

The Pensions Trust

Rules

This document contains a consolidated version of the current rules of The Pensions Trust which is made available for ease of reference. Copies of the signed rules may be provided on request by the Trust's administrators.

This document comprises:

- the Trust's consolidated rules adopted by deed on 2 September 2020;
- amendments made by deed of amendment dated 22 September 2022; and
- amendments made by deed of amendment dated 11 June 2025.

Table of Contents

Rule	Page
The Pensions Trust	1
Chapter I – Introductory	2
1 Meaning of words used	2
2 Schemes	8
Chapter II – Joining and leaving the Fund	9
3 Joining the Fund	9
3.1 Joining when first eligible	9
3.2 Process for joining.....	9
3.3 Failing to join at first opportunity	10
3.4 Reinstatement for past service.....	10
3.5 Evidence of health.....	10
4 Ceasing to be eligible	11
5 Opting out	11
Chapter III – General provisions about benefits	12
6 Choices at retirement	12
6.1 Retirement lump sum	12
6.2 Allocated pensions	12
6.3 Early retirement bridging pension option	13
7 Payment of lump sum death benefits	14
7.1 Nominations	14
7.2 Payment of lump sum death benefits.....	14
8 Pensions for spouses, Civil Partners and Survivors	15
8.1 Young Survivor	15
8.2 More than one spouse or Civil Partner	15
8.3 Nominations and discretion	15
8.4 Survivor’s pensions	16
8.5 Orphans.....	16
9 Early leavers	17
9.1 Re-joining	17
9.2 Qualifying Service	17
9.3 Preservation Requirements.....	18
10 Special provisions for certain Members	19
10.1 Members who left Service before 1 November 2014.....	19
10.2 Members who joined the Fund before 6 April 2006	19
10.3 Members who transferred from Wardens’ Savings Scheme.....	19

11	General Rules about pensions	21
11.1	Payment of pensions from the Fund	21
11.2	Open market option	21
11.3	Forms of benefit provision	22
11.4	Pension and benefit increases	22
11.5	Death of a pensioner – 5 year guarantee	22
12	General Rules about benefits	23
12.1	Recovery of tax and other charges	23
12.2	Entitlement to benefits	23
12.3	Restrictions on benefits	23
12.4	Beneficiary who is incapable	24
12.5	Payment before grant of representation	24
12.6	Loss of right to benefits	25
12.7	Tax status of the Fund	26
12.8	Contracting-out	27
13	Pension sharing on divorce, etc.	28
13.1	Compliance with pension sharing orders	28
13.2	Benefits under the Fund	28
13.3	Death of former spouse or Civil Partner before a transfer payment is made	28
14	Discretionary benefits	29
14.1	Serious ill-health lump sums	29
14.2	Lump sums instead of small pensions	29
14.3	Discretionary benefits	29
15	Transfers and buy-outs	30
15.1	Transfers from other pension schemes and arrangements	30
15.2	Transfers to other pension schemes and arrangements	30
15.3	Securing benefits with insurance policies and annuity contracts	31
15.4	Transfer club	31
Chapter IV – Assets, funding and contributions		32
16	Assets of the Fund	32
16.1	Assets held on trust	32
16.2	Management of assets	32
16.3	Apportionment of assets	33
16.4	Individual Scheme investment strategies	33
16.5	Fund expenses and trustee liabilities	34
16.6	Expenses Reserve	34
17	Accounts and actuarial valuations	36
17.1	Obligations to prepare accounts and actuarial valuations	36
17.2	Surplus assets	36
17.3	Insufficient assets	36
18	Contributions to the Fund	37
18.1	Contributions by Employers	37

18.2	Basic contributions by Members	39
19	Employer Debt Laws	39
	Chapter V – Governance	40
20	Trustees and delegates	40
20.1	Appointment and removal of trustees	40
20.2	Composition of a corporate Trustee	40
20.3	Conditions for Directors.....	41
20.4	Appointments	42
20.5	Standing Orders relating to appointments	42
20.6	Removal of Directors.....	42
20.7	Resignations.....	42
20.8	Casual vacancies	42
20.9	Directors who are Members	43
20.10	Chief Executive and other appointments	43
20.11	Delegation of powers	43
20.12	Scheme Committees	43
21	Trustee charges, liability and indemnity.....	44
21.1	Trustee charges	44
21.2	Limit of liability	44
21.3	Indemnity and protection from loss	45
21.4	Trustee insurance.....	45
21.5	Corporate Trustee	45
22	Notices	46
	Chapter VI – Employers joining and leaving the Fund, termination	47
23	Participating employers	47
23.1	Participation in the Fund	47
23.2	Ceasing to participate	48
24	Termination of the Fund or a Scheme.....	49
24.1	Time of termination.....	49
24.2	Effect of termination	49
24.3	Reopening the Fund/Scheme	49
25	Winding up the Fund or a Scheme	50
25.1	Time of winding-up	50
25.2	Use of assets.....	50
25.3	Securing benefits with insurance policies and annuity contracts.....	50
25.4	Winding-up lump sums.....	52
25.5	Transfers to other pension schemes and arrangements	52
25.6	Refund.....	52
25.7	Surplus assets.....	52
25.8	Insufficient assets.....	52
26	Changing the Rules	53

26.1	Majority of Directors/voting.....	53
26.2	Restrictions.....	53
26.3	Scheme amendments	54
27	Governing law.....	54
Appendix 1 Special Rules for the Defined Contribution Scheme		55
1	Meaning of words used	55
2	Contributions to the relevant Scheme	56
3	Member's Retirement Account	57
4	Member's retirement benefits	60
5	Benefits on Member's death	62
6	Early leavers	63
7	Right to transfer or buy-out	65
8	Members away from work	66
Appendix 2 Special Rules for the Growth Plan		69
1	Meaning of words used	69
2	Contributions to the Growth Plan	70
3	Bonuses (Series 1 and 2)	71
4	Member's Retirement Account (Series 3)	72
5	Allocation of expenses	73
6	Leaving Service	74
7	Pensions for Members	75
8	Lump sum payable on Member's death.....	78
9	Pensions for spouses, Civil Partners and Survivors	79
10	Pension for Children	81
11	Early leavers	82
12	Choices for early leavers.....	83
Appendix 3 Special Rules for Defined Benefit Schemes		84
1	Interpretation	84
2	Scheme documents, etc.	86
3	Membership	88
4	Transfer club.....	92
5	Contributions	93
6	Pension benefits	96
7	Late benefits	101
8	Ill-health pensions	102
9	Leaving options.....	106
10	Phased retirement.....	110
11	Family leave, etc.....	112
12	Temporary absence.....	114
13	Commutation	118
14	Lump sum death benefits.....	119
15	Pensions on the death of a Member	122
16	Children's pensions	126
17	Pension increases.....	128
18	Optional Benefits	130
19	Termination/cessation of participation	133

Appendix 4 Special Rules for the CARE Scheme	134
1 Interpretation	134
2 Membership	136
3 Normal Pension Age	137
4 Contributions	138
5 Revaluation of Earnings	139
6 Pension benefits	140
7 Supplementary Scheme	141
8 Ill-health pensions	142
9 Leaving options or early benefits	143
10 Death in Service	144
11 Death after retirement	145
12 “Survivor”	146
13 Pension increases	147
14 Contracting-out	148
15 Application of other Rules	149
16 Defined Contribution Option	150
Appendix 5 Special Rules for the Pension Scheme for the Education Sector (Defined Contribution).....	151
1 Meaning of words used	151
2 Contributions to the relevant Scheme	152
3 Member’s Retirement Account	153
4 Member’s retirement benefits	156
5 Benefits on Member’s death	158
6 Early leavers	159
7 Right to transfer or buy-out	161
8 Members away from work	162
Schedule 1 List of DB Schemes as at 30 September 2014:	165

The Pensions Trust

These **Rules of The Pensions Trust** are made as a deed on **1 November 2014** by **Verity Trustees Limited**, a company (registered number 744017) with a registered address of Verity House, 6 Canal Wharf, Leeds LS11 5BQ.

Verity Trustees Limited is the trustee for the time being of the Fund.

The Fund started in April 1946.

The Fund is governed by a trust deed and rules effective from 18 January 2011, as amended (the "**Trust Deed and Rules**"). Clause 6 (amendment of Trust Deed and Rules) says that the Trust Deed and Rules may be amended from time to time by means of a supplemental deed executed by two Directors duly authorised by the Trustee to execute the same, subject to certain procedural requirements and certain substantive restrictions on amendments.

None of the amendments in these Rules contravenes the substantive restrictions on amendments contained in Clause 6 of the Trust Deed and Rules, and the procedural requirements of that Clause have been complied with.

In exercise of its powers under Clause 6 of the Trust Deed and Rules, the Trustee amends the Trust Deed and Rules by replacing them with these Rules with effect from 1 November 2014. However, these Rules do not affect the benefits for Members who left Service before 1 November 2014, except as described in Rule 10.1 (Members who left Service before 1 November 2014).

General Rules

Chapter I – Introductory

1 Meaning of words used

“**Actuarial Advice**” means advice given by:

- (a) the Actuary; or
- (b) any other actuary appointed by the Trustee. An “actuary” for this purpose means a Fellow of the Institute and Faculty of Actuaries, or a corporate body making available the advice given to it by such a Fellow.

However, paragraph (b) will not apply where legislation requires the Actuary to give advice.

“**Actuary**” means a Fellow of the Institute and Faculty of Actuaries appointed by the Trustee as actuary of the Fund for the purpose of section 47 of the Pensions Act 1995.

“**Beneficiaries**” is defined in Rule 7.2 (payment of lump sum death benefits).

“**CARE Rules**” means the special rules set out in Appendix 4 for Members of the CARE Scheme.

“**CARE Scheme**” means that part of the Fund governed by the CARE Rules and known as the Career Average Revalued Earnings Pension Scheme or by such other name as the Trustee may decide.

“**Chief Executive**” means the person appointed by the Trustee to act as chief executive under Rule 20.10 (Chief Executive and other appointments).

“**Child**” of a Member (unless any relevant Scheme Document provides otherwise) means any child who is:

- (a) a legitimate, legitimised or legally adopted child of the Member; or
- (b) a child who was financially dependent on the Member at the date of the Member’s death (other than a foster child or a child the Member was sponsoring under a sponsored child scheme),

if such child is:

- (i) under age 18; or
- (ii) below age 22 but, in the opinion of the Trustee, is undergoing full-time education or vocational training; or
- (iii) in the opinion of the Trustee, was dependent on the Member at the date of the Member’s death because of physical or mental impairment.

Note: “Children” is used when referring to more than one Child.

“**Civil Partner**” means the same as in the Civil Partnership Act 2004.

“**Contracted-out Scheme**” means the CARE Scheme (contracted-out Members) and any Defined Benefit Scheme which has selected that Rule 12.8 (contracting-out) will apply to it.

“**Contracted-out Service**” means contracted-out employment by reference to a Contracted-out Scheme.

“**Contracting-out Laws**” means the laws on contracting-out in Part 3 of the Pension Schemes Act 1993.

General Rules

“**CD**” means a co-opted Director in accordance with the Trustee’s articles of association.

“**Defined Benefit Rules**” means the special rules set out in Appendix 3 for Members of Defined Benefit Schemes.

“**Defined Benefit Scheme**” means a scheme established within the Fund which is governed by the Defined Benefit Rules.

“**Defined Contribution Rules**” means the special rules set out in Appendix 1 for Members of the Defined Contribution Scheme.

“**Defined Contribution Scheme**” means that part of the Fund governed only by the Defined Contribution Rules (and comprising the Ethical Fund (previously known as the Unitised Fund) and the Flexible Retirement Plan).

“**Dependant**” means, in relation to a Member or any other person:

- (a) his or her spouse (including a same-sex spouse);
- (b) children under the age of 23 or who have reached that age and in the opinion of the Trustee were at the date of the Member’s or person’s death dependent on the Member or person because of physical or mental impairment;
- (c) anyone who is not his or her child who is financially dependent on him or her, or was so dependent when he or she died. This includes anyone whose financial relationship with the Member or other person was one of mutual dependence or who was dependent on the Member or other person because of physical or mental impairment; and
- (d) his or her Civil Partner.

If the Employer (other than in any capacity as an Unlinked Employer and for Non-Employee Members) and the Trustee agree, a Civil Partner or same-sex spouse who is not financially dependent within paragraph (c) is only a Dependant in respect of the Limited Spouse’s/Civil Partner’s Part of any benefits payable on the Member’s death.

The Trustee’s decision as to whether someone is another person’s Dependant will be final.

“**Director**” means, where the Trustee is a corporate trustee, a director of it.

“**Earnings**” means:

- (a) the Member’s basic salary or wage and such other emoluments as the Employer shall decide; or
- (b) (if greater) the amount which the Employer decides would have applied under paragraph (a) if the Member had not sacrificed salary or wage or other emoluments under a recognised salary sacrifice arrangement.

A recognised salary sacrifice arrangement is one which the Employer and the Trustee together choose to recognise for the purpose of this definition.

In a Defined Benefit Scheme, “Earnings” may be differently defined in the Scheme Document.

General Rules

“Earnings Cap” means the amount that would have been the “permitted maximum” under section 590C of the Income and Corporation Taxes Act 1988 (earnings cap) if that section had not been repealed. This is £145,800 as at 6 April 2014 and increased on each subsequent 6 April by the percentage increase in the retail prices index (or such other index as the Trustee determines) for the 12 month period ending the previous September (rounded up to the nearest multiple of £600).

“Employee” means any employee or director (including any non-executive director) of an Employer.

“Employer” means an employer participating in the Fund, and in relation to a Scheme means an Employer participating in that Scheme.

In relation to a Member, the “Employer” means the Member’s Employer or, if the Member is no longer employed by an Employer, the Member’s last Employer. The Trustee may decide:

- (a) that an Employer of a Member in the Defined Contribution Scheme or Pension Scheme for the Education Sector (Defined Contribution) or an Employer of a Member who has benefits on a defined contribution basis in the Growth Plan, a Defined Benefit Scheme or the CARE Scheme will cease to be treated as the Member’s Employer in the relevant Schemes, as applicable (an **“Unlinked Employer”**). If so, the Member will be treated as having no Employer in relation to that Scheme even if the Unlinked Employer remains an Employer to the Member for the purposes of another Scheme within the Fund; or
- (b) that a Member may join in accordance with General Rule 3 without having an Employer as a Non-Employee Member.

“Employer Committee” means a group nominated or deemed to have been nominated by the Employers of a multi-employer Scheme to act as the Employers’ representative for the purpose of consultation with the Trustee.

“END” means a Director nominated by Employers (or by employers participating in The Pensions Trust 2016) in accordance with the Trustee’s articles of association.

“Exit Date” means the latest date on which the Member:

- (a) ceases to be in the service of any of the Employers, whether by retirement, leaving service or death; or
- (b) is treated under the Rules as ceasing to be in such service because benefits are paid or contributions cease to be payable in respect of the Member.

“Expenses Reserve” means the reserve from time to time deriving from sums set aside pursuant to Rule 16.6 (Expenses Reserve) or any other Rules.

“Fund” means The Pensions Trust (formerly known as the Pensions Trust for Charities and Voluntary Organisations).

“GMP” means a guaranteed minimum pension (or accrued rights to one) under the Contracting-out Laws.

“Growth Plan” means the part of the Fund governed by the Growth Plan Rules and known as the Growth Plan or by such other name as the Trustee may decide.

“Growth Plan Rules” means the special rules set out in Appendix 2 for Members of the Growth Plan.

General Rules

“Incapacity” means in the opinion of the Trustee, after obtaining advice from a registered medical practitioner, the Member is:

- (a) currently unable to engage in any employment by reason of incapacity due to ill-health or injury; and
- (b) unlikely, by reason of such incapacity, to be able to resume any employment before Normal Pension Age. The Trustee may, at its discretion, disregard any employment the Member might resume which is not of a significant nature.

Where applicable, the Employer (other than in any capacity as an Unlinked Employer and for Non-Employee Members) may agree with the Trustee that a different definition of “Incapacity” applies in respect of a particular Member. The Employer will pay any additional contributions the Trustee may require. Such a Member shall be deemed to be suffering from Incapacity if, in the opinion of the Trustee, after obtaining advice from a registered medical practitioner, the Member is currently unable to engage in his or her own occupation by reason of incapacity due to ill-health or injury and is unlikely, by reason of such incapacity, to be able to resume his or her own occupation before Normal Pension Age.

A different definition of Incapacity may be specified in a Scheme Document for a Defined Benefit Scheme in accordance with the Matrix Options in Defined Benefit Rule 8.2 (“Incapacity” definition).

The Trustee’s decision as to whether a Member is suffering from Incapacity will be final. However, a pension can be paid before the Member’s 55th birthday (50th birthday if Rule 10.2 (Members who joined the Fund before 6 April 2006) applies to the Member) only if the Trustee has obtained evidence from a registered medical practitioner that the Member is (and will continue to be) incapable of carrying on his or her occupation.

“Index” means the index of retail prices published by the Department for Work and Pensions (or any substituted or replacement index). At such time as legislation may provide, the harmonised index of consumer prices (the European inflation index) may be used as a replacement to the index of retail prices for the Fund for any purposes so provided.

“Insurance Company” means a person defined as an “insurance company” in section 275 of the Finance Act 2004.

“Limited Spouse’s/Civil Partner’s Part” of any benefits payable on a Member’s death means such part of those benefits as is required to comply with the relevant provisions of the Civil Partnership Act 2004 or the Marriage (Same-sex Couples) Act 2013 (as appropriate), being, as applicable:

- (a) (in respect of Contracted-out Service) any Civil Partner’s or same-sex spouse’s GMP (see Defined Benefit Rule 15.6.1) and any Civil Partner’s or same-sex spouse’s pension in respect of Contracted-out Service from 6 April 1997 to 4 December 2005 (see Defined Benefit Rule 15.6.2); and
- (b) any benefits in respect of employment on and after 5 December 2005.

“Matrix Options” means the options described as such in the Defined Benefit Rules.

“Member” means:

- (a) a person who has joined the Fund under Rule 3 (joining the Fund); or
- (b) a Pension Credit Member except where the law otherwise provides.

General Rules

“**MND**” means a Director nominated by Members (or by members of The Pensions Trust 2016) in accordance with the Trustee’s articles of association.

“**Non-Employee Member**” means a person who is not an Employee but is allowed by the Trustee to join the Defined Contribution Scheme or the Pension Scheme for the Education Sector (Defined Contribution) in accordance with General Rule 3.

“**Normal Minimum Pension Age**” means the Member’s protected pension age under paragraph 22 of Schedule 36 to the Finance Act 2004.

“**Normal Pension Age**” means the age, not less than 60 and not more than 75, specified for a Member by the Employer at the date of joining a Scheme or, if no age is specified, age 65. The Trustee, the Employer (other than in any capacity as an Unlinked Employer and for Non-Employee Members) and the Member may agree to specify a different age at a later date.

“**Pensionable Service**” means the Member’s Service after joining the Fund (except any period in respect of which benefits are payable solely on death before retirement or in respect of Non-Employee Members). For the avoidance of doubt, Service after the Member ceases to be eligible or has opted out of the Fund is not Pensionable Service.

“**Pension Credit Member**” means a person (transferee) for whose benefit a pension sharing order or provision is made under Rule 13 (pension sharing on divorce, etc.).

“**Pension Scheme for the Education Sector (Defined Contribution)**” means that part of the Fund governed only by the PSES DC Rules.

“**Preservation Laws**” means the laws on preservation of benefit in Chapter 1 of Part 4 of the Pension Schemes Act 1993.

“**Preservation Requirements**” means those requirements to be met under the Preservation Laws for a Member to be entitled to a preserved benefit. The current Preservation Requirements are summarised in Rule 9.3.

“**PSES DC Rules**” means the special rules set out in Appendix 5 for Members of the Pension Scheme for the Education Sector (Defined Contribution).

“**Qualifying Service**” means Pensionable Service and employment which qualified the Member for retirement benefit under any occupational pension scheme from which a transfer payment in respect of the Member has been made to the Fund, or to a “buy-out” policy and subsequently to the Fund.

Note: Qualifying Service is used only for the purpose of deciding whether the Member is entitled to a preserved pension. Where the Member is entitled to a preserved pension, the amount of the pension is based on Pensionable Service.

“**Retirement Account**” means a Member’s Retirement Account as described in Defined Contribution Rule 3 (Member’s Retirement Account), Growth Plan Rule 4 (Member’s Retirement Account) or PSES DC Rule 3 (Member’s Retirement Account).

“**Revaluation Laws**” means the laws on revaluation of accrued benefits in Chapter 2 of Part 4 of the Pension Schemes Act 1993.

“**Rules**” means the rules of Fund from time to time.

“**Scheme**” means the Defined Contribution Scheme, the Growth Plan, a Defined Benefit Scheme, the CARE Scheme or the Pension Scheme for the Education Sector (Defined Contribution) (as the case may be) and, in relation to a Member or Employer, means the Scheme in which that Member or Employer participates.

General Rules

“Scheme Committee” means a sub-committee of the Trustee constituted to administer a Scheme under the Defined Benefit Rules for an individual Employer or a group of Employers.

“Scheme Document” means a document adopted under the Defined Benefit Rules and, unless the context otherwise requires, means the Scheme Document governing a Defined Benefit Scheme.

“Service” means employment with an Employer.

“Standing Orders” means policies adopted by the Trustee governing:

- (a) the conduct of the appointment of Directors;
- (b) the procedure for determining which Directors shall retire from office at the end of each appointment period; and
- (c) any other matter the Trustee decides appropriate.

“Survivor” means, subject to Rule 8.4 (Survivor’s pensions):

- (a) a Dependant of the Member; or
- (b) any individual who is (or was at the date of the Member’s death) cohabiting with the Member in a relationship closely resembling marriage (including same-sex marriage) and habitually sharing expenses with the Member or having financial interdependence with the Member.

If the Employer, where applicable and other than in any capacity as an Unlinked Employer and for Non-Employee Members, and the Trustee agree, a Civil Partner or a same-sex spouse who is a Dependant only by virtue of falling within paragraph (a) or paragraph (d) of that definition is a Survivor only in respect of the Limited Spouse’s/Civil Partner’s Part of any benefits payable on the Member’s death.

Note: “Survivor” may be differently defined in the Scheme Document.

“Transfer Value Laws” means the laws on transfer values in Chapter 4 of Part 4 of the Pension Schemes Act 1993.

“Triggering Event” means an event in relation to one or more of the Defined Contribution Scheme, the Pension Scheme for the Education Sector (Defined Contribution) and any part of another Scheme to which the Defined Contribution Rules or PSES DC Rules apply, which is a “triggering event” for the purposes of the Pension Schemes Act 2017.

“Trustee” means the trustee or trustees for the time being of the Fund.

“Trustee Function” means any duty, power or discretion of the Trustee, the exercise of which has been delegated pursuant to Rule 20.11 (delegation of powers) to a Scheme Committee; any duty, power or discretion conferred on a Scheme Committee by a Scheme Document and specified in that Scheme Document as being a Trustee Function.

“Unlinked Employer”, in relation to the Defined Contribution Scheme or the Pension Scheme for the Education Sector (Defined Contribution) only, has the meaning given in the definition of “Employer”.

General Rules

2 Schemes

The Fund includes the following Schemes:

- (i) the Defined Contribution Scheme;
- (ii) the Growth Plan;
- (iii) a number of Defined Benefit Schemes (as at 30 September 2014, as listed in Schedule 1 to the Rules);
- (iv) the CARE Scheme; and
- (v) the Pension Scheme for the Education Sector (Defined Contribution).

The Trustee and the Employer will agree the Scheme applicable to an Employee who joins the Fund. In accordance with General Rule 3, the Trustee may allow a person to join who is not an Employee. That person will join the Defined Contribution Scheme or the Pension Scheme for the Education Sector (Defined Contribution) as determined by the Trustee, being a Non-Employee Member. The Trustee may, at the request of an Employer, establish a new Defined Benefit Scheme within the Fund.

Each Scheme within the Fund is a segregated section for the purposes of the scheme funding laws contained in Part 3 of the Pensions Act 2004, section 75 of the Pensions Act 1995 and Regulations made under it, Chapter 3 of Part 2 of the Pensions Act 2004 dealing with the PPF and much other legislation.

Contributions payable to the Fund by an Employer, or by a Member in Service with that Employer, are allocated to the Scheme in which the Employer participates (or, if the Employer participates in more than one Scheme, to the Scheme in which the Employer participates and which is appropriate in respect of the employment in question). Contributions payable by Non-Employee Members will be to the Defined Contribution Scheme or the Pension Scheme for the Education Sector (Defined Contribution) as determined by the Trustee.

A specified part or proportion of the assets of the Fund is attributable to each Scheme and cannot be used for the purposes of any other Scheme (save to make provision for death benefits or on winding up of the Scheme in question or the Fund).

The assets attributable to a Scheme are identified in accordance with Rule 16.3 (apportionment of assets).

For the avoidance of doubt, certain of the Defined Benefit Schemes and the CARE Scheme include benefits provided in accordance with the Defined Contribution Rules (and, in some cases, the Growth Plan Rules). The Defined Benefit Rules also allow accrual on a career average basis in certain circumstances (see Defined Benefit Rule 6.1 (Matrix Options: pension accrual)).

General Rules

Chapter II – Joining and leaving the Fund

3 Joining the Fund

3.1 Joining when first eligible

An Employee who has not reached age 75 is eligible to join the Fund and become a Member from the date that the Employer, with the consent of the Trustee, decides, provided that:

- 3.1.1 the person meets any eligibility requirements imposed by the Employer; and
- 3.1.2 the person meets any eligibility requirements selected by the Employer from Defined Benefit Rule 3.3 (Matrix Options: eligibility) if applicable.

However, the Employer may exclude any Employee or category of Employees (other than Employees who are already Members) from membership unless the exercise of this power of exclusion would amount to unlawful discrimination on the grounds of sex, age or disability or any other grounds prescribed by legislation.

An Employer may decide to include eligible Employees in the Fund automatically on the date they become eligible to join. However, the Trustee will do this only for Employees who have been told in writing that they are to be included in the Fund, and who have not opted out.

However, an Employee will be included in the Fund automatically from each automatic enrolment or re-enrolment date if Chapter 1 of the Pensions Act 2008 (employers' duties) requires the Employer to make arrangements for the Employee to become an active member of an automatic enrolment scheme. The only exception is if the Employee has given a valid opt-out notice under section 8 of that Act (Jobholder's right to opt out).

If not included automatically, an Employee who is eligible to join may apply to the Trustee to join the Fund in accordance with Rule 3.2 (process for joining).

The Trustee may also allow a person who is not an Employee to join the Defined Contribution Scheme or the Pension Scheme for the Education Sector (Defined Contribution) and become a Member from a date decided by the Trustee, provided that the person meets any eligibility requirements imposed by the Trustee. On joining, the Member will be known as a "**Non-Employee Member**".

3.2 Process for joining

Applications to join the Fund must be made in the form required by the Trustee in respect of Employees or other persons who are not included in the Fund automatically.

General Rules

3.3 Failing to join at first opportunity

Where a person eligible for membership of the Fund has not joined within one year of becoming eligible and wishes to join at some later date, the person may join the Fund:

- 3.3.1 pursuant to any provision relating to automatic enrolment, re-enrolment or employees' rights to opt in or otherwise become an active member under the Pensions Act 2008 as may be applicable in his or her case; or
- 3.3.2 with the agreement of the Employer and the Trustee, subject to a minimum of three months' Service unbroken through illness or injury. The Trustee may, however, disregard any illness or injury of that person (for the purpose of the minimum period of unbroken service) which (in the Trustee's opinion) is not of a significant nature.

The Trustee may impose restrictions on the benefits payable except where the person has been automatically enrolled or re-enrolled into the Scheme pursuant to the Pensions Act 2008.

3.4 Reinstatement for past service

Where a person could have joined the Fund but did not do so, or opted out of the Fund, or took a transfer payment out of the Fund, the Trustee may, subject to Actuarial Advice, accept a reinstatement payment (including an administration charge determined by the Trustee) in respect of him or her. The Trustee shall have absolute discretion to decide the benefits (if any) that the Member will be entitled to in return for the reinstatement payment and the terms on which those benefits will be provided and will notify the Member. The Member will be treated as if he or she had been a Member for the relevant period (being the period for which he or she could have been, or could have remained, in Pensionable Service and/or the period of Pensionable Service to which the transfer value related, as applicable) or pro rata if only a proportionate reinstatement payment is made.

3.5 Evidence of health

The Trustee may ask any Member or person who applies to become or re-join as a Member or be reinstated as a Member for evidence of health at the time of joining, re-joining or seeking reinstatement in the Fund, when Earnings or the rate of benefit on death or incapacity increases, or when included as a Growth Plan Plus Member or awarded death benefits under the Growth Plan (including transfers from existing Growth Plan Members). If evidence of health is not provided, is not satisfactory to the Trustee or is found to be inaccurate, the Trustee may refuse the application, restrict any benefits payable on the Member's death or early retirement or declare the application void, however:

- 3.5.1 if such evidence is requested in connection with an increase in benefits for an existing Member, a restriction shall not operate so that the Member's benefits are less than they would have been if the increase had not taken place or had not been proposed;
- 3.5.2 such restrictions shall not apply to any refund of the Member's own contributions;
- 3.5.3 where the Member is in Contracted-out Service, such restrictions shall not cause the pension payable to the Member's widow, widower or Civil Partner to be less than the Survivor's GMP; and
- 3.5.4 any such restrictions because of health may be imposed only if not unlawful discrimination on the grounds of sex, age or disability or any other grounds prescribed by legislation.

General Rules

4 Ceasing to be eligible

A Member in Service will cease to be eligible if:

- (i) the Employer tells the Member he or she is transferring to Service which is not eligible; or
- (ii) his or her contract of service is varied so that he or she is no longer eligible for membership; or
- (iii) it would be unlawful to allow the Member to continue accruing benefits under the Fund.

A Non-Employee Member will cease paying contributions if it would be unlawful to allow the Non-Employee Member to pay contributions under the Fund.

The Member will be treated as having left Service immediately on ceasing to be eligible. However, the Member may choose an early pension under the applicable Appendix before actually leaving Service.

5 Opting out

A Member in Service may at any time opt out of the Fund by giving notice to the Employer and the Trustee. A Non-Employee Member may cease paying contributions by giving notice to the Trustee.

The Member will be treated as having left Service on the day the notice expires for all the purposes of the Fund except that, if the Member opts out within a month after joining the Fund or gives a valid opt-out notice under section 8 of the Pensions Act 2008 (Jobholder's right to opt out), the Trustee and the Employer will take appropriate action, so that the Member is treated as if he or she had never been included in the Fund.

A Member who opts out of the Fund may re-join only with the agreement of the Employer and the Trustee, and subject to the requirements of Rule 3.3 (failing to join at first opportunity). If the Member re-joins the Fund, the Member's benefits will be calculated in accordance with Rule 9.1 (re-joining).

A Non-Employee Member may re-join only with the agreement of the Trustee. If the Member re-joins the Fund, the Member's benefits will be calculated in accordance with Rule 9.1 (re-joining).

However, a Member who opts out will be included in the Fund automatically from the next re-enrolment date if Chapter 1 of the Pensions Act 2008 (employers' duties) requires the Employer to make arrangements for the Member to again become an active member of an automatic enrolment Fund. This will happen unless the Member gives a valid opt-out notice under section 8 of that Act (Jobholder's right to opt out).

General Rules

Chapter III – General provisions about benefits

6 Choices at retirement

6.1 Retirement lump sum

A Member entitled to a pension from a defined benefit arrangement in the Fund may give up pension for a lump sum payable when the pension is due to start (as well as taking all or part of his or her Retirement Account under any defined contribution arrangement in the Fund as a lump sum). The Member can choose a lump sum of any amount up to the maximum permitted as a “pension commencement lump sum” under Part 4 of the Finance Act 2004. However, where relevant the Member must keep a pension at least equal to his or her GMP.

The Trustee will convert pension to lump sum on a basis it decides after considering Actuarial Advice. However, the Trustee may allow a Member who will derive a lump sum from more than one arrangement to specify the source of the lump sum.

6.2 Allocated pensions

A Member of a Defined Benefit Scheme or the CARE Scheme or entitled to Growth Plan Series 1, 2 or 3 Benefits may, by written notice to the Trustee, give up part of his or her own pension before it starts to provide a pension on his or her death for one or more of his or her Survivors. In respect of Growth Plan Series 3 Benefits, this option may only be exercised at retirement. The Member may, by written notice, revoke this choice at any time before the Member’s pension comes into payment. However, where relevant, the Member must keep a pension at least equal to his or her GMP.

The total of all Survivors’ pensions under the Fund cannot exceed the maximum permitted “dependants’ scheme pension” under Part 4 of the Finance Act 2004.

The Trustee will convert the Member’s pension to Survivor’s pension after obtaining Actuarial Advice. A Survivor’s pension under this Rule 6.2 will be paid in addition to any pension to which the Survivor is otherwise entitled under the Fund.

This choice will take effect only if both the Member and the nominated Survivor survive until the Member’s pension starts and, where relevant, the Member’s marriage or civil partnership to the Survivor has not been dissolved and they are not judicially separated before the Member’s pension starts.

If the Survivor dies before the Member but after the Member’s pension has started, the reduction in the Member’s pension will continue to take effect.

The Trustee may also, in exceptional circumstances, allow the recipient of a pension from the Fund to surrender or assign that pension or part of it to provide a pension for a Dependant as provided for in section 91(5) of the Pensions Act 1995. A surrender or assignment under this Rule 6.2 will only be permitted to the extent it is consistent with the Contracting-out Laws.

General Rules

6.3 Early retirement bridging pension option

If the Trustee allows and the Employer pays any contributions the Trustee requires, an Employer may give a Member whose pension from the Fund starts before State Pensionable Age a pension which terminates at State Pensionable Age or pension from the Fund increased before that age and reduced after it, so that the pension from the Fund before that age is more nearly equal to the Member's total pension from the Fund and the state after it. The amount of the Member's pension and of any pensions payable on the Member's death will be calculated by the Trustee on a basis it considers reasonable.

