; or
- (c) the increase is by the percentage by which earnings factors for the tax year in which Contracted-out Employment ends are increased by the last order under section 148 of the Social Security Administration Act 1992 to come into force before the tax year in which the Member reaches State Pension Age or dies, if earlier.

The Trustees must decide which of these methods is to apply for the time being. In cases permitted by the Pension Schemes Act 1993 a different method may be selected for accrued rights to a guaranteed minimum pension which are transferred to the Scheme.

If the Scheme's contracted-out status ends as a result of the liability of all the Employers to pay contributions being terminated, the Trustees may decide that another of the methods in subparagraphs (a), (b) and (c) is to replace the method in force in respect of all Members whose Contracted-out Employment ends.

#### **Anti-franking**

- 6. (a) No part of a Beneficiary's pension from the Scheme may be treated as satisfying an obligation to increase the Beneficiary's guaranteed minimum pension under paragraphs 3, 4 or 5, except to the extent permitted by Chapter III of Part IV of the Pension Schemes Act 1993.
- (b) The pension payable to a Beneficiary from the Scheme must not be less than any minimum applicable at the relevant time under Chapter III of Part IV of the Pension Schemes Act 1993.

#### **Franking minimum**

- 7. At any time after a guaranteed minimum pension starts to be paid to a Beneficiary under the Scheme, his pension must not be less than any applicable minimum under Chapter III of Part IV of the Pension Schemes Act 1993 (a **franking minimum**).

#### **Application of franking minimum**

- 8. A franking minimum applies in the case of a Member (unless he takes an early retirement pension under Rule 10 (Ending Pensionable Employment) or an alternative to a deferred pension under sub-Rule 10.7) if:
  - (a) there is an interval between the date on which his Contracted-out Employment ends and the date on which his guaranteed minimum pension under the Scheme starts to be paid;
  - (b) his Scale Pension, calculated at the date on which his Contracted-out Employment ends, exceeds his guaranteed minimum on the day after that date; and
  - (c) when his guaranteed minimum pension starts to be paid, or at any later time, it exceeds his guaranteed minimum under the Scheme on the day after his Contracted-out Employment ends.



9. A franking minimum applies in the case of a Member's widow or widower or surviving Civil Partner if:

- (a) there is an interval between the date on which the Member's Contracted-out Employment ends and the earlier of the date on which his guaranteed minimum pension under the Scheme starts to be paid and the date of his death;
- (b) the amount of the pension to which the widow or widower or surviving Civil Partner would have been entitled under the Scheme, calculated on the assumptions referred to below, exceeds one half of the Member's guaranteed minimum on the day after the date on which his Contracted-out Employment ends; and
- (c) when a pension under the Scheme starts to be paid to the widow or widower or surviving Civil Partner or at any later time the widow's or widower's or surviving Civil Partner guaranteed minimum under the Scheme exceeds one half of the Member's guaranteed minimum on the day after his Contracted-out Employment ended.

The assumptions referred to in (b) above are:

- (i) that the Member had died on the day after his Contracted-out Employment ended;
- (ii) that the Member was married to or in a civil partnership with, on the day after his Contracted-out Employment ended, the person to whom he was married or in a civil partnership with on the date of his death; and
- (iii) the further period of Pensionable Employment which the Member would have completed if he had remained in Pensionable Employment up to Final Retirement Age is ignored.

**Contributions equivalent premium**

10. If an Employer pays a contributions equivalent premium in respect of a Beneficiary the Trustees must, at the request of that Employer, pay to it an amount not greater than that premium.

## APPENDIX 2

### ACCRUAL RATES FOR FRIZZELL MEMBERS

1. This Appendix overrides any inconsistent provisions elsewhere in the Trust Deed or the Rules.

#### *Interpretation*

2. In this Appendix:

**Alpha Salary Grade Employee** means a Frizzell Member who had an Alpha Salary Grade A to F.

**Bolton Plan** means The Bolton Group of Companies Staff Retirement and Death Benefits Plan which was established by a Trust Deed dated 30 December 1960.

**Bolton Plan Member** means a Frizzell Member who was formerly a member of the Bolton Plan in respect of whom a transfer of assets was made on or about 29 May 1985 to the Frizzell Scheme and who was employed with Frizzell on 1 January 1986.

**Numeric Salary Grade Employee** means a Frizzell Member who had a Numeric Salary Grade 1 to 9.

**Pensionable Service Credit** is calculated, for Frizzell Members who were promoted from Numeric Salary Grade to Alpha Salary Grade before 1 July 1990, according to the following formula:

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

where:

A = five years;

B = the Frizzell Member's Pensionable Employment completed after appointment to the Alpha Salary Grade; and

C = the period of Pensionable Employment after appointment to the Alpha Salary Grade the Frizzell Member would have completed if he had not left the Scheme until Normal Retirement Age.

Pensionable Service Credit shall not apply to a Bolton Plan Member's Pensionable Employment.

**Post-June 1990 Alpha Salary Grade Employee** means an Alpha Salary Grade Employee who either joined the Frizzell Scheme after 30th June 1990 or who on 30 June 1990 was a Numeric Salary Grade other than 1.

**Pre-July 1990 Alpha Salary Grade Employee** means an Alpha Salary Grade Employee and who on 30 June 1990 was an Alpha Salary Grade or a Numeric Salary Grade 1.

**Pre-July 1990 Numeric Salary Grade 1 Employee** means a Numeric Salary Grade Employee who is in Numeric Salary Grade 1 and who on 30 June 1990 was in Numeric Salary Grade 1.

Terms which are not defined in this Appendix or in the Trust Deed and Rules have the meanings given to them in the Frizzell Scheme.

### **Calculation of Scale Pension for Frizzell Members**

3. In the case of a Frizzell Member who is an Alpha Salary Grade Employee and who is a Bolton Plan Member the Scale Pension shall accrue uniformly over the period of the Member's Pensionable Employment at a rate necessary to provide a pension of two-thirds of the Member's Final Pensionable Earnings at Normal Retirement Age, subject to a maximum annual accrual rate of 1/60th of Final Pensionable Earnings for the period of Pensionable Employment before 1 January 1984 and a maximum annual accrual rate of one-thirtieth of Final Pensionable Earnings for the period of Pensionable Employment after 31 December 1983.
4. In the case of a Frizzell Member who is a Pre-July 1990 Alpha Salary Grade Employee or a Pre-July 1990 Numeric Salary Grade 1 Employee the Scale Pension shall accrue uniformly over the period of the Member's Pensionable Employment at a rate necessary to provide a pension of two-thirds of the Member's Final Pensionable Earnings at Normal Retirement Age, subject to a maximum annual accrual rate of 1/30th of Final Pensionable Earnings. In the case of a Pre-July 1990 Alpha Salary Grade Employee it will be supplemented by the Pensionable Service Credit.
5. In the case of a Frizzell Member who is a Post-June 1990 Alpha Salary Grade Employee the Scale Pension shall accrue uniformly over the period of the Member's Pensionable Employment at a rate necessary to provide a pension of two-thirds of the Member's Final Pensionable Earnings at Normal Retirement Age, subject to a maximum annual accrual rate of 1/45th of Final Pensionable Earnings. In the case of a Pre-July 1990 Alpha Salary Grade Employee it will be supplemented by the Pensionable Service Credit.
6. Any Frizzell Member not covered by paragraphs 3, 4, or 5, shall have his Scale Pension calculated in accordance with Rule 1 (Interpretation and definitions).

## APPENDIX 3

### FINANCE ACT – LIMITS ON BENEFITS, ENHANCED PROTECTION, TRANSITIONAL PROVISIONS AND FLEXIBILITIES IN TAKING LUMP SUMS

#### 1. INTERPRETATION

This Appendix applies to the DB Section and to the DC Section. In this Appendix:

- (a) references to sections and schedules are to those in the Finance Act.
- (b) **Index** means the Office for National Statistics retail prices index.
- (c) **payment** has the same meaning as in section 161 and includes a benefit provided as referred in section 173 and value shifting as referred to in section 174 and 181 (as applicable).
- (d) **primary protection and enhanced protection** have the same meanings as in paragraph 24 of Schedule 36 and references to having such protection mean notice of intention having been validly given to HMRC to rely on paragraph 7 or 12 (as the case may be) of Schedule 36 and, in the case of enhanced protection, paragraph 12 of Schedule 36 has not ceased to apply.