For the purpose of this Rule 6.3, "**State Pensionable Age**" has the meaning given by the rules in paragraph 1 of Part 1 of Schedule 4 to the Pensions Act 1995 (rules for equalisation of pensionable ages for men and women) in force at the time the relevant Member's pension starts.

General Rules

7 Payment of lump sum death benefits

7.1 Nominations

A Member may at any time deposit with the Trustee a nomination for the payment of lump sum death benefits. A nomination or a change to or withdrawal of a nomination must be in writing signed by the Member, or submitted by the Member electronically in a form acceptable to the Trustee, and be received by the Employer or the Trustee (or, in the case of an Unlinked Employer or Non-Employee Members, the Trustee only) before the Member's death. The Trustee may, but is not obliged to, comply with a Member's wishes as expressed in a nomination.

7.2 Payment of lump sum death benefits

The Trustee will pay any lump sum death benefit to one or more of:

- 7.2.1 the person or persons or organisations nominated by the Member;
- 7.2.2 the Member's legal personal representatives ("executors" in Scotland); or
- 7.2.3 the Beneficiaries.

The "**Beneficiaries**" are:

- (i) the Member's surviving spouse (including a same-sex spouse) or Civil Partner;
- (ii) any ancestors and descendants of the Member, or of the Member's surviving spouse or Civil Partner, and the spouses, Civil Partners and surviving spouses or Civil Partners of those ancestors or descendants;
- (iii) any brother or sister, uncle or aunt (whether of the whole or half-blood) of the Member, or of the Member's surviving spouse or Civil Partner, and the spouses, Civil Partners and surviving spouses and Civil Partners of those persons;
- (iv) any descendant of a person included in (ii) or (iii) above;
- (v) any person who, in the opinion of the Trustee, was formally engaged to be married to (or to become a Civil Partner of) the Member;
- (vi) any person with an interest in the Member's estate; and
- (vii) the Member's Survivors.

For this purpose, a relationship acquired by legal adoption shall be valid as a blood relationship and a step-child is deemed a descendant.

The Trustee may use all or part of the amount payable for the benefit of one or more of the Beneficiaries, instead of paying it direct to the Beneficiaries concerned.

So long as only Beneficiaries can become entitled to the benefit, the Trustee may:

- (a) direct that all or part of the lump sum be held by themselves or other trustees on such trusts (including discretionary trusts) and with such powers and provisions (including powers of selection and variation) as the Trustee sees fit; or
- (b) pay all or part of the lump sum to the trustees of any other existing trust.

General Rules

8 Pensions for spouses, Civil Partners and Survivors

8.1 Young Survivor

If a Survivor, who is not a child of the Member, is more than ten years younger than the Member, the pension payable to the Survivor from any defined benefit arrangement within the Fund will be reduced by 2.5% for each year of age difference greater than ten, subject, in the case of a Defined Benefit Scheme, to Matrix Option 284 applying. However, the pension will not be reduced to less than any GMP that the relevant Scheme is required to provide for a spouse or Civil Partner.

8.2 More than one spouse or Civil Partner

If there is more than one surviving spouse, Civil Partner or persons who are accepted as being eligible under the relevant Appendix to these Rules, the Trustee will pay the pension to them in equal shares unless the Trustee decides to follow a relevant nomination made by the Member. Any young Survivor's reduction under Rule 8.1 shall apply to the relevant share.

8.3 Nominations and discretion

A Member may at any time deposit with the Trustee a nomination of a Survivor for the payment of pension death benefits. A nomination or a change to or withdrawal of a nomination must be in writing signed by the Member, or submitted by the Member electronically in a form acceptable to the Trustee, and be received by the Employer or the Trustee (or, in the case of an Unlinked Employer or Non-Employee Members, the Trustee only) before the Member's death. The Trustee may, but is not obliged to, comply with a Member's wishes as expressed in a nomination.

Nominations will be treated as revoked if, after the nomination is made:

- 8.3.1 the Member enters into a marriage or Civil Partnership with a person other than the nominee;
- 8.3.2 if the nominee was the Member's spouse or Civil Partner, the marriage or Civil Partnership is annulled or dissolved;
- 8.3.3 the nominee ceases to qualify as a Survivor,

unless confirmed by the Member in writing signed by the Member, or submitted by the Member electronically in a form acceptable to the Trustee, and received by the Employer or the Trustee (or, in the case of an Unlinked Employer or Non-Employee Members, the Trustee only) before the Member's death.

Except where the Rules relevant to a Scheme provide Survivor's pensions only to a spouse or Civil Partner (ignoring any Children's pensions) and where a nomination for a lawful spouse was not required for a Member who left Service before 1 October 1995, where at the date of the Member's death:

- (i) there is no valid nomination; or
- (ii) the nominee pre-deceased the Member; or
- (iii) the Trustee decides not to pay the pension to the nominee,

the Trustee may (but need not) pay a Survivor's pension (or some smaller pension) to any Survivor.

General Rules

8.4 Survivor's pensions

The pension for any adult Survivor, who is not a child of the Member, will stop on that person's death.

The pension for any Child will continue for as long as the person continues to qualify as a Child.

Where a person who is nominated to receive a Survivor's pension is also a child of the Member, the following conditions apply:

- 8.4.1 a "Survivor's pension" shall mean either the whole amount or the amount remaining after deducting any part representing contracted-out rights payable under the Rules to a spouse or Civil Partner;
- 8.4.2 the "age reduction" provisions of Rule 8.1 shall not apply;
- 8.4.3 if a child receives a pension as a Survivor of the Member from a Scheme, no other pension for a Child shall be payable to that child from that Scheme;
- 8.4.4 a child of any age may be nominated and will be eligible if, in the opinion of the Trustee, he or she:
 - (i) was, at the date of the Member's death, dependent on the Member because of physical or mental impairment; and
 - (ii) by reason of such impairment is likely to be incapable of earning his or her own living when adult;
- 8.4.5 a Child may be nominated, in which case the Survivor's pension will not be paid beyond the date when he or she reaches age 18 or ceases to be a Child if later; and
- 8.4.6 Children's pensions paid under Growth Plan Rule 10 (pension for Children) or Defined Benefit Rule 16 (Children's pensions) may be divided between Children but these may not include any child receiving a Survivor's pension under the provisions of this Rule 8. A Survivor's pension may not be divided between children, unless the Trustee agrees otherwise, but if it is divided each part shall cease when that child ceases to be eligible and shall not be payable to any other child.

8.5 Orphans

If a person to whom a Survivor's pension is or would be payable:

- 8.5.1 dies at the same time as or shortly after the relevant Member; and
- 8.5.2 no other pension is or would, except for this Rule 8.5, be payable to a Child of the Member,

then the Trustee may (but need not) pay that pension (or any part of it) to a Child or Children of the deceased Member. A decision of the Trustee as to the meaning of the term "shortly after" in this Rule 8.5 shall be final.

General Rules

9 Early leavers

9.1 Re-joining

It may be that a Member leaves Service and later returns, or draws a pension and later returns, to Service with the agreement of the Trustee and the Employer. If so, the Member will be treated for the purposes of the Fund in the same way as any other new Employee except for the calculation of Qualifying Service in Rule 9.2. In particular, the Member will not be treated as in Pensionable Service after the break unless he or she re-joins the Fund in accordance with Rule 3 (joining the Fund).

The Member shall remain entitled to the benefits to which the Member had become entitled, as well as any to which the Member may become entitled after the Member re-joins the Fund.

Note: A Member does not leave Service on a change of employment from one Employer participating in a Scheme to another Employer participating in the same Scheme. The Member's Service will be treated as continuous unless there is a break.

9.2 Qualifying Service

A Member, who has become entitled to receive a pension under any of the Rules or who is eligible for a deferred pension and who subsequently enters the Service of any Employer who again includes him or her as a Member, shall be treated for all purposes (except for the calculation of Qualifying Service) as if being included in the Fund for the first time.

It may be that a Member leaves Service, returns and re-joins the Scheme and then leaves again before Normal Pension Age, and the period between leaving Service and re-joining the Scheme did not exceed one month or was due to a trade dispute. If this happens, the Member's Pensionable Service before and after the break will be treated as continuous (but excluding the break) for the purpose of calculating whether the Member has at least two years' Qualifying Service after the break (but not for any other purpose).

It may be that a Member leaves Service with a preserved pension, returns and re-joins the Scheme and then leaves again before Normal Pension Age, and is still entitled to benefits under the Scheme for the period before the break. If this happens, the Member will always be entitled to a preserved pension for his or her Pensionable Service after the break, even if the Member has less than two years' Qualifying Service after the break.

Note: This rule does not apply to Non-Employee Members.

General Rules

9.3 Preservation Requirements

A Member who leaves Service before Normal Pension Age without becoming entitled to immediate benefits will be entitled to preserved benefits under the Fund if he satisfies the Preservation Requirements.

Note: The Preservation Laws currently provide that the Preservation Requirements are met if:

- (a) the Member leaves Service with at least 2 years' Qualifying Service;
- (b) the Member, having joined the Defined Contribution Scheme or Pension Scheme for the Education Sector (Defined Contribution) on or after 1 October 2015, leaves Service with at least 30 days' Qualifying Service;
- (c) a transfer payment in respect of the Member's rights under a personal pension scheme was made to the Fund; or
- (d) the Member is still entitled to benefits from the Fund from a previous period of Service.

Note: A Non-Employee Member cannot meet the Preservation Requirements.

General Rules

10 Special provisions for certain Members

10.1 Members who left Service before 1 November 2014

The benefits for Members who left Service before 1 November 2014 (and the benefits payable on their deaths) will be as described in the provisions of the Fund in force previously from time to time. The benefits will, however, be paid as described in these Rules, and Rules 7.2 (payment of lump sum death benefits) and 10 to 27 of these Rules (except for Rule 11.4 (pension and benefit increases)) will apply in place of any corresponding previous provisions of the Fund. In particular, Rule 12.7 (tax status of the Fund) will apply so that, if the Trustee would otherwise be required to make a payment that would be “unauthorised” by virtue of section 160 of the Finance Act 2004, the payment will be treated as discretionary and will not be made unless the Trustee decides otherwise (which it need not do).

In relation to the provisions of the Fund in respect of Members with an Unlinked Employer regardless of when the Member left Service, references to their Employer in the benefits applicable to them will not apply and any references to any consent, agreement or decision by the Member’s Employer will instead be read as to the Trustee.

10.2 Members who joined the Fund before 6 April 2006

A Member who joined the Fund before 6 April 2006 may choose a pension that starts on or after 6 April 2010 at any time after reaching Normal Minimum Pension Age. However, a Member can do this only if all his or her benefits under the Fund start being paid on the same date (to satisfy the retirement condition mentioned in paragraph 22(7) of Schedule 36 to the Finance Act 2004).

10.3 Members who transferred from Wardens’ Savings Scheme

In the case of Members who were members of The Wardens’ Savings Scheme (an excepted provident fund) (the “**Savings Scheme**”) immediately before joining the Fund, and for whom a transfer payment has been made from the Savings Scheme to the Fund, in this Rule 10.3:

“**Prescribed Interest**” means compound interest calculated from 1 April 1980 to the date on which the Member retires from, leaves or dies in service at the rate of 4.75% per annum plus the annual bonus percentage or such other amount as the Trustee shall from time to time determine to be appropriate to reflect the investment yield of the Fund.

“**Transfer Credit**” means the amount received from the Savings Scheme as a transfer payment in respect of a Member to whom this Rule 10.3 applies.

“**Member’s Share of the Transfer Credit**” means that part of the Transfer Credit which was notified to the Trustee by the trustee of the Savings Scheme as being attributable to the Member’s contributions to the Savings Scheme and interest thereon up to 1 April 1980.

10.3.1 The Normal Pension Age for Members to whom this Rule 10.3 applies shall be as defined for the Member under the Growth Plan Rules.

10.3.2 Where a Member to whom this Rule 10.3 applies becomes entitled to an immediate pension, or at Normal Pension Age (if the Member is electing to defer the pension), the Member may elect to receive a cash sum equal to the Member’s Transfer Credit with Prescribed Interest thereon, in which case:

- (i) the Member’s pension shall be calculated as if no Transfer Credit had been received in respect of the Member;

General Rules

- (ii) the lump sum the Member can receive by commutation of the Member's pension shall not exceed 3/80ths of the Member's Earnings over the 12 months preceding the Exit Date (as defined in clause 1 of the Fund's trust deed dated 16 December 2003) for each year of service with the Member's Employer after 31 March 1980; and
- (iii) the trivial commutation provisions on retirement or death shall not apply to the Member.

10.3.3 A Member to whom this Rule 10.3 applies who leaves the Service of the Employer may elect to receive a cash sum equal to the Member's Transfer Credit and Prescribed Interest on leaving, in which case:

- (i) the Member's deferred pension shall be calculated as if no Transfer Credit had been received in respect of the Member;
- (ii) Rules 10.3.2(ii) and (iii) shall apply to the Member; and
- (iii) if a death benefit under Growth Plan Rule 8 (lump sum payable on Member's death) becomes payable in respect of the Member, the requirement to pay an amount equal to contributions made before 1 April 1980 plus compound interest shall be treated as having been satisfied by the payment of the cash sum under this Rule 10.3.

10.3.4 In the case of any Member to whom this Rule applies, where a benefit is payable on death in Pensionable Service under Growth Plan Rule 8, it shall be equal to the total of:

- (i) the Member's own contributions to the Fund on or after 1 April 1980 plus compound interest calculated at such rate as the Trustee decides after taking Actuarial Advice;
- (ii) the Member's Share of the Transfer Credit plus Prescribed Interest; and
- (iii) the lesser of (a) the balance of the Member's Transfer Credit plus Prescribed Interest and (b) four times the annual rate of the Member's salary calculated immediately before the Member's death.

Where, by virtue of the Member having been entitled to Growth Plan Series 4 benefits, a benefit is payable under Defined Contribution Rule 5.1 (benefits on death in Service), it shall be equal to the total of Rule 10.3.4(i) and (ii) and the lesser of (a) the balance of the Member's Transfer Credit plus Prescribed Interest plus twice the annual rate of the Member's salary calculated immediately before the Member's death and (b) four times that annual rate of salary.

Where Defined Benefit Rule 14.1 (lump sum) and this Rule 10.3.4 both apply on the death of a Member, the contributions referred to in Rule 10.3.4(i) shall be those contributions before the Member became a Member of the Defined Benefit Scheme and in Rule 10.3.4(iii), part (b) shall be the yearly amount of the Member's Earnings calculated immediately before the Member's death.

General Rules

11 General Rules about pensions

11.1 Payment of pensions from the Fund

A Member may choose to take benefits from the Fund in any form from time to time allowed by the Trustee under Rule 11.3 (forms of benefit provision).

Where a Member does not make such a choice, a Member of:

11.1.1 any part of the Fund which is a money purchase arrangement (within the meaning of Part 4 of the Finance Act 2004);

11.1.2 the Growth Plan Series 3;

11.1.3 the Defined Contribution Scheme; or

11.1.4 the Pension Scheme for the Education Sector (Defined Contribution),

and any other Member, at the discretion of the Trustee, may choose a lifetime annuity from an alternative pension provider under Rule 11.2 (open market option). If such a Member does not make a choice under Rule 11.2, the Trustee may select the pension provider on behalf of the Member or, in the case of a Member in Growth Plan Series 3, may alternatively pay his or her pension from the Fund. Any other pensions are payable from the Fund.

Pensions are deemed to accrue from day to day and are payable quarterly in advance on the sixth day of the first month of each quarter or such other date as the Trustee may decide, but payment may be made on a convenient working day before that date. The Trustee may pay pensions at lesser intervals. Where pensions are payable in advance, no part repayment of the payment made in respect of the quarter in which the pensioner died is necessary on the pensioner's death.

Where a person becomes entitled to receive a pension on a day other than the sixth day of the first month of a quarter, the Trustee will pay the first instalment as soon as practicable following the date on which the person becomes entitled to the pension. The first instalment will cover the period up to the sixth day of the first month of the following quarter.

11.2 Open market option

A Member specified in Rule 11.1 (payment of pensions from the Fund) may elect that a lifetime annuity (and any benefits payable on the death of that person) (or any other product which the Member is permitted by law and the Finance Act 2004 to purchase) shall be purchased from an Insurance Company or other authorised provider chosen by that person. The terms on which a lifetime annuity (and any such death benefits) (or other product) are provided shall be agreed between that person and the provider. Once the lifetime annuity (and any such death benefits) (or other product) has been purchased from the provider, that person (and any persons claiming through him or her) shall cease to have any rights to benefits from the Fund.

General Rules

11.3 Forms of benefit provision

The Trustee may (but need not) allow Members to choose to take benefits from the Fund in any alternative form the Trustee may from time to time decide (and on such terms as the Trustee decides). This may include (but is not limited to) lump sums and drawdown arrangements. However, this is subject to Rule 12.7 (tax status of the Fund).

11.4 Pension and benefit increases

Pensions in payment will increase as specified in the relevant Appendix.

Any reference to an increase to a benefit, over a stipulated period, by reference to an increase in the Index, shall be interpreted in accordance with:

11.4.1 the published figure for the increase in the Index, or that part of it which falls above zero, only where the figure is positive (above zero); and

11.4.2 no adjustment to benefits shall be made if the published change to the Index is below zero.

Increases under this Rule 11.4 may not apply to any pension or part of a pension that is calculated on a money purchase basis, derived from additional voluntary contributions or provided under Rule 14.3 (discretionary benefits) or 15.1 (transfers from other pension schemes and arrangements). Those pensions will increase in accordance with the terms on which they were granted.

11.5 Death of a pensioner – 5 year guarantee

It may be that a Member has an entitlement to benefits under a Defined Benefit Scheme or the CARE Scheme, Growth Plan Series 1 Benefits, or Growth Plan Series 2 Benefits.

If so, and if the Member dies no more than 5 years after the date when his pension started then, unless the relevant Scheme Document says otherwise, a lump sum will be payable on his death equal to the pension instalments that would have been paid to the Member over the balance of the 5-year period (ignoring prospective increases).

Any such lump sum death benefit shall be treated as described in Rule 12.7.

General Rules

12 General Rules about benefits

12.1 Recovery of tax and other charges

The Trustee may deduct from any payment under the Fund any tax for which it may be liable in respect of it.

The Trustee may reduce any benefit in respect of which a lifetime allowance charge arises, so as fully to reflect the amount of tax payable under section 215 of the Finance Act 2004 (amount of charge). The Trustee will decide the amount of the reduction after considering Actuarial Advice, and its decision will be final.

12.2 Entitlement to benefits

The Trustee may decide whether or not a person is entitled to any pension or other benefit in accordance with the Rules, all other claims on the Fund and all matters, questions and disputes concerning the Fund.

The Trustee may require any evidence or information it decides from a person entitled to or claiming a benefit from the Fund and payment of such benefit is conditional on the person producing that evidence or information.

12.3 Restrictions on benefits

If any benefits payable on a Member's death in Service are insured, they will be subject to any restrictions imposed by the person with whom they are insured. This means that these benefits may not be paid if the Trustee cannot get insurance for particular Members.

The Trustee may decide that benefits payable on a Member's death in Service will also be limited if:

- 12.3.1 the Member is killed by (or as a result of) an act or event that kills a number of Members; and
- 12.3.2 the Trustee considers it necessary to limit the benefits that would otherwise be payable, in order to maintain the solvency of the Fund.

The Trustee may decide that benefits (including incapacity pensions) will also be limited or not payable for any Member who fails to provide evidence of good health satisfactory to the Trustee (or any insurer), or whose death or incapacity results from a cause specified in a notice to Members.

However, the benefits payable on a Member's death in Service will always be at least equal to those that would have been payable if the Member had left Service with a preserved pension on the day before his or her death.

The Trustee will only pay a lump sum death in Service benefit in respect of a Member who dies before age 75.

General Rules

12.4 Beneficiary who is incapable

If the Trustee considers that a person cannot look after his or her own affairs (by reason of illness, mental disorder, age or otherwise), it may use any amounts due to that person for his or her benefit or for the benefit of any person who in the opinion of the Trustee may be a Dependant of that person or may pay them to any other person whom the Trustee considers appropriate to use for that person's benefit.

Any such payment will be a complete discharge for the Trustee for the relevant benefits.

12.5 Payment before grant of representation

It may be that a sum of less than £5,000 is payable to a person's personal representatives but no grant of representation has been made to the person's estate. If so, the Trustee may pay the amount to the person's widow, widower, surviving Civil Partner or statutory next-of-kin instead of to the person's personal representatives.

General Rules

12.6 Loss of right to benefits

Benefits under the Fund are subject to restrictions imposed by sections 91 to 93 of the Pensions Act 1995 (assignment and forfeiture, etc.). These restrictions are intended to ensure that benefits are generally paid only to the person entitled under these Rules, rather than to any other person. The restrictions prevent benefits from being assigned, commuted, surrendered, charged or forfeited, except in specified circumstances.

However, there are exceptions to these restrictions. Where the exceptions allow:

- 12.6.1** an Employer (other than in any capacity as an Unlinked Employer or Non-Employee Members) may request that the Trustee reduces or stops a person's benefits (except for any GMP or benefits the Member is entitled to as a result of a transfer payment into the Fund) if the person owes money to the Employer and the debt arises out of a criminal, negligent or fraudulent act or omission. If this happens, the Trustee may, with the written agreement of the Member, apply an amount equal to the debt or, if less, the value of the forfeit benefits in meeting the contributions due from that Employer under the Rules and reducing the Member's benefits. Any part of the credit not used within six years will revert to the Fund and will not be available to the Employer;
- 12.6.2** the Trustee may reduce or stop a person's benefits in order to obtain payment of any debt owed by the person to the Fund;
- 12.6.3** the Trustee may stop any benefits that are payable in respect of a Member to a person who is convicted of the Member's murder or manslaughter, or any other offence of which unlawful killing of the Member is an element (including aiding, abetting, counselling or procuring the Member's death);
- 12.6.4** a benefit (except for any GMP, and any amount that has already fallen due for payment) will cease to be payable if the person entitled to it under these Rules tries to assign or charge it, or if any other event occurs by which all or part of the benefit would, if it belonged to that person absolutely, become payable to someone else. If this happens, the Trustee may (but need not) pay an equivalent or smaller discretionary benefit to, or for the support or maintenance of, one or more of:
 - (i) the person who was entitled to the original benefit; and
 - (ii) that person's Dependents.

In no case shall any payment be made to an assignee or purported assignee. If the Trustee decides to pay a discretionary benefit to more than one person, it will pay it in such shares as it decides and the discretionary benefit will cease on the death of the person entitled, or if sooner the recipient;

- 12.6.5** an instalment of a pension or any lump sum benefit payable from the Fund will cease to be payable if the person entitled to it does not claim it within six years (eight years for GMPs) of the date on which the instalment or lump sum first becomes due and the Trustee does not know the person's whereabouts. However, the Trustee may (but need not) pay an equivalent amount if the benefit is claimed later; and
- 12.6.6** the Trustee may also reduce or stop a person's benefits in any other circumstances allowed by law.

General Rules

12.7 Tax status of the Fund

The Fund is a “registered pension scheme” for the purposes of Part 4 of the Finance Act 2004. If (without this Rule 12.7) the Trustee would be required to make a payment under the Fund that would be “unauthorised” by virtue of section 160 of that Act (payments by registered pension schemes), the payment will be treated as discretionary and will not be made unless the Trustee decides otherwise (which it need not do).

Before 6 April 2006, the Fund was approved under Chapter 1 of Part 14 of the Income and Corporation Taxes Act 1988 (retirement benefit schemes). As a condition of this approval, the Fund was subject to various requirements including limits on the benefits and contributions that could be paid. The details of these limits are contained in previous legislation, and in IR12(2001) “Practice Notes on the Approval of Occupational Pension Schemes”.

In spite of the changes made by the Finance Act 2004, the Earnings Cap that previously applied to the amount of benefits under the Fund continues to apply, except where the Trustee decides otherwise, for benefits in respect of Service prior to 6 April 2006. The Trustee may agree to different benefits being provided, for such Service, subject to the payment of such contributions as may be required after obtaining Actuarial Advice.

The modifications made by the Registered Pension Schemes (Modification of the Rules of Existing Schemes) Regulations 2006 no longer apply to the Fund.

Any lump sum death benefits will insofar as possible be treated as a defined benefits lump sum death benefit as defined in paragraph 13 of Schedule 29 to the Finance Act 2004, unless the Member had specified that it was to be treated as a pension protection lump sum death benefit instead in accordance with paragraph 14 of that Schedule. If a lump sum cannot be paid in these circumstances, the pension that was being paid to the Member (including increases that would have been paid to the Member) may continue to be paid to any person until the end of the guarantee period. This applies irrespective of any other pension that may be payable to a Survivor of the Member under the Rules.

General Rules

12.8 Contracting-out

The Trustee will operate the Contracted-out Schemes in accordance with the Contracting-out Laws that apply to salary-related contracted-out schemes and mixed benefits contracted-out schemes as applicable.

These Rules will be treated as including Rules to the same effect as any rule that must be included for the Contracted-out Schemes to be contracted out in relation to a Member's Contracted-out Service. In particular, if a Member has a guaranteed minimum under section 14 of the Pension Schemes Act 1993 (earner's guaranteed minimum) in relation to a pension provided by the Fund:

- 12.8.1 the weekly rate of the Member's pension under the Fund at age 65 if a man or 60 if a woman for service before 6 April 1997 will not be less than that guaranteed minimum;
- 12.8.2 the weekly rate of pension payable to any widow of the Member under the Fund in respect of the Member's service before 6 April 1997 (excluding pension provided by additional voluntary contributions) will not be less than half the Member's guaranteed minimum; and
- 12.8.3 the weekly rate of pension payable to any widow or Civil Partner of the Member under the Fund in respect of the Member's service before 6 April 1997 (excluding pension provided by additional voluntary contributions) will not be less than half the part of the Member's guaranteed minimum which is attributable to earnings factors for the tax year 1988-89 and subsequent tax years up to and including the tax year 1996-97.

This Rule 12.8 overrides all other provisions of the Fund, except those that are in accordance with the Pension Schemes Act 1993 and Rule 26 (changing the Rules). However, it does not require any pension to be paid to any person in any circumstances where the Contracted-out Scheme is not required to provide a pension for that person under the Contracting-out Laws.

A Member cannot choose a pension that starts before Normal Pension Age unless the Trustee is satisfied that the pension will satisfy the requirements of this Rule 12.8 without any additional cost to the Fund.

General Rules

13 Pension sharing on divorce, etc.

13.1 Compliance with pension sharing orders

It may be that an order or other provision under section 28(1) of the Welfare Reform and Pensions Act 1999 or equivalent Northern Ireland laws (activation of pension sharing) requires all or part of a Member's benefits to be transferred to the Member's former spouse or Civil Partner. If this happens, the Trustee will discharge its liability to the former spouse or Civil Partner in accordance with the requirements of the Act. The Trustee may recover charges in respect of pension sharing costs, as allowed by the Act.

13.2 Benefits under the Fund

If the Trustee provides pension credit benefits for the former spouse or Civil Partner under the Fund, these benefits will be provided on such terms as the Trustee determines separately from any other benefits to which the former spouse or Civil Partner may be entitled under the Fund.

13.3 Death of former spouse or Civil Partner before a transfer payment is made

It may be that the Trustee intends to discharge its liability to the former spouse or Civil Partner by making a transfer payment to another pension arrangement, but the former spouse or Civil Partner dies before the payment is made. If this happens, the Trustee may (but need not) use the intended transfer payment to provide benefits in respect of the former spouse or Civil Partner in any of the ways allowed by the Welfare Reform and Pensions Act 1999. Any part of the intended transfer payment that is not used in this way will be paid into the Expenses Reserve.

General Rules

14 Discretionary benefits

14.1 Serious ill-health lump sums

It may be that the Trustee receives evidence from a registered medical practitioner that a Member is expected to live for less than one year. If this happens before the Member starts to receive benefits from the Fund, the Trustee may allow the Member to give up all of his or her benefits under the Fund in return for a lump sum. However, this will be allowed only if payment of a “serious ill-health lump sum” is permitted under Part 4 of the Finance Act 2004 and the Contracting-out Laws.

The Trustee will calculate the lump sum after considering Actuarial Advice.

Note: The Finance Act permits payment of a “serious ill-health lump sum” only if any benefits payable on the Member’s death are first moved to a new arrangement within the Fund. The Trustee will record the creation of this new arrangement as it thinks fit.

14.2 Lump sums instead of small pensions

It may be that the value of a person’s benefits under the Fund (including any death benefits) is so small that the Contracting-out Laws and Part 4 of the Finance Act 2004 would allow payment of a lump sum instead of those benefits. If so, the person concerned may choose a lump sum instead of those benefits with the consent of the Trustee.

The Trustee will calculate the value of the benefits and the amount of the lump sum after considering Actuarial Advice.

14.3 Discretionary benefits

The Trustee may, with the consent of the Employer and if the Employer pays any additional contributions that the Trustee decides are appropriate (for which purpose the Trustee will consider Actuarial Advice), provide:

14.3.1 increased or additional benefits for, or in respect of, any Member; or

14.3.2 with a Member or Members’ consent benefits for, or in respect of, a Member or Members which are different, or on different terms (including as to time of payment), from those set out elsewhere in the Rules

Any benefits provided under this Rule 14.3 must be consistent with the Contracting-out, Preservation, Revaluation and Transfer Value Laws and authorised for the purposes of Part 4 of the Finance Act 2004.

General Rules

15 Transfers and buy-outs

15.1 Transfers from other pension schemes and arrangements

The Trustee may accept a transfer of assets or surrender value for any person from another pension scheme or arrangement.

On entering the Fund, a Member may, with the consent of the Trustee, make a payment to the Fund not exceeding any sum received by the Member from any other retirement benefit scheme of which the Member was formerly a Member. The Trustee may treat the payment as a transfer payment if this is permitted by legislation.

The Trustee will use the assets or surrender value to provide such benefits for the person concerned as it decides are appropriate after considering Actuarial Advice. The benefits must comply with the Contracting-out, Preservation, Revaluation and Transfer Value Laws, and must be consistent with the Fund's tax status as a registered pension Fund under Part 4 of the Finance Act 2004.

15.2 Transfers to other pension schemes and arrangements

Instead of providing benefits under the Fund for any person, the Trustee may make a transfer payment to another pension scheme or arrangement or to an insurance company, so that benefits will be provided for the person concerned under the other scheme or arrangement, or by the insurance company. The Trustee may make a payment in respect of part only of a person's benefits under the Scheme. However, if a Triggering Event occurs and the Trustee terminates and winds up the Defined Contribution Scheme, the Pension Scheme for the Education Sector (Defined Contribution) and/or any part of another Scheme to which the Defined Contribution Rules or PSES DC Rules apply in accordance with Rules 24.1 and 25.1, the Trustee will make a transfer payment to another pension scheme or arrangement for all of the people entitled to benefits under the relevant Scheme and/or any part of a Scheme, as applicable, so that benefits will be provided for the people concerned under the other scheme or arrangement, in accordance with the Pension Schemes Act 2017.

The Trustee will decide the amount of the transfer payment after considering Actuarial Advice.

The Trustee may also under this Rule 15.2 make a transfer from one Scheme within the Fund to another Scheme within the Fund (in which case, Rule 15.1 (transfers from other pension schemes and arrangements) will apply to determine the benefits to be provided in the receiving Scheme). If the assets available to be transferred exceed what is required in the receiving scheme to replicate benefits in full, the surplus (as determined by the Trustee, after obtaining Actuarial Advice) shall be treated as a credit for the Employer and used to meet other contributions due to the Fund as the Employer may request, including any debt under section 75 of the Pensions Act 1995 (provided that the Trustee agrees and is satisfied that there is no adverse effect on the eligibility of any part of the Fund for protection from the Pension Protection Fund). If no contributions are for the time being payable by the Employer, then, where the Employer agrees, the value may be used in meeting contributions due from any associated Employer. If any part of such credit is not used within six years, it shall be paid into the Expenses Reserve.

Any transfer must comply with the Contracting-out and Preservation Laws. It must also be a "recognised transfer" under section 169 of the Finance Act 2004 (recognised transfers).

General Rules

15.3 Securing benefits with insurance policies and annuity contracts

The Trustee may buy an insurance policy or annuity contract to secure all or part of a person's benefits under the Fund. The Trustee may buy the policy or contract in the person's name or may transfer it into the person's name at any time. If the Trustee does this, the person will cease to be entitled to those benefits under the Fund. If all benefits payable to or in respect of a Member have been secured in this way, the Member will no longer be treated as a Member for any purpose of the Fund.

The Trustee may, with the consent of the relevant person, agree to benefits of different amounts or types or on different terms being provided under the policy in lieu of some or all of the benefits payable in respect of that person under the Fund, provided that the premium for the policy is not greater than it would have been if the Trustee had not agreed to such substitution.

Any transfer under this Rule 15.3 must comply with the Contracting-out and Preservation Laws.

15.4 Transfer club

The Trustee may enter into agreements as regards the terms of any transfer payment to or from the Fund or the benefits to be awarded in respect of any such transfer payment under the public sector transfer arrangements. Provided that:

15.4.1 no agreement shall be entered into if it would contravene legislation;

15.4.2 Two-tier transfers

subject to Rule 15.4.3, the arrangements shall only apply to a transfer to or from another scheme which has entered into similar agreements and which will apply them to that transfer; and

15.4.3 Single-tier transfers

in the Scheme Document for a Defined Benefit Scheme, it may be determined either that the agreements shall not apply to that Defined Benefit Scheme or should apply to that Defined Benefit Scheme with the restriction set out above.

General Rules

Chapter IV – Assets, funding and contributions

16 Assets of the Fund

16.1 Assets held on trust

The Trustee will hold all the contributions and other assets which it receives and the property representing them and all the income on trust for the purposes of the Fund.

16.2 Management of assets

For the purposes of the Fund, the Trustee may, in any part of the world, alone or together with others:

- 16.2.1 acquire, lease and dispose of any property (tangible or intangible, movable or immovable, whether or not it produces income, including for use as offices for the Trustee;
- 16.2.2 enter into any contract or incur any obligation, including a contract investing or dealing in swaps or derivatives;
- 16.2.3 lend or borrow money or other property for any purpose (including acquiring assets) and enter into stock lending arrangements;
- 16.2.4 grant any mortgage or charge over, or give any right of recourse against, including in the form of a guarantee or indemnity, any or all of the assets of the Fund;
- 16.2.5 open and maintain any account in any currency (including placing money on deposit) with any bank, insurance company, local authority or other deposit taking institution;
- 16.2.6 form and finance any company;
- 16.2.7 appoint such other trustee or trustees as may be necessary or convenient for the sole purpose only of effecting the sale of any of the Fund's assets or investments;
- 16.2.8 carry on and finance any business;
- 16.2.9 use any part of the Fund to repair, maintain, demolish, move, store or improve any assets of the Fund;
- 16.2.10 insure assets of the Fund for any amount against any risk;
- 16.2.11 keep assets in nominee names;
- 16.2.12 pool assets with other occupational pension schemes in common investment funds; and
- 16.2.13 exercise their powers under section 34(1) of the Pensions Act 1995 (power of investment and delegation) to make an investment of any other kind as if they were absolutely entitled to the assets of the Fund.

General Rules

16.3 Apportionment of assets

A specified part or proportion of the assets of the Fund (including investment returns on those assets in accordance with Rule 16.4 (individual Scheme investment strategies)) is attributable to each Scheme and cannot be used for the purposes of any other Scheme (save to make provision for death benefits or a winding-up of the Scheme in question or the Fund). Subject to this, the Trustee will apportion assets of the Fund between Schemes by resolution in accordance with the agreed policy of the Trustee. Such resolution shall be subject to the same requirements as to majority as a resolution to amend the Rules under Rule 26 (changing the Rules).

The Expenses Reserve shall not be attributed to any Scheme.

16.4 Individual Scheme investment strategies

The Trustee may determine that different Schemes shall be deemed to be invested in accordance with different investment strategies, in which case, the Trustee shall invest assets of the Fund and shall credit investment returns to Schemes accordingly.

16.4.1 The Trustee shall decide the different investment strategies, and the Schemes which are deemed to be invested in accordance with each strategy, from time to time after obtaining professional advice. The Trustee may, if it so chooses, determine that a Scheme will be deemed to be invested in accordance with a particular strategy only if the Employer, each of the Employers or the Employer Committee agrees to that strategy and gives such undertakings as the Trustee may require.

16.4.2 The Trustee shall review its decisions under Rule 16.4.1 for continued suitability at such intervals as the Trustee may decide after obtaining professional advice. For the avoidance of doubt, the Trustee may, in any case, decide at any time to change the investment strategy in accordance with which any Scheme is deemed to be invested, without the agreement of the Employer, Employers or Employer Committee.

16.4.3 Nothing in this Rule 16.4, and no determination or decision under this Rule 16.4, will give a Scheme or beneficiary under a Scheme title to or interest in particular assets of the Fund.

General Rules

16.5 Fund expenses and trustee liabilities

The Trustee may make a charge on the assets of any Scheme (by way of allowance for Fund expenses) as it considers appropriate. The Trustee may also levy initial contribution charges and/or levy charges directly on Employers pursuant to Rule 18.1 (contributions by Employers), Defined Contribution Rule 3.5 (allocation of expenses) and PSES DC Rule 3.5 (allocation of expenses).

Any charges not required to meet immediate expenses of the Fund shall fall into the Expenses Reserve.

The Trustee will pay the expenses of the Fund (including the expenses of the operation of the Trustee, or where it is trustee of more than one pension scheme, a fair share of those expenses) from the assets of the Fund (including the Expenses Reserve), save for any which are met directly by the Employers. The Trustee may decide whether this is from the Expenses Reserve or the other assets of the Fund.

The Trustee will decide by resolution the policy for the apportionment of charges and expenses between the Schemes. Such resolution shall be subject to the same requirements as to majority as a resolution to amend the Rules under Rule 26 (changing the Rules).

The expenses of the Fund referred to in this Rule 16.5 include all expenses and liabilities incurred by a trustee or former trustee through acting as a trustee of the Fund. It also includes any costs incurred in connection with actual or anticipated legal proceedings, including (if the Trustee thinks fit) costs incurred by any other person involved in those proceedings (e.g. representatives of any class of Member).

However, no amount may be paid from the Fund's assets to reimburse a trustee or former trustee for:

- 16.5.1** expenses or liabilities incurred through fraud or deliberate and culpable disregard of the interests of the beneficiaries of the Fund or covered by insurance under Rule 21.4 (Trustee insurance); or
- 16.5.2** fines or penalties of the kind mentioned in section 256 of the Pensions Act 2004 (no indemnification for fines or civil penalties).

16.6 Expenses Reserve

Any payments or assets of the Defined Contribution Scheme or the Pension Scheme for the Education Sector (Defined Contribution) which in the opinion of the Trustee are not required to be used to provide benefits for or in respect of a Member will fall into the general assets of the Fund and may be set aside by the Trustee in the Expenses Reserve. This may, for example, include where a Member has died and there is no person to whom an authorised payment (within the meaning of Part 4 of the Finance Act 2004) can be made in respect of the Member; or where a Member takes a refund of his or her own contributions and the balance of the Member's Retirement Account is available for this purpose.

The Trustee may from time to time set aside from any transfer payments made pursuant to Rule 15.2 (transfers to other pension schemes and arrangements) amounts representing an allowance for Fund expenses, and include them in the Expenses Reserve.

The Trustee may also include in the Expenses Reserve any amounts set aside from the assets of a Scheme in winding-up pursuant to Rule 25.2 (use of assets).

The Trustee may also include in the Expenses Reserve any other amounts where the Rules provide for this.

General Rules

The Trustee will procure that the assets held in the Expenses Reserve shall at no time fall below such amount, as determined by the Trustee, as being required to ensure sufficient financial reserves to meet the costs as set out in section 8(3)(b) of the Pension Schemes Act 2017.

If a Triggering Event occurs, the Trustee shall use the Expenses Reserve to pay the expenses of complying with its duties in relation to the Triggering Event and of continuing to run the relevant Scheme, as referred to in Section 8(3)(b) of the Pension Schemes Act 2017, in priority to using it to meet any other expenses of the Fund.

General Rules

17 Accounts and actuarial valuations

17.1 Obligations to prepare accounts and actuarial valuations

The Trustee will prepare accounts of the Fund and have them audited.

The Trustee will obtain actuarial valuations of the Growth Plan, each Defined Benefit Scheme and the CARE Scheme at intervals of not more than 3 years, or such other interval the Trustee decides within the interval required by legislation; and (if so required by the Pensions Act 2004) an actuarial report for any year in which it does not obtain a valuation. The valuations and reports must comply with any requirements of section 224 of the Pensions Act 2004 (actuarial valuations and reports).

17.2 Surplus assets

It may be that an actuarial valuation of the Growth Plan, a Defined Benefit Scheme or the CARE Scheme shows that the value of that Scheme's assets exceeds the value of that Scheme's liabilities. If this happens, the Trustee may, after obtaining Actuarial Advice and provided that the interests of all Members and beneficiaries in the Growth Plan, Defined Benefit Scheme or CARE Scheme (as appropriate), as well as, in the case of a Defined Benefit Scheme, the Employer or Employers, have been considered, determine what action (if any) may be taken either:

- 17.2.1** by decreasing contributions, creating a reserve or increasing or extending benefits;
- 17.2.2** with the consent of the Employer, transferring amounts from a Defined Benefit Scheme to other Schemes within the Fund to discharge obligations which the Employer would otherwise have, such amounts not exceeding in total the amounts by which the value of the assets of the Defined Benefit Scheme exceed the liabilities of that Scheme;
- 17.2.3** lowering the pensionable age; or
- 17.2.4** in the case of the CARE Scheme, transferring amounts under CARE Rule 7 (supplementary Scheme), to provide additional retirement benefits for Members of the CARE Scheme.

17.3 Insufficient assets

It may be that an actuarial valuation of the Growth Plan, a Defined Benefit Scheme or the CARE Scheme shows that the value of that Scheme's assets is less than the value of that Scheme's liabilities. If this happens, the Trustee may, after obtaining Actuarial Advice, and to the extent all applicable laws permit, decrease benefits or increase contributions to eliminate the difference.

General Rules

18 Contributions to the Fund

18.1 Contributions by Employers

The Trustee shall, after obtaining Actuarial Advice, determine the contributions required to be paid by Employers in the Growth Plan, any Defined Benefit Scheme or the CARE Scheme. It may do so by determining the total contributions required to be paid by Employers and Members in aggregate (which may include charges by way of allowance for Fund expenses and/or charges in respect of expenses directly on the Employer); in which case the Employers' contributions shall be that total less Member contributions from time to time. The contributions shall be at least sufficient to ensure the statutory funding objective under the Pensions Act 2004 is or will be met (including any allowance for expenses).

For Employers who participate in the Growth Plan, any Defined Benefit Scheme or the CARE Scheme on a defined contribution basis only, the Trustee may only levy investment, administration or management charges attributable to that Employer's defined contribution basis participation in the relevant scheme in tariffs as notified to the Employer by the Trustee from time to time.

The Trustee may not make a charge directly on an Employer to the extent that the charge is attributable to a Member who is treated as having no Employer in relation to the relevant scheme (because that Employer is an Unlinked Employer for the purposes of that Employer).

The allocation between Employers participating in a Scheme of the contributions required for that Scheme shall be such as the Trustee after obtaining Actuarial Advice, thinks fit.

The Trustee shall prepare and maintain a schedule of contributions or payments due as required by the Pensions Act 2004.

Each Employer shall account to the Fund for the total contributions payable by the Employer and its Employees who are Members at such intervals as the Trustee may from time to time determine, including any amounts required under the schedule of contributions. If the Employer is late in paying any such contributions, the Trustee may charge interest on the late contributions. Payment to the Trustee must be made as required by the Pensions Act 1995 within 19 days of the end of the month in which contributions were deducted from a Member's pay (or such other period as may be prescribed by regulations).

Any contributions received by the Trustee from an Employer in accordance with this Rule 18.1 shall be deemed to have satisfied the legal obligation of that Employer: (i) firstly to pay over Members' contributions which the Employer has deducted; (ii) secondly to pay Employers' contributions; and, where the Employer's contributions relate to both defined contribution and defined benefit arrangements, the legal obligation of that Employer to pay Employers' contributions (a) firstly to the defined contribution arrangements and (b) secondly to the defined benefit arrangements unless the Trustee considers there is good reason to do otherwise.

If an Employer pays contributions to the Fund in error, they may be returned subject to any prescribed requirement of HM Revenue & Customs.

If contributions that have been paid in error are not returned, they shall be treated as a credit for the Employer and used to meet other contributions due to the Fund as the Employer may request, including any debt under section 75 of the Pensions Act 1995 (provided that the Trustee agrees and is satisfied that there is no adverse effect on the eligibility of any part of the Fund for protection from the Pension Protection Fund). If no contributions are for the time being payable by the Employer, then, where the Employer agrees, the value may be

General Rules

used in meeting contributions due from any associated Employer. If any part of such credit is not used within six years, it shall be paid into the Expenses Reserve.

General Rules

18.2 Basic contributions by Members

Members have to pay basic contributions (if any) to the Fund as described in the appropriate Appendix. The Employer shall be responsible for ensuring that the correct amount of contributions is deducted from each Member and paid to the Fund. The Trustee shall be responsible for collecting only such Member contributions as the Employer notifies the Trustee are required to be collected pursuant to the relevant Appendix.

If a Member contribution has been paid to the Fund in error, it may be returned by the Trustee.

19 Employer Debt Laws

The Trustee may enter into any arrangement it thinks fit to modify any amount that might otherwise be treated as a debt due from an employer under section 75 of the Pensions Act 1995 (deficiencies in the assets) (the “**Employer Debt Laws**”) or to treat an event that might otherwise have caused such a debt to become due as if that event had not occurred. However, except under a flexible apportionment arrangement or a deferred debt arrangement, a debt that is due cannot be reduced to less than £1.

The Trustee may enter into an arrangement under this Rule 19 before, on or after the time as at which the debt would otherwise have been calculated and certified. However, the arrangement must comply with the Employer Debt Laws and the Trustee must comply with those laws when entering into the arrangement.

General Rules

Chapter V – Governance

20 Trustees and delegates

20.1 Appointment and removal of trustees

The Trustee may appoint new or additional trustees or a body corporate as sole trustee. The Trustee may also remove trustees.

These powers of appointment and removal will be exercised by deed approved by a resolution of the Trustee. Such resolution shall be subject to the same requirements as to majority as a resolution to amend the Rules under Rule 26 (changing the Rules).

They may be exercised without giving any reason and without any limit on the number of trustees. However, they may not be exercised in any way that conflicts with any arrangements made under sections 241 to 243 of the Pensions Act 2004 (requirement for member-nominated trustees and directors).

As far as practicable, a sole trustee will be a company with a board of directors with an even number of directors nominated and selected by Employers and by Members; or there will be an even number of trustees nominated and selected by Employers and by Members. In either case, the voting requirements of Rule 26.2.4 must be maintained.

20.2 Composition of a corporate Trustee

Where the Trustee is a sole corporate Trustee, it will have four ENDS and four MNDs (subject to any casual vacancies). The Trustee may also appoint up to three CDs.

A CD is appointed by resolution passed by a majority of the full number of ENDS and a majority of the full number of MNDs. A CD will be appointed for a two year term (or such other period as the Trustee may decide) and the maximum period of continuous service of a CD will be ten years. A CD can be removed by a resolution passed by a majority of the full number of ENDS and a majority of the full number of MNDs.

General Rules

20.3 Conditions for Directors

Directors are appointed in accordance with the articles of association of the Trustee and the following conditions:

20.3.1 only Members (or members of The Pensions Trust 2016) who are not:

- (i) Employees eligible only for benefits payable on death whilst in the Service of the Employer;
- (ii) Pension Credit Members; or
- (iii) minors who would otherwise be included solely because of being in receipt of a pension from the Fund,

(or the equivalent in relation to The Pensions Trust 2016) may nominate candidates to be considered for appointment as MNDs;

20.3.2 neither the auditor of the Fund nor the Actuary may be a Director;

20.3.3 at no time shall there be more than one Director who is an employee or paid officer of the same Employer;

20.3.4 the Trustee may require a Director to sign a declaration before appointment confirming any matters it sees fit; and

20.3.5 any person who has been convicted of any offence involving fraud, theft, deception or other dishonesty; or has been adjudged bankrupt (and has not been discharged); or is prohibited by a court order or disqualified from being or becoming a company director; or for any other reason as required by legislation will be disqualified from being or becoming a director.

General Rules

20.4 Appointments

Appointments of ENDS and MNDs will take place once in every appointment period. The appointment period is for 24 months running from 1 October to 30 September, or as otherwise determined by a resolution of the Trustee.

The number of ENDS and MNDs appointed will alternate in each appointment period so that:

- 20.4.1** in the appointment period commencing on 1 October 2017 two ENDS and one MND are appointed;
- 20.4.2** in the next appointment period one END and two MNDs are appointed; and
- 20.4.3** in each subsequent appointment period the number of ENDS and MNDs appointed will continue to alternate between the numbers specified in Rule 20.4.1 and Rule 20.4.2.

New Directors will take office from the first day of the next appointment period and shall fill the vacancies created by the retirement on the preceding day of the same number of Directors of the appropriate categories.

Retiring Directors are eligible for re-appointment immediately, if nominated, and if they are not disqualified by the Rules, by law or by any provision in Standing Orders.

The Trustee may by resolution decide to amend the number of Directors in each category and the number to retire each year. Resolutions are to be passed as described in Rule 26 (changing the Rules).

20.5 Standing Orders relating to appointments

The Trustee may adopt and amend Standing Orders from time to time. The provisions of the Standing Orders shall be consistent with the provisions of the Rules but shall otherwise be determined by the Trustee in its discretion. The Standing Orders may provide that the supervision of the appointment process shall be controlled by the Trustee or by such person or persons as the Trustee in its discretion decides. The Standing Orders may also provide for nominees to undergo a selection process determined by the Trustee before being eligible to be appointed as a Director.

20.6 Removal of Directors

If the Trustee requires a Director to sign a declaration under Rule 20.3.5 (conditions for Directors) before appointment, the Director will immediately be removed from office if this declaration becomes or is shown to be untrue. Such a Director will not be eligible for re-appointment.

20.7 Resignations

A Director may resign by giving one month's written notice to the secretary of the Trustee.

20.8 Casual vacancies

The Trustee may (but need not) fill a casual vacancy for a Director without seeking nominations. A Director appointed to fill a casual vacancy shall retire at the end of the relevant appointment period but will be immediately eligible for re-appointment if nominated and not disqualified as described in Rule 20.3 (conditions for Directors).

General Rules

20.9 Directors who are Members

A Director who is or has been a Member:

20.9.1 will be entitled to retain any benefit arising from his or her membership of the Fund;
and

20.9.2 may take part in any decision of the Trustee even if he or she has a personal interest
in the matter.

The Trustee's decisions will be valid even if one or more of the Directors has a personal interest in the matter.

20.10 Chief Executive and other appointments

The Trustee may appoint a Chief Executive for the Fund and may appoint such other employees and such agents and professional advisers as it may consider desirable.

The Trustee may decide the terms and conditions of employment or engagement and may terminate any appointment. Any remuneration will be paid from the assets of the Fund.

20.11 Delegation of powers

The Trustee may delegate any of its powers, duties or discretions to any person, persons, sub-committee, corporate body or the Chief Executive on any terms (including terms that allow the delegate to sub-delegate), other than its powers under Rules 20.1 (appointment and removal of Trustees), 25 (winding up the Fund or a Scheme) and 26 (changing the Rules); and may revoke any such delegation at any time.

The Trustee may (but need not) delegate administrative functions connected with automatic enrolment under the Pensions Act 2008 to an Employer if a request is made by an Employer for delegation of these functions.

20.12 Scheme Committees

A member of a Scheme Committee who is or has been a Member:

20.12.1 will be entitled to retain any benefit arising from his or her membership of the Fund;
and

20.12.2 may take part in any decision of the Scheme Committee even if he or she has a
personal interest in the matter.

The Scheme Committee's decisions will be valid even if one or more of the members of the Scheme Committee has a personal interest in the matter.

Rule 21.5 (corporate Trustee) shall apply to Scheme Committee members as if they were Directors.

The procedures relating to the conduct of, voting at and the keeping of minutes of meetings of a Scheme Committee shall be agreed between the Trustee and the Scheme Committee.

The Trustee may dismiss a Scheme Committee on written notice of at least three months, or such other period as is agreed with the Scheme Committee to be sufficient to enable replacement arrangements to be made.

General Rules

21 Trustee charges, liability and indemnity

21.1 Trustee charges

A Trustee may charge for services provided on a basis agreed with the other Trustees, as also may a company or firm in which a Trustee is interested.

These charges will be paid from the Fund's assets.

21.2 Limit of liability

A Trustee or an Officer will not be liable for any negligence, default, breach of duty or breach of trust except fraud or deliberate and culpable disregard of the interests of the beneficiaries of the Fund or any fine or penalty of a kind mentioned in section 256 of the Pensions Act 2004 (no indemnification for fines or civil penalties).

Any person included in this Rule 21.2 may rely on the advice or opinion of any professional adviser (whether or not obtained by him or her) appointed by the Trustee and any information supplied to him or her by an Employer without being responsible for any resulting loss. However, this exclusion from liability will not apply where reliance would amount to fraud or deliberate and culpable disregard of the interests of the beneficiaries of the Fund.

Note: This Rule 21 is subject to section 33 of the Pensions Act 1995 (investment powers: duty of care). section 33 limits the extent to which liability for breach of any obligation to take care or exercise skill in the performance of any investment functions can be excluded or restricted.

Nothing in this Rule 21 prevents an action by the Trustee against an employee of the Trustee appointed under these Rules under or in relation to the employee's contract of employment.

For the purposes of this Rule 21, "**Officer**" means a Director or officer of a corporate Trustee, a member of a sub-committee, Scheme Committee, the Chief Executive, any employee of the Trustee and, if the Trustee so agrees, any person the Trustee delegates to under Rule 20.11 (delegation of powers). Agents or professional advisers are not included.

General Rules

21.3 Indemnity and protection from loss

Each Trustee, former trustee and Officer shall be indemnified out of the assets of the Fund against any costs, charges, expenses and liabilities that they incur through acting as a trustee or as a delegate of the Trustee. However, this does not apply to expenses and liabilities that are incurred through fraud or deliberate and culpable disregard of the interests of the beneficiaries of the Fund or any fine or penalty of a kind mentioned in section 256 of the Pensions Act 2004 (no indemnification for fines or civil penalties).

Each Employer shall indemnify the Trustee in respect of liabilities, losses, costs and expenses incurred by the Trustee which arise from any act or omission of the Employer, including, without limitation, a failure to provide or delay in providing correct Member information, or a failure to pay or delay in paying any contribution to the Trustee.

Each Employer shall also indemnify the Trustee or any Officer against any fine or penalty (or a proportion determined by the Trustee if more than one Employer is involved) incurred as a consequence of any failure of that Employer to pay contributions to the Fund in accordance with the relevant schedule of contributions or payments. However, this does not apply to any fine or penalty covered by insurance under Rule 21.4 (Trustee insurance).

21.4 Trustee insurance

The Trustee may insure the Fund against any loss caused by it or any of its delegates or any other risk it deems appropriate including missing beneficiary insurance. The Trustee may also insure itself and Officers against liability for any negligence, default, breach of duty or breach of Fund not involving fraud or deliberate and culpable disregard of the interests of the beneficiaries of the Fund. The Trustee may pay the premiums for this insurance from the Fund's assets unless the insurance covers fines or penalties of a kind mentioned in section 256 of the Pensions Act 2004 (no indemnification for fines or civil penalties).

The Employers will pay, at the request of the Trustee, a levy determined by the Trustee to meet the cost of an insurance policy indemnifying the Trustee or Officers against any risk of fine or penalty relating to the performance or non-performance of their duties.

21.5 Corporate Trustee

Where the Trustee is a corporate trustee:

- 21.5.1 Rule 16.5 (Fund expenses and trustee liabilities) applies for the benefit of Directors of the Trustee in the same way as for an individual trustee; and
- 21.5.2 the Trustee may by resolution decide to pay Directors for their services as Directors and the Trustee has discretion to decide the amount of such payment.

General Rules

22 Notices

Any notice required by the Rules may be given by sending it by ordinary post:

- (a) in the case of the Trustee, to its registered office or at the principal office of the Fund in the United Kingdom;
- (b) in the case of the Chief Executive, at the principal office of the Fund in the United Kingdom; and
- (c) in the case of any other person, to that person's last known address in the United Kingdom.

A notice so sent shall be deemed to have been served on the third day following that of posting.

Any notice (other than an Employer's notice to cease participating in a Scheme pursuant to Rule 23.2 (ceasing to participate) and an Employer's notice to terminate a Scheme pursuant to Rule 24.1 (time of termination), each of which must be given by post) may alternatively be given by email or in written electronic format or by submission on any website to any email or electronic or website address provided for the purpose of receiving a notice of the specific kind in question by the intended recipient in question.

General Rules

Chapter VI – Employers joining and leaving the Fund, termination

23 Participating employers

23.1 Participation in the Fund

The Trustee may allow any employer (whether or not corporate) to participate in the Fund. The Trustee and the Employer will agree which of the Schemes the Employer will participate in.

An employer wishing to participate in the Fund must agree, by completing and returning an application in the form required by the Trustee, to comply with the Rules. An Employer will provide on request to the Trustee any information the Trustee reasonably requests for the purposes of the Fund. An Employer will also give the Trustee or the Chief Executive notice in writing immediately if it goes into liquidation, receivership or administration, becomes bankrupt or any other event occurs in relation to the Employer which may be of material significance to the Trustee or its advisers in the exercise of their duties.

An Employer will permit any employee who is a Director to take reasonable time off during working hours for the purpose of his or her duties as a Director or for undergoing training relevant to those duties. A paid employee who takes such time off must continue to be paid by the Employer.

An Employer participating in the Growth Plan (including for Growth Plan Series 4) is deemed to have nominated the group known as the “Growth Plan Employer Committee” as Employer Committee. An Employer participating in the Scottish Voluntary Sector Pension Scheme is deemed to have nominated the group known as the “SVSPS Employer Committee” as Employer Committee. An Employer participating in the Social Housing Pension Scheme is deemed to have nominated the group known as the “SHPS Employer Committee” as Employer Committee. An Employer participating in the Scottish Housing Associations’ Pension Scheme is deemed to have nominated the group known as the “SHAPS Employer Committee” as Employer Committee. Any Employer Committee shall be deemed to have been nominated as the Employers’ representative for the purpose of section 229 of the Pensions Act 2004 (consultation as to the valuation of the Scheme’s liabilities, the Scheme’s statement of funding principles and schedule of contributions, and any recovery plan required under the Act).

Nothing in these Rules restricts an Employer’s right to terminate the employment of any Member.

General Rules

23.2 Ceasing to participate

An Employer may cease to participate in a Scheme at any time by written notice to the Trustee, and will cease to participate if given notice to do so by the Trustee.).

Any Members who are then employed by that Employer will be treated as having left Service on the date the notice takes effect. The Employer will have no further liability to the relevant Scheme under the Rules (but without prejudice to any liability it may have under the general law), other than:

- 23.2.1 contributions or payments that have fallen due prior to the date of the notice taking effect;
- 23.2.2 contributions or payments, liability for which has arisen prior to the date of the notice taking effect but falling due for payment only after that date; and
- 23.2.3 contributions arising in consequence of or in connection with its ceasing to participate, whether under Defined Benefit Rule 5.4.2 (employers' contributions) or any similar provision of the Rules.

General Rules

24 Termination of the Fund or a Scheme

24.1 Time of termination

The Trustee may resolve to terminate the Fund. The Trustee may resolve to terminate any Scheme. If a Triggering Event occurs, the Trustee may terminate any part of a Scheme to which the Defined Contribution Rules or PSES DC Rules apply in accordance with the Pension Schemes Act 2017.

The Trustee will consider the interests of the Members and the Employers before passing the resolution. The relevant assets will be determined in accordance with Rule 16.3 (apportionment of assets).

Where a Defined Benefit Scheme has a single Employer, the Employer may give not less than three months' written notice to the Trustee to terminate the Scheme.

24.2 Effect of termination

Any Members who are in Service when the Fund or a Scheme (or any part of a Scheme) terminates will be treated as having left Service.

After the Fund or a Scheme (or any part of a Scheme) terminates, the Trustee will continue to provide benefits in accordance with the Rules. However, no further contributions will become payable, unless required by Part 3 of the Pensions Act 2004 (scheme funding).

24.3 Reopening the Fund/Scheme

At any time before the Trustee decides to wind up the Fund or a Scheme (or any part of a Scheme), the Trustee may agree to reopen the Fund or Scheme (or part of the Scheme), so that Employees can again start qualifying for benefits.

General Rules

25 Winding up the Fund or a Scheme

25.1 Time of winding-up

The Trustee may decide to wind up the Fund or a Scheme, or if a Triggering Event occurs, any part of a Scheme to which the Defined Contribution Rules or PSES DC Rules apply in accordance with the Pension Schemes Act 2017, by resolution at any time after the Fund/Scheme (and/or part of a Scheme) terminates. The Trustee will consider the interests of the Members and the Employers before passing the resolution.

The winding-up provisions apply to each Scheme (or part of a Scheme) on the basis that each Scheme (or part of a Scheme) is an entirely separate fund.

The Trustee will continue to provide benefits in accordance with the Rules, and Rule 26 (changing the Rules) will continue to apply, until the Fund or the relevant Scheme (or the relevant part of a Scheme) has been wound up and all the benefits secured.

If a Member retires or dies during the winding-up of the Fund or any Scheme (or any part of a Scheme), payment in respect of the Member may be made in two stages: an initial benefits payment with a further benefits payment if recalculation as part of the completion of the winding-up process leads to further entitlement.

25.2 Use of assets

When the winding-up starts, the Trustee will pay into the Expenses Reserve sufficient assets to pay the expenses of the Fund or Scheme (and/or any part of the Scheme) until the winding-up has been completed. The Trustee will then pay any amounts that have already fallen due for payment before the winding-up started, including lump sum death benefits for Members who died before the winding-up started.

The Trustee will then use the rest of the Fund/Scheme assets in such one or more of the ways described in Rules 25.3 to 25.8, as it sees fit. However, if a Triggering Event has occurred and the Trustee terminates and winds up the Defined Contribution Scheme, the Pension Scheme for the Education Sector (Defined Contribution) and/or any part of a Scheme to which the Defined Contribution Rules or PSES DC Rules apply, the Trustee will use the rest of the relevant assets to make transfer payments under Rule 25.5 for all of the people entitled to benefits under the relevant Scheme and/or part of a Scheme, in accordance with Rule 15.2 (transfers to other pension schemes and arrangements) and the Pension Schemes Act 2017.

25.3 Securing benefits with insurance policies and annuity contracts

The Trustee will buy an insurance policy or annuity contract in the name of each person entitled to benefits under the Fund/relevant Scheme. This may include allowing a Member of the Defined Contribution Scheme or the Pension Scheme for the Education Sector (Defined Contribution) to take his or her benefits as described in Rule 11.2 (open market option).

If the Trustee has bought suitable policies or contracts before the winding-up starts, it may transfer them into the names of people entitled to benefits.

The policies and contracts must comply with the Contracting-out, Preservation and Revaluation Laws and be consistent with the Fund's tax status as a registered pension scheme under Part 4 of the Finance Act 2004.

General Rules

They will provide benefits that are, as nearly as practicable, the same as the benefits that would otherwise have been provided under the Fund/Scheme for, and in respect of, the people for whom they are bought. However, a policy or contract may provide different benefits (including money purchase benefits), if the Trustee decides that this would be in the best interests of the people entitled to benefits.

General Rules

25.4 Winding-up lump sums

When winding up the Fund or a Scheme, the Trustee may pay an immediate lump sum instead of providing other benefits, if payment of a “winding-up lump sum” or “winding-up lump sum death benefit” is permitted under Part 4 of the Finance Act 2004. The Trustee will pay the lump sum to the person in whose name it would otherwise have bought an insurance policy or annuity contract.

25.5 Transfers to other pension schemes and arrangements

When winding up the Fund or a Scheme and/or any part of a Scheme to which the Defined Contribution Rules or PSES DC Rules apply, the Trustee may make transfer payments in accordance with Rule 15.2 (transfers to other pension schemes and arrangements) for all or any of the people entitled to benefits under the Fund/Scheme, instead of buying insurance policies or annuity contracts.

Where the Scheme being wound up is not the Growth Plan, the Trustee may provide any pension or deferred pension from the Growth Plan.

The Trustee may also pay state premiums, where appropriate, in accordance with legislation.

A transfer of benefits in respect of contracted-out employment may be required to be approved by HM Revenue and Customs under section 50 of the Pension Schemes Act 1993 (powers of Inland Revenue to approve arrangements for scheme ceasing to be certified).

25.6 Refund

If a Member would have been able to elect a refund of contributions at the date of termination, the Member will be able to take a refund.

25.7 Surplus assets

If any assets remain after all benefits have been provided in full, the Trustee may increase all or any of the benefits or provide additional benefits to any extent that the Trustee considers appropriate after obtaining Actuarial Advice.

If a Scheme but not the Fund is being wound up, the Trustee may pay any balance to the Expenses Reserve.

Any assets then remaining will be paid to such charity or charities in such shares as the Trustee considers appropriate. The requirements of section 76 of the Pensions Act 1995 (excess assets on winding up) must be satisfied before any payment is made to or credited to an Employer.

25.8 Insufficient assets

If the assets are insufficient to provide all benefits in full section 73 of the Pensions Act 1995 (preferential liabilities on winding up) will apply.

However, section 73 does not apply to assets that represent the value of any rights in respect of money purchase benefits under the Fund or any Scheme. The Trustee will first use any assets that represent the value of money purchase benefits (including additional voluntary contributions) to provide those benefits, and then apply section 73 in respect of the remainder of the assets of the Fund/relevant Scheme.

General Rules

26 Changing the Rules

The Rules may be amended from time to time by means of a supplemental deed executed by two Directors duly authorised by the Trustee to execute the same.

26.1 Majority of Directors/voting

Every amendment shall first be approved by a majority of the full number of the ENDS and a majority of the full number of the MNDs which approval may be signified either:

26.1.1 at a meeting of the Directors by a resolution of which notice in writing in accordance with the articles of the Trustee has been given to each Director that it will be moved at that meeting; or

26.1.2 by post or otherwise, by a formal document signed in accordance with the articles of association of the Trustee or an electronic communication which is acceptable in form pursuant to the articles of association of the Trustee. Where appropriate, more than one identical document may be circulated at the same time to obtain the necessary signatures as soon as possible.

26.2 Restrictions

No amendment shall be made which:

26.2.1 varies the main purpose of the Fund (being the provision of retirement and death benefits in respect of employees of Employers); or

26.2.2 gives to the Employers or to any of them a right to the return of their contributions or any of them (but see Rule 26.2.5); or

26.2.3 operates to diminish or prejudicially to affect the rights of any person in receipt of a pension or otherwise interested in the assets of the Fund unless the Trustee, after obtaining Actuarial Advice, shall decide that no other course is reasonably practicable having regard to the interests of all persons interested therein and any requirement of legislation having been satisfied; or

26.2.4 is contrary to the principle embodied in Rule 20.2 (composition of a corporate Trustee) that there shall be an equal number of ENDS and MNDs serving as Directors or is contrary to the principles embodied in the articles of the Trustee that:

(i) a resolution shall not be passed unless it has been approved not only by a majority of all the Directors present but also by a majority of the ENDS present and a majority of the MNDs present;

(ii) if the voting for and against is equal, a resolution shall not be passed;

(iii) a resolution proposing the amendment of the Rules shall only be passed if (a) except where Rule 26.1.2 (majority of Directors/voting) applies, notice in writing, in accordance with the articles of the Trustee, has been given to each Director of the intention to move that resolution at a specified general meeting, and (b) the resolution is approved by a majority of the full number of ENDS and a majority of the full number of MNDs; or

26.2.5 varies the provisions of this Rule 26 unless such amendment is authorised by legislation.