#### 2. REGISTERED SCHEME – OVERRIDING RULE

- 2.1 The Scheme is designed so as to be a Registered Scheme.
- 2.2 No payment can be made under the Scheme to or in respect of any person which is not authorised under section 164 unless the Principal Employer and the Trustees otherwise decide (including any modification of a benefit or the terms on which it is paid so as to cause it to be an authorised payment). No variation, suspension or termination of any benefit under the Scheme can be made if it would cause the benefit not to be an authorised payment under that section or to become an unauthorised payment under sections 172 to 174 to any extent. No Policy can be purchased in relation to a Beneficiary if its terms would be such as would give rise to an unauthorised payment.
- 2.3 No payment can be made under the Scheme to or in respect of a Employer which is not authorised under section 175 unless the Principal Employer and the Trustees otherwise decide.

#### 3. LIMITS ON BENEFITS AND CONTRIBUTIONS

- 3.1 In accordance with the Rules of the Scheme as altered with effect on 6 April 2006, the effect of Regulations 3 to 8 (inclusive) of the Registered Pensions Schemes (Modification of the Rules of the Existing Schemes) Regulations 2006 remains incorporated in the Rules without the limitation to the transitional period specified in the Regulations except as otherwise set out in this Appendix or elsewhere in these Rules.
- 3.2 The amount of contributions payable to the Scheme by a Member in any tax year is limited to the annual allowance (as defined by section 228 of the Finance Act) applicable for that year.
- 3.3 If the Rules would prevent the full value of voluntary contributions paid by a Member who has not drawn any benefit from his Member's AVC Account being used to provide benefits or prevent the payment of a lump sum in respect of voluntary contributions, the Trustees may, if the Principal Employer agrees, allow the Member to apply such amount of the voluntary contributions in the provision of benefits which are Authorised Payments.

#### **4. EARNINGS CAP**

4.1 In this paragraph Earnings Cap means at any date:

- (a) before 6 April 2006: the permitted maximum from time to time under section 590C of the Income and Corporation Taxes Act 1988;
- (b) from 6 April 2006 to 5 April 2011: the amount which would have been the permitted maximum if that section had not been repealed and in respect of each tax year in this period the Treasury had made the orders required by section 590 C(6) of that Act (as envisaged by Regulation 3 of the Pension Schemes (Modification of Rules of Existing Schemes) Regulations 2005);
- (c) after 5 April 2011: the amount under (b) above in force on 5 April 2011 increased on 6 April 2011 and on each following 6 April by the same percentage as the percentage increase (if any) in the Index (calculated by comparing the level of the Index for the month of September preceding the 6 April on which the increase is to take effect with its level for the previous September) and, if the result is not a multiple of £600, rounding it up to the nearest amount which is such a multiple; or
- (d) such higher amount instead of any amount derived under (b) and (c) above as is decided by the Principal Employer from time to time and notified to the Trustees in writing. The Principal Employer may decide that no Earnings Cap will apply to all Members or any individual Member or group of Members or that a higher amount of Earnings Cap (complying with the provisions of this paragraph) will apply for any individual Member or group of Members or for the purposes of one or more specific benefits.

4.2 For the period before 6 April 2006 the Earnings Cap applies to a Member in respect of whom it applied under the Pre-6 April 2006 Rules. Thereafter it applies to those Members and any person who becomes a Member after 5 April 2006.

4.3 Any word or expression used in the Rules as a measure of the annual earnings of a Member to whom the Earnings Cap applies for the purpose of calculating benefits is to be applied as though those earnings do not exceed the Earnings Cap except that this does not apply for the purpose of Rule 12 of the DB Section (Death of Member – lump sum) or Rule 10 of the DC Section (Death of an Active Member, Special Life Cover Member or Life Cover Member).

#### **5. ENTITLEMENT TO LUMP SUM EXCEEDING 25% OF UNCRYSTALLISED RIGHTS (AUTOMATIC PROTECTION)**

The limit on the amount of the lump sum payable under Rule 11 (Lump sums, including pension commencement lump sums) of the DB Section and Rule 5 (Application of Member's DC Section Account through the purchase of a Policy) of the DC Section is modified as set out in paragraph 34 of Schedule 36 if:

- (a) the Member becomes entitled to and takes all his benefits under the Scheme on the same date;
- (b) he did not have an actual entitlement to those benefits before 6 April 2006;
- (c) the lump sum percentage of the Member's uncrystallised rights under the Scheme on 5 April 2006 (calculated as set out in paragraph 31 of Schedule 36) exceeded 25%;

- (d) the Member's total lump sum rights (as defined in paragraph 25 of Schedule 36) do not exceed £375,000 on 5 April 2006; and
- (e) unless the £375,000 amount in (d) above is not exceeded, the Member does not have primary or enhanced protection.

Paragraph 31(7) of Schedule 36 applies if the Member is a Member as a result of a block transfer as set out in that paragraph.

## **6. LUMP SUM RIGHTS EXCEEDING £375,000 – PRIMARY AND ENHANCED PROTECTION**

The limit on the amount of the lump sum payable under Rule 11 (Lump sums, including pension commencement lump sums) of the DB Section and Rule 5 (Application of Member's DC Section Account through the purchase of a Policy) of the DC Section is modified as set out in paragraphs 27 to 29 of Schedule 36 if:

- (a) the Member has primary or enhanced protection (or both); and
- (b) his total lump sum rights (as defined in paragraph 25 of Schedule 36) exceed £375,000 on 5 April 2006.

## **7. ENHANCED PROTECTION**

The following apply if a Member has enhanced protection.

- 7.1 The Member must give the Trustees (and the Employer) not less than three months written notice that the protection is to apply.
- 7.2 On the protection taking effect, the Member will be treated as having left the Scheme under Rule 10 (Ending Pensionable Employment) except that, if the Member is a Qualified Member, his Pensionable Employment will be treated as continuing if and for so long as it would otherwise have continued if he did not have enhanced protection for the purposes of:
  - (a) the calculation of his Final Pensionable Earnings (and so his Scale Pension and the Cash Equivalent if a transfer payment is made);
  - (b) any increases in his deferred pension under Rule 10 (Ending Pensionable Employment) which arise from (a) above will reduce any statutory revaluation which would otherwise be made; and
  - (c) the benefits under sub-Rule 12.1 and Rule 13 (Death of a Member – Spouse's Pension) of the DB Section,subject to the appropriate limit set out in paragraph 15 of Schedule 36 not being exceeded.
- 7.3 No relevant benefit accrual will occur and no act or omission by the Member, the Trustees or the Employers will have effect under the Scheme if it would cause the protection to cease as mentioned in paragraph 12(2) of Schedule 36 unless the Member has notified the Trustees or the Employer in writing that the protection is to cease.

## **8. TRANSITIONAL PROTECTION**

To the extent that a Member is entitled to pre-commencement benefit rights under Part 3 of Schedule 36 of the Finance Act when the relevant benefit crystallises, he will retain his entitlement subject to the applicable provisions of that Part.

## **PROVISIONS RELATING TO CERTAIN LUMP SUM PAYMENTS**

### **9. SERIOUS ILL-HEALTH LUMP SUM**

9.1 In this paragraph, **arrangement** has the meaning given by section 152 of the Finance Act. This sub-paragraph applies separately to each of a Member's arrangements under the Scheme.

9.2 The Trustee may pay a Member an immediate lump sum instead of his benefits if:

- (a) the Member is under age 75 and the Trustees receive evidence from a registered medical practitioner that he is expected to live for less than one year;
- (b) the Member requests in writing to the Trustees that he receive an immediate lump sum instead of his benefits;
- (c) the Member confirms in writing to the Trustees that all or part of his Member's Lifetime Allowance is available; and
- (d) there has been no Benefit Crystallisation Event in respect of the arrangement concerned.

There is no limit on the lump sum which may be paid.

9.3 Any decision by the Trustees to pay a lump sum under this paragraph will also constitute a decision that, immediately following that decision but before the serious ill-health lump sum is paid, a new arrangement is created under the Scheme in respect of the Member, and that any rights to any pension (including any rights to a guaranteed minimum pension) payable on the Member's death are treated as rights under that new arrangement. For the purposes of the Finance Act the new arrangement will be separate from the arrangement under which the serious ill-health lump sum is payable.

### **10. TRIVIAL COMMUTATION LUMP SUM – MEMBER**

10.1 Subject to the provisions of this paragraph, the Trustees may pay a trivial commutation lump sum to a Member in respect of his defined benefit rights in the Scheme, if:

- (a) the Member has reached normal minimum pension age (as defined in section 279 of the Finance Act) but is below age 75;
- (b) the Trustees notify the Member in writing that they intend to pay him a trivial commutation lump sum; or
- (c) the Member notifies the Trustees in writing that he wishes to receive payment of a trivial commutation lump sum.

10.2 The payment of any trivial commutation lump sum must satisfy the following conditions:

- (a) it is paid when no trivial commutation lump sum has previously been paid to the Member by any Registered Scheme or, if such a lump sum has previously been paid, before the end of the commutation period;

- (b) on the nominated date the value of the Member's pension rights under all Registered Schemes does not exceed the commutation limit;
- (c) all or part of his Member's Lifetime Allowance is available; and
- (d) it extinguishes the Member's entitlement to benefits under the Scheme.

The Member must provide to the Trustees such information as they require to establish that the conditions set out above are satisfied.

10.3 A Member's choice under this paragraph must be made in such form and by supplying such information as to his entitlements under other Registered Schemes as the Trustees require.

10.4 In this paragraph:

- (a) the commutation period is the period beginning with the day on which a trivial commutation lump sum is first paid to the Member by any Registered Scheme and ending 12 months after that day;
- (b) the nominated date is the day within the period of three months ending with the first day of the commutation period nominated by the Member (or, if no date is nominated, is the first day of the commutation period);
- (c) the value of the Member's pension rights on the nominated date is calculated in accordance with paragraph 7(5) of Schedule 29 to the Finance Act; and
- (d) the commutation limit and the trivial commutation lump sum have the meanings given in Schedule 29 to the Finance Act.

## 11. TRIVIAL COMMUTATION LUMP SUM – DEATH BENEFIT

Where a person is entitled under the Scheme to a pension on the death of a Member, the Trustees may pay that person a lump sum instead of the pension to which he is entitled if:

- (a) the Member had not reached age 75 at the date of his death and the lump sum is paid before what would have been his 75th birthday;
- (b) the amount of the lump sum does not exceed the amount referred to in paragraph 20(2) of Schedule 29 to the Finance Act; and
- (c) the payment satisfies any other conditions applicable to a trivial commutation lump sum death benefit in accordance with Schedule 29 to the Finance Act.

## 12. LIFETIME ALLOWANCE EXCESS LUMP SUM

12.1 The Trustees may, if a Member so requests, pay a lifetime allowance excess lump sum (as defined in Schedule 29 to the Finance Act) in lieu of all or part of such part of the Member's entitlement to pension from the Scheme as would exceed the Member's Lifetime Allowance at the time the Member becomes entitled to a pension.

12.2 Any request made under this paragraph must be in writing (in such form as the Trustees require) to the Trustees not later than two months before the date on which the first instalment of pension is payable.



12.3 If the Trustees pay a lifetime allowance excess lump sum, they are discharged from all liabilities to and in respect of the Member concerned to which the lifetime allowance excess lump sum relates. This discharge is in addition to and without prejudice to any other discharge given to the Trustees.

12.4 Any lifetime allowance excess lump sum must be paid within three months beginning with the day on which the Member becomes entitled to the pension and, if a pension commencement lump sum is payable under the Rules, at the same time as that lump sum is paid.

### 13. REFUND OF EXCESS CONTRIBUTIONS LUMP SUM

At the Member's written request the Trustees will pay a refund of excess contribution lump sum (as defined in paragraph 6 of Schedule 29 to the Finance Act) to the Member provided that this payment satisfies the conditions necessary to qualify and be paid as an Authorised Payment.

### 14. OTHER SMALL LUMP SUMS

#### *Where all rights extinguished*

14.1 The Trustees may pay to a Member a lump sum which meets the applicable conditions in Part 2 of the Registered Pension Schemes (Authorised Payments) Regulations 2009 (the Regulations).

14.2 The payment of a lump sum as referred to in Part 2 will extinguish the Member's entitlement to benefits under the Scheme (including any survivor's benefits) or, if made after the Member's death, the payment will represent the total value of all sums and assets held for the purposes of the Scheme in respect of the Member. This sub-paragraph applies where the Regulations so require it in order for the payment to be an Authorised Payment.

14.3 In the case of a payment referred to in Regulation 12, where a lump sum may be paid to a Member:

- (a) the Member must have reached normal minimum pension age (as defined in section 279 of the Finance Act) but is below age 75;
- (b) he must not be a controlling director of an Employer or of a sponsoring employer of any related scheme nor be a person connected to such a person (all within the meaning of the Regulations); and
- (c) in relation to the Member: a transfer must not have been made into the Scheme during the five years before the payment such as would cause the payment not to meet the conditions in paragraph (1)(g) of Regulation 12 and a transfer must not have been made out of the Scheme during the three years before the payment.

#### *Information*

14.4 A Member or any other Beneficiary to whom a payment is proposed to be made under this paragraph must provide to the Trustees such information as they require to establish that the conditions referred to in this paragraph are satisfied, including a written declaration that the conditions will be satisfied if the payment is made by a specified date.

### 15. GENERAL CONDITIONS APPLICABLE TO PARAGRAPHS 9 TO 14 ABOVE

#### *Basis of commutation*

15.1 The basis on which a pension is converted to a lump sum under paragraphs 9 to 14 above is decided by the Trustees on the basis of actuarial advice.

### Availability of lifetime allowance

15.2 A Member's Lifetime Allowance or other Beneficiary's lifetime allowance (as defined in the Finance Act) (or part of it) will be treated as available or not available for the purposes of paragraphs 9 to 14 above only if the Member has confirmed this in writing to the Trustees.

### 16. RESTRICTION OF BENEFITS - THE ANNUAL ALLOWANCE

16.1 This paragraph 16 applies in spite of any other provision of these Rules other than Appendix 1 (Contracting-out) and paragraph 2 (Registered Scheme – Overriding Rule) of this Appendix 3.

16.2 In this paragraph 16:

- (a) **Commencement Date** means 1 April 2012 or any subsequent 1 April;
- (b) **First Reference Period** means a period of seven months starting on 1 September 2011 and ending immediately prior to 1 April 2012;
- (c) **Notified Amount** means an amount agreed between the Principal Employer and the Member and which the Principal Employer notifies to the Trustee in writing;
- (d) **Reference Period** means the First Reference Period and any Subsequent Reference Period;
- (e) **Subsequent Reference Period** means a period of 12 months starting on a Commencement Date and ending immediately prior to the following Commencement Date; and
- (f) **Voluntary Amounts** means:
  - (i) any contributions paid by or in respect of the Member other than amounts which are payable as a condition of membership of the Scheme. Such amounts include, without limitation, additional voluntary contributions, employer contributions paid by way of matching additional voluntary contributions, and amounts paid in consequence of any election under any flexible benefits arrangement operated by any Employer from time to time, in each case regardless of whether the amounts are paid directly by the Member or by the Employer under any Sacrifice Arrangement; and
  - (ii) any pension deriving from such amounts.

16.3 A Member may agree with the Principal Employer that:

- (a) for any Reference Period commencing after such agreement, his accrual rate under the Scheme for the purpose of calculating his or her Scale Pension will be adjusted so that the total pension which he accrues during the relevant Reference Period (excluding any Voluntary Amounts) does not exceed the Notified Amount (accruing in equal proportions of 1/12 for each month during the Reference Period, or 1/7 for each month during the First Reference Period); and
- (b) if, before or during any Reference Period, the Member is offered an increase in his earnings which would, notwithstanding any agreement in sub-paragraph (a) above, cause the total pension which he accrues during the relevant Reference Period (excluding Voluntary Amounts) to exceed the Notified Amount, all or part of the increase in the Member's earnings shall be provided on the basis that it will not count towards the Member's

Pensionable Earnings unless and until the Member and the Principal Employer agree otherwise.