General Rules

26.3 Scheme amendments

The Trustee shall obtain the consent of the Employer or Employer Committee before modifying the provisions of any Defined Benefit Scheme resulting in a change to benefits payable to or in respect of a Member, or the rate of Members' contributions, and the Trustee shall take such steps as may be necessary to amend the Rules and the Scheme Document of any Defined Benefit Scheme affected. If the Trustee decides there is a compelling reason (for example, with a view to safeguarding the interests of some or all beneficiaries of the Scheme or of the Fund generally) or an obligation under law to modify the provisions of any Defined Benefit Scheme, then the Employer or the Employer Committee (as the case may be) shall be obliged to amend the Scheme as directed.

27 Governing law

English law governs the Fund and its administration.

Appendix 1 – Defined Contribution

Appendix 1 Special Rules for the Defined Contribution Scheme

These Defined Contribution Rules apply to the Defined Contribution Scheme (comprising the Ethical Fund (previously known as the Unitised Fund) and the Flexible Retirement Plan), benefits under Growth Plan Series 4, and to defined contribution arrangements within the CARE Scheme and various Defined Benefit Schemes. However, for the avoidance of doubt, Growth Plan Series 4 is part of the Growth Plan and those defined contribution arrangements are part of their respective Schemes.

1 Meaning of words used

“Obligatory Contributions” means the minimum annual rate of contributions paid in respect of a Member (in aggregate by the Member and, where applicable, the Member’s Employer).

Appendix 1 – Defined Contribution

2 Contributions to the relevant Scheme

2.1 Obligatory Contributions

The Trustee may decide the rate of the Obligatory Contributions and may amend this rate from time to time. The Member and the Employer will agree the proportion of the Obligatory Contributions to be paid by each of them. The Employer (but excluding, for the avoidance of doubt, an Unlinked Employer) is required to pay a proportion of the Obligatory Contributions (which may be all of the Obligatory Contributions) unless the Member joined the Defined Contribution Scheme by exercising a right under section 9 of the Pensions Act 2008 or the Member is included for additional voluntary contributions only.

For the avoidance of doubt, in respect of this DC Rule 2.1, no Obligatory Contributions are payable in respect of Non-Employee Members.

2.2 Contributions by Employers

The Employer's contributions will be equal to a percentage of the Member's Earnings in that year as agreed between the Member and the Employer unless the Member is included for additional voluntary contributions only, together with any charges levied directly on the Employer pursuant to Defined Contribution Rule 3.5 (allocation of expenses).

The Trustee shall be responsible for collecting only such Employer contributions as the Employer notifies the Trustee are required to be collected pursuant to this agreement.

Where an Employer has agreed with the Trustee that a lump sum equal to a multiple of Earnings will be paid on a Member's death in Service, the Employer shall in addition contribute the amount, determined by the Trustee, necessary to meet the cost of providing that benefit.

For the avoidance of doubt, this DC Rule 2.2 will not apply to an Unlinked Employer in respect of a Member, nor Non-Employee Members.

2.3 Basic contributions by Members

Each Member in Service must (unless his or her Employer is paying all of the Obligatory Contributions) contribute to the Scheme at the rate agreed with his or her Employer from time to time.

The Trustee shall be responsible for collecting only such Member contributions as the Employer notifies the Trustee are required to be collected pursuant to this agreement.

The Employer will deduct each Member's contributions from the Member's Earnings and pay them to the Trustee.

For the avoidance of doubt, in respect of this DC Rule 2.3, no Obligatory Contributions are payable in respect of Non-Employee Members.

2.4 Additional voluntary contributions by Members

A Member in Service may also choose to pay additional voluntary contributions on a basis agreed with the Trustee.

The Trustee may decide that a particular Member or group of Members will not be allowed to pay additional voluntary contributions to the Defined Contribution Scheme or that a particular Member or group of Members not in Service (including Non-Employee Members) may pay additional voluntary contributions to the Defined Contribution Scheme and the terms of those additional voluntary contributions.

Appendix 1 – Defined Contribution

3 Member's Retirement Account

3.1 Value of Member's benefits

The value of the Member's Retirement Account will determine the value of the benefits that the Scheme will provide for the Member.

3.2 Credits to Retirement Account

The Trustee will allocate to each Member's Retirement Account:

- 3.2.1** the contributions paid by the Employer in respect of the Member (where applicable); and
- 3.2.2** the Member's own contributions (including any voluntary contributions),
less any amounts, determined by the Trustee, necessary to meet the cost of providing benefits on a Member's death; and
- 3.2.3** any assets or surrender values accepted by the Trustee in respect of the Member under Rule 15.1 (transfers from other pension schemes and arrangements); and
- 3.2.4** any other amounts accepted by the Trustee in respect of the Member.

3.3 Investment options

A Member may choose to link the value of his or her Retirement Account to one or more investment options offered by the Trustee from time to time, subject to any restrictions or conditions that the Trustee may impose from time to time. If a Member does not choose an investment option, the Trustee will choose for the Member.

The Trustee will adjust the value of each Member's Retirement Account in line with changes in the value of the investments to which the Retirement Account is linked.

If the Trustee allows, Members may switch between the available investment options offered by the Trustee. Switching may apply to amounts already allocated to Retirement Accounts as well as to amounts to be allocated in future. Switching will be subject to any restrictions or conditions that the Trustee may impose from time to time and the Trustee may delay any switch for up to six months if the Trustee considers the switch might force the realisation of assets.

The Trustee may change the investment options available under the Defined Contribution Scheme at any time, or the restrictions and conditions subject to which they are offered.

In particular, the Trustee may withdraw any option at any time, for amounts already allocated to Retirement Accounts, as well as for amounts to be allocated in future. If the Trustee withdraws an investment option and a Member does not choose a replacement from the options offered by the Trustee, the Trustee will choose for the Member.

Where the Trustee considers that a Member is within two months of becoming entitled to take his or her benefits, taking a refund, transferring to another pension scheme or arrangement (including a buy-out) or dying, the Trustee may treat any amounts allocated in accordance with Defined Contribution Rule 3.2 (credits to Retirement Account), less any initial charge, as if the Member had selected a cash investment option in respect of them.

The Trustee will not be liable for any loss arising from a choice of any investment option or any loss arising through a choice made for the Member by the Trustee.

Appendix 1 – Defined Contribution

3.4 Unit prices

The Trustee may divide the part of the Scheme invested in accordance with any investment option into a number of units. The unit value (subject to Defined Contribution Rule 3.6 (no segregation of assets)) of those units shall be equal to the value of the assets invested in accordance with the investment option in question, divided by the relevant number of units.

The unit value (and price as follows) shall be determined from time to time for each type of units by the investment manager, and the unit price determined, with the approval of the Trustee if appropriate, after calculating the value of the relevant assets in such manner as is considered appropriate.

The Trustee will decide the unit price following each calculation of value and that price will apply to all transactions until the next valuation. The Trustee will decide the unit prices of investment options on a daily basis and the price for a transaction will be the daily price on the day the transaction is processed.

3.5 Allocation of expenses

The Trustee may make a charge on the assets of the Defined Contribution Scheme as it considers appropriate (including in respect only of certain investment options, or charges which differ as between investment options).

The Trustee may also levy initial contribution charges, and charges upon switching, and/or levy charges directly on Employers but this may only be investment, administration or management charges attributable to that Employer's participation in the Defined Contribution Scheme in tariffs as notified to the Employer by the Trustee from time to time.

The Trustee may not make a charge directly on an Employer to the extent that the charge is attributable to a Member who is treated as having no Employer in relation to the Defined Contribution Scheme (because that Employer is an Unlinked Employer for the purposes of that Employer or otherwise) or in respect of Non-Employee Members.

Any charges not required to meet immediate expenses of the Fund shall fall into the Expenses Reserve.

The Trustee may amend any charges by a resolution in accordance with Rule 26.1 (majority of Directors/voting).

Charges will be deducted from the value of the Members' Retirement Accounts on such basis as the Trustee may determine. Where applicable, this may be effected by recalculating the value of the units for the relevant investment options in the Defined Contribution Scheme in accordance with Defined Contribution Rule 3.4 (unit prices).

3.6 No segregation of assets

The allocation of payments and assets to a particular Member's Retirement Account, and the linking of a Member's Retirement Account to the value of particular investments, is for benefit calculation purposes only. The Trustee holds all the assets of the Defined Contribution Scheme as a common trust fund from which to provide all the benefits. No Member, and no other person entitled to benefits under the Defined Contribution Scheme, is entitled to any specific assets of the Defined Contribution Scheme.

Appendix 1 – Defined Contribution

3.7 Unit cancellation

Where a pension or other benefit is provided in respect of a Member of the Defined Contribution Scheme from a Retirement Account:

3.7.1 first any cash allocated to the relevant Retirement Account will be used; and

3.7.2 only then (if applicable) will units be cancelled.

Units are cancelled at the current unit price of the relevant investment options at the time of cancellation and deducting any charges required by Defined Contribution Rule 3.5 (allocation of expenses), pro rata for complete months up to the date of payment, as appropriate.

Where only part of a Retirement Account is used and the Member's Retirement Account is linked to more than one investment option, the Member may choose from which investment options he or she would prefer to withdraw (and where applicable which unit types he or she would prefer to cancel), with the consent of the Trustee.

3.8 Leaving Service

A Member is deemed to have left the Service of the Employer on the last day in respect of which the Member received or was due to receive salary or wages from the Employer unless in any particular case the Trustee decides to recognise some later date as the date of leaving Service.

Appendix 1 – Defined Contribution

4 Member's retirement benefits

4.1 Time when benefits start

Taking benefits at or after Normal Pension Age

If a Member leaves Service on or after reaching Normal Pension Age, the Trustee will provide immediate benefits for the Member on leaving. However, if the Member asks to defer receiving benefits until a later date, the Trustee will provide benefits at that later date.

Taking benefits before age Normal Pension Age

A Member who leaves Service before reaching Normal Pension Age can choose to receive immediate benefits on leaving, but only if:

- 4.1.1 the Member has reached age 55; or
- 4.1.2 Rule 10.2 (Members who joined the Fund before 6 April 2006) applies to the Member and the Member has reached age 50; or
- 4.1.3 paragraph 22 or 23 of Schedule 36 to the Finance Act 2004 applies (rights to take benefit before normal minimum pension age) and the Member has reached his or her "protected pension age" (as defined in paragraph 21 of that Schedule); or
- 4.1.4 the Trustee is satisfied that the Member is suffering from Incapacity.

Taking benefits without leaving Service

A Member may opt out of the Scheme pursuant to Rule 5 (opting out) and draw benefits under this Defined Contribution Rule 4.1. Unless the Trustee decides otherwise, or in order to comply with the Employer's automatic enrolment obligations as set out in the Pensions Act 2008, he or she will not then be able to re-join the Scheme for any purpose.

Taking as a Non-Employee Member

For a Non-Employee Member, the Member may draw benefits under this Defined Contribution Rule 4.1 but ignoring the references to being in Service.

4.2 Form of benefits

The Trustee will use a Member's Retirement Account to provide benefits in one or more of the following forms, as chosen by the Member or by the recipient of any benefits payable on the Member's death:

- 4.2.1 a pension payable to the Member;
- 4.2.2 a lump sum for the Member when the Member's pension starts; and
- 4.2.3 benefits payable on the Member's death.

These benefits must all be authorised for the purposes of Part 4 of the Finance Act 2004.

If the Trustee agrees, the Member or recipient may choose benefits in some other form (including "**income withdrawal**" as defined in paragraph 7 of Schedule 28 to the Finance Act 2004) so long as the benefits are authorised for the purposes of Part 4 of the Finance Act 2004.

If the Member or the recipient of any benefits payable on the Member's death does not make a choice, the Trustee may choose for the Member or recipient.

Appendix 1 – Defined Contribution

If the Member does not make an election under Rule 11.2 (open market option), the Trustee will normally secure any pensions payable with an annuity contract from an insurance company. Any costs incurred may be deducted from the Member's Retirement Account prior to the annuity being purchased. An annuity contract may be bought in the Trustee's name or in the name of the Member or other person entitled to the benefit.

4.3 Flexible retirement

If the Trustee agrees, a Member who has reached age 55 may choose to start receiving part of his or her benefits under the Defined Contribution Scheme before starting to receive other benefits from the Defined Contribution Scheme and, where applicable, before leaving Service.

The benefits payable on the Member's death if he or she dies after starting to receive part of his or her benefits under the Defined Contribution Scheme will be those as agreed as part of Defined Contribution Rule 5.3 (Benefits on death after retirement) in respect of those benefits.

If the Member later dies in Service, the lump sum death benefit under Defined Contribution Rule 5.1 (Benefits on death in Service) will be paid in addition to any lump sum payable under Defined Contribution Rule 5.3 (benefits on death after retirement).

If the Member dies after leaving Service after having started to receive part of their benefits under the Defined Contribution Scheme but before starting to receive all of them, the Trustee will use the remainder of the Member's Retirement Account which has not been used to provide benefits under Defined Contribution Rule 5.3 (benefits on death after retirement) to provide a lump sum in accordance with Defined Contribution Rule 5.2 (benefits on death before retirement).

For a Non-Employee Member, the benefits payable on death will be as agreed by the Member using the Member's Retirement Account.

4.4 Advice for Members

If a Member so requests, the Trustee may:

- 4.4.1** make a pension advice allowance payment from the Member's Retirement Account to the Member's financial adviser, even if the Member is still in Service or under the minimum age at which retirement benefits can be paid; or
- 4.4.2** make a scheme administration member payment to a financial adviser for the cost of pension advice given to the Member by the financial adviser in relation to the Defined Contribution Scheme. The Trustee will meet the cost of such charge in accordance with Defined Contribution Rule 3.5 (allocation of expenses).

Either payment must be authorised for the purposes of Part 4 of the Finance Act 2004.

Appendix 1 – Defined Contribution

5 Benefits on Member's death

5.1 Benefits on death in Service

If a Member dies in Service, the Trustee will pay a lump sum equal to such multiple of the Member's Earnings at the date of death as may have been agreed:

5.1.1 between the Employer and the Trustee; or

5.1.2 between the Member and the Trustee.

The cost of providing the benefit shall be deducted from the Member's Retirement Account or the benefit payable if and to the extent that the Trustee determines amounts previously deducted from contributions in respect of that cost have been insufficient to meet it.

The benefits must all be authorised for the purposes of Part 4 of the Finance Act 2004.

The lump sums described in this Defined Contribution Rule 5.1 will be paid as described in Rule 7.2 (payment of lump sum death benefits).

Note: this Defined Contribution Rule 5.1 is subject to Defined Contribution Rule 4.3 (flexible retirement).

5.2 Benefits on death before retirement

If a Member dies before starting to receive any benefits from the Defined Contribution Scheme, the Trustee will use the Member's Retirement Account to pay a lump sum equal to the value of the Member's Retirement Account. Where relevant, this is in addition to any lump sum payable under Defined Contribution Rule 5.1 (benefits on death in Service).

The benefits must all be authorised for the purposes of Part 4 of the Finance Act 2004.

The lump sums described in this Defined Contribution Rule 5.2 will be paid as described in Rule 7.2 (payment of lump sum death benefits).

Note: this Defined Contribution Rule 5.2 is subject to Defined Contribution Rule 4.3 (flexible retirement).

5.3 Benefits on death after retirement

If a Member dies after starting to receive benefits under the Fund, the benefits payable (if any) will be those chosen under Defined Contribution Rule 4.2 (form of benefits) and Defined Contribution Rule 4.3 (flexible retirement) when the Member retired.

Any lump sums payable will be paid as described in Rule 7.2 (payment of lump sum death benefits).

The benefits must all be authorised for the purposes of Part 4 of the Finance Act 2004.

Note: this Defined Contribution Rule 5.3 is subject to Defined Contribution Rule 4.3 (flexible retirement).

Appendix 1 – Defined Contribution

6 Early leavers

6.1 Preserved benefits

A Member who leaves Service before Normal Pension Age without becoming entitled to immediate benefits, but who:

- 6.1.1 satisfies the Preservation Requirements; or
- 6.1.2 was admitted to the Defined Contribution Scheme on the basis that he or she would be entitled to vested benefits after no or a shorter period of Qualifying Service than required under the Preservation Requirements (and who, if applicable, has completed that shorter period of Qualifying Service),

will remain entitled to preserved benefits under the Scheme.

The Trustee will use the Member's Retirement Account to provide benefits, as described in Defined Contribution Rule 4.2 (form of benefits), from the Member's Normal Pension Age. However:

- (i) if the Member asks to defer receiving benefits until a later date, the Trustee will provide benefits at that later date;
- (ii) the Member can choose to receive benefits before Normal Pension Age, if he or she satisfies one of the conditions for doing so under Defined Contribution Rule 4.1 (time when benefits start); and
- (iii) where the Trustee agrees, the Member may choose to start receiving only part of his or her benefits in accordance with DC Rule 4.3 (flexible retirement).

If the Member dies before starting to receive benefits under the Scheme, the Trustee will use the Member's Retirement Account to provide benefits as described in Defined Contribution Rule 5.2 (benefits on death before retirement). Defined Contribution Rule 4.3 (flexible retirement) provides for the payment of benefits on the Member's death where they have started to receive some but not all of his or her benefits.

Note: this Defined Contribution Rule 6.1 does not apply in respect of Non-Employee Members.

Appendix 1 – Defined Contribution

6.2 Refund of contributions

Except in relation to Non-Employee Members, a Member who leaves Service without becoming entitled to immediate or preserved benefits will receive a refund of the proceeds of his or her own contributions to the relevant Retirement Account (if any) less tax at such rate as applies from time to time. Except in relation to Non-Employee Members, a Member who is entitled to preserved benefits even though he or she does not satisfy the Preservation Requirements (and if no transfer has been accepted in respect of the Member from a personal pension scheme) may elect to receive such a refund.

The value of the remainder of the Member's Retirement Account (as determined by the Trustee) will fall into the general assets of the Fund and may be set aside by the Trustee in the Expenses Reserve.

A Member who leaves Service without becoming entitled to immediate or preserved benefits but with at least 3 months' Qualifying Service may choose:

- 6.2.1 to receive a cash transfer sum in accordance with Chapter 2 of Part 4ZA of the Pension Schemes Act 1993 (early leavers: cash transfer sums and contribution refunds); or
- 6.2.2 if the Member is over Normal Pension Age, to make an election under Rule 11.2 (open market option),

instead of a refund of the Member's own contributions. The Trustee will allow such Members three months, or such other period as the Trustee may decide and notify to Members, to make a choice, after which the Trustee may treat the Member as if he or she chose to receive a refund of his or her own contributions.

A Non-Employee Member may only choose to take benefits in accordance with Defined Contribution Rule 4 or Defined Contribution Rule 7.

Appendix 1 – Defined Contribution

7 Right to transfer or buy-out

A Member who leaves Service before reaching Normal Pension Age or a Non-Employee who has stopped paying any contributions to the Fund can at any time before taking his or her benefits require the Trustee to use his or her Retirement Account to buy one or more annuities, or to acquire rights under another occupational pension scheme or a personal pension scheme, in accordance with the Transfer Value Laws.

Appendix 1 – Defined Contribution

8 Members away from work

8.1 General principle for an absence of up to one year

This Defined Contribution Rule 8.1 applies if a Member in Service is away from work and either stops receiving pay or receives reduced pay from his or her Employer, for a period of up to one year, or such longer period as the Trustee and the Employer agree.

The Member may choose:

- 8.1.1 to pay contributions on the Member's Earnings immediately before the absence;
- 8.1.2 to pay contributions on the Member's reduced Earnings;
- 8.1.3 to pay contributions on such other Earnings agreed between the Member and the Employer; or
- 8.1.4 not to pay contributions,

during the period of absence. The Employer may choose whether to pay contributions in respect of the Member, subject to any contributions the Trustee requires for the payment of death benefits described in Defined Contribution Rule 5 (benefits on Member's death).

If the Member has chosen not to contribute or has paid reduced contributions during the period of absence, on return to work, the Member may:

- (i) pay, over a period agreed with the Trustee, the additional contributions up to the balance of contributions which would have been paid if the Member had been working normally for the period of absence; or
- (ii) not to pay contributions, in which case, any benefits payable to or in respect of the Member (except any lump sum death benefit) shall be calculated only upon contributions received.

If the Member elects to pay the additional contributions due, the Employer may choose whether to pay its corresponding contributions.

If the Member does not return to work after the period of absence, the Member will be treated as having left Service at the end of the period of absence or if earlier on the date the Member's contributions stopped.

However, even if the Member is no longer receiving pay from his or her Employer, a Member who is away from work will still be included in the Scheme for benefits under Defined Contribution Rule 5 (benefits on Member's death) until he or she actually leaves all employment with the Employers. If the Member dies while away from work, the benefits will be the same as if the Member had been working normally and receiving the normal pay for doing so. The cost of providing the benefit referred to in Defined Contribution Rule 5.1 (benefits on death in Service) shall be deducted from the Member's Retirement Account or the benefit payable if the Trustee determines the contributions received are insufficient to meet it.

Appendix 1 – Defined Contribution

8.2 General principle for an absence of more than one year

The Trustee may agree that a Member who is absent from work and receiving benefit under the Employer's permanent health insurance scheme (or in other circumstances acceptable to the Trustee) may be retained in full membership for more than one year but not beyond Normal Pension Age.

The Trustee will decide the contributions payable by or on behalf of the Member and the Employer (including arrears for the first year under Defined Contribution Rule 8.1 (general principle for absence of up to one year) if appropriate):

8.2.1 by reference to the Member's Earnings immediately before such period of absence commenced; or

8.2.2 if greater, the notional salary on which PHI benefits are being paid.

Where the Member pays contributions on any of these bases, full tax relief will be allowed. However the Employer may decide to pay the Member's contributions on behalf of the Member and the Member will not then be required to contribute.

Unless the Trustee determines that appropriate contributions have not been paid, if the Member dies during the period of absence, death benefits payable as described in Defined Contribution Rule 5 (benefits on Member's death) will be calculated using the Member's Earnings immediately before the period of absence or, if greater, the notional salary on which contributions are being paid at the time of the Member's death. Benefits described in Defined Contribution Rule 4 (Member's retirement benefits) or Defined Contribution Rule 6 (early leavers) will be based on the Member's Retirement Account.

Appendix 1 – Defined Contribution

8.3 Family leave

In this Defined Contribution Rule 8.3, the terms in bold mean the same as in the Employment Rights Act 1996.

The Employer will always contribute to the Scheme during:

- 8.3.1 a Member's "**ordinary maternity leave**", "**ordinary adoption leave**", "**ordinary paternity leave**", or "**carer's leave**"; and
- 8.3.2 any period of paid absence that (for the purposes of Schedule 5 to the Social Security Act 1989 and section 213 of the Equality Act 2010) is a period of "**maternity leave**", "**adoption leave**", "**paternity leave**", "**shared parental leave**", or "**absence from work for other family reasons**".

The circumstances where a Member will be treated as being on paid maternity leave or paid shared parental leave for the purposes of this Defined Contribution Rule 8.3 will include where the Member is receiving the State maternity allowance.

A Member who receives pay from the Employer for these periods must pay contributions on the amount received. A Member who does not receive pay may pay contributions as described in Defined Contribution Rule 8.1 (general principle for absence of up to one year).

The Employer's contributions for ordinary and paid maternity, adoption, paternity leave, shared parental leave, and carer's leave will be calculated as if the Member were working normally, receiving the normal pay for doing so, and paying basic contributions at the same rate as immediately before the periods started. The Employer will also:

- (i) except in relation to carer's leave, top up the Member's basic contributions to the amount that would have been payable if the Member were working normally and receiving the normal pay for doing so; or
- (ii) indemnify the Trustee against any and all liabilities, losses, costs and expenses that arise in whole or in part as a result of any claim relating to the contributions paid in respect of a Member or benefits accruing to a Member during these periods.

The Employer's decision as to the Member's normal pay for these periods will be final.

The Employer's contributions for any other period of paid family leave will be based on the Member's actual pay.

The Employer will not contribute for a Member during any period of unpaid "**additional maternity leave**", "**additional adoption leave**", "**additional paternity leave**", "**parental leave**" or "**shared parental leave**", unless the cost of life assurance (if any) is not met by previous contributions or the Retirement Account.

If the Member then dies during a period of maternity leave, adoption leave, paternity leave, parental leave, shared parental leave or carer's leave, Defined Contribution Rule 5 (benefits on Member's death) will apply calculated as if the Member were working normally and receiving the normal pay for doing so.

Appendix 2 Special Rules for the Growth Plan

These Growth Plan Rules apply to Members of the Growth Plan with Growth Plan Series 1 Benefits, Growth Plan Series 2 Benefits and the Growth Plan Series 3 Benefits and to Growth Plan Plus Members. These Growth Plan Rules do not apply to Growth Plan Series 4 benefits, even though those benefits are provided from assets in the Growth Plan. The Defined Contribution Rules apply to Growth Plan Series 4 benefits (but as if all references to the Defined Contribution Scheme and to the Defined Contribution Rules were construed with the appropriate changes for Members with Growth Plan Series 4 benefits).

1 Meaning of words used

“Growth Plan Plus Members” are Members who whilst in Pensionable Service which entitled them to Growth Plan Series 1 Benefits, Growth Plan Series 2 Benefits or Growth Plan Series 3 Benefits were also included in the Growth Plan for death benefits or a target level of benefits.

“Growth Plan Series 1 Benefits” means benefits provided under the Growth Plan Rules in respect of Pensionable Service in the Growth Plan up to and including 31 March 1997.

“Growth Plan Series 2 Benefits” means benefits provided under the Growth Plan Rules in respect of Pensionable Service in the Growth Plan on or after 1 April 1997 up to and including 30 September 2001.

“Growth Plan Series 3 Benefits” means benefits provided under the Growth Plan Rules in respect of Pensionable Service in the Growth Plan on or after 1 October 2001 up to and including 30 September 2013.

“Growth Plan Series 4” means the defined contribution arrangement set up within the Growth Plan by the Trustee for Employers who have stopped contributing to Growth Plan Series 3.

No employment of any Member shall be contracted-out employment by reference to the Growth Plan.

A Member to whom the Rules in other Appendices apply may also be included in the Growth Plan for benefits, in which case, these Growth Plan Rules shall also apply to that Member (and his or her Employer) in respect of benefits in the Growth Plan.

Appendix 2 – Growth Plan

2 Contributions to the Growth Plan

The Trustee may accept contributions to the Growth Plan to reinstate benefits in accordance with Rule 3.4 (reinstatement for past service). Unless the Trustee decides otherwise, the Trustee will accept no further contributions in respect of new Growth Plan Series 1 Benefits, Growth Plan Series 2 Benefits or Growth Plan Series 3 Benefits.

Contributions in respect of accrued benefits are governed by Rule 18.1 (contributions by Employers).

Appendix 2 – Growth Plan

3 Bonuses (Series 1 and 2)

The Trustees may (but need not) increase Growth Plan Series 1 Benefits and Growth Plan Series 2 Benefits annually by a bonus of such amount (if any) as the Trustee decides after obtaining Actuarial Advice.

Where a transfer is to be made in respect of a Member, other than on the last day of a financial year, the Trustee may (but need not) determine from time to time an interim bonus to be allocated to the Member at the date of transfer for each complete month since the end of the previous financial year.

Appendix 2 – Growth Plan

4 Member's Retirement Account (Series 3)

4.1 Value of Member's benefits

Each Member with Growth Plan Series 3 Benefits has a Retirement Account. The value of the Member's Retirement Account will determine the value of the benefits that the Scheme will provide for the Member.

4.2 Credits to Retirement Account

The Trustee will allocate to each Member's Retirement Account:

4.2.1 any contributions paid by the Employer in respect of the Member; and

4.2.2 the Member's own contributions (including any voluntary contributions),

less any amounts, determined by the Trustee, necessary to meet the cost of providing benefits on a Member's death; and

4.2.3 any assets or surrender values accepted by the Trustee in respect of the Member under Rule 15.1 (transfers from other pension schemes and arrangements); and

4.2.4 any increases described in Growth Plan Rule 4.3 (increasing the Retirement Account).

4.3 Increasing the Retirement Account

No investment returns shall be credited to a Member's Retirement Account.

The Trustee will increase each Member's Retirement Account at the end of each financial year ending on or before the earliest of the Member starting to receive benefits, taking a refund of contributions, transferring out of the Growth Plan or dying by an amount it decides, after obtaining Actuarial Advice. The decision of the Trustee on the basis or bases of calculation of these increases will be final.

Where a Member starts to receive benefits, takes a refund of contributions, transfers out or dies other than on the last day of a financial year, the Trustee may (but need not) determine an interim increase to be allocated to the Member's Retirement Account at the relevant date for each complete month since the end of the previous financial year (less management expenses pursuant to Growth Plan Rule 5.2 (series 3)).

Appendix 2 – Growth Plan

5 Allocation of expenses

5.1 Series 1 and 2

The Trustee may deduct a share of any management expenses, including investment expenses and liabilities that they pay from the Scheme's assets under Rule 16.5 (Fund expenses and trustee liabilities) and any such costs as the Trustee may decide (including administrative costs for pension sharing or earmarking orders or annuity purchase) from Growth Plan Series 1 Benefits and Growth Plan Series 2 Benefits.

5.2 Series 3

The Trustee may allocate a share of any management expenses, including investment expenses and liabilities that it pays from the Scheme's assets under Rule 16.5 (Fund expenses and trustee liabilities) to a Retirement Account. However, the management expenses in any financial year in respect of which an increase is required to be provided under Growth Plan Rule 4.3 (increasing the Retirement Account) may not exceed the increase applied to the Retirement Account in that financial year, except where:

- 5.2.1** owing to administrative costs for pension sharing or earmarking orders or annuity purchase;
- 5.2.2** directed by a court of competent jurisdiction or a regulatory authority in relation to the Fund; or
- 5.2.3** such other exceptional costs as the Trustee may determine.

Appendix 2 – Growth Plan

6 Leaving Service

A Member is deemed to have left the Service of the Employer on the last day in respect of which the Member received or was due to receive salary or wages from the Employer unless in any particular case the Trustee decides to recognise some later date as the date of leaving Service.

Appendix 2 – Growth Plan

7 Pensions for Members

7.1 Retirement at Normal Pension Age

The Trustee, after receiving Actuarial Advice, may decide tables of benefit rates for the Growth Plan. These may include provision for increases to pensions in payment. Each Member with Growth Plan Series 1 Benefits or Growth Plan Series 2 Benefits who leaves Service at Normal Pension Age will receive a pension for life in respect of those benefits at a yearly rate calculated in accordance with these tables, subject to any steps taken by the Trustee to repair any deficiency or dispose of any surplus. The Trustee will allow the Member to choose a lump sum under Rule 6.1 (retirement lump sum).

If a Member with Growth Plan Series 3 Benefits leaves Service at Normal Pension Age, the Trustee may (but need not) apply a market value adjustment to increase the value of his or her Retirement Account. If the Member does not make a choice under Rule 11.2 (open market option) or Growth Plan Rule 7.5 (choices at retirement), the Trustee will allow the Member to choose a lump sum under Rule 6.1 (retirement lump sum) and the Trustee may then use the Member's Retirement Account to:

- 7.1.1 provide a pension from the Growth Plan of an amount calculated in accordance with such pension conversion factors (which may include provision for increases to pensions in payment) as the Trustee, after obtaining Actuarial Advice, shall decide; or
- 7.1.2 purchase an insurance policy or annuity contract to secure a pension in its own name; or
- 7.1.3 purchase an insurance policy or annuity contract to secure a pension in the name of the Member as described in Rule 15.3 (securing benefits with insurance policies and annuity contracts),

as the Trustee may determine. These may include provision for Survivors' pensions.

These benefits must all be authorised for the purposes of Part 4 of the Finance Act 2004.

If the Trustee agrees, the Member may choose benefits in some other form so long as the benefits are authorised for the purposes of Part 4 of the Finance Act 2004.

Taking benefits without leaving Service

A Member may opt out of the Growth Plan pursuant to Rule 5 (opting out) and draw benefits under this Growth Plan Rule 7.1. Unless the Trustee decides otherwise, he or she will not then be able to re-join the Growth Plan for any purpose.

Appendix 2 – Growth Plan

7.2 Late retirement

A Member who stays in Service after Normal Pension Age will receive his or her benefits on leaving.

For a Member with Growth Plan Series 1 Benefits or Growth Plan Series 2 Benefits, the pension will be calculated as at Normal Pension Age under Growth Plan Rule 7.1 (retirement at Normal Pension Age) and then increased for the period between Normal Pension Age and leaving Service on a basis determined by the Trustee after considering Actuarial Advice.

A Member with Growth Plan Series 3 Benefits will receive benefits as described in Growth Plan Rule 7.1 (retirement at Normal Pension Age), based on the value of the Member's Retirement Account at the date the benefits start.

A Member who stays in Service after reaching age 75 will be treated for all the purposes of the Scheme as having left on reaching that age.

7.3 Early retirement

The Trustee may allow a Member who leaves Service before Normal Pension Age but after reaching age 55 (or age 50 if Rule 10.2 (Members who joined the Fund before 6 April 2006) applies to the Member) to choose an immediate pension on leaving.

A pension in respect of Growth Plan Series 1 Benefits or Growth Plan Series 2 Benefits will be calculated as at Normal Pension Age as described in Growth Plan Rule 7.1 (retirement at Normal Pension Age), but will then be reduced for early payment on a basis decided by the Trustee, after obtaining Actuarial Advice, to take account of its earlier payment.