- 16.4 A Member who has entered into an agreement under paragraph 16.3(a) to adjust the total pension which he or she accrues during a Reference Period may elect to have the agreement disapplied with effect from a subsequent Commencement Date. If a Member makes such an election then, in respect of the Member's Pensionable Employment on and from that Commencement Date, the Member shall accrue benefits at the rate described in the definition of Scale Pension. Such a Member shall not be prevented from making a subsequent agreement with the Principal Employer under paragraph 16.3(a) in respect of subsequent Reference Periods.
- 16.5 Any agreement between the Principal Employer and the Member for the purposes of paragraph 16.3 and any election made by the Member for the purposes of paragraph 16.4 must:
- (a) be in writing;
  - (b) be made in advance of the commencement of the relevant Reference Period, except for an agreement under 16.3(b); and
  - (c) otherwise comply with such requirements (including without limitation as to timing and form) as the Principal Employer determines and notifies to the Trustee.

The Principal Employer's decision as to whether a Member's agreement/election is valid for the purposes of this paragraph shall be final.

- 16.6 The Principal Employer will notify the Trustee as soon as practicable of all Members who have entered into an agreement for the purposes of paragraph 16.3, and of all Members who have previously entered into such an agreement but have subsequently elected to disapply the agreement for the next Reference Period(s) under paragraph 16.4.
- 16.7 The Trustee will provide benefits on the death in Pensionable Employment of a Member of the DB Section, and on Incapacity Retirement (within the meaning of Rule 8 (Retirement before Final Retirement Age) of the DB Section) on or before 30 June 2013 of a Member to whom this paragraph 16 applies on a basis agreed between the Member and the Principal Employer as part of the agreement described above, and notified to the Trustee in writing by the Principal Employer (but not exceeding the benefits which would have been payable if this paragraph 16 had not applied).
- 16.8 If a Member does not make a valid agreement with the Principal Employer for the purposes of paragraph 16.3 in advance of the commencement of a Reference Period, the benefits payable for that Reference Period will be as described elsewhere in these Rules.
- 16.9 Notwithstanding the provisions of this paragraph 16 and for the avoidance of doubt, a Member's benefits under the Scheme will remain subject to any applicable limits relating to Pre-6 April 2006 Tax Approval in accordance with this Appendix 3, which will continue to apply.

## APPENDIX 4

### PENSION SHARING ON DIVORCE OR DISSOLUTION OF A CIVIL PARTNERSHIP

#### 1. INTERPRETATION AND APPLICATION

This Appendix applies to the DB Section and to the DC Section. Words defined in the Trust Deed and Rules have the same meanings in this Appendix and additionally:

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

**Cash Equivalent** has the meaning given in Chapter 1 of Part 4ZA of the Pension Schemes Act 1993.

**Child** means a Member's or Ex-Spouse's legitimate, legitimated or adopted child who is under age 23. The child must be born before Pensionable Employment ends. A child may, if the Principal Employer agrees, be included if he is over age 23 but qualifies as a dependant under the Taxation of Pension Schemes (Transitional Provisions) Order 2006.

**Dependant** means, in relation to a Member, his Spouse or any Dependant.

**Distribution Rule** means Rule 11 (Lump sums, including pension commencement lump sums) of the DB Section or Rule 5 (Application of Member's DC Section Account through the purchase of a Policy) of the DC Section. That Rule is to be read as if the references to a Member are to the Ex-Spouse.

**Ex-Spouse** means an individual to whom Pension Credit Rights have been or are to be allocated following a Pension Sharing Order.

**Pension Credit** means a credit under section 29(1)(b) of the 1999 Act.

**Pension Credit Rights** means rights to future benefits under the Scheme which are attributable (directly or indirectly) to a Pension Credit.

**Pension Debit** means a debit under section 29(1)(a) of the 1999 Act.

**Pension Sharing Order** means any order or provision as is mentioned in section 28(1) of the 1999 Act.

#### 2. COMPLIANCE WITH PENSION SHARING ORDER

If the Trustees receive a Pension Sharing Order under the 1999 Act in respect of a Member, the Trustees will reduce the Member's benefits under the Scheme by the amount of the Pension Debit and discharge their liability in respect of the corresponding Pension Credit in accordance with the 1999 Act.

#### 3. PENSION CREDIT

The Trustees will pay the Pension Credit to a qualifying arrangement as defined in Schedule 5 to the 1999 Act in accordance with paragraph 1 of that Schedule.

**4. DEATH BEFORE LIABILITY FOR PENSION CREDIT IS DISCHARGED**

4.1 If the Ex-Spouse dies before the Trustees have discharged their liability in respect of the Pension Credit, a lump sum will be paid at the discretion of the Trustees in accordance with the Distribution Rule.

4.2 The lump sum will be up to 100% of what would have been the Cash Equivalent of the Pension Credit Rights. Any balance of the Cash Equivalent will be used to provide a non-commutable pension to one or more Dependants of the Ex-Spouse as decided by the Trustees.

4.3 The amount of pension payable to a Dependant is decided by the Trustees after taking actuarial advice and notified by the Trustees to the Dependant(s). The terms on which a Dependant's pension is paid are decided by the Trustees but a Dependant's pension must be payable for life, except that a pension paid to a Child must cease when the child ceases to be a Child.

**5. RECOVERY OF COSTS**

The Trustees may recover charges in respect of pension sharing costs as allowed by the 1999 Act.

**6. TRANSFERS IN WHICH INCLUDE PENSION CREDIT RIGHTS**

The Trustees will not, unless the Principal Employer agrees, accept a transfer payment in accordance with the Rules for a Member if they are informed by the transferor that the transfer value consists wholly or partly of Pension Credit Rights in the former scheme or arrangement. If such a transfer payment is accepted, the Trustees must separately identify the transfer payment relating to the Pension Credit Rights or the part of the transfer payment relating to the Pension Credit Rights, from other rights of the Member.

**7. PENSION SHARING UNDER SCOTTISH LAW**

The Trustees must follow the principles and apply the provisions of this Appendix in relation to the implementation of any Pension Sharing Order which is activated under Scottish law but with the Trustees adapting the provisions of this Appendix as required by Scottish law.



**THE RULES**

- of the DC Section of the -

**LV= EMPLOYEE PENSION SCHEME**

**ALLEN & OVERY**

*Allen & Overy LLP*

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## 1. APPLICATION AND INTERPRETATION

### 1.1 Supplement to the Trust Deed

These Rules supplement the Trust Deed and words defined in the Trust Deed have the same meanings in the DC Section.

### 1.2 Additional DC Section defined terms

In the DC Section:

**Active Member** means a Member who is in Employment and in respect of whom an Employer is contributing to the DC Section under Rule 3 (Contributions and costs) and **Active Membership** has the corresponding meaning.

**Death Benefit** means the benefit under Rule 10 (Death of an Active Member, Special Life Cover Member or Life Cover Member).

**Employers' Account** means the account referred to in Rule 6 (Employers' Account). Where the context requires, it means the amount standing to the credit of that account.

**Ill-health Condition** means that:

- (a) the Trustees have received evidence from a registered medical practitioner that the Member is, and will continue to be, incapable of carrying on his occupation because of physical or mental impairment; and
- (b) he has in fact ceased to carry on his occupation.

**Life Cover Member** means a person referred to in sub-Rule 2.6.

**Member** means a person who has been admitted to membership of the DC Section of the Scheme.

**Member's DC Section Account** means, in relation to a Member, the account maintained in respect of him in accordance with Rule 4 (Member's DC Section Account). Where the context requires, it means the amount standing to the credit of that account.

**Pay** means a Member's annual rate of basic pay.

**Special Deferred Member** has the meaning given in the DB Section Rules and shall also include, for the purposes of the DC Section Rules only, any person who was an active member of the defined benefit ("Green") section of the Ockham Pension Scheme immediately before that section of the scheme was closed to future accrual on 30 June 2013. A Member shall cease to be a Special Deferred Member when he leaves Employment.

**Special Life Cover Member** means a person referred to in sub-Rule 2.8.

## 2. MEMBERSHIP OF THE DC SECTION

In this Rule:

**Auto-Enrolment Regulations** means the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010, SI 2010/772; and

**Enrolment Duty** has the same meaning as in the Pensions Act 2008.

**Eligibility**

- 2.1 Subject to sub-Rule 2.10 below, an *Employee (including a salaried director of an Employer)* may become a Member of the DC Section if he:
- (a) is not in, or eligible for, Pensionable Employment (as defined in the DB Section) as a Member of the DB Section, unless he is a Phased Retirement Member, in which case he may become an Active Member of the DC Section subject to such conditions and/or restrictions as the Trustees and Principal Employer may stipulate;
  - (b) is a permanent Employee or employed on a temporary or fixed term contract with an Employer; and
  - (c) has not been excluded from membership by the Principal Employer.

**Contractual Enrolment**

- 2.2 Except for any Employee on 1 May 2013 who is not already an Active Member on that date, an Employee who is eligible automatically becomes an Active Member and Rule 3 (Contributions and costs) below applies as from the later of the first day he is eligible for Active Membership and 1 January 2010, unless he has informed his Employer in writing that he does not wish to be a Member, provided that a Special Deferred Member shall not become an Active Member until 2 July 2013 at the earliest.
- 2.3 Any Employee who opts out of the Scheme will automatically be re-enrolled as an Active Member of the DC Section on such occasions as required by any Enrolment Duty, subject to the Employee's right to opt out in accordance with the Auto-Enrolment Regulations.
- 2.4 Subject to sub-Rule 2.10 below, an Employee who has opted out of membership of the DC Section, or who has left the Scheme but has stayed in Employment, may become a Member following a later application only if the Principal Employer agrees and subject to such conditions and/or restrictions as the Trustees and Principal Employer may stipulate.
- 2.5 An Employee may become a Member even though he is not eligible if the Principal Employer agrees and he completes any application form the Trustees require. The benefits from the Scheme for and in respect of him will be varied to any extent the Principal Employer directs.

**Life Cover**

- 2.6 Subject to sub-Rule 2.7 below, a permanent employee of an Employer who is not a Member of the DC Section or the DB Section is automatically included in membership on the day he enters Employment, or, where the Employee is automatically enrolled into the DC Section but subsequently opts out of the Scheme, on the date that he opts out, but only as a Life Cover Member for the purposes of the lump sum Death Benefit under sub-Rule 10.1. A person ceases to be a Life Cover Member if he ceases to be in Employment or becomes an Active Member of the DC Section or (before 30 June 2013) an active Member of the DB Section.
- 2.7 Sub-Rule 2.6 above and sub-Rule 2.8 below will not apply to any person to whom any of the following apply:
- (a) paragraph 12 of Schedule 36 to the Finance Act (enhanced protection); or

- (b) paragraph 14 of Schedule 18 to the Finance Act 2011 (fixed protection) or any regulations made thereunder; or
- (c) any other statutory provision which provides protection to the person against tax charges arising in relation to the lifetime allowance as defined in section 218 of the Finance Act on the condition that no further benefit accrual occurs in respect of that person's arrangements under any registered pension scheme (including but not limited to the provisions for "Fixed Protection 2014" as set out in the Finance Bill 2013).

2.8 Subject to sub-Rule 2.9 below, a permanent employee of an Employer who is not an Active Member of the DC Section because his Member's DC Section Account was applied, in accordance with Rule 5 (Application of Member's DC Section Account), is automatically included in membership immediately following the application of his Member's DC Section Account but only as a Special Life Cover Member for the purposes of the lump sum Death Benefit under Rule 10 (Death of an Active Member or Life Cover Member). A person ceases to be a Special Life Cover Member if he ceases to be in Employment or becomes an Active Member of the DC Section.

#### **Deemed Membership**

- 2.9 An Employee who becomes a Member, a Special Life Cover Member or Life Cover Member in accordance with this Rule 2 will be treated as if he had never been a Member if:
- (a) the Trustees decide not to accept his application (where applicable); or
  - (b) before the expiry of three months after becoming eligible, or such shorter period as required by legislation or regulatory guidance, he elects to be treated as if he had never been a Member by giving written notice to the Trustees in such form as they require.

If this sub-Rule applies to an Employee, any payments made by him in respect of contributions will be refunded (less tax) and he will be treated for all purposes as if he had never been a Member.

#### **Auto-Enrolment**

- 2.10 If the effect of applying any of the membership conditions in this Rule 2 to a person would cause an Employer to be in breach of any Enrolment Duty, the condition will be treated as not applicable in that case. In a case where an Enrolment Duty applies or will apply from a future date in respect of a person (including where an Enrolment Duty applies but the individual's auto-enrolment date has been deferred) his membership will start at such time as the Employer designates in compliance with the Enrolment Duty unless the person is enrolled before that time under sub-Rule 2.5 above or otherwise and any provision of this Rule which conflicts with the Enrolment Duty will not apply.
- 2.11 An Employee who is eligible but is not an Active Member on 1 June 2013 will be automatically enrolled into the DC Section and will become an Active Member from that date, subject to the Employee's right to opt out in accordance with the Auto-Enrolment Regulations.

### **3. CONTRIBUTIONS AND COSTS**

- 3.1 Subject to clause 5 (Salary sacrifice) of the Trust Deed and paragraph 3 of Schedule 1 (Contributions – Special Deferred Members), an Active Member must pay contributions to the Scheme at the rate of at least 3% of Pay. Subject to this, an Active Member may vary his level of contributions by giving notice to the Trustees in a form acceptable to them. Any variation will take effect on a date determined by the Trustees and notified to the Active Member. The Trustees may from time to time impose requirements relating to the amount and frequency of any contributions. They may also

require an Active Member to give a minimum period of written notice before he changes his level of contributions.

- 3.2 Subject to sub-Rule 3.3 below, the Employer must pay contributions to the Scheme in respect of each Active Member at the following rate of the Active Member's Pay according to the Active Member's chosen percentage of Pay:

Member contribution	Employer contribution
3%	6%
4%	8%
5%	10%
6%	12%
7% or more	14%

**Transitional contributions for Special Deferred Members**

- 3.3 For the period 2 July 2013 to 1 July 2016, the Employer must pay contributions to the Scheme in respect of each Special Deferred Member in accordance with the provisions set out in Schedule 1 (*Contributions – Special Deferred Members*).

**Contributions – general**

- 3.4 An Active Member's contributions are deducted from his remuneration by his Employer, unless the Trustees agree to accept them in some other way. The Employer must pay the contributions it has deducted to the Trustees, or as the Trustees direct, at intervals agreed between the Principal Employer and the Trustees.
- 3.5 The Principal Employer may at any time and from time to time decide, in respect of any Member or any group of Active Members, or all Members that:
- (a) the percentage of Pay specified in sub-Rule 3.1 which a Member must contribute will be *increased or reduced from a specified date; and*
  - (b) the table specified in sub-Rule 3.2 setting out the amounts of matching Employer contributions will be varied in such manner as the Principal Employer decides, from a specified date.

Any change in the rates of contribution so decided will take effect as of such date as the Principal Employer notifies to the Trustees and the Active Members affected.

- 3.6 The Employers must pay to the Scheme the costs of providing the Death Benefits and the costs of administering and managing the DC Section, except costs to be deducted from Members' DC Section Accounts as mentioned in the Rules. The costs will be allocated between the Employers as the Principal Employer decides.
- 3.7 The Principal Employer may decide that all or any part of the contributions or costs to be paid by an Employer under this Rule are to be met out of the Employers' Account or, if the Trustees agree, out of any other assets of the Scheme (irrespective of which Section the assets relate to).
- 3.8 A Member of the DC Section may contribute a lump sum to his Member's DC Section Account subject to such conditions as the Principal Employer and the Trustees from time to time determine.