A Member with Growth Plan Series 3 Benefits will receive benefits as described in Growth Plan Rule 7.1 (retirement at Normal Pension Age), based on the value of the Member's Retirement Account at the date the pension starts.

The Trustee must be reasonably satisfied that the benefits (including death benefits) for a Member who retires early under this Growth Plan Rule 7.3 are at least equal in value to the benefits to which the Member would otherwise have become entitled on leaving Service.

Appendix 2 – Growth Plan

7.4 Incapacity retirement

A Member who leaves Service before Normal Pension Age because of Incapacity may choose an immediate pension with the Trustee's consent. The Member's benefit will be:

- 7.4.1 for Members with Growth Plan Series 1 Benefits or Growth Plan Series 2 Benefits, a pension of an amount the Trustee decides, calculated using the tables described in Growth Plan Rule 7.1 (retirement at Normal Pension Age) as applicable for the purposes of this Growth Plan Rule 7.4 ; and
- 7.4.2 for Members with Growth Plan Series 3 Benefits, the Trustee may (but need not) apply a market value adjustment to increase the value of his or her Retirement Account; and the benefit will be calculated under Growth Plan Rule 7.1 (retirement at Normal Pension Age) using the conversion factor supplied by the Actuary for the purposes of this Growth Plan Rule 7.4.

The Trustee must be reasonably satisfied that the benefits (including death benefits) for a Member who retires under this Growth Plan Rule 7.4 are at least equal in value to the benefits to which the Member would otherwise have become entitled on leaving Service.

The Trustee may from time to time require evidence of the Member's state of health or, no more than once a year, require the Member to submit to a medical examination. If a Member fails to produce such evidence or submit to such an examination or if in the opinion of the Trustee the health of the Member has improved and the Member could resume full or part-time employment, the Trustee may, subject to obtaining advice from a registered medical practitioner, suspend or reduce, after obtaining Actuarial Advice, the Member's pension under this Growth Plan Rule 7.4. However, no suspension or reduction shall operate after Normal Pension Age so as to reduce a Member's benefits to less than he or she would have been entitled to, had the Member left Service other than by reason of Incapacity, reduced by the actuarial equivalent of the instalments paid to the Member before Normal Pension Age.

The Trustee will calculate any benefit payable on the Member's death as if no suspension or reduction had been made.

7.5 Choices at retirement

A Member may give up pension when it commences for a lump sum or to provide a pension for a nominated Survivor, as described in Rule 6 (choices at retirement).

In addition, the Trustee may allow a Member with Growth Plan Series 3 Benefits to convert those benefits into money purchase benefits for the purpose of taking them as "**income withdrawal**" as defined in paragraph 7 of Schedule 28 to the Finance Act 2004 pension, provided that the benefits are authorised for the purposes of Part 4 of the Finance Act 2004 and the Member:

- 7.5.1 has attained normal minimum pension age (as defined by section 279(1) of the Finance Act 2004); or
- 7.5.2 meets the ill-health condition specified in paragraph 1 of Schedule 28 of that Act.

The Trustee will convert Growth Plan Series 3 Benefits to money purchase benefits on a basis it decides after considering Actuarial Advice.

Appendix 2 – Growth Plan

8 Lump sum payable on Member's death

8.1 Lump sum death benefit

A lump sum death benefit will be paid if a Member included in the Growth Plan dies:

8.1.1 in Service; or

8.1.2 before Normal Pension Age with a preserved pension that has not started.

However, no lump sum death benefit will be paid if there are no surviving Beneficiaries when the Member dies.

The benefit will be calculated as described in Growth Plan Rule 8.2 (amount of the lump sum) and paid as described in Rule 7.2 (payment of lump sum death benefits).

8.2 Amount of the lump sum

The lump sum will be calculated by the Trustee using:

8.2.1 for Growth Plan Series 1 Benefits or Growth Plan Series 2 Benefits, all of the Member's own contributions in respect of these benefits plus compound interest calculated at such rate as the Trustee decides after taking Actuarial Advice; and

8.2.2 for Growth Plan Series 3 Benefits, the value of the Member's Retirement Account which is attributable to Growth Plan Series 3 Benefits.

8.3 Life cover only Members

Where the Trustee allows an Employer to include a Member in the Growth Plan only for a lump sum payment on death equal to a multiple of the Member's salary, the lump sum may be provided under this Growth Plan Rule 8.3. The Trustee will decide the level of suitable contributions by the Employer to fund this benefit.

Note: From 6 April 2006, membership only for death benefits is available only for:

- (i) Employees in a waiting period (a period of time before they are eligible to join the Fund); or
- (ii) Employees who have opted out under Rule 5 (opting out) or Employees of an Employer who are eligible to join the Fund under Rule 3 (joining the Fund) but have chosen not to do so.

Appendix 2 – Growth Plan

9 Pensions for spouses, Civil Partners and Survivors

9.1 Pension for spouse or Civil Partner

- 9.1.1 If a Growth Plan Plus Member who has paid the appropriate contributions for Growth Plan Series 1 Benefits or Growth Plan Series 2 Benefits dies leaving a surviving spouse or Civil Partner, the spouse or Civil Partner will receive a pension for life. Rule 8.1 (young Survivor) will apply to the pension.

The pension will be calculated as described in Growth Plan Rule 9.2 (Growth Plan Plus Member dies after pension starts) or 9.3 (Growth Plan Plus Member dies before pension starts) (as appropriate) and may be reduced as described in Growth Plan Rule 9.4 (reductions to pensions in respect of Growth Plan Plus Members). If the Employer and the Trustee agree, a pension for a Civil Partner or a same-sex spouse will be calculated based on the Limited Spouse's/Civil Partner's Part of the benefits described in Growth Plan Rule 9.2 or 9.3 (as appropriate).

- 9.1.2 For Growth Plan Series 3 Benefits, the Trustee may, on the request of the Beneficiary or the Member, use any lump sum payable in accordance with Growth Plan Rule 8.2.2 (amount of the lump sum) to provide a pension or, provided such benefits are authorised for the purposes of Part 4 of the Finance Act 2004, convert such benefits into money purchase benefits for the purpose of taking them as:

- (i) “**dependants’ drawdown pension**” (as defined by paragraph 4 of Schedule 28 to the Finance Act 2004);
- (ii) “**nominees’ drawdown pension**” (as defined by paragraph 27B of Schedule 28 of the Finance Act 2004); or
- (iii) “**successors’ drawdown pension**” (as defined by paragraph 27G of Schedule 28 of the Finance Act 2004).

The Trustee will convert Growth Plan Series 3 Benefits to money purchase benefits on a basis it decides after considering Actuarial Advice.

If the pension of a Member with Growth Plan Series 3 Benefits has started, Survivors’ pensions as secured at the time the pension started may be payable. In addition, if a Member with Growth Plan Series 3 Benefits has begun to receive those benefits and dies and to the extent that those benefits would qualify as an “**uncrystallised funds lump sum death benefit**”, “**drawdown pension fund lump sum death benefit**” or “**flexi-access drawdown lump sum death benefit**” (as each is defined in Part 2 of Schedule 29 of the Finance Act 2004) and so long as the benefits are authorised for the purposes of that Act, the Trustee may pay any of the Member’s remaining Growth Plan Series 3 Benefits in that form to a Beneficiary.

9.2 Growth Plan Plus Member dies after pension starts

If the Growth Plan Plus Member dies after starting to receive a pension, the pension will be:

- 9.2.1 one-half of the pension in respect of Growth Plan Series 1 Benefits and Growth Plan Series 2 Benefits payable to the Member at the date of death; or
- 9.2.2 if the Member gave up pension for a lump sum or Survivor’s pension on retirement, one-half of the pension that would have been payable if the Member had not done so.

Appendix 2 – Growth Plan

9.3 Growth Plan Plus Member dies before pension starts

If the Growth Plan Plus Member dies before Normal Pension Age with a preserved pension that has not started, the pension will be one-half of the preserved pension that would have been payable from the Growth Plan Series 1 Benefits and Growth Plan Series 2 Benefits.

9.4 Reductions to pensions in respect of Growth Plan Plus Members

If contributions at any time ceased to be allocated to provide a pension on the Member's death in Service, the pension described in Growth Plan Rules 9.2 (Growth Plan Plus Member dies after pension starts) and 9.3 (Growth Plan Plus Member dies before pension starts) is modified so that the pension payable will be one-half of the Growth Plan Series 1 Benefit and Growth Plan Series 2 Benefit pension or preserved pension (as applicable) accrued whilst contributions were allocated for this purpose.

No pension shall be payable under this Growth Plan Rule 9 in respect of any female Member who, before 1 October 1984, ceased to be in the service of the Employer (or last Employer which included the Member as a Growth Plan Plus Member) or who elected, jointly with her Employer, by notice in writing to the Trustee before 1 December 1984 that no widower's pension should be payable on her death.

9.5 Pension for a Survivor

If a Member dies without a surviving spouse or Civil Partner but has nominated a Survivor in accordance with Rule 7.1 (nominations) to receive a pension who is accepted by the Trustee as being a Survivor of the Member, that person shall receive a pension for life equal to the pension which he or she would have received if he or she had been the Member's spouse, subject to the provisions of Rule 8 (pensions for spouses, Civil Partners and Survivors). If the Member leaves a Civil Partner or a same-sex spouse to whom a pension becomes payable under Growth Plan Rule 9.1 (pension for spouse or Civil Partner), and if the Employer and the Trustee have agreed that such surviving same-sex spouse's/Civil Partner's pension will be based on the Limited Spouse's/Civil Partner's Part, a Survivor's pension may still be paid under this Growth Plan Rule 9.5 but a deduction will be made from the Survivor's pension in respect of the Limited Spouse's/Civil Partner's Part.

Appendix 2 – Growth Plan

10 Pension for Children

10.1 Children

If a Growth Plan Plus Member who has paid the appropriate contributions for Growth Plan Series 1 Benefits or Growth Plan Series 2 Benefits dies leaving Children, a Children's pension will be paid. However, no Children's pension will be paid to a Child who is receiving a Survivor's pension under Growth Plan Rule 9.5 (pension for a Survivor).

10.2 Amount of Children's pension

The Children's pension will be one-quarter of the relevant spouse's pension under Growth Plan Rule 9 (pensions for spouses, Civil Partners and Survivors) multiplied by the number of Children up to a maximum of four.

If no pension is payable to a surviving spouse or Civil Partner or Survivor under Growth Plan Rule 9 (pensions for spouses, Civil Partners and Survivors), the Children's pension will be doubled. Under this Growth Plan Rule 10.2, the amount described in Growth Plan Rule 9 shall be calculated as if any reduction for pension sharing had not been made.

10.3 Payment of Children's pension

Where there are more than four Children, the Children's pension shall be paid to the four youngest of them. When a pension ceases to be paid to any Child, it will continue to be payable to any other Child who was alive when the pension commenced.

Appendix 2 – Growth Plan

11 Early leavers

11.1 Preserved pension

A Member who leaves Service before Normal Pension Age without becoming entitled to an immediate pension will be entitled to receive a pension for life from Normal Pension Age.

The pension from Normal Pension Age will be calculated as described in Growth Plan Rule 7.1 (retirement at Normal Pension Age).

The benefits provided under this Growth Plan Rule will comply with the Revaluation Laws, where applicable.

11.2 Refund of contributions

A Member who leaves Service before Normal Pension Age with less than two years Qualifying Service (and if no transfer has been accepted in respect of the Member from a personal pension scheme) may at any time before taking his or her benefits choose to receive a refund instead of the pension under Growth Plan Rule 11.1 (preserved pension).

The Trustee will calculate refunds for Growth Plan Series 3 Benefits based on the Member's own contributions to the Retirement Account plus the amount of any increases applied under Growth Plan Rule 4.3 (increasing the Retirement Account) which relate to those contributions.

The Trustee may also deduct any tax payable from a refund.

The Trustee will use the value of the contributions made by the Member's last Employer (in respect of Growth Plan Series 1 Benefits or Growth Plan Series 2 Benefits) or the value of the part of Retirement Account attributable to the Employer's contributions (as determined by the Trustee) as a credit for the Employer and use it to meet other contributions due to the Fund as the Employer may request, including any debt under section 75 of the Pensions Act 1995 (provided that the Trustee agrees and is satisfied that there is no adverse effect on the eligibility of any part of the Fund for protection from the Pension Protection Fund). If no contributions are for the time being payable by the Employer, then, where the Employer agrees, the value may be used in meeting contributions due from any other associated Employer. If any part of such credit is not used within six years, it shall be paid into the Expenses Reserve.

Appendix 2 – Growth Plan

12 Choices for early leavers

12.1 Right to transfer or buy-out

A Member who leaves Service before reaching Normal Pension Age can at any time before taking his or her benefits require the Trustee to use the cash equivalent of his or her benefits (including death benefits) to buy one or more annuities, or to acquire rights under another occupational pension scheme or a personal pension scheme, in accordance with the Transfer Value Laws.

12.2 Early pension

A Member entitled to a preserved pension may choose to start receiving it before Normal Pension Age (but not before reaching age 55 (age 50 if the pension starts before 6 April 2010), unless the Trustee agrees and the Member is suffering from Incapacity). The pension will be calculated as described in Growth Plan Rule 7.3 (early retirement).

If a Member retires from work due to Incapacity, the Trustee may (but need not) treat the Member as if Growth Plan Rule 7.4 (Incapacity retirement) applied to him or her.

The Trustee must be reasonably satisfied that the benefits (including death benefits) for a Member who retires early are at least equal in value to the benefits that would otherwise have been provided for the Member under the Scheme.

12.3 Late pension

If the Trustee agrees, a Member entitled to a preserved pension may choose to start receiving it after Normal Pension Age (but not after reaching age 75 or any later age which is consistent with the pension being an “authorised payment” for the purposes of the Finance Act 2004). If the Member’s pension starts after Normal Pension Age, it will be calculated as described in Growth Plan Rule 7.2 (late retirement).

If the Member chooses a late pension and subsequently dies on or after Normal Pension Age and before the pension starts, the Trustee will:

12.3.1 treat the Member’s Growth Plan Series 1 Benefits or Growth Plan Series 2 Benefits as if the Member’s pension had started immediately before the Member’s death; and

12.3.2 pay a lump sum in respect of Growth Plan Series 3 Benefits under Growth Plan Rule 8 (lump sum payable on Member’s death) as if the Member had not been over Normal Pension Age.

The Trustee must be reasonably satisfied that the benefits (including death benefits) for a Member who chooses a late pension are at least equal in value to the benefits that would otherwise have been provided for the Member under the Scheme.

12.4 Choices at retirement

A Member entitled to a preserved pension may give up pension for a lump sum or to provide a pension for a nominated Survivor, as described in Rule 6 (choices at retirement).

Appendix 3 – Defined Benefit Schemes

Appendix 3 Special Rules for Defined Benefit Schemes

1 Interpretation

Each Defined Benefit Scheme is governed by the Rules and the Defined Benefit Rules in this Appendix 3 subject to any additions or modifications contained in the relevant Scheme Document.

The Scheme Document of each Defined Benefit Scheme will indicate the options chosen from these Defined Benefit Rules on the commencement of the Defined Benefit Scheme (or a subsequent amendment). Any option not indicated in the Scheme Document of a Defined Benefit Scheme will not (unless the context requires otherwise) apply to that Defined Benefit Scheme. These options are shown as “Matrix Options” in the Defined Benefit Rules and their locations are shown in the following table:

Code Number	Matrix Option	Defined Benefit Rule
40-41	Contracting-out	3.2
99-110; 115	Eligibility	3.3
111-113	Aggregation	3.4
120-123	Normal Pension Age	3.6
130-133	Transfer club	4.2
141-145	Obligatory contributions	5.2
151-160	Pension accrual	6.1
165-166	Flexible retirement	6.2
170-177	Final Earnings	6.3
179	Special Rules	6.4
178	Part-time definition	6.5
184-199	Ill-health pensions	8
210-211	Deferred pension	9.2
215-217	Assisted early pension	9.3
220-221	Maternity Leave	11.3
231-235	Temporary absence	12.9
241,243	Serious ill-health commutation	13.3
249-303, 330	Death benefits	14, 15,16
311-323	Pension increases	17
360-361	Optional benefits	18

Appendix 3 – Defined Benefit Schemes

For the avoidance of doubt, Matrix Options may be applied flexibly so that (without limitation) different Matrix Options may for example apply to different categories of Members, different elements or amounts of Earnings and Final Earnings, and/or different periods of Service or Pensionable Service. Different Matrix Options may also be selected by different Employers participating in a single Defined Benefit Scheme.

Appendix 3 – Defined Benefit Schemes

2 Scheme documents, etc.

2.1 Scheme Documents

- 2.1.1** These Rules shall apply to each Defined Benefit Scheme and to the benefits which are or may become payable under the Scheme, subject to any additions or modifications contained in the Scheme Document for that Scheme.
- 2.1.2** Every Scheme Document shall give the name of the Defined Benefit Scheme, the date the Scheme commenced within the Fund and any modifications or additions to the definitions given in Rule 1 (meaning of words used), any agreements between the Trustee and the Employer or Employer Committee or Members (as the case may be), the options chosen from the Defined Benefit Rules, and any other provisions which are to apply to the Defined Benefit Scheme and which differ from the provisions of the Rules (including the Defined Benefit Rules) which would otherwise apply.
- 2.1.3** The terms of the Scheme Document shall override any conflicting terms in the Rules. However any references in a Scheme Document to a Clause or Rule in a previous version of the Rules will be interpreted as referring to the relevant provision of the Rules from time to time. This means, for example, that a reference to Clause 1 of the Trust Deed will be interpreted as a reference to Rule 1 (meaning of words used).

2.2 Adopting Scheme Documents

The Employer or Employer Committee and the Trustee shall agree the Scheme Document for that Scheme and any amendment to it. The Scheme Document (and any amendment) shall be adopted by being signed:

- 2.2.1** on behalf of the Employer or Employer Committee – by an officer of the Employer duly authorised to sign or by the Chair of a Employer Committee where an Employer Committee is established, with the approval of the Trustee, for the purpose of representing Employers; and
- 2.2.2** on behalf of the Trustee – by a Director or Secretary of the Trustee, by the Chief Executive, or by a person duly authorised to sign; and
- 2.2.3** if the Scheme Document has not been signed under Defined Benefit Rule 2.2.1 within three months of the Trustee determining and requesting that it should be signed, it shall be adopted by being signed under Defined Benefit Rule 2.2.2 only.

Notwithstanding Rule 26 (changing the Rules), a Scheme Document may operate so as to add to or modify the Rules in their application to the Scheme, provided that no Scheme Document (or amendment to a Scheme Document) may operate so as to introduce any provision in a Scheme Document which could not have been introduced as a provision in the Rules pursuant to Rule 26.2 (restrictions).

Appendix 3 – Defined Benefit Schemes

2.3 Other arrangements

The Trustee may enter into arrangements with an Employer or an Employer Committee (as the case may be) for the administration of a Defined Benefit Scheme, on such terms as they see fit, or to provide other final or revalued salary type or defined contribution benefits for or in relation to Members of a Defined Benefit Scheme, provided that such arrangements shall not make any provision which could not have been introduced as a provision in the Rules pursuant to Rule 26.2 (restrictions).

Appendix 3 – Defined Benefit Schemes

3 Membership

3.1 General

These Rules apply to every Member whom the Employer has included in a Defined Benefit Scheme.

3.1.1 Any person (including casual employees) shall only be eligible to join the Scheme if he or she (a) works for such number of hours per week as the Employer may determine to be applicable for employees of that particular status to become eligible, and (b) works a fixed number of hours each week (other than on a casual basis) unless the Employer agrees otherwise with the Trustee.

3.1.2 The Employer may waive any of the eligibility requirements as regards any employee.

3.2 Matrix Options: Contracting-out

Option 3.2 – SD

As set out in the Scheme Document.

Option 40 (previously 340)

Rule 12.8 (contracting-out) shall apply where this option is chosen in the Scheme Document and the employment of Members of the Scheme shall then be Contracted-out Service by reference to the Scheme.

Option 41 (previously 341)

Employment as a Member of the Scheme shall not be Contracted-out Service, and the Contracting-out Laws shall not apply.

3.3 Matrix Options: Eligibility

Option 3.3 – SD

As set out in the Scheme Document.

Option 99 – Eligible

The Scheme Document shall specify categories of employees eligible to join the Scheme.

Option 100 – Not Eligible

The Scheme Document shall specify categories of employees **not** eligible to join the Scheme.

Option 101 – Age range

No person shall be eligible to join the Scheme unless that person has attained age 16 and has not attained age 65. The Scheme Document may specify different parameters.

Option 102 – Qualifying period

Employees must satisfy a qualifying period of service before being eligible to join the Scheme.

Appendix 3 – Defined Benefit Schemes

Option 103 – First of the month

A person who meets the eligibility requirements may become a Member on the first day of the month following or coincident with becoming eligible to join the Scheme.

Option 104 – Part-time staff excluded

Part-time employees are not eligible to join the Scheme. An Employer may only select this option if it can be demonstrated to the satisfaction of the Trustee that the exclusion is not discriminatory.

Option 105 – Temporary staff excluded

Employees with temporary contracts of employment are not eligible to join the Scheme.

Option 106 – Temporary or contract staff of one year or more

Employees on a temporary or fixed-term contract of one year or more are eligible to join the Scheme.

Option 107 – Seasonal staff

Employees who are re-employed annually are deemed to be permanent rather than temporary employees and Defined Benefit Rule 6.6 (seasonal staff) shall apply (and not Defined Benefit Rule 6.5 (part-time ratio)).

Option 108 – Sessional staff

Employees who are re-employed for sessions of employment with a fixed number of hours per week on a regular basis are eligible to join the Scheme on the same basis as seasonal staff and Defined Benefit Rule 6.6 (seasonal staff) shall apply (and not Defined Benefit Rule 6.5 (part-time ratio)).

Option 109 – Closed

There will be no new Members of the Scheme.

Option 110 – Automatic entry

An Employer may provide that an employee shall automatically become a Member from a date advised to the employee unless the employee opts out. Prior to that date, this Defined Benefit Rule 3.3 must have been clearly communicated in writing to the prospective Member by the Employer.

Option 115 – Paid up/Frozen

There will be no new Members of the Scheme. All existing Members will be treated as having left Pensionable Service and no further Pensionable Service shall accrue. Contributions to the Scheme are not payable except for the expenses of management, to meet funding requirements and to maintain the accrued benefits of the Scheme. Lump sum benefits on death under Defined Benefit Rule 14 (lump sum death benefits) are not payable.

Appendix 3 – Defined Benefit Schemes

3.4 Matrix Options: Aggregation

Option 3.4 – SD

As set out in the Scheme Document.

Option 111 – Re-entry

Where a Member who is entitled to a deferred pension from the Scheme enters the service of the same Employer (or an Employer participating in the same Scheme) and re-joins the Scheme, then, where it would produce a higher amount, the Member shall cease to be entitled to that deferred pension and the benefits subsequently payable will be calculated by aggregating both periods of Pensionable Service.

Option 112 – six months' break

Members who leave the Scheme when changing jobs and are paying age-related contributions under Option 142 may re-join the Scheme at their previous contribution rate within six months if they have joined either an Employer already participating in, or an Employer who newly participates in, the same Scheme. The break in service will not be Pensionable Service unless the break does not exceed 30 days, in which case, Pensionable Service will be treated as continuous. Life cover will continue for a period of not more than 30 days where there is a clear expectation that the Member is to commence service with such an Employer within the Scheme.

Option 113 – “30 days”

For Members who leave the Scheme when changing jobs and re-join the Scheme with the same or a different Employer, the break in service will not be Pensionable Service unless the break does not exceed 30 days, in which case, Pensionable Service will be treated as continuous. Life cover will continue for a period of not more than 30 days where there is a clear expectation that the Member is to commence service with such an Employer within the Scheme.

3.5 Normal Pension Age

The Normal Pension Age for each Member shall neither be less than 60 nor more than 75. Unless another age is specified by the Employer, the Normal Pension Age is 65 and may be altered by agreement between the Member, the Employer and the Trustee.

Appendix 3 – Defined Benefit Schemes

3.6 Matrix Options: Normal Pension Age

Each Scheme Document may specify one or more of the following options:

Option 120 – “65”

The Normal Pension Age is 65, for all purposes of the Fund.

Option 121 – “60”

The Normal Pension Age is 60, for all purposes of the Fund.

Option 122 – Other

The Scheme Document may specify any Normal Pension Age within the age range 60-75. The Normal Pension Age may differ for categories of Member but must be equal for male and female Members within the same category of employment.

Option 123 – Joint appointments (closed)

The Normal Pension Age shall be as specified in Defined Benefit Rule 3.5 (Normal Pension Age), provided that, where a Member who is one of the holders of a joint appointment would, apart from this proviso, attain Normal Pension Age before completing 40 years' Pensionable Service and before the other holder of the joint appointment attains that age, the Member may elect, with the consent of the Employer, and the Trustee, that Normal Pension Age should be deferred to whichever is the earliest of (a) the date on which the other holder reaches Normal Pension Age, (b) the date five years after such deferment and (c) the date on which the Member completes 40 years' Pensionable Service.

Appendix 3 – Defined Benefit Schemes

4 Transfer club

4.1 Public Sector Transfer Club (the “Club”)

4.1.1 The Fund commenced participation in the Club from 1 January 1977. Where Defined Benefit Schemes participate in the Club, transfers between schemes shall be made according to the Club rules issued by Memorandum from the Treasury. The application for a transfer value to be paid in respect of accrued benefits must be made in writing to the receiving scheme within 12 months of joining if the Club arrangements are to apply.

4.1.2 The Club transfer arrangements are designed for individual transfers where an employee voluntarily resigns from the Club scheme and takes up employment covered by another Club scheme. The arrangements are not intended to apply where a group of staff are transferred with their work between Club schemes and so a Club member need not adhere to the arrangements in these circumstances. Instead, a specific actuarial calculation representing the liabilities being transferred may be made.

4.2 Matrix Options: Transfer club

Each Scheme Document shall define participation in the Club by specifying from the following options:

Option 130 – Single-tier transfers

The Club transfer arrangements will apply to all transfers into or out of the Scheme.

Option 131 – Two-tier transfers

The Club transfer arrangements will apply only on transfer to or from another scheme which is also a member of the Club.

Option 132 – Non-Club

The Club transfer arrangements will not apply.

Option 133 – Transfers-in/joiners below age 65

Any person who has not attained age 65 may join the Scheme where it is agreed that a Club transfer shall be paid to the Scheme.

Appendix 3 – Defined Benefit Schemes

5 Contributions

5.1 Each Member in Pensionable Service shall contribute to the Scheme, where required, while the Member is in the Service of the Employer and (except if the late retirement Rule applies) has not attained Normal Pension Age, such percentage of the Member's Earnings as is specified in the Scheme Document. Where a Scheme has different benefit structures, the Scheme Document may specify a different contribution rate for Members in different categories.

5.2 Matrix Options: Obligatory contributions

Option 5.2 – SD

As set out in the Scheme Document.

Option 141 – Fixed rate

A fixed percentage of the Member's Earnings as specified under this option.

Option 142 – Age related

A fixed percentage of the Member's Earnings calculated by dividing the Member's age by ten and adding one, subject to a maximum of 5%. For this purpose, the Member's age shall be calculated in complete years at the date of becoming a Member of the Scheme or, unless the Trustee decides otherwise, where the Member has had more than one continuous period of service with Employers whilst a Member, the Member's age when the most recent period of Service began. The Scheme Document may specify variations and may also specify a minimum contribution rate.

Option 143 – Non-contributory

Members shall not be required to contribute to the Scheme. Contributions to the Scheme by Members shall be treated as AVCs.

Option 144 – Age bands

A Member's contributions shall be 5% of the Member's Earnings until 1 April following the Member's 40th birthday and 6% of Earnings after that, or as otherwise specified in the Scheme Document. The Scheme Document may specify variations.

Appendix 3 – Defined Benefit Schemes

5.3 Additional voluntary contributions (“AVCs”)

5.3.1 Money purchase

A Member may be included in the Growth Plan, the Defined Contribution Scheme or the Pension Scheme for the Education Sector (Defined Contribution) by the Member’s Employer for the purpose of making additional voluntary contributions only, in which case, the benefits the Member derives from those additional voluntary contributions shall be determined in accordance with the appropriate Rules.

5.3.2 Other additional voluntary contributions

Option 145 – Added years

The Trustee may agree, after obtaining Actuarial Advice, that in any Defined Benefit Scheme additional voluntary contributions may purchase added years (and parts thereof) of notional Pensionable Service. The Trustee may agree for any Member that the money purchase option only shall apply instead of this Defined Benefit Rule 5.3.2. Defined Benefit Rule 9.5 (AVC added years) applies.

5.3.3 Additional voluntary contributions – limitation

In any financial year of the Fund, a Member’s additional voluntary contributions must all be made either to the Growth Plan, the Defined Contribution Scheme or the Pension Scheme for the Education Sector (Defined Contribution) or to purchase added years, unless the Trustee agrees otherwise.

5.4 Employer’s contributions

5.4.1 An Employer may agree with the Trustee that a Member’s or Members’ contributions shall be waived or temporarily reduced, provided that the Employer shall pay such greater contributions as may be required.

5.4.2 This Defined Benefit Rule 5.4.2 applies if an Employer ceases to participate in a Scheme at a time when at least one other Employer continues to participate, or if (in the opinion of the Trustee) an Employer is likely to cease to participate at such a time. If the Trustee so decides, the Employer will be liable to pay a contribution equal to a share (in respect of Members employed or formerly employed by the Employer) of any deficit in the Scheme. The deficit and the share shall be determined by the Trustee on such basis as it thinks fit, after considering Actuarial Advice. If the Employer is liable for a debt under section 75 of the Pensions Act 1995 (see also Rule 25 (winding up the Fund or a Scheme)), the amount of that debt will be taken into account when determining the Employer’s liability under this Defined Benefit Rule 5.4.2. A contribution due under this Defined Benefit Rule 5.4.2 will be payable immediately or by instalments (with or without the addition of interest), as the Trustee decides after consulting the Employer.

Appendix 3 – Defined Benefit Schemes

5.5 Centralised schemes

5.5.1 Concurrent employment

Where a Defined Benefit Scheme within in the Fund is a centralised scheme for associated or non-associated Employers, and

- (i) the Member is in part-time employment with more than one Employer participating in the same Scheme; and
- (ii) Members' contributions are calculated using the age-related formula under Defined Benefit Rule 5.2 Option 142 (age related),

then the Member's contributions for concurrent service with each participating Employer shall be calculated using the Member's age on first becoming a Member of the Scheme with one of the concurrent Employers.

5.5.2 Funding

Where a Defined Benefit Scheme within the Fund is a centralised scheme for non-associated Employers and the Trustee has accepted that, taking one year with another, substantial cross subsidies will not occur, total contributions may be on a basis equivalent to a percentage of the aggregate Earnings of the Members of the Scheme.

Appendix 3 – Defined Benefit Schemes

6 Pension benefits

6.1 Matrix Options: Pension accrual

On retiring from the service of the Employer at Normal Pension Age, a Member shall be entitled to the benefits specified in the relevant Scheme Document from one or more of the following options:

Option 151 – “1/60th”

On retiring from the Service of the Employer at Normal Pension Age, a Member shall be entitled to a pension for life calculated (subject to Defined Benefit Rule 6.4 (special Rules)) by taking 1/720th of the Member’s Final Earnings for each complete month of the Member’s Pensionable Service. (The Scheme Document may specify that this varies according to the contributions paid.)

Option 152 – “1/80th”

As for Option 151 (“1/60th”) but the fraction shall be 1/960th.

Option 153 – Specified fraction

On retiring from the Service of the Employer at Normal Pension Age, a Member shall be entitled to a pension for life calculated (subject to Defined Benefit Rule 6.4 (special Rules)) by taking such fraction of the Member’s Final Earnings for each complete month of the Member’s Pensionable Service as is specified in the Scheme Document. The fraction may differ for different sections of the Member’s Earnings or Pensionable Service, with the agreement of the Trustee.

Option 154 – Days

Pensionable Service shall be calculated in days rather than complete months.

Option 155 – Higher

Pensionable Service shall be calculated to the next higher month rather than complete months.

Option 156 – Total Service

Pensionable Service (for all purposes) shall be total Service with the Employer rather than Service whilst a Member of the Scheme.

Option 157 – Short Service

Pensionable Service shall not accrue where Service with the Employer is less than two years.

Option 158 – Notional Service

For Service within the specified period, Pensionable Service shall be notified to the Member by the Trustee in accordance with Defined Benefit Rule 6.4.2 (special Rules).

Option 159 – Career averaged

On retiring from the Service of the Employer at Normal Pension Age, a Member shall be entitled to a pension of 1/60th of the total Member’s Revalued Career Earnings. The Scheme Document may specify variations.

For the purposes of this Option:

Appendix 3 – Defined Benefit Schemes

“**Revaluation**” means, at any Revaluation Date, the percentage increase above zero in the Index over the year up to that Revaluation Date.

“**Revaluation Date**” shall be the first day of each Scheme Year as defined below.

“**Revalued Career Earnings**” means the sum of:

- (a) Earnings in the period from the latest Revaluation Date up to the Member’s Exit Date;
- (b) Earnings in the 12 months ending on that Revaluation Date; and
- (c) total “Revalued Earnings” as at the Revaluation Date calculated in accordance with CARE Rule 5 (Revaluation of Earnings).

“**Scheme Year**” shall run from 1 April in each year to 31 March next following.

Option 160 – Defined Contribution

A Member’s benefit shall be based on the value of his or her Retirement Account. When a pension becomes payable to a Member, the Trustee will realise the Member’s Retirement Account. The amount realised may be used by the Member for the purposes of Rule 11.2 (open market option). The Member may elect that any lump sum commutation payable under the Rules shall be paid from the Scheme before this Option is exercised. The Defined Contribution Rules shall apply to this part of a Member’s benefit, so far as capable of being applied.