**3A. RESTRICTION OF CONTRIBUTIONS – THE ANNUAL ALLOWANCE**

- 3A.1 This Rule 3A applies in spite of any other provision of these Rules but subject to paragraph 2 (Registered scheme – overriding rule) of Appendix 3 (Finance Act – limits on benefits, enhanced protection, transitional provisions and flexibilities in taking lump sums).
- 3A.2 In this Rule 3A, any capitalised terms not defined in these Rules shall have the meaning given in paragraph 16 (Restriction of benefits – the annual allowance) of Appendix 3 (Finance Act – limits on benefits, enhanced protection, transitional provisions and flexibilities in taking lump sums).
- 3A.3 A Member may agree with the Principal Employer that, for any Reference Period commencing after such agreement, any contributions payable by or in respect of him under Rule 3 (Contributions and costs), including Employer contributions, will be adjusted so that the total contributions during the relevant Reference Period does not exceed the Notified Amount. For this purpose, any Voluntary Amounts will be ignored. The Member and the Principal Employer may agree special terms as to the payment of these adjusted contributions (including terms relating to the timing and the rate of payment). In the absence of such special terms, any contributions payable by the Member or the Employer shall be paid to the Trustees in accordance with Rule 3 (Contributions and costs).
- 3A.4 A Member who has entered into an agreement under sub-Rule 3A.3 to adjust the total contributions payable by or in respect of him or her during a Reference Period may elect to have the agreement disapplied with effect from a subsequent Commencement Date. A Member who makes such an election shall not be prevented from making a subsequent agreement with the Principal Employer under sub-Rule 3A.3 above in respect of subsequent Reference Periods.
- 3A.5 Any agreement between the Principal Employer and the Member for the purposes of sub-Rule 3A.3 and any election made by the Member for the purposes of sub-Rule 3A.4 must be in writing and must be made in advance of the commencement of the relevant Reference Period and must otherwise comply with such requirements (including without limitation as to timing and form) as the Principal Employer determines and notifies to the Trustee. The Principal Employer's decision as to whether a Member's agreement/election is valid for the purposes of this Rule shall be final.
- 3A.6 The Principal Employer will notify the Trustee as soon as practicable after the commencement of each Reference Period of all Members who have entered into an agreement for the purposes of sub-Rule 3A.3, and of all Members who have previously entered into such an agreement but have subsequently elected to disapply the agreement for the next Reference Period(s) under sub-Rule 3A.4.
- 3A.7 The Trustee will provide benefits on the death of an Active Member of the DC Section to whom this Rule 3A applies on a basis agreed between the Member and the Principal Employer as part of the agreement described above, and notified to the Trustee in writing by the Principal Employer (but not exceeding the benefits which would have been payable if this Rule 3A had not applied).
- 3A.8 If a Member does not make a valid agreement with the Principal Employer for the purposes of sub-Rule 3A.3 in advance of the commencement of a Reference Period, the contributions payable for that Reference Period will be as described elsewhere in these Rules.
- 3A.9 Notwithstanding the provisions of this Rule 3A and for the avoidance of doubt, a Member's benefits under the Scheme will remain subject to any applicable limits relating to Pre-6 April 2006 Tax Approval in accordance with Appendix 3 (Finance Act – limits on benefits, enhanced protection, transitional provisions and flexibilities in taking lump sums), which will continue to apply.

#### **4. MEMBER'S DC SECTION ACCOUNT**

4.1 The Trustees must maintain a Member's DC Section Account in respect of each Member. The following must be credited to a Member's DC Section Account:

- (a) his contributions;
- (b) any transfer payment accepted in respect of the Member, and
- (c) any contributions made by an Employer in respect of the Member.

The Trustees may also credit to a Member's DC Section Account any other contribution or payment received in respect of the Member.

4.2 A Member's DC Section Account will be adjusted in line with investment returns (positive or negative) on the Fund or Funds applicable to the Member's DC Section Account in accordance with clause 7 of the Trust Deed (Trustees' Powers – investment).

4.3 A Member's DC Section Account will be debited when it is applied under the Rules to any extent to provide a benefit or transfer payment and in accordance with sub-Rule 4.4 below.

4.4 There will be deducted from a Member's DC Section Account the amount of any costs incurred by the Trustees in respect of that Member's DC Section Account which are not payable out of the Employers' Account or the Scheme's other assets or met by the Employers.

#### **5. APPLICATION OF MEMBER'S DC SECTION ACCOUNT**

##### *Ways in which Member's DC Section Account can be applied*

5.1 When a Member's DC Section Account is to be applied under the Rules and his Lifetime Allowance is available (in whole or in part) then the Member must notify the Trustees of his choice of benefits to be provided by application of his Member's DC Section Account under sub-Rules 5.3-5.6 unless, and to the extent that, he chooses a transfer in accordance with Clause 10 (Transfers) of the Trust Deed. A Member's choices under this Rule 5 must relate to a proportion or amount of the Member's benefits which, when aggregated with any choice to transfer part or all of his benefits in accordance with Clause 10 (Transfers) of the Trust Deed, equals the whole of the Member's DC Section Account.

5.2 After the Member's DC Section Account is applied in accordance with this Rule 5 the Trustees are discharged from all liabilities to and in respect of the Member concerned for that particular Member's DC Section Account. This discharge is in addition to and without prejudice to any other discharge given to the Trustees.

##### *Policy*

5.3 A Member may choose that a part or the whole of his Member's DC Section Account be used to purchase a Policy. When any part of a Member's DC Section Account is to be applied through the purchase of a Policy, clause 11 (Annuitisation and income drawdown) of the Trust Deed will apply.

5.4 In respect of any Policy chosen, that is a "relevant pension" as defined in paragraph 1 of Schedule 29 of the Finance Act, the Member may choose to have part of his Member's DC Section Account paid to him as a pension commencement lump sum. The lump sum can be any amount up to the maximum permitted and subject to the conditions for it to qualify as a pension commencement lump sum in accordance with paragraph 1 of Schedule 29 of the Finance Act. If the Member chooses to

take a pension commencement lump sum under this sub-Rule, the Member must notify the Trustees in writing (in the form and within such time as they require) of his choice and provide such information as they require to establish his available Member's Lifetime Allowance. A Member's Lifetime Allowance (or part of it) will be treated as not available for the purposes of this sub-Rule if the Member has not provided such information and confirmed its availability in writing to the Trustees.

*Other lump sums*

- 5.5 The Trustees may pay any other lump sums permitted by the Finance Act on the terms set out in Appendix 3 (Finance Act – limits on benefits, enhanced protection, transitional provisions and flexibilities in taking lump sums).

*Uncrystallised funds pension lump sum*

- 5.6 A Member may select part of or the whole of his Member's DC Section Account to be applied as a one-off uncrystallised funds pension lump sum in accordance with paragraph 4A of Schedule 29 of the Finance Act.

**6. EMPLOYERS' ACCOUNT**

- 6.1 The Trustees must maintain an Employers' Account to which there will be credited:

- (a) any part of a Member's DC Section Account which is not applied as a result of the amount payable to a Member under the Rules being less than the amount in his Member's DC Section Account;
- (b) any amount paid by an Employer in respect of the costs of providing the Death Benefits (whether or not insured);
- (c) any amount paid by an Employer in respect of the Scheme's other costs (under any Section); and
- (d) any other assets of the Scheme which relate to the DC Section (as decided by the Trustees) and are not to be credited to Members' DC Section Accounts under the Rules.

- 6.2 The Principal Employer may direct that the Employers' Account shall be used to meet (in whole or in part) any liability of any of the Employers to pay contributions, insurance premiums or costs under any Section.

**7. CEASING ACTIVE MEMBERSHIP**

- 7.1 If:

- (a) a Member gives the Employer not less than one month's notice (or any shorter period the Employer agrees to accept) of his intention to stop paying contributions, but stays in Employment; or
- (b) a Member leaves Employment; or
- (c) a Member is absent from work and stops being an Active Member under Rule 11 (Maternity and other types of family leave) or Rule 12 (Other absences); or
- (d) a Member transfers his Member's DC Section Account in full from the Scheme and remains in Employment; or

(e) a Member's Employer stops participating in the Scheme,

he ceases to be an Active Member in the case of (a) on the date specified in the notice in which he gives notice and in any other case on the date of the relevant event. If he is continuing in Employment, he becomes a Life Cover Member or a Special Life Cover Member in accordance with sub-Rule 2.6 or sub-Rule 2.8, as applicable, (provided he is not a person to whom sub-Rules (a) to (c) of sub-Rule 2.7 above applies), unless he is readmitted to Active Membership of the DC Section under sub-Rule 2.3 above.

7.2 If a Member transfers his Member's DC Section Account in full from the Scheme and remains in Employment in accordance with sub-Rule 7.1(d) above the Member can remain an Active Member if the Trustees consent in writing.

## 8. LEAVING THE SCHEME – BENEFITS FOR QUALIFIED MEMBERS

### *Retirement age*

8.1 For the purposes of this Section, a Member's retirement age is treated as 65, or such later age as may be agreed with the Principal Employer.

### *Benefits*

8.2 Unless the Trustees have exercised their rights under sub-Rule 8.3 below, a Qualified Member who has ceased to be an Active Member under Rule 7 (Ceasing Active Membership) will have his Member's DC Section Account maintained until his 75th birthday, when it is applied under Rule 5 (Application of Member's DC Section Account). If a Member fails within a reasonable time, as decided by the Trustees, to make such a choice, then the Trustees will apply the Member's DC Section Account in one or more of the ways set out in Rule 5 (Application of Member's DC Section Account) as they decide. A Member may request the Trustees in writing:

- (a) to apply the whole of his Member's DC Section Account at an earlier date which must be on or after Minimum Pension Age unless he satisfies the Ill-health Condition; or
- (b) if the Ill-health Condition is met and he has left Employment, his Member's DC Section Account is applied in accordance with Rule 5 (Application of Member's DC Section Account). A Member making such an election must notify the Employer in writing and supply such evidence and information to the Employer and the Trustees as they may require in relation to the satisfaction of the Ill-health Condition.

The Trustees may accept or reject any such request.

8.3 Where permitted by legislation, the Trustees may apply the Members' DC Section Accounts of Qualified Members and secure the benefits through the purchase of a Policy without the Member's consent.

Where this sub-Rule 8.3 applies, the Trustees must be satisfied that the benefit secured is of an amount equal to the value of the benefits that had accrued to or in respect of the Member under the Rules of the DC Section.

### *Death before a Member's DC Section Account is applied*

8.4 If a Member to whom sub-Rule 8.2 applies dies before his Member's DC Section Account is applied under the Rules, the amount in his Member's DC Section Account is applied to provide a pension for such one or more of his Dependants taking into account any nomination the Member made before



his death or, in the absence of agreement, as the Trustees decide in the provision of one or more Dependants' pensions, or as a lump sum payable in accordance with clause 18 (Payment of lump sums on the death of a Member) of the Trust Deed. When the Trustees apply a Member's DC Section Account in providing a pension under this sub-Rule, they must do so by the purchase of a Policy for the relevant Dependant which provides a pension payable for life (unless the Dependant is a Child). The other provisions of the Policy will be decided by the Trustees.

## **9. LEAVING THE SCHEME – OPTIONS FOR NON-QUALIFIED MEMBERS**

### **9.1 In this Rule:**

**Contribution Refund** means, in relation to a non-Qualified Member, a sum representing the aggregate of:

- (a) his employee contributions; and
- (b) where transfer credits have been provided for him under the Scheme by virtue of a transfer payment accepted under the Trust Deed, his employee contributions to the transferring scheme, so far as they:
  - (i) relate to the transfer payment; and
  - (ii) do not, in aggregate, exceed the amount of the transfer payment.

**employee contributions** means, in relation to a non-Qualified Member, contributions made to the Scheme by or on behalf of him on his own account, but does not include:

- (a) a transfer payment by virtue of which transfer credits have been provided for him under the Scheme;
- (b) any pension credit (within the meaning of section 124(1) of the Pensions Act 1995) or amount paid to the Scheme which is attributable (directly or indirectly) to a pension credit; or
- (c) Notional Contributions.

**9.2** A non-Qualified Member whose Active Membership ends is entitled to a Contribution Refund or a Cash Transfer Sum if, on the date on which his Active Membership ends, the aggregate of the following periods amounts to at least three months and he meets the other applicable statutory requirements: the period of his Active Membership (including, if he has completed more than one period of Active Membership, any previous period of Active Membership) and period of linked qualifying service under another scheme (within the meaning of section 179 of the Pension Schemes Act 1993).

**9.3** The Trustees will, within such period after the end of the non-Qualified Member's Active Membership as they decide, notify him of his rights under sub-Rule 9.2 and how he may exercise them and provide information, as required by section 101AC of the Pension Schemes Act 1993. The Trustees will allow him a period after that notification in which to exercise those rights. If he does not exercise them in such manner and by such date as the Trustees have allowed or dies before then, the Trustees will pay a Contribution Refund subject to sub-Rules 9.4 and 9.5.

**9.4** A Contribution Refund is not payable:

- (a) to a Member in relation to whom a Benefit Crystallisation Event has previously occurred in relation to the Scheme;
- (b) to a Member who is over age 75; or
- (c) if and to the extent that it would not be a short service refund lump sum or a scheme administration member payment as defined in the Finance Act.

9.5 Where the Trustees pay a Contribution Refund to a Member:

- (a) the amount of the Contribution Refund will be calculated in accordance with section 101AF of the Pension Schemes Act 1993 (and accordingly the amount is the surrender value of the investments derived from the relevant contributions); and
- (b) no further benefits are payable to or in respect of the non-Qualified Member.

9.6 A non-Qualified Member who does not have an entitlement under sub-Rule 9.2 is entitled to a Contribution Refund subject to sub-Rule 9.4 but sub-Rule 9.5(a) will not apply.

**10. DEATH OF AN ACTIVE MEMBER, SPECIAL LIFE COVER MEMBER OR LIFE COVER MEMBER**

10.1 If an Active Member (except a Phased Retirement Member who has been admitted to membership of the DC Section) or a Special Life Cover Member dies a lump sum is payable in accordance with clause 18 (Payment of lump sums on the death of a Member) of the Trust Deed. It is equal to:

- (a) eight times the Active Member's Pay or the Special Life Cover Member's Pay at his death unless:
  - (i) that Active Member or Special Life Cover Member also receives a death in deferment lump sum under sub-Rule 12.2 of the DB Section in which case the lump sum will be equal to seven times the Member's Pay at his death; or
  - (ii) the Active Member or the Special Life Cover Member has no Dependants in which circumstance the lump sum will either be a lump sum equal to four times the Member's Pay at his death or, if the Active Member or the Special Life Cover Member also receives a death in deferment lump sum under sub-Rule 12.2 of the DB Section, a lump sum equal to three times the Member's Pay at his death; and
- (b) in addition to **Error! Reference source not found.** or (a), an amount equal to the value of the Member's DC Section Account, if applicable.

The Trustees may agree to provide any benefit provided by this sub-Rule 10.1 in a different form.

10.2 If a Life Cover Member dies in Employment a lump sum equal to his Pay at his death will be payable in accordance with clause 18 (Payment of lump sums on the death of a Member) of the Trust Deed.

10.3 The Principal Employer may at any time and from time to time decide, in respect of any Member or any group of Active Members, Special Life Cover Members, Life Cover Members or all Members, that their level of life cover is increased, decreased or restricted. Any change in the rate of life cover under this Rule 10 will take effect as of such date as the Principal Employer notifies to the Trustees and to the Members affected.

## **11. MATERNITY AND OTHER TYPES OF FAMILY LEAVE**

**11.1** If an Active Member is absent from work for a period of leave covered by this Rule, the Active Member's membership continues during the leave subject to the provisions set out in this Rule. In this Rule:

**additional adoption leave** is as defined in section 75B;

**additional maternity leave** is as defined in section 73;

**Notional Pay** means Pay on the basis that the person was working normally and receiving remuneration likely to have been paid for so doing as decided by the Employer from time to time;

**ordinary adoption leave** is as defined in section 75A;

**ordinary maternity leave** is as defined in section 71;

**other family leave** means a period of absence from work for family reasons (within the meaning of Schedule 5 to the Social Security Act 1989) excluding any period of maternity, adoption, paternity or parental leave;

**parental leave** is as defined in section 76;

**paternity leave** is as defined in sections 80A and 80B; and

**section** refers to a section of the Employment Rights Act 1996.

**Shared parental leave** – section 75E or 75G.

**11.2** This sub-Rule applies to a period of:

- ordinary maternity leave;
- ordinary adoption leave;
- additional maternity leave during which remuneration is paid;
- paternity leave during which remuneration is paid;
- additional paternity leave during which remuneration is paid;
- parental leave;
- additional adoption leave during which remuneration is paid; and
- shared parental leave during which remuneration is paid; and
- other family leave during which remuneration is paid.