6.2 Matrix Options: Flexible retirement

Each Scheme Document may specify one or both of the following Options.

Option 165 – Members in Pensionable Service

The pension formula above shall apply to any Member retiring whose pension vests between ages 60 and 65 without any actuarial reduction for early payment.

Option 166 – Members who have left Pensionable Service with entitlement to a preserved benefit which has not started

A deferred pension payable under Defined Benefit Rule 9 (leaving options) shall be payable between the ages of 60 and 65 without any actuarial reduction for early payment. From age 60, it shall be augmented as determined by the Trustee, after obtaining Actuarial Advice, to allow for the later date on which it comes into payment.

Appendix 3 – Defined Benefit Schemes

6.3 Matrix Options: Final Earnings

The Final Earnings of a Member shall be one of the following Options as specified in the Scheme Document:

Option 170 – “3 out of 13”

The definition given in Option 171, replacing “10 years” with “13 years”.

Option 171 – “3 out of 10”

The highest yearly average (whilst a Member of the Scheme) of the Member’s Earnings in any 36 consecutive months falling within the last ten years of the Member’s service with the Employer or, if the Member has not completed 36 months’ such service, the yearly average of the Member’s Earnings over the whole of the Member’s service with the Employer..

Option 172 – “3 out of 5”

The definition given in Option 171, replacing “ten years” with “five years”.

Option 173 – Average (indexed)

The yearly average of the Member’s Earnings over the 3 years ending at the Member’s Exit Date. If Service is less than 3 years, then the average shall be taken over the shorter period. The resulting average value shall then be increased in line with the increase in the Index over the period beginning with the date 18 months before and ending with the date 6 months before the Member’s Exit Date. If the Member has less than 3 years’ service, the increase period shall begin on the date at which the Member had completed one half of his or her Pensionable Service. If the Member has less than 14 months’ Pensionable Service, any increase in the Index shall be ignored.

Option 174 – “Best year”

The highest yearly average of the Member’s Earnings in any 12 consecutive months falling within the last 3 years (or such shorter period as the Member has been a Member of the Scheme) before the Member’s Exit Date. The Scheme Document may specify variations.

Option 175 – Last year

The Member’s Earnings over the 12 months ending on the Member’s Exit Date.

Option 176 – Tax years

Earnings and Final Earnings shall be calculated by reference to tax years rather than years.

Option 177 – Annual rate

The annual rate of the Member’s Earnings at the Member’s Exit Date.

Appendix 3 – Defined Benefit Schemes

6.4 Special Rules

- 6.4.1** In these Rules, for the purposes of calculating the Member's Final Earnings, any reduction in Earnings during a period for which the Member is absent from work due to illness or injury shall be ignored. Pensionable Service shall be subject to the requirements of Defined Benefit Rule 12 (temporary absence).
- 6.4.2** Where two or more periods of Pensionable Service with different benefit entitlements are merged under one pension formula a different period of notional Pensionable Service may be recorded and used for calculation purposes under these Rules.
- 6.4.3** From 6 April 2006, any requirement of the Rules (except those as to retirement on grounds of ill-health) for a Member to have left the Service of the Employer or to have retired from employment before a pension may be paid from the Fund shall be disapplied (but the Employer's consent will continue to be required for the payment of benefits under Defined Benefit Rule 9.3.4 (assisted early pension), where applicable). Where by virtue of this Defined Benefit Rule 6.4.3 a Member receives a pension while remaining in the Service of the Employer, the Member will, for the purpose of the Defined Benefit Rules, be treated as having left Service (and so will not be entitled to accrue further benefits and will not be covered for benefits payable on death in Service).

Option 179 – Further accrual after payment of benefits

Where by virtue of this Defined Benefit Rule 6.4.3 a Member receives a pension while remaining in the Service of the Employer, the Member may accrue further benefits on such basis and subject to such conditions as the Trustee determines.

6.5 Part-time ratio

This Defined Benefit Rule 6.5 shall apply to any Member who is, or has been during a period of Pensionable Service, a part-time employee of the Employer (i.e. a Member who works less than 30 hours per week) who does not work a constant number of hours per week throughout their Pensionable Service. The Member's Pensionable Service shall be multiplied by a fraction obtained by dividing the normal number of hours per week the Member is expected to work under the Member's contract of employment by the normal number of hours per week worked by a full-time employee (as determined by each Employer); and the Member's Earnings shall, except in calculating the Member's contributions and lump sum death benefit, be multiplied by the reciprocal of that fraction.

Option 178 – Part-time definition

If it would produce a greater amount, this Defined Benefit Rule 6.5 shall apply to any Member and shall not be restricted to those working less than 30 hours per week.

Appendix 3 – Defined Benefit Schemes

6.6 Seasonal staff

- 6.6.1 Where the Scheme Document specifies that this Defined Benefit Rule shall apply (see Defined Benefit Rule 3.3 Option 107 (seasonal staff)), employees who are re-employed annually are deemed to be permanent rather than temporary employees and may become Members. Defined Benefit Rule 6.5 (part-time ratio) shall not apply.
- 6.6.2 Whether or not a Member is employed elsewhere during the remainder of the year, Pensionable Service under this Rule 6.6 shall be treated as continuous during the periods of absence where there is a definite expectation of the Member returning to work at the end of the period, but benefits shall be calculated using the Member's actual Earnings from the Employer during the Scheme Year using the definition applicable to the Scheme under Defined Benefit Rule 6.3 (Matrix Options: Final Earnings).
- 6.6.3 On the death of a Member in the Service of the Employer or on the death of a Member who is not working for the Employer at the time but where there is a definite expectation of the Member returning to work at the end of the period, before Normal Pension Age, any lump sum death benefit and the calculation of the "Member's pension" for the purpose of Survivors' pensions shall be calculated on the Member's actual Earnings received in the previous 12 months.

Appendix 3 – Defined Benefit Schemes

7 Late benefits

7.1 General

Where a Member remains in the Service of the Employer after Normal Pension Age (subject to Rule 12.8 (contracting-out) where the Scheme is contracted out), the Member may at the Member's option either:

7.1.1 Receive all benefits

receive benefits from the Scheme at Normal Pension Age calculated as if the Member had retired at that age; or

7.1.2 Defer all benefits

receive from the date of the Member's actual retirement a pension for life of an amount calculated in accordance with the Rules (including Defined Benefit Rule 7.2). The pension will be increased as determined by the Trustee, after obtaining Actuarial Advice, to allow for the period after leaving Pensionable Service and before the pension starts .

7.2 Continue in Pensionable Service

Contributions where required by the Scheme Document may continue to provide additional retirement benefits for additional Pensionable Service with the Employer up to the actual date of leaving Pensionable Service. Where entitlement to additional retirement benefits continues, Defined Benefit Rule 6 (pension benefits) shall apply as if the actual date of leaving Pensionable Service is the Member's Normal Pension Age.

If it would produce a greater amount, benefits accrued up to the Member's Normal Pension Age will be calculated in accordance with the Defined Benefit Rules and then increased as determined by the Trustee, after obtaining Actuarial Advice, for the period until the Member leaves Pensionable Service, and benefits accrued after the Member's Normal Pension Age (calculated as if the actual date of leaving Pensionable Service is the Member's Normal Pension Age) will be payable in addition.

In any event, increases under Rule 7.1.2 shall apply in respect of any period after leaving Pensionable Service and before the pension starts. The pension may start no later than age 75 or any later age which is consistent with the pension being an "authorised payment" for the purposes of the Finance Act 2004.

Appendix 3 – Defined Benefit Schemes

8 Ill-health pensions

8.1 Application of this Rule

These ill-health pension provisions for Members in Pensionable Service or Members who have left Pensionable Service with entitlement to a preserved benefit which has not started (as appropriate) will apply where a Member is suffering from Incapacity.

8.1.1 Member retires from Service

If a Member retires from the Service of the Employer before Normal Pension Age due to Incapacity, the Member shall be entitled to an immediate pension for life calculated using the formula specified in Defined Benefit Rule 6 (pension benefits) without reduction but taking the Member's Pensionable Service and Final Earnings at the date of the Member's actual retirement, except that the Scheme Document may specify that the calculation shall be based on one or more of the Options in Defined Benefit Rule 8.3 (Matrix Options: ill-health pensions – actives).

8.1.2 Member with deferred pension

If a Member entitled to a deferred pension retires from work before Normal Pension Age due to Incapacity, the Trustee may (but need not), if the Member so requests, pay the deferred pension from the date of the Member's retirement without reduction in its amount.

8.2 “Incapacity” definition

“Incapacity” has the meaning given to it in Rule 1 (meaning of words used), except where provided otherwise in the applicable Matrix Option.

Matrix Options: Eligibility

Option 8.2 – SD

As set out in the Scheme Document.

Option 184 – Extended eligibility

A Member shall be deemed to be suffering from Incapacity if, in the opinion of the Trustee, after obtaining advice from a registered medical practitioner, the Member is (a) currently unable to engage in any employment by reason of incapacity due to ill-health or injury and (b) not certain to be able to resume any employment before Normal Pension Age.

Option 185 – Own occupation

In all cases, “Incapacity” has the meaning given in the second paragraph of the definition of “Incapacity” in Rule 1 (meaning of words used).

Option 186 – Own occupation (basic pension)

“Incapacity” has the meaning given in the first paragraph of the definition of Incapacity in Rule 1 (meaning of words used). A Member in Pensionable Service aged 50 or over who does not satisfy that test, but who does satisfy the test in the second paragraph of that definition (own occupation), will be deemed to be suffering from Incapacity. However, any pension payable to such a Member under this Defined Benefit Rule 8 will not be enhanced under Defined Benefit Rule 8.3 (Matrix Options: ill-health pensions – actives).

Appendix 3 – Defined Benefit Schemes

Option 187 – Basic pension

For Members with less than 10 years' Service with the Employer, any pension payable under this Defined Benefit Rule 8 shall be as provided in Defined Benefit Rule 8.1 (application of this Rule) but without enhancement under Defined Benefit Rule 8.3 (Matrix Options: ill-health pensions – actives). The Scheme Document may specify variations.

8.3 Matrix Options: Ill-health pensions – actives

The Scheme Document may specify that the calculation for Members in Pensionable Service under Defined Benefit Rule 8.1.1 (Member retires from Service) shall for all purposes be based on:

Option 190 – Enhanced Pensionable Service

Pensionable Service plus 50% of the additional Pensionable Service the Member would have completed if the Member had remained in the service of the Employer until Normal Pension Age.

The Scheme Document may vary the percentage rate of the enhancement.

Option 191 – Potential Pensionable Service

The Pensionable Service the Member would have completed if the Member had remained in the Service of the Employer until Normal Pension Age.

Option 192 – Prospective Pensionable Service

The Scheme Document may restrict the enhancement for prospective service in Option 190 (enhanced Pensionable Service) or 191 (potential Pensionable Service) to a period ending five years before Normal Pension Age.

Option 193 – Absence rule

Any benefit will apply after a Member has been absent from work for six months due to ill-health or injury. The Scheme Document may specify variations.

Option 195 – Qualification period

The Scheme Document may specify a qualifying period of Service with the Employer before being eligible for benefit under this Defined Benefit Rule 8.

Appendix 3 – Defined Benefit Schemes

8.4 Evidence of health during payment

- 8.4.1 A Member entitled to a pension under this Rule 8 shall produce such evidence and information as to the Member's state of health and shall submit to such medical examinations (not more frequently than once a year) as the Trustee shall require.
- 8.4.2 Where a Member fails to produce such evidence or information or to submit to such an examination, the Trustee may, at its discretion and having received Actuarial Advice, suspend or reduce the Member's pension.
- 8.4.3 Where:
- (i) in the opinion of the Trustee, having regard to the advice of a registered medical practitioner, the health of the Member has improved to such an extent that the Member could resume full or part-time employment before Normal Pension Age; or
 - (ii) the Member has resumed full or part-time employment,
- the Trustee may, at its discretion and having received Actuarial Advice, suspend or reduce the Member's pension.
- 8.4.4 Such suspension or reduction shall not operate after Normal Pension Age so that the Member receives less than the minimum deferred pension to which the Member would be entitled if the Member had left Service otherwise than by reason of incapacity, and benefits payable on the Member's death shall be calculated as if such suspension or reduction had not been made.

8.5 Reduced entitlement

This Defined Benefit Rule 8.5 applies if:

- 8.5.1 before Normal Pension Age, a Member retires from the Service of the Employer or a Member entitled to a deferred pension retires from work;
- 8.5.2 the retirement is in the opinion of the Trustee due to Incapacity as defined in Defined Benefit Rule 8.2 ("incapacity" definition); and
- 8.5.3 an unreduced pension is not paid under this Defined Benefit Rule 8.

The Member shall be entitled to an immediate pension equal to the deferred pension to which the Member is entitled from Normal Pension Age, with a reduction to take account of early payment. Any pension payable to a Member under this Defined Benefit Rule 8.5 shall be at least the actuarial equivalent (calculated after obtaining Actuarial Advice) of the deferred pension. Additional contributions are not required.

Matrix Options:

Option 199 – Reduced entitlement

In all cases, reduced benefits only are provided under this Defined Benefit Rule 8.5 instead of benefits without reduction or with enhancement.

Option 8.5 – SD

As set out in the Scheme Document.

Appendix 3 – Defined Benefit Schemes

8.6 Return to Service

Where a Member returns to Service with the same Employer (or an Employer participating in the same Scheme), before Normal Pension Age, and further benefits are to be provided, any pension in payment based on enhanced, potential or prospective Pensionable Service under this Defined Benefit Rule 8 must be suspended. The total benefits subsequently payable from Normal Pension Age shall be the greater of:

8.6.1 the benefits payable aggregating both periods of Pensionable Service, including the period when in receipt of the suspended pension, taking no account of the pension instalments paid; and

8.6.2 the amount of the ill-health pension originally granted but increased to the amount it would have been had it not been suspended.

8.7 Suspension

Where a Member ceases to qualify for a pension under this Rule 8 and/or the pension is suspended, and no further benefits are to be provided, the amount subsequently payable from Normal Pension Age, or earlier if the Member again qualifies for a pension under this Defined Benefit Rule, shall be as described in Defined Benefit Rule 8.6.2 (return to Service), except that the Trustee may determine that a lower amount should be paid after obtaining Actuarial Advice and considering the Member's subsequent employment. No further commutation will be permitted.

8.8 Pension Credit Members

The provisions of this Defined Benefit Rule 8 may apply in respect of pension credit rights only if the Pension Credit Member is simultaneously retiring under Rule 8 (pensions for spouses, Civil Partners and Survivors) in respect of other benefits from the Fund, except where commutation on grounds of exceptional circumstances of serious ill-health is approved, in which circumstance the pension credit right may come into payment immediately.

Appendix 3 – Defined Benefit Schemes

9 Leaving options

9.1 Application of Rule

9.1.1 This Rule shall apply to any Member:

- (i) who leaves the Service of the Employer before Normal Pension Age (unless the Member thereupon becomes entitled to an immediate ill-health pension); or
- (ii) where Rule 5 (opting out) applies; or
- (iii) who requests that benefits should vest after reaching Normal Minimum Pension Age but before Normal Pension Age.

9.1.2 For the purposes of this Rule 9, a Member shall be deemed to have left the service of the Employer on the last day in respect of which the Member received or was due to receive salary or wages from the Employer whilst in Pensionable Service unless, in any particular case, the Trustee decides to recognise some later date as the date of leaving such Service.

9.1.3 Unless the Scheme Document provides otherwise, any Member who transfers directly from the employment of one Employer to another Employer participating in the same Scheme shall not be treated as leaving Service under this Rule 9.

9.2 Options

A Member to whom this Rule 9 applies may elect that either:

9.2.1 Deferred pension

the Member may receive a deferred pension payable from Normal Pension Age calculated in accordance with Defined Benefit Rule 6 (pension benefits) but taking the Pensionable Service and Final Earnings at the date the Member left Service; or

Matrix Options

Option 9.2 – SD

As set out in the Scheme Document.

Option 210 – Final Earnings

If it would produce a higher amount, “Final Earnings” in this Defined Benefit Rule 9 shall mean the Member’s Earnings over the 12 months ending on the date the Member ceases to be in the Service of the Employer (see Defined Benefit Rule 6.3 Option 175 (last year)).

Option 211 – 60/65 Normal Pension Age pre-17 May 1990 (Closed)

For any Member who ceased to be in the Service of the Employer before 17 May 1990, the Normal Pension Age shall be 60 for a female Member and 65 for a male Member unless otherwise specified at joining. This Option is only available for Schemes to which it applied on 30 September 1995.

Appendix 3 – Defined Benefit Schemes

9.2.2 Refund

if the Member has completed less than 2 years' Qualifying Service and no transfer has been accepted in respect of the Member from a personal pension scheme, the Member may receive a refund of all the Member's contributions to the Scheme plus compound interest calculated at such rate as the Trustee decides after taking Actuarial Advice; or

9.2.3 Transfer

a transfer payment may be made in respect of the Member of an amount at least equal in value to the benefits which would have been payable in respect of the Member from the Scheme,

and, unless the Member confirms otherwise to the Trustee in writing, shall be deemed to have elected to receive a deferred pension.

9.3 Deferred options

Where a Member becomes entitled to a deferred pension, the Member may:

9.3.1 Refund

if the Member could have taken a refund on leaving Service, exercise that option in lieu of receiving the deferred pension at any time before the Member's pension from the Scheme comes into payment; or

9.3.2 Transfer

at any time before the Member's pension from the Scheme comes into payment, elect that a transfer payment shall be made of an amount equal in value to the benefits which would otherwise have been payable in respect of the Member from the Scheme; or

9.3.3 Early benefits

elect that, in lieu of receiving the deferred pension, the Member shall receive from a date after attaining Normal Minimum Pension Age but before Normal Pension Age an immediate pension for life of an amount calculated by reducing the deferred pension, subject to Defined Benefit Rule 6.2 (Matrix Options: flexible retirement), by such amount as the Trustee, after obtaining Actuarial Advice, shall decide to take account of its earlier payment, but so that the value of the pension (and the benefits payable on the Member's death) shall be at least equal to the value of the pension and death benefits that would have been payable if the Member had not exercised this option; or

Appendix 3 – Defined Benefit Schemes

9.3.4 Assisted early pension

Matrix Options: Early pension

Option 9.3.4 – SD

As set out in the Scheme Document.

Option 215 – Basic

Defined Benefit Rule 6 (pension benefits) shall apply without any actuarial reduction for early payment to any Member retiring from the Service of the Employer, between the ages of 55 and 65, with the consent of the Employer.

Option 216 – Enhanced

As for Option 215 (basic) but taking the Member's enhanced Pensionable Service instead of Pensionable Service (adds 50% of the Member's additional prospective service to Normal Pension Age).

Option 217 – Qualified

As for Option 215 (basic), but the Member must have completed at least five years' Service with the Employer. The Scheme Document may vary the parameters.

9.3.5 Ill-health pension

request a pension to be paid under Defined Benefit Rule 8 (ill-health pensions); or

9.3.6 Late benefits

elect to defer the payment of the Member's deferred pension until a date after the Member's Normal Pension Age. The pension may start no later than age 75 or any later age which is consistent with the pension being an "authorised payment" for the purposes of the Finance Act 2004. If payment of the pension is deferred, the amount of the pension shall be increased as the Trustee, after obtaining Actuarial Advice, shall decide to allow for the later date on which it comes into payment.

9.4 Refunds

Where a Member receives a refund of contributions:

9.4.1 Contributions equivalent premium ("CEP")

in respect of a Member who has been in Contracted-out Service, guaranteed minimum pensions (as defined in the Pension Schemes Act 1993), but not any other benefits, shall be preserved within the Scheme for the Member and the Member's widow, widower or Civil Partner unless the Trustee pays a CEP in respect of the Member under the Contracting-out Laws; and

9.4.2 Certified amount (CA)

where a CEP is paid, the Trustee shall make a deduction from the refund calculated in accordance with the Contracting-out Laws; and

9.4.3 Tax

the Trustee may deduct from such refund any statutory tax.

Appendix 3 – Defined Benefit Schemes

9.5 AVC added years

If before Normal Pension Age a Member leaves the service of the Employer, including becoming entitled to an immediate ill-health pension under Defined Benefit Rule 8 (ill-health pensions), or dies in Service, opts out or ceases to pay additional voluntary contributions to purchase added years, the Member's entitlement to added years secured by additional voluntary contributions, in addition to actuarial reduction for early payment if the pension commences before Normal Pension Age, shall be reduced to a proportion represented by the formula:

$$\frac{N}{NS} \times A$$

where

N is the actual Pensionable Service during which contributions were paid for the added years.

NS is the potential Pensionable Service to Normal Pension Age during which contributions for the added years would have been paid.

A is the agreed added years (and parts thereof) of notional Pensionable Service which would have been credited under Defined Benefit Rule 5.3.2 Option 145 (added years), had contributions continued to Normal Pension Age.

Appendix 3 – Defined Benefit Schemes

10 Phased retirement

10.1 Phased Retirement Date

In this Rule 10, the “**Phased Retirement Date**” of a Member means:

- 10.1.1 the last day in respect of which the Member received or was due to receive salary or wages from the Employer at the normal rate preceding a reduction in the Member’s working hours, week or year with a reduction in the rate of Earnings; or
- 10.1.2 the date the Member changes to other full-time or part-time employment with the Employer on a reduced rate of Earnings, and

in either case, such date being within ten years of the date of the Member’s retirement and having been advised to the Trustee in writing by such time as the Trustee requires.

10.2 Phased Retirement Member

This Defined Benefit Rule 10 only applies to those members who have a Phased Retirement Date before 1 December 2006.

In this Rule 10, a “**Phased Retirement Member**” means a Member:

- 10.2.1 who has suffered a reduction in his or her working hours, week or year with a reduction in the rate of Earnings, or a change to other full-time or part-time employment with the Employer on a reduced rate of Earnings within ten years of the date of the Member’s retirement, with the consent of or at the request of the Employer; and
- 10.2.2 whom the Employer has notified to the Trustee in writing is, for the purpose of this Rule 10, to be treated as a Phased Retirement Member.

Limitation: For Members simply changing from full-time to part-time employment, this Rule 10 cannot operate to protect the full-time salary for pension benefits, but may do so for death benefits only. Defined Benefit Rule 6.5 (part-time ratio) shall apply where the Phased Retirement Member is not a full-time employee, for the purpose of calculating the Member’s pension.

10.3 Contributions

For the purpose of this Rule 10 only, contributions for a Phased Retirement Member (payable by the Employer and the Member) shall be based on the Member’s Earnings up to the Phased Retirement Date, increased each year in line with the Index (“**notional Earnings**”) or, if greater, the actual Member’s Earnings.

10.4 Additional contributions – pension

Where, at the discretion of the Employer, such additional contributions as may be required are paid by the Employer in respect of a Phased Retirement Member, the Member’s pension, unless otherwise agreed with the Employer, shall be the greater of:

- 10.4.1 the amount calculated by reference to the Scheme Document; and
- 10.4.2 the amount calculated by reference to the Scheme Document using the Member’s Final Earnings calculated at the Phased Retirement Date and increased in line with the Index up to the date 6 months before the date the pension becomes payable.

Appendix 3 – Defined Benefit Schemes

10.5 Additional contributions – death benefit

Where Defined Benefit Rule 10.3 (contributions) applies, the lump sum death benefit payable for a Phased Retirement Member, unless otherwise agreed with the Employer, shall be the greater of:

- 10.5.1** the amount calculated by reference to the Scheme Document; and
- 10.5.2** the amount calculated by reference to the Scheme Document using the Member's Earnings calculated at the Phased Retirement Date increased in line with the Index up to the date 6 months before the Member's death.

10.6 Reduced earnings – pension

Where Defined Benefit Rule 10.3 (contributions) does not apply to a Phased Retirement Member, the Member shall become entitled at the Phased Retirement Date to a deferred pension under Defined Benefit Rule 9 (leaving options) and:

- 10.6.1** the Member's pension shall be the amount calculated by reference to the Scheme Document and
- 10.6.2** where the Member recommences Pensionable Service with reference to the reduced Earnings, the Member's pension for Service after the Phased Retirement Date shall be calculated from the Phased Retirement Date by reference to the Scheme Document and reduced Earnings, as appropriate.

10.7 Reduced earnings – death benefit

- 10.7.1** Where Defined Benefit Rule 10.3 (contributions) does not apply to a Phased Retirement Member, the lump sum death benefit payable to a Phased Retirement Member shall be the amount calculated by reference to the Scheme Document using the Member's reduced Earnings, as appropriate.
- 10.7.2** Where a Phased Retirement Member is entitled to a deferred pension under Defined Benefit Rule 10.6 (reduced earnings – pension) and has recommenced Pensionable Service, any lump sum death benefit for that Pensionable Service shall be payable together with any benefit in respect of the deferred pension.

Appendix 3 – Defined Benefit Schemes

11 Family leave, etc.

- 11.1** In this Rule 11, “adoption leave”, “paternity leave”, “shared parental leave” and “carer’s leave” mean the same as set out in the Employment Rights Act 1996.
- 11.2** Where a Member goes on Maternity Leave, adoption leave, paternity leave, shared parental leave, Defined Benefit Rule 9 (leaving options) shall not apply during the relevant period of leave. If the Member returns to work with the Employer at the end of the period of leave, Defined Benefit Rule 9 shall not apply at that time. If the Member does not return to work with the Employer at the end of the relevant period of leave, Defined Benefit Rule 9 shall apply to the Member from the day the period of leave ends.
- 11.3** A Member who receives pay from the Employer for a period of leave must pay contributions based on the remuneration he actually receives from the Employer unless the Scheme Document provides otherwise.
- 11.4** During periods of paid Maternity Leave, adoption leave, paternity leave and shared parental leave, unless otherwise agreed with the Trustee, the total contributions due from the Employer shall be the total of Employer’s and Member’s contributions (excluding additional voluntary contributions) calculated as though the Member had received remuneration at the same rate during the period of paid leave as he would have received if he had not been on Maternity Leave, adoption leave, paternity leave, shared parental leave (i.e. on notional pay) less the Member’s actual contributions.

The circumstances where a Member will be treated as being on paid Maternity Leave for the purposes of this Defined Benefit Rule 11 will include where the Member is receiving the State maternity allowance.

“**Maternity Leave**” means any period throughout which a female Member is absent from work with her Employer due to pregnancy and (a) has a right to maternity leave either under her contract with her Employer or under the Employment Rights Act 1996, or (b) has a statutory right to return to work with her Employer under that Act, or (c) is entitled to statutory maternity pay (whichever is longest).

Matrix Options: Maternity Leave

Option 11.3 – SD

As set out in the Scheme Document.

Option 220 – No contributions

During paid Maternity Leave, no contributions shall be payable by the Employer or by the Member during the Member’s Maternity Leave or such other period as specified in the Scheme Document

Option 221 – Full Pensionable Service

Where this Option applies, both paid and unpaid Maternity Leave shall count as Pensionable Service to the extent specified in the Scheme Document and Defined Benefit Rule 11.5 shall apply to both.

- 11.5** If she dies during Maternity Leave, lump sum death benefits under the Rules and pensions on the death of a Member shall be calculated by reference to the Member’s Earnings that she would have received if she had not been on Maternity Leave.

Appendix 3 – Defined Benefit Schemes

- 11.6** Benefits for paid Maternity Leave shall be calculated on the basis that the paid Maternity Leave was Pensionable Service and that the Member had received remuneration at the same rate during her paid Maternity Leave as she would have received if she had not been on Maternity Leave.
- 11.7** Except where (a) Option 221 or Defined Benefit Rule 11.4 applies, or (b) different provisions are made in the Scheme Document, or (c) the Member elects that contributions and benefits shall be determined in accordance with the provisions of Defined Benefit Rules 12.2 (options) and 12.5 (benefits after absence) (notwithstanding any restrictions in Defined Benefit Rule 12.1 (interpretation)), then the benefits for Unpaid Maternity Leave shall be calculated on the basis that the Unpaid Maternity Leave was not Pensionable Service and the Member received no remuneration from her Employer during the period of Unpaid Maternity Leave.
- 11.8** Notwithstanding any contrary provision above, benefits under the Scheme shall be provided for Members:
- 11.8.1** for the first 39 weeks of Maternity Leave (or such period as prescribed by law for statutory benefit) regardless of whether remuneration is paid; and
 - 11.8.2** in accordance with this Defined Benefit Rule 11, for male and female Members who acquire rights to paid paternity or parental leave in respect of children born or adopted after 5 April 2003, for such periods as are prescribed by law for such benefit.

Matrix Option: Carer's leave

- 11.9** As agreed with the Employer in writing, where a Member goes on carer's leave:
- 11.9.1** Defined Benefit Rule 9 (leaving options) shall not apply during the relevant period of leave. If the Member returns to work with the Employer at the end of the period of leave, Defined Benefit Rule 9 shall not apply at that time. If the Member does not return to work with the Employer at the end of the relevant period of leave, Defined Benefit Rule 9 shall apply to the Member from the day the period of leave ends; and
 - 11.9.2** During periods of carer's leave, unless otherwise agreed with the Trustee, the total contributions due from the Employer shall be the total of Employer's and Member's contributions (excluding additional voluntary contributions) calculated as though the Member had received remuneration at the same rate during the period of paid leave as he would have received if he had not been on carer's leave (i.e. on notional pay) less the Member's actual contributions.
 - 11.9.3** the Member's benefits for these periods will, in any event, be calculated as if the Member had worked normally and received the normal pay for doing so.

Appendix 3 – Defined Benefit Schemes

12 Temporary absence

PART 1: Up to one year

12.1 Interpretation

This Defined Benefit Rule 12 applies where a Member whilst remaining in the service of the Employer is absent from work, either without pay or on reduced pay, for a period (except where modified by Part 2 of this Defined Benefit Rule 12) **not exceeding one year**, and the absence is:

- 12.1.1 due to illness or injury, or on unpaid paternity leave (whether entitlement arises by birth or adoption), or parental leave (being leave within five years to care for a child); or
- 12.1.2 where a Member on Maternity Leave has elected under Defined Benefit Rule 11.6 that Defined Benefit Rules 12.2 (options) and 12.5 (benefits after absence) should apply to her absence; or
- 12.1.3 otherwise agreed between the Employer and the Trustee.

12.2 Options

Except where the Employer agrees that contributions from the Member shall not be required, the Member may elect either that:

12.2.1 Contributions

the contributions payable by the Member and the Employer during the period of absence shall be calculated (a) on the Member's pensionable Earnings immediately before the absence commenced, or (b) on the Member's reduced Earnings, or (c) on such other Earnings as may be agreed between the Member and the Employer. If the Member elects to pay the contributions due, the Employer shall be asked to pay its corresponding contribution but is not obliged to do so; or

12.2.2 No contributions

the Member shall not contribute during the absence, in which case, the Employer shall not be required to contribute in respect of the Member for the same period except for contributions for lump sum death benefits. If the Member dies in this period, Defined Benefit Rule 12.5.2 (no payment) shall apply.

12.3 Death benefits

Any lump sum death benefit under Defined Benefit Rule 14 (lump sum death benefits) shall continue to apply to the Member during temporary absence and shall be calculated by reference to the Member's pensionable Earnings immediately before the absence commenced.

12.4 Non-contributory Scheme

If a Scheme is non-contributory for Members, this Defined Benefit Rule 12 shall apply as appropriate, except that the period of temporary absence shall not be counted as Pensionable Service unless specified in the Scheme Document.

Appendix 3 – Defined Benefit Schemes

12.5 Benefits after absence

If the Member has chosen not to contribute or has paid reduced contributions during temporary absence, on return to work, the Member shall elect either:

12.5.1 Payment of arrears

to pay, over a period agreed with the Trustee, the contributions under Defined Benefit Rule 12.2.1 (options) due for the period of absence. If the Member elects to pay the contributions due, the Employer shall be asked to pay its corresponding contributions but is not obliged to do so. Benefits shall be provided of such amount as the Trustee, after obtaining Actuarial Advice, determines to be appropriate, having regard to the contributions paid; or

12.5.2 No payment

not to pay contributions, in which case, Scheme benefits payable to or in respect of the Member (except any lump sum death benefit) shall be reduced in such manner as the Trustee, after obtaining Actuarial Advice, decides is appropriate. Defined Benefit Rule 6.4.1 (special rules) applies.

12.6 Different earnings

Whether after temporary absence for up to one year, or for more than one year as provided below, if the Member's contributions are resumed for part-time employment, benefits shall be calculated subject to Defined Benefit Rule 6.5 (part-time ratio) as appropriate. If the Member resumes lower-paid full-time employment, then (subject to the Member's written consent) Defined Benefit Rule 9 (leaving options) may be applied as if the Member had withdrawn from Pensionable Service on the day before such lower-paid employment commenced.

12.7 Continued absence

If the Member remains absent **at the end of one year** (or such other period as the Rules allow), without pay or on reduced pay, Defined Benefit Rule 9 (leaving options) shall apply as if the Member had withdrawn from Pensionable Service at the end of the one-year period (or agreed longer period), or, if earlier, the date the Member's contributions ceased.

Appendix 3 – Defined Benefit Schemes

PART 2: More than one year and PHI, etc.

12.8 Full membership

The Trustee may agree that a Member who is absent from work and receiving benefit under the Employer's permanent health insurance scheme (or as allowed under Defined Benefit Rule 12.9 (Matrix Options: temporary absence)) may be retained in full membership of the Scheme for more than one year but not beyond Normal Pension Age.

12.8.1 Growth Plan

Where contributions are not paid in accordance with the following options, with the agreement of the Employer, the Member may be transferred (except for lump sum death benefits) to the Growth Plan.

12.8.2 Contribution options

Contributions payable by or on behalf of the Member and the Employer (including arrears for the first year under Part 1 of this Defined Benefit Rule 12 if appropriate) shall be calculated (a) by reference to the Member's Earnings immediately before such period of absence commenced, or (b) if greater, the notional salary on which PHI benefits are being paid. Where the Member pays contributions on any of these bases, full tax relief will be allowed. The Employer may decide, in any case, that only the Employer shall contribute on behalf of the Member and the Employer, and the Member shall not then be required to contribute.

12.8.3 Benefits after absence

- (i) Provided the Trustee is satisfied that appropriate contributions have been paid, Pensionable Service will be continuous and benefits shall be calculated with reference to the Member's Earnings immediately before such period of absence commenced or, if greater, the notional salary on which contributions are being paid at the time of the Member's death or retirement.
- (ii) If the Trustee is not satisfied that appropriate contributions have been paid, benefits will be provided of such amount as the Trustee, after considering Actuarial Advice, determines to be appropriate, having regard to such contributions as were paid. Defined Benefit Rule 6.4.1 (special rules) applies.

Appendix 3 – Defined Benefit Schemes

12.9 Matrix Options: Temporary absence

Option 12.9 – SD

As set out in the Scheme Document.

Option 231 – Up to 3 years

The period for which Part 1 of this Defined Benefit Rule 12 can apply shall be three years (or as otherwise specified in the Scheme Document) instead of one year but the Scheme Document may provide that Defined Benefit Rule 12.3 (death benefits) shall not apply for more than one year.

Option 232 – Illness, total period

A Member may be retained in full membership for the whole period of absence due to illness or injury whilst remaining in the service of the Employer without pay, subject to the payment of such contributions by the Employer as the Trustee shall require. Benefits will be calculated by reference to Defined Benefit Rule 12.8.3 (benefits after absence).

Option 233 – Training or study, total period

A Member who is absent from work without pay due to participation in a course of study or training approved by the Employer, whilst remaining in the service of the Employer without pay, may be retained in full membership for the whole period of absence, subject to the payment of such contributions by the Employer as the Trustee shall require. Benefits will be calculated by reference to Defined Benefit Rule 12.8.3 (benefits after absence).

Option 234 – Other absences

In circumstances of sabbatical leave, secondment or temporary absence other than described above, Part 1 of this Defined Benefit Rule 12 shall apply for up to one year.

Option 235 – Pensionable Service

During any period of temporary absence, unless the Employer notifies the Trustee or the Rules otherwise provide that the Member shall not be required to pay contributions, the Member pays contributions on Earnings received. The period will count as Pensionable Service subject to the payment of such contributions as the Trustee shall require, in which case benefits will be calculated by reference to Defined Benefit Rule 12.8.3 (benefits after absence).

Appendix 3 – Defined Benefit Schemes

13 Commutation

13.1 Commutation on retirement

When a Member's pension comes into payment, the Member shall have the option of commuting part or all of the pension for a lump sum which shall not, without the consent of the Trustee, be greater than the permitted maximum under the Finance Act 2004 (which, in broad terms, and subject to the transitional arrangements under the Act, will normally be 25% of the value of the Member's total pension rights). The lump sum commutation factor shall be of such amount as the Trustee, after obtaining Actuarial Advice, shall decide. Unless otherwise agreed by the Trustee, a Member shall only be entitled to exercise this option if he or she has not exercised such an option under the Fund within the previous 12 months.

13.2 Restrictions

If there is any obligation on the Fund to provide a minimum amount of pension from state pension age or the age at which a Member's GMP becomes payable in accordance with the Contracting-out Laws because the Scheme is contracted out, the commutation option will be restricted on such basis and to such extent as the Trustee may decide so that the obligation can be met.

13.3 Serious ill-health commutation

If the Trustee, after obtaining advice from a registered medical practitioner, has approved immediate payment of a Member's pension due to exceptional circumstances of serious ill-health, where the expectation of life is shorter than one year, the total value of the Member's pension rights in the Fund may be paid as a single lump sum. Such payment will count as a vesting event for the purpose of the lifetime allowance.

Option 13.3 – SD

As set out in the Scheme Document.

Option 241 – 3/80ths of Final Earnings for each year

The maximum lump sum payable under Defined Benefit Rule 13.1 (commutation on retirement) shall be an amount equal to 3/80ths of Final Earnings for each year (and pro rata for each additional month) of Pensionable Service.

Option 243 (Closed)

The maximum lump sum payable under Defined Benefit Rule 13.1 (commutation on retirement) shall be an amount equal to 3/80ths of Final Earnings for each year (and pro rata for each additional month) of Pensionable Service. Under this Option, the lump sum is payable in addition to the pension calculated under Defined Benefit Rule 6, 7, 8 or 9 and shall not be treated as commutation for any of the purposes of these Defined Benefit Rules. This Option is only available for schemes to which it applied on 30 September 2005.

Appendix 3 – Defined Benefit Schemes

14 Lump sum death benefits

14.1 Lump sum

On the death of a Member before vesting or as the Scheme Document provides, a lump sum shall be payable equal to the Member's own contributions to the Scheme including AVCs whether paid under Defined Benefit Rule 5.3 Option 145 (added years) or paid to any other part of the Fund plus compound interest calculated at such rate as the Trustee decides after taking Actuarial Advice.

14.2 Matrix Option: Lump sum

Option 14.2 – SD

As set out in the Scheme Document.

Option 250

In addition to the return of the Member's contributions as described above for Members in Pensionable Service, such multiple of the annual rate of the Member's Earnings at the date of the Member's death as is specified in the Scheme Document.

A lump sum calculated in accordance with this Rule shall be payable in accordance with Rule 7.2 (payment of lump sum death benefits) as appropriate.

14.3 Matrix Option: Continued life cover

Option 251

In the case of Members of the Scheme in Pensionable Service, who were Members or members of a previous scheme of the Employer prior to 1 October 1991 and who retire early for any reason before age 65, the benefit payable under Defined Benefit Rule 14.2 (Matrix Option: lump sum) (other than a refund of the Member's contributions to the Scheme plus compound interest calculated at such rate as the Trustee decides after taking Actuarial Advice) shall be payable on death before age 65 instead of the five year guarantee of pension (unless the Scheme Document states that the benefit shall be payable on death before age 65 in addition to the five year guarantee of pension).

14.4 Matrix Option: Life assurance only

Option 249

Where the only benefit to be provided for Members is a lump sum payment on death equal to a multiple of the Member's salary, the lump sum may be provided under Growth Plan Rule 8.3 (life cover only Members). Alternatively, this benefit may be insured with an Insurance Company as the Trustee shall decide. From 6 April 2006, life assurance only is only available for:

- 14.4.1 employees in a waiting period (a period of time before they are eligible to join the Scheme); or
- 14.4.2 opters-out (employees who are eligible to accrue retirement benefits in the Scheme but have chosen not to do so or employees who joined the Scheme for retirement benefits but opt out later).

Appendix 3 – Defined Benefit Schemes

14.5 Matrix Option: Non-Members

Option 253 – Specified lump sum

Where specified in the Scheme Document, on the death of an employee who is not a Member in Pensionable Service (including an employee who has withdrawn from the Scheme), a lump sum shall be payable of £5,000 (or such other amount as is specified in the Scheme Document) if in full-time employment, or pro-rata if not. Such an employee shall be treated as if he or she was a Member for the purposes of Rule 7.1 (nominations) but for no other purpose. This is subject to the conditions in the last sentence of Option 249.

14.6 Matrix Option: Death after vesting

Subject to Rule 14.2 (lump sums instead of pensions):

Option 254 – Lump sum (Closed)

In addition to any lump sum five year guarantee of pension under the Defined Benefit Rules, there shall be payable a lump sum equal to the Member's own contributions to the Scheme (other than contributions already refunded to the Member) plus compound interest calculated at such rate as the Trustee decides, after taking Actuarial Advice, less the total of any pension payments made to the Member from the Scheme in the Member's lifetime, any lump sum commutation and any pension payments made under the Scheme to any widow, widower, Civil Partner, Survivor or Child of the Member.

Where no Survivor's or Child's pension is payable under the Rules in respect of the Member, any lump sum shall be payable at the date of the Member's death. Where any such pension is payable, payment of any such lump sum shall be deferred until the last such pension ceases to be payable. This Option is only available for schemes to which it applied on 30 September 1995.

Option 330 – Pension guarantee (Closed)

The five year guarantee of pension under the Rules only applies if, on the Member's death, no Survivor's or Child's pension is payable under the Rules in respect of the Member. This Option is only available for schemes to which it applied on 30 September 1995.

14.7 Death after Normal Pension Age

14.7.1 If contributions for death in service benefits are continued, these provisions shall not apply while such contributions are being paid.

14.7.2 A Member, the payment of whose pension has been deferred after Normal Pension Age who dies on or after Normal Pension Age but before that pension had come into payment, shall be treated as if the Member's pension had come into payment on the day of the Member's death. No benefit shall be payable under Defined Benefit Rule 14.1 (lump sum).

Appendix 3 – Defined Benefit Schemes

14.8 Death of a Member who has left Pensionable Service with entitlement to a preserved benefit which has not started – lump sum

On the death before Normal Pension Age of a Member entitled to a deferred pension which has not yet come into payment, there shall be payable in accordance with Rule 7.1 (nominations) as appropriate a lump sum equal to the Member's own contributions (other than contributions already refunded to the Member) plus compound interest calculated at such rate as the Trustee decides, after taking Actuarial Advice, except that, if Defined Benefit Rule 6.2 Option 166 (Members who have left Pensionable Service with entitlement to a preserved pension which has not started) applies and death occurs between the specified ages, then Defined Benefit Rule 14.7 (death after Normal Pension Age) shall apply instead of this Defined Benefit Rule 14.8 if it would provide a higher amount.

Option 255 – Lump sum

In the circumstances described in this Defined Benefit Rule 14.8, instead of a refund of contributions a lump sum shall be payable equal to 5.5 times the amount of the annual pension which would have been payable if the Member had retired on the date of death. The Scheme Document may specify variations.

Appendix 3 – Defined Benefit Schemes

15 Pensions on the death of a Member

15.1 Definitions and options

In this Rule 15, “**Member’s Pension**” means:

15.1.1 Death in Service

if the Member dies in Pensionable Service before Normal Pension Age, the Member’s Pension calculated using the formula specified in Defined Benefit Rule 6 (pension benefits) but taking the Member’s Pensionable Service and Final Earnings at the date of the Member’s death except that the Scheme Document may specify that the calculation shall be based on one or more of the options below; or

15.1.2 Deferred

if the Member dies before Normal Pension Age whilst entitled to a deferred pension under Defined Benefit Rule 9 (leaving options) which had not yet come into payment, that deferred pension; or

15.1.3 Pensioner

if the Member dies whilst in receipt of a pension from the Scheme, that pension or, if greater, the pension the Member would have been entitled to without any commutation or surrender; or

15.1.4 Over Normal Pension Age

if the Member dies on or after Normal Pension Age and whilst payment of the Member’s Pension has been deferred, or in Pensionable Service after Normal Pension Age, that pension had the Member’s Pension without any commutation or surrender come into payment on the day of the Member’s death.

Appendix 3 – Defined Benefit Schemes

15.2 Matrix Options: Service/Salary

Subject to Defined Benefit Rule 15.3 (reduced Pensionable Service), the options for Defined Benefit Rule 15.1.1 (death in service) are:

Option 15.2 – SD

As set out in the Scheme Document.

Option 260 – Potential Pensionable Service

The Pensionable Service the Member would have completed if the Member had remained in the Service of the Employer until Normal Pension Age.

Option 261 – Earnings

The annual rate of the Member's Earnings at the date of the Member's death (the same as for the lump sum in Option 250).

Option 262 – Enhanced Final Earnings

The Final Earnings the Member would have had at Normal Pension Age had the Member remained in the Service of the Employer until that age with no change in the rate at which any element of the Member's Earnings was being paid taking place after that date. "Enhanced Final Earnings" may be differently defined in the Scheme Document.

Option 263 – Pensionable Service

The Scheme Document may restrict the enhancement of prospective service of the Member to a period ending five years before the Member's Normal Pension Age.

15.3 Reduced Pensionable Service

Where a Member has exercised the option to pay reduced contributions under Rule 18 (contributions to the Fund) and subsequently elected to pay full contributions, for the purpose of calculating the Member's Pension in this Defined Benefit Rule 15 (but not Defined Benefit Rule 16 (Children's pensions)) Pensionable Service shall be reckoned only from the date when the Member became a Full Contribution Member (as defined in Defined Benefit Rule 18.2 (definitions)).

Appendix 3 – Defined Benefit Schemes

15.4 Matrix Options: Payees

The Scheme Document must specify the category of persons below who are eligible to receive a pension under this Rule 15 on the death of a Member:

Option 270 – Survivor

The Member may at any time deposit with the Trustee a nomination in accordance with the Rules nominating a person as their Survivor as defined in Rule 1 (meaning of words used) or otherwise in the Scheme Document.

Option 271 – Dependant

The Member may at any time deposit with the Trustee a nomination in accordance with the Rules nominating a person as their Dependant as defined in Rule 1 (meaning of words used) or otherwise in the Scheme Document.

Option 272 – spouse

The Member's spouse or Civil Partner, and in respect of a same-sex spouse or Civil Partner and where so agreed by the Employer and the Trustee, in respect only of the Limited Spouse's/Civil Partner's Part of the pension.

Option 273 – Exclusion (Closed)

Any person who became a spouse or Civil Partner of the Member after the Member left Pensionable Service is excluded from benefit under this Rule. The Employer may waive this condition. This Option is only available for schemes to which it applied on 30 September 1995.

15.5 Matrix Options: Pension payable

On the death of a Member or Full Contribution Member (as appropriate under Defined Benefit Rule 15.3 (reduced Pensionable Service)) in the circumstances described in Defined Benefit Rule 15.1 (definitions and options), the person eligible under this Rule 15 shall be entitled to a pension for life from the date of the Member's death determined as set out below. If the Employer and the Trustee agree, where the person eligible is the Member's Civil Partner or same-sex spouse, the provisions below are subject to any applicable provision of the Rules whereby the Civil Partner or same-sex spouse is to receive only the Limited Spouse's/Civil Partner's Part.

Option 15.5 – SD

As set out in the Scheme Document.

Option 280 – “50%”

50% of the Member's Pension.

Option 281 – “2/3rds”

2/3rds of the Member's Pension.

Option 282 – “20%” (Closed)

On death in service only, instead of being based on the pension described in Defined Benefit Rule 15.1.1 (death in Service), a pension shall be payable of 20% of the Member's Earnings at the date of the Member's death. This Option is only available for schemes to which it applied on 30 September 1995.

Appendix 3 – Defined Benefit Schemes

Option 283 – “1/160th” (Closed)

On death in deferment only, instead of being based on the deferred pension described in Defined Benefit Rule 15.1.2 (deferred), a pension shall be payable of 1/1,920th of the Member’s Final Earnings per each complete month of Pensionable Service whilst a Contracted-out Member. This Option is only available for schemes to which it applied on 30 September 1995.

Option 284 – Age reduction

Rule 8.1 (young Survivor) applies.

15.6 Minimum spouse’s/Civil Partner’s pension

Where a Member has been in Contracted-out Service, provided that any part of the pension in excess of the minimum may be paid to a person other than the widow, widower or Civil Partner, the Member’s minimum spouse’s/Civil Partner’s pension under this Rule 15.6 shall be:

- 15.6.1** in respect of the Member’s service before 6 April 1997, not less than the widow’s, widower’s or Civil Partner’s Guaranteed Minimum Pension (if any) which the recipient has in relation to the pension; and
- 15.6.2** in respect of the Member’s service from 6 April 1997, not less than 1/1,920th of the average in the last three tax years of 90% of the Member’s Earnings:
 - (i) between the lower earnings limit and the upper earnings limit in relation to a tax year before 2009/10; and
 - (ii) between the lower earnings limit and the upper accrual point in relation to the tax year 2009/10 or any subsequent tax year;

for each complete month of Pensionable Service after 6 April 1997.

Note: Under section 17 of the Pension Schemes Act 1993 a widower’s or surviving Civil Partner’s or surviving same sex spouse’s guaranteed minimum is one-half of that part of the earner’s guaranteed minimum which is attributable to earnings factors for the tax year 1988-89 and subsequent tax years.

Appendix 3 – Defined Benefit Schemes

16 Children’s pensions

16.1 Matrix Options: Children’s pensions

On the death of a Member, in addition to any pension provided under Defined Benefit Rule 15 (pensions on the death of a Member), the Scheme Document may provide for pensions of such percentage of the Member’s Pension (as defined in Defined Benefit Rule 15.1 (definitions and options) and before any reduction for pension sharing) as the Scheme Document shall specify by these Options to be paid to each Child of the Member (up to a maximum of four) for as long as he or she remains a Child. Where there are more than four Children, the pensions shall be paid to the four youngest of them. When a pension ceases to be paid to any Child, it will continue to be payable to any other Child who was alive when the pension commenced.

Option 16.1 – SD

As set out in the Scheme Document.

Option 290 – “12.5%”

12.5% of the Member’s Pension to each Child up to a maximum of four (where Option 280 applies).

Option 291 – “1/3rd”

1/3rd of the Member’s Pension to a Child of the Member or, where the Member is survived by more than one Child, divided between the Member’s Children up to a maximum of four (where Option 281 applies).

Option 292 – “5%” (Closed)

On death in service only, instead of being based on the pension described in Rule 15.1.1 (death in Service), a pension shall be payable of 5% of the Member’s Earnings at the date of the Member’s death for each Child up to a maximum of four (where Option 282 (“20%” (closed)) applies). This Option is only available for schemes to which it applied on 30 September 1995.

Option 293 – Continuing (Closed)

When a pension ceases to be payable to a Child, the total amount payable to all the Member’s Children under Options 290 or 300 shall continue to be payable divided equally amongst those who remain Children at that time. This Option is only available for schemes to which it applied on 30 September 1995.

Option 294 – “25%”

25% of the Member’s Pension to each Child up to a maximum of 2 (where Option 280 applies).

Appendix 3 – Defined Benefit Schemes

16.2 Matrix Options: Orphans' pensions

Option 16.2 – SD

As set out in the Scheme Document.

Option 300 – Doubled

Where the Child is an orphan at the time of the Member's death, or from the date when the Child's last surviving parent dies, or where no pension is payable under Defined Benefit Rule 15 (pensions on the death of a Member), the Child's pension is doubled.

Option 301 – "50% of the Member's Pension"

As for Option 300, except that, where the Member is survived by only one Child, the Child's pension shall be 50% of the Member's Pension (as defined in Defined Benefit Rule 15.1 (definitions and options)).

Option 302 – 50% conditional

On death in Pensionable Service where the Member is survived by a Child or Children and where no pension is payable under Rule 15 (pensions on the death of a Member), there shall be payable to or for the benefit of the Member's Children in equal shares a pension equal in total to 50% of the Member's Pension (as defined in Defined Benefit Rule 15.1 (definitions and options)). Or, where the person in receipt of a pension under Defined Benefit Rule 15 dies, that pension may continue to be paid to a Child or between Children of the Member.

Option 303 – 50% conditional

Applies as for Option 302, in respect of benefits payable after leaving Pensionable Service rather than death in Pensionable Service.

Appendix 3 – Defined Benefit Schemes

17 Pension increases

17.1 Matrix Options: Pensions in payment

Any pension in payment from the Scheme shall be increased annually after it comes into payment, subject to Rule 11.4 (pension and benefit increases), by the Option from this Rule 17.1 as specified in the Scheme Document.

Option 311 – Limited Price Indexation

As described in section 51 of the Pensions Act 1995. The Index shall be measured over the 12 month period ending with the January preceding the increase in April each year. The Scheme Document may specify variations.

Option 312 – Index-linked

As for Option 311, with the declared objective of increasing pensions fully in line with the Index.

Option 313 – Fixed (Closed)

3% (or other greater percentage as specified in the Scheme Document) per annum compound. This Option is only available for schemes to which it applied on 30 September 1995.

Option 315 – Including GMPs

Increases to pensions in payment may be paid on the whole pension including any GMP.

Option 320 – Proportionate increases

In respect of benefits for Pensionable Service from 6 April 2005, if the pension has been in payment for less than one year, it shall be increased in the first year by the equivalent monthly rate for each month that the pension has been in payment at the date of the annual increase, and in subsequent years shall be increased by the annual rate.

Appendix 3 – Defined Benefit Schemes

17.2 Matrix Options: Deferred pensions

The amount by which such a deferred pension is increased before it comes into payment (or the Member dies if earlier) shall not be less than the minimum required in the Pension Schemes Act 1993.

Any deferred pension to which a Member is entitled under Defined Benefit Rule 9 (leaving options) and which has not yet come into payment shall be increased until it comes into payment by one of the following Options, **subject to the above minimum**:

Option 17.2 – SD

As set out in the Scheme Document.

Option 321 – Limited Price Indexation

The rise in the Index up to a maximum of 5% per year compound over the whole period of deferment. The Scheme Document may impose a cap on the rise in the Index which is lower than 5%.

Option 322 – Index-linked

The rise in the Index up to a maximum of 5% per year compound over the whole period of deferment with the declared objective of increasing pensions fully in line with the Index.

Option 323 – 5%

5% per annum compound.

17.3 Increases to GMPs

Where the Member has been in Contracted-out Service, the above increases shall only apply (except where Option 315 applies) to that part of any Member's, widow's, widower's or Civil Partner's pension which exceeds the GMP (subject to any adjustment the Trustee decides is necessary to comply with equal treatment requirements) which he or she has in relation to that pension. GMPs will be increased at least in accordance with the Contracting-out Laws before and after the age at which a Member's GMP becomes payable in accordance with the Contracting-out Laws.

17.4 Discretionary increases

The Employer or the Employer Committee shall annually review the amounts of pensions in payment and deferred pensions under the Scheme and, if appropriate having regard to the increase in the cost of living, may increase the amount of any such pension or deferred pension by such amount as determined at their discretion after obtaining Actuarial Advice.

Appendix 3 – Defined Benefit Schemes

18 Optional Benefits

18.1 Matrix Option

Option 19.1 – SD

As set out in the Scheme Document.

Option 360 – Optional Benefits

This Defined Benefit Rule 18 shall apply where this Option is selected in the Scheme Document by the Employer or Employer Committee with the agreement of the Trustee.

Option 361 – Additional Pension Credit

Where this Option is selected in the Scheme Document, Defined Benefit Rule 18.7 (Additional Pension Credit) shall apply.

18.2 Definitions

In this Rule 18:

“**Additional Contributions**” means the difference between a Full Contribution and a Reduced Contribution.

“**Additional Pension Credit**” means the pension credit described in Defined Benefit Rule 18.7 (Additional Pension Credit).

“**Additional Service Credit**” means the service credit described in Defined Benefit Rule 18.6 (Additional Service Credit).

“**Full Contribution**” means a Member’s contribution calculated in accordance with Defined Benefit Rule 5 (contributions).

“**Full Contributions Commencement Date**” means the date from which Full Contributions are payable by a Member.

“**Full Contribution Member**” means a Member who pays Full Contributions and who is entitled to participate in all the benefits available under the Scheme, including the Optional Benefits.

“**Optional Benefits**” means the pension payable on the death of a Member under Defined Benefit Rule 15 (pensions on the death of a Member) except the pension in respect of Contracted-out Service under Defined Benefit Rule 15.6 (minimum spouse’s/Civil Partner’s pension).

“**Reduced Contribution**” means a Member’s Full Contribution reduced by an amount determined by the Trustee having taken Actuarial Advice.

“**Reduced Contribution Member**” means a Member who pays Reduced Contributions and who has elected not to provide for the Optional Benefits but remains entitled to participate in all other benefits under the Scheme.

18.3 Election on Optional Benefits

18.3.1 On joining the Scheme where Option 360 applies (or on re-entry), or from the date the Scheme adopts this Option, a Member may elect not to receive the Optional

Appendix 3 – Defined Benefit Schemes

Benefits. If the Member makes such an election, the Member's contributions shall be calculated at the "Reduced Contribution" rate.

- 18.3.2** Unless the Member makes an election as above, a Member on joining the Scheme shall pay contributions calculated at the "Full Contribution" rate and shall be entitled to participate in all the benefits available under the Scheme, including the Optional Benefits.

18.4 Option to change

A Member who chose to pay Reduced Contributions on joining the Scheme may at any time elect to become a Full Contribution Member and to receive the Optional Benefits subject to the following conditions:

- 18.4.1** The application shall be made in writing in the manner and form prescribed by the Trustee.

18.4.2 Evidence of health (special rule)

Any Reduced Contribution Member who, at the date of applying, is suffering from a medical condition leading to a shortening of the expectation of life may be refused the right to become a Full Contribution Member. The Member on making the application shall be required to make a declaration concerning the state of the Member's health at that date. The Trustee may subsequently ask for such evidence of health in respect of the Member as appropriate. If it transpires that the Member's declaration was inaccurate, the Trustee may declare the Member's application to be void, in which case, the Member shall not be entitled to the Optional Benefits but shall be repaid the Additional Contributions paid.

- 18.4.3** The Reduced Contribution Member shall become a Full Contribution Member on the first day of the month following the date of notification by the Employer that the Member's application has been received and Full Contributions shall be payable as from that date and the Member shall be entitled to the Optional Benefits from that date.

- 18.4.4** The Optional Benefits to which a Member is entitled following such an election shall be calculated on the basis of Pensionable Service completed since the Full Contributions Commencement Date. Defined Benefit Rule 15.3 (reduced Pensionable Service) applies.

- 18.4.5** The "Full Contribution" rate payable shall be calculated by reference to the Member's age at the date of becoming a Member (as appropriate).

- 18.4.6** A Full Contribution Member may not elect to become a Reduced Contribution Member.

Appendix 3 – Defined Benefit Schemes

18.5 Option at retirement

A Full Contribution Member may choose on retiring from the service of the Employer to renounce the Optional Benefits and to take an Additional Service Credit calculated in accordance with Defined Benefit Rule 18.6 (Additional Service Credit) in place of the cancelled Optional Benefits.

18.6 Additional Service Credit

The Additional Service Credit granted to the Member in place of cancelled Optional Benefits shall consist of the addition of a number of complete months to Pensionable Service completed by the Member at the relevant date, calculated on the basis of one month for every complete eight months or as shall otherwise be determined by the Trustee after obtaining Actuarial Advice. Also:

- 18.6.1** no Additional Service Credit will be given for Pensionable Service of less than eight months (or as otherwise determined by the Trustee);
- 18.6.2** the Additional Service Credit shall be granted only for Pensionable Service completed by the Member while the Member was a Full Contribution Member; and
- 18.6.3** if the Scheme Document specifies, “12 months” shall be substituted for “eight months” in this Rule 18.6 in respect of Pensionable Service from 1 October 1997.

18.7 Additional Pension Credit

Under such terms as may be agreed by the Trustee, in place of cancelled Optional Benefits, at the time when his or her pension entitlement is vested, a Full Contribution Member may choose to renounce the Optional Benefits and to take an Additional Pension Credit in place of Optional Benefits. The amount or quality of the Additional Pension Credit shall be determined by the Trustee after obtaining Actuarial Advice.

Appendix 3 – Defined Benefit Schemes

19 Termination/cessation of participation

Where an Employer ceases to participate in the Scheme, Defined Benefit Rule 5.4.2 (Employer's contributions) shall apply to the Employer and Defined Benefit Rule 9 (leaving options) shall apply to any Member who is then in the Service of that Employer and remains in such service after it ceases to be a participating Employer.

Appendix 4 Special Rules for the CARE Scheme

1 Interpretation

- 1.1 Subject to CARE Rule 15 (application of other Rules) and CARE Rule 16 (Defined Contribution Option), these CARE Rules apply in respect of benefits payable under the CARE Scheme.
- 1.2 An Employer may participate in the CARE Scheme, in accordance with these CARE Rules, upon completing such formalities as the Trustee may require.
- 1.3 The Trustee may amend any of the provisions of the CARE Scheme in accordance with Rule 26 (changing the Rules).
- 1.4 Rule 1 (meaning of words used) governs the interpretation of these CARE Rules, except that the following definitions shall apply in these CARE Rules and, where appropriate, replace the corresponding definitions given in Rule 1:

“**Contracted-out Members**” means those Members who are in Contracted-out Service.

“**Contracted-in Members**” means those Members who are not in Contracted-out Service.

“**Defined Contribution Option**” means the option for Employers to provide pension and death benefits on a defined contribution basis, as described in these CARE Rules

“**Defined Benefit Options**” means the options for Employers to provide defined benefits for employees as described in CARE Rules 1 to 15.

“**Earnings**” means:

- (a) the Member’s gross taxable pay, including all overtime, shift-pay, bonuses and other paid allowances or special payments; or
- (b) (if greater) the amount which the Employer decides would have applied under paragraph (a) if the Member had not sacrificed salary or wage or other emoluments under a recognised salary sacrifice arrangement.

A recognised salary sacrifice arrangement is one which the Employer and the Trustee together choose to recognise for the purpose of this definition.

“**Enhanced Career Earnings**” means, at the Member’s Exit Date:

- (a) the Member’s Revalued Career Earnings at that date; plus
- (b) Final Earnings for full Pensionable Service the Member would have completed if the Member had remained in the Service of the Employer from Exit Date up to age 65 with no change in the rate of the Member’s Final Earnings taking place after Exit Date.

“**Final Earnings**” of a Member means the better of:

- (a) Earnings in the year up to Exit Date; and
- (b) Earnings in the year ending on the day before any reduction or suspension of Earnings because of illness or injury, revalued in accordance with CARE Rule 5 (Revaluation of Earnings) if appropriate.

Appendix 4 – CARE

“Limited Revaluation” means at any Revaluation Date the percentage increase above zero in the Index, up to a maximum of 5%, over the year up to that Revaluation Date.

“Normal Pension Age” means age 65.

“Previous Earnings” means Earnings in the Scheme Year ending 12 months before the Revaluation Date.

“Revaluation” means at any Revaluation Date the percentage increase above zero in the Index over the year up to that Revaluation Date.

“Revaluation Date” shall be the first day of each Scheme Year.

“Revalued Career Earnings” means the sum of:

- (a) Earnings in the period from the latest Revaluation Date up to the Member’s Exit Date;
- (b) Earnings in the 12 months ending on that Revaluation Date;
- (c) total **“Revalued Earnings”** as at that Revaluation Date, calculated in accordance with CARE Rule 5 (Revaluation of Earnings);, and
- (d) total **“Limited Revalued Earnings”** as at that Revaluation Date, calculated in accordance with CARE Rule 5 (Revaluation of Earnings).

“Scheme Year” means, for the purposes of these CARE Rules for benefits, the Scheme Year shall run from 1 April in each year to 31 March next following.

Appendix 4 – CARE

2 Membership

These CARE Rules apply to every Member whom the Employer has included in the CARE Scheme.

With effect on and from 1 April 2016, the CARE Scheme is closed and no further benefits accrue in the CARE Scheme after that date.

Appendix 4 – CARE

3 Normal Pension Age

The Normal Pension Age for each Member under these CARE Rules is 65.

Appendix 4 – CARE

4 Contributions

Each Member shall contribute to the CARE Scheme while the Member is in Service and has not attained Normal Pension Age a percentage of Earnings determined by the Trustee after obtaining Actuarial Advice, calculated by reference to the Member's age attained. For this purpose, the Member's age is calculated in complete years at the date of becoming a Member of the CARE Scheme, and recalculated on each subsequent 1 April or as otherwise agreed between the Trustee and the Employer.

Appendix 4 – CARE

5 Revaluation of Earnings

This CARE Rule 5 shall apply to Defined Benefit Options only.

- 5.1 For Scheme Years beginning before 31 March 2011, Member's Earnings in the Scheme Year up to the first Revaluation Date after the date of joining the CARE Scheme are increased by Revaluation at the next subsequent Revaluation Date and are then known as the Member's "**Revalued Earnings**".
- 5.2 For Scheme Years beginning before 31 March 2011, at each subsequent Revaluation Date, Revalued Earnings are added to Previous Earnings and the total increased by Revaluation, the product becoming for each Member the new total "**Revalued Earnings**" to be carried forward to the next Revaluation Date.
- 5.3 For Scheme Years beginning on or after 1 April 2011, Member's Earnings in the Scheme Year up to the first Revaluation Date after the date of joining the CARE Scheme are increased by Limited Revaluation at the next subsequent Revaluation Date and are then known as the Member's "**Limited Revalued Earnings**".
- 5.4 For Scheme Years beginning on or after 1 April 2011, at each subsequent Revaluation Date, Revalued Earnings are added to Previous Earnings and the total increased by Limited Revaluation, the product becoming for each Member the new total "**Limited Revalued Earnings**" to be carried forward to the next Revaluation Date.
- 5.5 Earnings in the Scheme Year up to the latest Revaluation Date and up to the Member's Exit Date are not revalued unless payment is deferred under CARE Rule 9 (leaving options or early benefits) whereupon Revaluation as above will apply at subsequent Revaluation Dates.

Appendix 4 – CARE

6 Pension benefits

This CARE Rule 6 shall apply to Defined Benefit Options only.

On retiring from the service of the Employer at Normal Pension Age, a Contracted-out Member shall be entitled to a pension for life of 1/80th of the total Member's Revalued Career Earnings. On retiring from the service of the Employer at Normal Pension Age, a Contracted-in Member shall be entitled to a pension for life of 1/100th of the total Member's Revalued Career Earnings.

Appendix 4 – CARE

7 Supplementary Scheme

If the Trustee, after obtaining Actuarial Advice, determines that a surplus exists in the CARE Scheme and this is sufficient to award an investment credit to Members, the Trustee shall transfer such amounts as it deems prudent to such other Scheme or Schemes within the Fund as the Trustee may decide, for the provision of additional retirement benefits for such Members of the CARE Scheme and in such proportions as the Trustee may decide. If such a transfer is made, each Member shall also become a Member of the other Scheme or Schemes (as appropriate) for such benefits as may be determined under those Rules. No part of any surplus shall be attributable to any of the Employers unless the Trustee decides otherwise.

Appendix 4 – CARE

8 Ill-health pensions

This CARE Rule 8 shall apply to Defined Benefit Options only.