If an Active Member is absent from work for a period to which this sub-Rule applies, the period of absence is treated on the following basis:

- (a) the Member need pay contributions only on actual Pay received;

- (b) *during the period of leave the Employer must pay to the Member's DC Section Account under Rule 3 (Contributions and costs) the percentage rate of Pay referred to in that Rule and make the contributions referred to in sub-clause 5.6 of the Trust Deed but based on Notional Pay except that during a period of paid parental leave or other family leave, the Employer's contributions are based on his actual Pay received;*
- (c) *during the period of leave the Employer must pay to the Member's DC Section Account under Rule 3 (Contributions and costs) the percentage rate of Pay by way of matching contribution as referred to in that Rule based on the percentage being paid immediately before the Member's absence started and based on Notional Pay (except as mentioned in (b) above) or where a Special Deferred Member's default contribution rate under paragraphs 2 or 3 of Schedule 1 (Contributions – Special Deferred Members) changes during the period of leave, in which case the Employer's contribution rate will be adjusted accordingly; and*
- (d) *the Death Benefit continues to apply based on Notional Pay.*

11.3 This sub-Rule applies to:

- a period of unpaid additional maternity leave;
- unpaid parental leave;
- unpaid shared parental leave;
- a period of unpaid additional adoption leave; and
- a period of unpaid other family leave.

If an Active Member is absent from work for a period to which this sub-Rule applies the Member need not pay contributions and the Employer will not pay any amount to the Member's DC Section Account under Rule 3 (Contributions and costs). However, the Member remains a Member for the purposes of the Death Benefit. That benefit is based on the Member's Notional Pay.

11.4 If a Member, after a period of unpaid leave to which sub-Rule 11.3 applies, exercises the right to return to work, he may require the Employer to pay to his Member's DC Section Account under Rule 3 (Contributions and costs) the percentage rate of Pay referred to in that Rule for any part of his leave. To do this, the Member must pay the contributions in respect of his period of leave based on Pay in force immediately before the start of the leave (less any contributions he has already paid on his actual Pay). If he does so, that part of his leave will be treated as qualifying service to determine whether he is a Qualified Member.

11.5 If sub-Rule 11.2 applies to the period of leave and the Member informs the Employer that he does not intend to return to work, or loses the right to do so or does not in fact return to work, the Member ceases to be eligible to make contributions and Rule 7 (Ceasing Active Membership) applies from:

- (a) the day the Member stops receiving pay (whether statutory or contractual) or, if earlier, the date on which his employment ends, or if later, the date in (b) below;
- (b) in the case of ordinary maternity leave, paid shared parental leave, ordinary adoption leave or paternity leave, the day when that period of leave ended for statutory purposes.

11.6 A Life Cover Member or Special Life Cover Member who is absent from work for a period of leave referred to in this Rule remains a Life Cover Member or Special Life Cover Member during the period of leave. The benefit is based on Notional Pay.

**12. OTHER ABSENCES**

If an Active Member is absent from work for a reason which does not fall within Rule 11 (Maternity and other types of family leave) but is approved by the Principal Employer for the purpose of this Rule, the Member's membership continues on the basis set out in this Rule for such period as the Principal Employer decides. At the end of that period the Member stops being an Active Member and Rule 7 (Ceasing Active Membership) applies:

- (a) if his absence is because of incapacity, the Member will pay contributions based on actual remuneration received, the Employer will pay contributions in respect of him and in accordance with Rule 3 (Contributions and costs) while he receives remuneration but based on his Pay on the day before absence started and he will continue to be covered for the Death Benefit. If the Member ceases to receive remuneration he will not pay contributions nor will the Employer pay any contributions in respect of him under Rule 3 (Contributions and costs);
- (b) if his absence is not because of incapacity but because his Employer expects that he will return to work the Principal Employer will determine the amount (if any) of contributions by the Member and the Employer; the Principal Employer will determine whether or not a Member will continue to be covered for the Death Benefit;
- (c) if during his period of absence contributions are paid by him under Rule 3 (Contributions and costs), that period will count as part of the period of two years' qualifying service used to determine whether a Member is a Qualified Member but any period of absence during which contributions are not paid by him under Rule 3 (Contributions and costs) will not count as part of that period; and/or
- (d) if a Member returns to work, after a period of absence during which no contributions have been paid by or in respect of him he may, with the agreement of the Principal Employer, pay contributions in respect of the period of his absence, or part of the period of his absence. The contributions which he must pay are those which he would have paid under Rule 3 (Contributions and costs) if he had been working normally and receiving the remuneration likely to have been paid for doing so. If he pays contributions under this sub-Rule the Employer will pay contributions in respect of him under Rule 3 (Contributions and costs) for the period of his absence, or the part of his period of absence for which he pays contributions. No contributions will be made by the Member or by the Employer in respect of him under Rule 3 (Contributions and costs) unless the Principal Employer so decides at its discretion.

**SCHEDULE 1**

**CONTRIBUTIONS – SPECIAL DEFERRED MEMBERS**

**1. Transitional contributions for Special Deferred Members**

1.1 Subject to paragraphs 2 and 3 below, for a period of two years commencing on 2 July 2013 the Employer will pay matching contributions and enhanced transitional contributions to the Scheme in respect of any Special Deferred Member who becomes an Active Member of the DC Section on 2 July 2013. These contributions will be payable at the following rate of the Special Deferred Member's Pay according to the Special Deferred Member's chosen contribution rate (also expressed as a percentage of Pay) as set out below:

**Year 1 (from 2 July 2013)**

Member contribution	Employer contribution	Employer transitional contribution
5%	10%	4%
6%	12%	4%
7%	14%	4%
Over 7%	14%	4%

**Year 2 (from 2 July 2014)**

Member contribution	Employer contribution	Employer transitional contribution
5%	10%	2%
6%	12%	2%
7%	14%	2%
Over 7%	14%	2%

**Year 3 (from 2 July 2015 – contributions revert to normal scale)**

Member contribution	Employer contribution	Employer transitional contribution
5%	10%	0%
6%	12%	0%
7%	14%	0%
Over 7%	14%	0%

**2. Default contribution rates for Special Deferred Members**

A Special Deferred Member who becomes an Active Member of the DC Section on 2 July 2013 must notify the Trustees and Employer in writing of the level of Employee contributions he wishes to make. If a Special Deferred Member fails to make this notification, he must pay Employee contributions on the default scale set out below unless and until he notifies the Trustees and Employer otherwise:

<b>Period</b>	<b>Default Member contribution rate for Special Deferred Members</b>
2 July 2013 to 1 July 2014	5%
2 July 2014 to 1 July 2015	6%
2 July 2015 to 1 July 2016	7%

A Special Deferred Member who elects to pay 5% Employee contributions on 2 July 2013 will automatically be moved onto the 6% and 7% contribution rates on the dates set out above, and a Special Deferred Member who elects to pay 6% Employee contributions on 2 July 2013 will automatically be moved onto the 7% contribution rate on 2 July 2015, in each case unless he notifies the Trustees and Employer otherwise.

A Special Deferred Member may at any time notify the Trustees and the Employer in writing that he wishes to pay Employee contributions at a lower rate than the default scale set out above. If the Special Deferred Member decides to pay Employee contributions of 5% or over, he shall be entitled to receive Employer contributions and Employer transitional contributions on the basis set out in paragraph 1 above. If the Special Deferred Member decides to pay Employee contributions of less than 5%, he will not be entitled to receive any further enhanced transitional contributions under paragraph 1 above and will instead qualify for matching Employer contributions under sub-Rule 3.2.

**3. Transitional contribution rates for 22% Members**

For the purposes of this paragraph 3, a 22% Member means a Special Deferred Member who immediately before 30 June 2013 was accruing benefits under the DB Section calculated (pursuant to an announcement from the Principal Employer dated April 2009) to provide an annual pension equivalent to 22% of his basic salary.

A 22% Member shall not be entitled to the transitional contributions set out in paragraph 1 above but will instead be entitled to the following contributions from 2 July 2013:

<b>Period</b>	<b>Member Contribution</b>	<b>Employer contribution</b>
2 July 2013 to 1 July 2014	0%	22%
2 July 2014 to 1 July 2015	3%	19%
2 July 2015 to 1 July 2016	Contributions revert to normal scale set out in sub-Rule 3.2	

A 22% Member must pay contributions on the scale set out above unless and until he notifies the Trustees and Employer otherwise, in which case he will not be entitled to receive any further

enhanced contributions under this paragraph 3 and will instead qualify for matching Employer contributions under sub-Rule 3.2.

Before 2 July 2015 a 22% Member must notify the Trustees and Employer in writing of the Employee contribution rate he wishes to be moved onto from that date. If a 22% Member fails to provide this notification, he will automatically be moved onto the 7% contribution rate on 2 July 2015 unless and until he notifies the Trustees and Employer otherwise.