Defined Benefit Rule 8 (ill-health pensions) shall apply; the calculation for a Member in Service shall be in accordance with CARE Rule 6 (pension benefits) but using the Member's Enhanced Career Earnings.

Appendix 4 – CARE

9 Leaving options or early benefits

This CARE Rule 9 shall apply to Defined Benefit Options only.

9.1 Deferred pension, etc.

Defined Benefit Rule 9 (leaving options) shall apply; the Member shall receive a deferred pension calculated in accordance with CARE Rule 6 (pension benefits) but taking Revalued Career Earnings at the Member's Exit Date and the component parts of this amount continue to be revalued in accordance with CARE Rule 5 (Revaluation of Earnings) at each Revaluation Date before the date on which payment of the benefit is made.

9.2 Death in deferment

If the Member dies before Normal Pension Age whilst entitled to a deferred pension under CARE Rule 9.1 (deferred pension, etc.) which had not yet come into payment, the following benefits shall be payable:

9.2.1 a lump sum equal to the Member's own contributions to the plus compound interest calculated at such rate as the Trustee decides after taking Actuarial Advice; and

9.2.2 a pension of 50% of the Member's pension calculated in accordance with CARE Rule 9.1 (after allowing for Revaluation in accordance with CARE Rule 5 (Revaluation of Earnings) until the date of death) shall be payable to a Survivor of the Member.

9.3 Refunds

If a refund is taken, the Member is disqualified by law from receiving any other benefit, including those under CARE Rule 7 (supplementary Scheme) (if any), for the same period of Service.

9.4 Leaving Service requirement

From 6 April 2006, any requirement of the Rules (except those as to retirement on grounds of ill-health) for a Member to have left the Service of the Employer or to have retired from employment before a pension may be paid from the Fund shall be disapplied. Where by virtue of this CARE Rule 9 a Member receives a pension while remaining in the Service of the Employer, the Member will, for the purpose of the CARE Rules, be treated as having left Service (and so will not be entitled to accrue further benefits and will not be covered for benefits payable on death in Service), except if and to the extent that the Trustee decides otherwise.

Appendix 4 – CARE

10 Death in Service

This CARE Rule shall apply to Defined Benefit Options only. Where CARE Rule 9 (leaving options or early benefits) does not apply, on the death of a Member in the Service of the Employer before Normal Pension Age, then:

10.1 Lump sum

a lump sum shall be payable equal to the Member's own contributions to the CARE Scheme plus compound interest calculated at such rate as the Trustee decides after taking Actuarial Advice, and an amount 3 times the Member's Final Earnings. If the Member's Final Earnings are for less than 12 months, this benefit shall be calculated on the annualised rate of those Final Earnings; and

10.2 Pension

a pension of 50% of the Member's pension calculated in accordance with CARE Rule 8 (ill-health pensions) shall be payable to a Survivor of the Member.

Appendix 4 – CARE

11 Death after retirement

This CARE Rule 11 shall apply to Defined Benefit Options only.

If the Member dies whilst in receipt of a pension from the CARE Scheme, a pension will be payable to a Survivor of the Member (subject to CARE Rule 12 (“Survivor”)), calculated as 50% of the pension the Member would have been entitled to without any commutation or surrender.

Appendix 4 – CARE

12 “Survivor”

This CARE Rule 12 shall apply to Defined Benefit Options only.

- 12.1** A Member may at any time deposit with the Trustee a nomination in accordance with Rule 7.1 (nominations) nominating a person as his or her Survivor, except that, if the Member has made no such nomination and is not married or in a Civil Partnership at the time his or her benefits under the CARE Scheme first come into payment, the CARE Scheme shall have no liability to pay any future Survivor’s pension and, with the agreement of the Trustee, the Member’s own pension may be augmented by the Trustee to reflect this, after obtaining Actuarial Advice.
- 12.2** For pensions payable under this CARE Rule 12, the amount of pension payable to a Survivor of a Member shall be reduced if the payee is more than ten years younger than the Member, by 2.5% for each complete year by which the age difference exceeds ten years. This CARE Rule shall not apply where the nominated payee is a child of the Member.
- 12.3** See also Rule 8.4 (Survivor’s pensions).

Appendix 4 – CARE

13 Pension increases

This CARE Rule 13 shall apply to Defined Benefit Options only.

Defined Benefit Rule 17 (pension increases) shall apply to pensions in payment and Option 311 (Limited Price Indexation). In Defined Benefit Rule 17.4 (discretionary increases), any discretionary increase to pensions in payment and deferred pensions shall be determined by the Trustee.

Deferred pensions shall be increased in accordance with CARE Rule 9.1 (deferred pension, etc.).

Appendix 4 – CARE

14 Contracting-out

This CARE Rule 14 shall apply to Defined Benefit Options only.

- 14.1** The employment of “Contracted-out Members” of the CARE Scheme shall be contracted-out service by reference to the CARE Scheme. Rule 12.8 (contracting-out) shall apply.
- 14.2** Any minimum pension payable under Rule 12.8 (contracting-out) shall be deducted from any Survivor’s pension payable under these Rules.
- 14.3** If pre-6 April 1997 benefits inclusive of a GMP entitlement are transferred in to the CARE Scheme, the GMP shall be revalued as required by the Contracting-out Laws and shall not be included for increases under CARE Rule 7 (supplementary scheme).

Appendix 4 – CARE

15 Application of other Rules

The Rules, the following Defined Benefit Rules and any other Defined Benefit Rules mentioned in the CARE Rules shall apply (subject to the necessary changes) to Members of the CARE Scheme in respect of Defined Benefit Options benefits payable under the CARE Rules, except that (unless stated otherwise) none of the Matrix Options included in any of the Defined Benefit Rules shall apply:

Defined Benefit Rule

5.3.1 and 5.4	Contributions
5.5.2	Funding
7	Late benefits
11	Maternity Leave, etc.
12	Temporary absence
13	Commutation
14.7.1	Death after Normal Pension Age
20	Termination/cessation of participation

Appendix 4 – CARE

16 Defined Contribution Option

The Rules, the following Defined Contribution Rules and the Defined Contribution Rules mentioned in the CARE Rules shall apply as if the Member was included in the Defined Contribution Scheme (subject to the necessary changes) to Members of the Defined Contribution Option in respect of benefits payable under these CARE Rules.

Defined Contribution Rule

3.3	Investment options
3.4	Unit prices
3.5	Allocation of expenses
3.6	No segregation of assets
3.7	Unit cancellation
3.8	Leaving Service
4	Member's retirement benefits
5.1	Benefits on death in Service
5.2	Benefits on death before retirement
8	Members away from work

Where a Member who participates in the Defined Contribution Option has participated in one of the Defined Benefit Options, he or she will be treated as having left Pensionable Service for the purposes of calculating his or her rights and benefits under the Defined Benefit Options.

The Member's accrued benefits under the Defined Benefit Options and the Defined Contribution Option will be treated separately for the purposes of calculating the maximum retirement lump sum available, unless the Trustee determines otherwise, such that (broadly speaking) a maximum of only 25% of the value of each may be commuted.

Appendix 5 – Special Rules for the Pension Scheme for the Education Sector (Defined Contribution)

Appendix 5 Special Rules for the Pension Scheme for the Education Sector (Defined Contribution)

These PSES DC Rules apply to the Pension Scheme for the Education Sector (Defined Contribution).

1 Meaning of words used

“Obligatory Contributions” means the minimum annual rate of contributions paid in respect of a Member (in aggregate by the Member and, where applicable, the Member’s Employer).

Appendix 5 – Special Rules for the Pension Scheme for the Education Sector (Defined Contribution)

2 Contributions to the relevant Scheme

2.1 Obligatory Contributions

The Trustee may decide the rate of the Obligatory Contributions and may amend this rate from time to time. The Member and the Employer will agree the proportion of the Obligatory Contributions to be paid by each of them. The Employer (but excluding, for the avoidance of doubt, an Unlinked Employer) is required to pay a proportion of the Obligatory Contributions (which may be all of the Obligatory Contributions) unless the Member joined the Pension Scheme for the Education Sector (Defined Contribution) by exercising a right under section 9 of the Pensions Act 2008 or the Member is included for additional voluntary contributions only.

For the avoidance of doubt, in respect of this PSES DC Rule 2.1, no Obligatory Contributions are payable in respect of Non-Employee Members.

2.2 Contributions by Employers

The Employer's contributions will be equal to a percentage of the Member's Earnings in that year as agreed between the Member and the Employer unless the Member is included for additional voluntary contributions only, together with any charges levied directly on the Employer pursuant to PSES DC Rule 3.5 (allocation of expenses).

The Trustee shall be responsible for collecting only such Employer contributions as the Employer notifies the Trustee are required to be collected pursuant to this agreement.

Where an Employer has agreed with the Trustee that a lump sum equal to a multiple of Earnings will be paid on a Member's death in Service, the Employer shall in addition contribute the amount, determined by the Trustee, necessary to meet the cost of providing that benefit.

For the avoidance of doubt, in respect of this PSES DC Rule 2.2 will not apply to an Unlinked Employer in respect of a Member nor Non-Employee Members.

2.3 Basic contributions by Members

Each Member in Service must (unless his or her Employer is paying all of the Obligatory Contributions) contribute to the Scheme at the rate agreed with his or her Employer from time to time.

The Trustee shall be responsible for collecting only such Member contributions as the Employer notifies the Trustee are required to be collected pursuant to this agreement.

The Employer will deduct each Member's contributions from the Member's Earnings and pay them to the Trustee.

For the avoidance of doubt, in respect of this PSES DC Rule 2.3, no Obligatory Contributions are payable in respect of Non-Employee Members.

2.4 Additional voluntary contributions by Members

A Member in Service may also choose to pay additional voluntary contributions on a basis agreed with the Trustee.

The Trustee may decide that a particular Member or group of Members will not be allowed to pay additional voluntary contributions to the Pension Scheme for the Education Sector (Defined Contribution) or that a particular Member or group of Members not in Service (including Non-Employee Members) may pay additional voluntary contributions to the Pension Scheme for the Education Sector (Defined Contribution) and the terms of those additional voluntary contributions.

Appendix 5 – Special Rules for the Pension Scheme for the Education Sector (Defined Contribution)

3 Member's Retirement Account

3.1 Value of Member's benefits

The value of the Member's Retirement Account will determine the value of the benefits that the Scheme will provide for the Member.

3.2 Credits to Retirement Account

The Trustee will allocate to each Member's Retirement Account:

- 3.2.1** the contributions paid by the Employer in respect of the Member (where applicable); and
- 3.2.2** the Member's own contributions (including any voluntary contributions),
less any amounts, determined by the Trustee, necessary to meet the cost of providing benefits on a Member's death; and
- 3.2.3** any assets or surrender values accepted by the Trustee in respect of the Member under Rule 15.1 (transfers from other pension schemes and arrangements); and
- 3.2.4** any other amounts accepted by the Trustee in respect of the Member.

3.3 Investment options

A Member may choose to link the value of his or her Retirement Account to one or more investment options offered by the Trustee from time to time, subject to any restrictions or conditions that the Trustee may impose from time to time. If a Member does not choose an investment option, the Trustee will choose for the Member.

The Trustee will adjust the value of each Member's Retirement Account in line with changes in the value of the investments to which the Retirement Account is linked.

If the Trustee allows, Members may switch between the available investment options offered by the Trustee. Switching may apply to amounts already allocated to Retirement Accounts as well as to amounts to be allocated in future. Switching will be subject to any restrictions or conditions that the Trustee may impose from time to time and the Trustee may delay any switch for up to six months if the Trustee considers the switch might force the realisation of assets.

The Trustee may change the investment options available under the Pension Scheme for the Education Sector (Defined Contribution) at any time, or the restrictions and conditions subject to which they are offered.

In particular, the Trustee may withdraw any option at any time, for amounts already allocated to Retirement Accounts, as well as for amounts to be allocated in future. If the Trustee withdraws an investment option and a Member does not choose a replacement from the options offered by the Trustee, the Trustee will choose for the Member.

Where the Trustee considers that a Member is within two months of becoming entitled to take his or her benefits, taking a refund, transferring to another pension scheme or arrangement (including a buy-out) or dying, the Trustee may treat any amounts allocated in accordance with PSES DC Rule 3.2 (credits to Retirement Account), less any initial charge, as if the Member had selected a cash investment option in respect of them.

Appendix 5 – Special Rules for the Pension Scheme for the Education Sector (Defined Contribution)

The Trustee will not be liable for any loss arising from a choice of any investment option or any loss arising through a choice made for the Member by the Trustee.

3.4 Unit prices

The Trustee may divide the part of the Scheme invested in accordance with any investment option into a number of units. The unit value (subject to PSES DC Rule 3.6 (no segregation of assets)) of those units shall be equal to the value of the assets invested in accordance with the investment option in question, divided by the relevant number of units.

The unit value (and price as follows) shall be determined from time to time for each type of units by the investment manager, and the unit price determined, with the approval of the Trustee if appropriate, after calculating the value of the relevant assets in such manner as is considered appropriate.

The Trustee will decide the unit price following each calculation of value and that price will apply to all transactions until the next valuation. The Trustee will decide the unit prices of investment options on a daily basis and the price for a transaction will be the daily price on the day the transaction is processed.

3.5 Allocation of expenses

The Trustee may make a charge on the assets of the Pension Scheme for the Education Sector (Defined Contribution) as it considers appropriate (including in respect of certain investment options, or charges which differ as between investment options).

The Trustee may also levy initial contribution charges, and charges upon switching, and/or levy charges directly on Employers but this may only be investment, administration or management charges attributable to that Employer's participation in the Pension Scheme for the Education Sector (Defined Contribution) in tariffs as notified to the Employer by the Trustee from time to time.

The Trustee may not make a charge directly on an Employer to the extent that the charge is attributable to a Member who is treated as having no Employer in relation to the Pension Scheme for the Education Sector (Defined Contribution) (because that Employer is an Unlinked Employer for the purposes of that Employer or otherwise) or in respect of Non-Employee Members.

Any charges not required to meet immediate expenses of the Fund shall fall into the Expenses Reserve.

The Trustee may amend any charges by a resolution in accordance with Rule 26.1 (majority of Directors/voting).

Charges will be deducted from the value of the Members' Retirement Accounts on such basis as the Trustee may determine. Where applicable, this may be effected by recalculating the value of the units for the relevant investment options in the Pension Scheme for the Education Sector (Defined Contribution) in accordance with PSES DC Rule 3.4 (unit prices).

3.6 No segregation of assets

The allocation of payments and assets to a particular Member's Retirement Account, and the linking of a Member's Retirement Account to the value of particular investments, is for benefit calculation purposes only. The Trustee holds all the assets of the Pension Scheme for the Education Sector (Defined Contribution) as a common trust fund from which to

Appendix 5 – Special Rules for the Pension Scheme for the Education Sector (Defined Contribution)

provide all the benefits. No Member, and no other person entitled to benefits under the Pension Scheme for the Education Sector (Defined Contribution), is entitled to any specific assets of the Pension Scheme for the Education Sector (Defined Contribution).

3.7 Unit cancellation

Where a pension or other benefit is provided in respect of a Member of the Pension Scheme for the Education Sector (Defined Contribution) from a Retirement Account:

3.7.1 first any cash allocated to the relevant Retirement Account will be used; and

3.7.2 only then (if applicable) will units be cancelled.

Units are cancelled at the current unit price of the relevant investment options at the time of cancellation and deducting any charges required by PSES DC Rule 3.5 (allocation of expenses), pro rata for complete months up to the date of payment, as appropriate.

Where only part of a Retirement Account is used and the Member's Retirement Account is linked to more than one investment option, the Member may choose from which investment options he or she would prefer to withdraw (and where applicable which unit types he or she would prefer to cancel), with the consent of the Trustee.

3.8 Leaving Service

A Member is deemed to have left the Service of the Employer on the last day in respect of which the Member received or was due to receive salary or wages from the Employer unless in any particular case the Trustee decides to recognise some later date as the date of leaving Service.

Appendix 5 – Special Rules for the Pension Scheme for the Education Sector (Defined Contribution)

4 Member's retirement benefits

4.1 Time when benefits start

Taking benefits at or after Normal Pension Age

If a Member leaves Service on or after reaching Normal Pension Age, the Trustee will provide immediate benefits for the Member on leaving. However, if the Member asks to defer receiving benefits until a later date, the Trustee will provide benefits at that later date.

Taking benefits before age Normal Pension Age

A Member who leaves Service before reaching Normal Pension Age can choose to receive immediate benefits on leaving, but only if:

- 4.1.1 the Member has reached age 55; or
- 4.1.2 Rule 10.2 (Members who joined the Fund before 6 April 2006) applies to the Member and the Member has reached age 50; or
- 4.1.3 paragraph 22 or 23 of Schedule 36 to the Finance Act 2004 applies (rights to take benefit before normal minimum pension age) and the Member has reached his or her "protected pension age" (as defined in paragraph 21 of that Schedule); or
- 4.1.4 the Trustee is satisfied that the Member is suffering from Incapacity.

Taking benefits without leaving Service

A Member may opt out of the Scheme pursuant to Rule 5 (opting out) and draw benefits under this PSES DC Rule 4.1. Unless the Trustee decides otherwise, or in order to comply with the Employer's automatic enrolment obligations as set out in the Pensions Act 2008, he or she will not then be able to re-join the Scheme for any purpose.

Taking benefits as a Non-Employee Member

For a Non-Employee Member, the Member may draw benefits under this PSES DC Rule 4.1 but ignoring the references to being in Service.

4.2 Form of benefits

The Trustee will use a Member's Retirement Account to provide benefits in one or more of the following forms, as chosen by the Member or by the recipient of any benefits payable on the Member's death:

- 4.2.1 a pension payable to the Member;
- 4.2.2 a lump sum for the Member when the Member's pension starts; and
- 4.2.3 benefits payable on the Member's death.

These benefits must all be authorised for the purposes of Part 4 of the Finance Act 2004.

If the Trustee agrees, the Member may choose benefits in some other form (including "income withdrawal" as defined in paragraph 7 of Schedule 28 to the Finance Act 2004) so long as the benefits are authorised for the purposes of Part 4 of the Finance Act 2004.

If the Member or the recipient of any benefits payable on the Member's death does not make a choice, the Trustee may choose for the Member.

Appendix 5 – Special Rules for the Pension Scheme for the Education Sector (Defined Contribution)

If the Member does not make an election under Rule 11.2 (open market option), the Trustee will normally secure any pensions payable with an annuity contract from an insurance company. Any costs incurred may be deducted from the Member's Retirement Account prior to the annuity being purchased. An annuity contract may be bought in the Trustee's name or in the name of the Member or other person entitled to the benefit.

4.3 Flexible retirement

If the Trustee agrees, a Member who has reached age 55 may choose to start receiving part of his or her benefits under the Pension Scheme for the Education Sector (Defined Contribution) before starting to receive other benefits from the Pension Scheme for the Education Sector (Defined Contribution) and, where applicable, before leaving Service.

The benefits payable on the Member's death if he or she dies after starting to receive part of his or her benefits under the Pension Scheme for the Education Sector (Defined Contribution) will be those as agreed as part of PSES DC Rule 5.3 (Benefits on death after retirement) in respect of those benefits.

If the Member later dies in Service, the lump sum death benefit paid under PSES DC Rule 5.1 (Benefits on death in Service) will be paid in addition to any lump sum payable under PSES DC Rule 5.3 (benefits on death after retirement).

If the Member dies after leaving Service after having started to receive part of their benefits under the Pension Scheme for the Education Sector (Defined Contribution) but before starting to receive all of them, the Trustee will use the remainder of the Member's Retirement Account which has not been used to provide benefits under PSES DC Rule 5.3 (benefits on death after retirement) to provide a lump sum in accordance with PSES DC Rule 5.2 (benefits on death before retirement).

For a Non-Employee Member, the benefits payable on death will be as agreed by the Member using the Member's Retirement Account.

4.4 Advice for members

If a Member so requests, the Trustee may:

- 4.4.1** make a pension advice allowance payment from the Member's Retirement Account to the Member's financial adviser, even if the Member is still in service or under the minimum age at which retirement benefits can be paid; or
- 4.4.2** make a scheme administration member payment to a financial adviser for the cost of pension advice given to the Member by the financial adviser in relation to the Pension Scheme for the Education Sector (Defined Contribution). The Trustee will meet the cost of such charge in accordance with PSES DC Rule 3.5 (allocation of expenses).

Either payment must be authorised for the purposes of Part 4 of the Finance Act 2004.

Appendix 5 – Special Rules for the Pension Scheme for the Education Sector (Defined Contribution)

5 Benefits on Member's death

5.1 Benefits on death in Service

If a Member dies in Service, the Trustee will pay a lump sum equal to such multiple of the Member's Earnings at the date of death as may have been agreed:

5.1.1 between the Employer and the Trustee; or

5.1.2 between the Member and the Trustee.

The cost of providing the benefit shall be deducted from the Member's Retirement Account or the benefit payable if and to the extent that the Trustee determines amounts previously deducted from contributions in respect of that cost have been insufficient to meet it.

The benefits must all be authorised for the purposes of Part 4 of the Finance Act 2004.

The lump sums described in this PSES DC Rule 5.1 will be paid as described in Rule 7.2 (payment of lump sum death benefits).

Note: this PSES DC Rule 5.1 is subject to PSES DC Rule 4.3 (flexible retirement).

5.2 Benefits on death before retirement

If a Member dies before starting to receive any benefits from the Pension Scheme for the Education Sector (Defined Contribution), the Trustee will use the Member's Retirement Account to pay a lump sum equal to the value of the Member's Retirement Account. Where relevant, this is in addition to any lump sum payable under PSES DC Rule 5.1 (benefits on death in Service).

The benefits must all be authorised for the purposes of Part 4 of the Finance Act 2004.

The lump sums described in this PSES DC Rule 5.2 will be paid as described in Rule 7.2 (payment of lump sum death benefits).

Note: this PSES DC Rule 5.2 is subject to PSES DC Rule 4.3 (flexible retirement).

5.3 Benefits on death after retirement

If a Member dies after starting to receive benefits under the Fund, the benefits payable (if any) will be those chosen under PSES DC Rule 4.2 (form of benefits) and PSES DC Rule 4.3 (flexible retirement) when the Member retired.

Any lump sums payable will be paid as described in Rule 7.2 (payment of lump sum death benefits).

The benefits must all be authorised for the purposes of Part 4 of the Finance Act 2004.

Note: this PSES DC Rule 5.1 is subject to PSES DC Rule 4.3 (flexible retirement).

Appendix 5 – Special Rules for the Pension Scheme for the Education Sector (Defined Contribution)

6 Early leavers

6.1 Preserved benefits

A Member who leaves Service before Normal Pension Age without becoming entitled to immediate benefits, but who:

- 6.1.1** satisfies the Preservation Requirements; or
- 6.1.2** was admitted to the Pension Scheme for the Education Sector (Defined Contribution) on the basis that he or she would be entitled to vested benefits after no or a shorter period of Qualifying Service than required under the Preservation Requirements (and who, if applicable, has completed that shorter period of Qualifying Service),

will remain entitled to preserved benefits under the Scheme.

The Trustee will use the Member's Retirement Account to provide benefits, as described in PSES DC Rule 4.2 (form of benefits), from the Member's Normal Pension Age. However:

- (i) if the Member asks to defer receiving benefits until a later date, the Trustee will provide benefits at that later date;
- (ii) the Member can choose to receive benefits before Normal Pension Age, if he or she satisfies one of the conditions for doing so under PSES DC Rule 4.1 (time when benefits start); and
- (iii) where the Trustee agrees, the Member may choose to start receiving only part of his or her benefits in accordance with PSES DC Rule 4.3 (flexible retirement).

If the Member dies before starting to receive benefits under the Scheme, the Trustee will use the Member's Retirement Account to provide benefits as described in PSES DC Rule 5.2 (benefits on death before retirement). PSES DC Rule 4.3 (flexible retirement) provides for the payment of benefits on the Member's death where they have started to receive some but not all of his or her benefits.

Note: this PSES DC Rule 6.1 does not apply in respect of Non-Employee Members.

Appendix 5 – Special Rules for the Pension Scheme for the Education Sector (Defined Contribution)

6.2 Refund of contributions

Except in relation to Non-Employee Members, a Member who leaves Service without becoming entitled to immediate or preserved benefits will receive a refund of the proceeds of his or her own contributions to the relevant Retirement Account (if any) less tax at such rate as applies from time to time. Except in relation to Non-Employee Members, a Member who is entitled to preserved benefits even though he or she does not satisfy the Preservation Requirements (and if no transfer has been accepted in respect of the Member from a personal pension scheme) may elect to receive such a refund.

The value of the remainder of the Member's Retirement Account (as determined by the Trustee) will fall into the general assets of the Fund and may be set aside by the Trustee in the Expenses Reserve.

A Member who leaves Service without becoming entitled to immediate or preserved benefits but with at least 3 months' Qualifying Service may choose:

- 6.2.1** to receive a cash transfer sum in accordance with Chapter 5 of Part IV of the Pension Schemes Act 1993 (early leavers: cash transfer sums and contribution refunds); or
- 6.2.2** if the Member is over Normal Pension Age, to make an election under Rule 11.2 (open market option),

instead of a refund of the Member's own contributions. The Trustee will allow such Members three months, or such other period as the Trustee may decide and notify to Members, to make a choice, after which the Trustee may treat the Member as if he or she chose to receive a refund of his or her own contributions.

A Non-Employee Member may only choose to take benefits in accordance with PSES DC Rule 4 or PSES DC Rule 7.

Appendix 5 – Special Rules for the Pension Scheme for the Education Sector (Defined Contribution)

7 Right to transfer or buy-out

A Member who leaves Service before reaching Normal Pension Age or a Non-Employee who has stopped paying any contributions to the Fund can at any time before taking his or her benefits require the Trustee to use his or her Retirement Account to buy one or more annuities, or to acquire rights under another occupational pension scheme or a personal pension scheme, in accordance with the Transfer Value Laws.

Appendix 5 – Special Rules for the Pension Scheme for the Education Sector (Defined Contribution)

8 Members away from work

8.1 General principle for an absence of up to one year

This PSES DC Rule 8.1 applies if a Member in Service is away from work and either stops receiving pay or receives reduced pay from his or her Employer, for a period of up to one year, or such longer period as the Trustee and the Employer agree.

The Member may choose:

- 8.1.1** to pay contributions on the Member's Earnings immediately before the absence;
- 8.1.2** to pay contributions on the Member's reduced Earnings;
- 8.1.3** to pay contributions on such other Earnings agreed between the Member and the Employer; or
- 8.1.4** not to pay contributions,

during the period of absence. The Employer may choose whether to pay contributions in respect of the Member, subject to any contributions the Trustee requires for the payment of death benefits described in PSES DC Rule 5 (benefits on Member's death).

If the Member has chosen not to contribute or has paid reduced contributions during the period of absence, on return to work, the Member may:

- (i) pay, over a period agreed with the Trustee, the additional contributions up to the balance of contributions which would have been paid if the Member had been working normally for the period of absence; or
- (ii) not to pay contributions, in which case, any benefits payable to or in respect of the Member (except any lump sum death benefit) shall be calculated only upon contributions received.

If the Member elects to pay the additional contributions due, the Employer may choose whether to pay its corresponding contributions.

If the Member does not return to work after the period of absence, the Member will be treated as having left Service at the end of the period of absence or if earlier on the date the Member's contributions stopped.

However, even if the Member is no longer receiving pay from his or her Employer, a Member who is away from work will still be included in the Scheme for benefits under PSES DC Rule 5 (benefits on Member's death) until he or she actually leaves all employment with the Employers. If the Member dies while away from work, the benefits will be the same as if the Member had been working normally and receiving the normal pay for doing so. The cost of providing the benefit referred to in PSES DC Rule 5.1 (benefits on death in Service) shall be deducted from the Member's Retirement Account or the benefit payable if the Trustee determines the contributions received are insufficient to meet it.

Appendix 5 – Special Rules for the Pension Scheme for the Education Sector (Defined Contribution)

8.2 General principle for an absence of more than one year

The Trustee may agree that a Member who is absent from work and receiving benefit under the Employer's permanent health insurance scheme (or in other circumstances acceptable to the Trustee) may be retained in full membership for more than one year but not beyond Normal Pension Age.

The Trustee will decide the contributions payable by or on behalf of the Member and the Employer (including arrears for the first year under PSES DC Rule 8.1 (general principle for absence of up to one year) if appropriate):

8.2.1 by reference to the Member's Earnings immediately before such period of absence commenced; or

8.2.2 if greater, the notional salary on which PHI benefits are being paid.

Where the Member pays contributions on any of these bases, full tax relief will be allowed. However the Employer may decide to pay the Member's contributions on behalf of the Member and the Member will not then be required to contribute.

Unless the Trustee determines that appropriate contributions have not been paid, if the Member dies during the period of absence, death benefits payable as described in PSES DC Rule 5 (benefits on Member's death) will be calculated using the Member's Earnings immediately before the period of absence or, if greater, the notional salary on which contributions are being paid at the time of the Member's death. Benefits described in PSES DC Rule 4 (Member's retirement benefits) or PSES DC Rule 6 (early leavers) will be based on the Member's Retirement Account.

Appendix 5 – Special Rules for the Pension Scheme for the Education Sector (Defined Contribution)

8.3 Family leave

In this PSES DC Rule 8.3, the terms in bold mean the same as in the Employment Rights Act 1996.

The Employer will always contribute to the Scheme during:

- 8.3.1 a Member's "**ordinary maternity leave**", "**ordinary adoption leave**", "**ordinary paternity leave**", or "**carer's leave**"; and
- 8.3.2 any period of paid absence that (for the purposes of Schedule 5 to the Social Security Act 1989 and section 213 of the Equality Act 2010) is a period of "**maternity leave**", "**adoption leave**", "**paternity leave**", "**shared parental leave**" or "**absence from work for other family reasons**".

The circumstances where a Member will be treated as being on paid maternity leave or paid shared parental leave for the purposes of this PSES DC Rule 8.3 will include where the Member is receiving the State maternity allowance.

A Member who receives pay from the Employer for these periods must pay contributions on the amount received. A Member who does not receive pay may pay contributions as described in PSES DC Rule 8.1 (general principle for absence of up to one year).

The Employer's contributions for ordinary and paid maternity, adoption, paternity leave, shared parental leave and carer's leave will be calculated as if the Member were working normally, receiving the normal pay for doing so, and paying basic contributions at the same rate as immediately before the periods started. The Employer will also:

- (i) except in relation to carer's leave, top up the Member's basic contributions to the amount that would have been payable if the Member were working normally and receiving the normal pay for doing so; or
- (ii) indemnify the Trustee against any and all liabilities, losses, costs and expenses that arise in whole or in part as a result of any claim relating to the contributions paid in respect of a Member or benefits accruing to a Member during these periods.

The Employer's decision as to the Member's normal pay for these periods will be final.

The Employer's contributions for any other period of paid family leave will be based on the Member's actual pay.

The Employer will not contribute for a Member during any period of unpaid "**additional maternity leave**", "**additional adoption leave**", "**additional paternity leave**", "**parental leave**" or "**shared parental leave**", unless the cost of life assurance (if any) is not met by previous contributions or the Retirement Account.

If the Member then dies during a period of maternity leave, adoption leave, paternity leave, parental leave, or shared parental leave or carer's leave, PSES DC Rule 5 (benefits on Member's death) will apply calculated as if the Member were working normally and receiving the normal pay for doing so

Schedule 1 – DB Schemes

Schedule 1 List of DB Schemes as at 30 September 2014:

1. The Pensions Trust – Action for Blind People Final Salary Pension Scheme
2. The Pensions Trust – Anchor Trust Final Salary Scheme
3. The Pensions Trust – Arthritis Care Pension Scheme
4. The Pensions Trust – Christian Aid Final Salary Scheme (1988)
5. The Pensions Trust – Council for World Mission Final Salary Scheme
6. The Pensions Trust – Edward James Foundation Pension Scheme
7. The Pensions Trust – The Harpur Trust Pension Scheme for Non-Teaching Staff
8. The Pensions Trust – IndependentAge Final Salary Scheme
9. The Pensions Trust – Independent Schools’ Pensions Scheme
10. The Pensions Trust – Leonard Cheshire Disability Group Pension Scheme
11. The Pensions Trust – The Livability Final Salary Pension Scheme
12. The Pensions Trust – Methodist Homes for the Aged Final Salary Pension Scheme
13. The Pensions Trust – MIND (The National Association for Mental Health) Final Salary Scheme
14. The Pensions Trust – National Council for Voluntary Organisations Final Salary Scheme
15. The Pensions Trust – Northern Ireland Charities Pension Scheme
16. The Pensions Trust – Oxfam Pension Scheme
17. The Pensions Trust – The Oxford Diocesan Board of Finance Staff Retirement Benefit Scheme
18. The Pensions Trust – Radian Group Limited Pension Scheme
19. The Pensions Trust – Royal College of Nursing of the United Kingdom Pension Scheme
20. The Pensions Trust – Royal National College for the Blind Defined Benefit Scheme
21. The Pensions Trust – Sanctuary Housing Association Final Salary Pension Scheme
22. The Pensions Trust – Final Salary Scheme of the Save the Children Fund
23. The Pensions Trust – SeeAbility Pension Scheme
24. The Pensions Trust – Scottish Housing Associations’ Pension Scheme
25. The Pensions Trust – Scottish Voluntary Sector Pension Scheme
26. The Pensions Trust – Social Housing Pension Scheme
27. The Pensions Trust – Stonham Final Salary Pension Scheme
28. The Pensions Trust – The Children’s Society Pension Scheme
29. The Pensions Trust – The Together Trust Final Salary Scheme
30. United Reformed Church Final Salary Scheme

Schedule 1 – DB Schemes

- 31.** The Pensions Trust – William Sutton Housing Association Final Salary Scheme
- 32.** The Winchester College Support Staff Pension Scheme
- 33.** The Pensions Trust – Workers' Educational Association Pension Scheme
- 34.** The Pensions Trust – YHA (England & Wales) Pension Scheme