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Scheme Rules

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Part 1 – Clauses

1 INTRODUCTION

1.1 Interpretation

The general interpretation and definitions in Rule 1 (Interpretation) apply throughout Part 1 and Part 2 of these Rules.

1.2 Constitution of the Fund

The Trustees shall hold all the assets of the Scheme and any income, cash or other assets received for the purposes of the Scheme on trust to be used in accordance with the provisions of these Rules. The assets held on trust by the Trustees for the purposes of the Scheme shall constitute the Fund.

1.3 Effect

Subject to Rule 9 (Registered Pension Scheme Requirements), benefits to or in respect of Members who retired, left Pensionable Service or died before 6 April 2006 shall be calculated as set out in the provisions governing the Scheme before 6 April 2006 if those provisions provide benefits that are higher than would otherwise be provided under these Rules and, for the avoidance of doubt, any options available prior to that date will remain open to the Members concerned. However, Part 1 of these Rules shall apply to such Members in place of any corresponding provisions of the Scheme previously in force.

1.4 Applicable law

The law of England and Wales applies to these Rules and to the Scheme and its administration.

2 TRUSTEES

2.1 Appointment and removal of Trustees

- 2.1.1 The Principal Employer may by deed at any time remove all or any of the Trustees or appoint new or additional Trustees (without any limit on numbers) or a corporate body as a sole, new or an additional Trustee (whether or not it is a trust corporation) provided that at all times, there is at least one Trustee.
- 2.1.2 A Trustee may resign from office as a Trustee provided that there remains at least one Trustee, by giving at least one month's written notice to the Principal Employer and the remaining Trustees or such other period of notice as the Principal Employer and the remaining Trustees may permit. The resigning Trustee must take such other action as the remaining Trustees reasonably require.
- 2.1.3 The powers in this Clause 2.1 must be exercised by the Principal Employer and the Trustees in such a manner as to give effect to any arrangements made pursuant to legislation relating to member-nominated trustees and directors.

2.2 Remuneration of Trustees

The Trustees may be paid such remuneration (if any) for fulfilling the role of Trustee as may be agreed with the Principal Employer. Such remuneration shall be paid by the Principal Employer, except to the extent that the Principal Employer agrees that one or more of the Employers shall pay it.

2.3 How Trustees may act

- 2.3.1 Where there is a corporate body acting as sole Trustee, it shall act in accordance with its Memorandum and Articles of Association.
- 2.3.2 Where Clause 2.3.1 does not apply, the Trustees shall meet together (including by telephone) for business, adjourn and otherwise regulate their meetings as they think fit, and may decide the quorum necessary for the transaction of business. The Trustees shall from time to time elect a chairman and the chairman shall preside at all meetings of the Trustees. If the chairman is absent from any meeting the Trustees present shall elect another of their number as chairman for the duration of that meeting. Questions arising at a meeting shall be decided by a unanimity of votes. A written resolution, whether in counterpart or otherwise, signed by (or approved in writing (including e-mail) by) all the Trustees shall be as effective as one passed at a meeting of the Trustees.

2.4 Power to delegate

The Trustees may delegate any of their powers (discretionary or otherwise) and duties to a committee of the Trustees or to any one or more persons (whether or not a Trustee) on such terms (including payment) as the Trustees may determine. The power to delegate includes the power to allow sub-delegation.

2.5 Personal interests

- 2.5.1 Any act or decision of the Trustees shall be valid even where a Trustee had an interest in that act or decision and any Member who is a Trustee shall be entitled to retain any beneficial interest or entitlement under the Scheme.
- 2.5.2 In this Clause references to Trustees apply equally to directors of a corporate body acting as a Trustee.

2.6 Trustee Liability

- 2.6.1 Subject to the following paragraphs of this Clause a Trustee shall not be liable for any act, omission or breach of trust nor for any act or omission of any agent, delegate or nominee of the Trustee other than one involving his own wilful neglect or default or in the case of a professional trustee arising out of his own negligence.
- 2.6.2 Subject to the following paragraphs of this Clause, each Trustee shall be indemnified by the Principal Employer against all liabilities (including all costs, expenses, claims and other liabilities) incurred by him in the management and administration of the Scheme other than any liabilities arising from his own fraud or crime or, in the case of a professional Trustee, negligence.

- 2.6.3 Subject to Clause 2.6.5 below, a Trustee shall be indemnified by the Principal Employer against the following liabilities, unless they arise from that Trustee's own fraud or crime (or, in the case of a professional trustee, negligence):
- (a) Liability to pay any fine or penalty under Section 168(4) of the Pension Schemes Act 1993 or Section 10 of the Pensions Act 1995;
 - (b) any fine imposed by way of penalty for an offence relating to the Scheme of which he is convicted; or
 - (c) any Liability which cannot by virtue of Section 33 of the Pensions Act 1995 be excluded or restricted.
- 2.6.4 Subject to Clause 2.6.5, if at any time the indemnity referred to in 2.6.2 above is not or cannot be met by the Principal Employer, each Trustee shall be indemnified by the Employers jointly and severally against the same liabilities.
- 2.6.5 Any Trustee who is also a director of the Principal Employer or of an associated company (as defined in Section 309A of the Companies Act 1985) of the Principal Employer shall not be entitled to an indemnity from the Principal Employer under this Clause to the extent that such an indemnity is prohibited by legislation.
- 2.6.6 For the purposes of Clauses 2.6.1 to 2.6.5 above, the Trustees shall include any former Trustee including those who left office prior to 6 April 2006.

2.7 Trustee Director Liability

- 2.7.1 In the case of a director of a corporate body acting as a Trustee, Clause 2.6 (Trustee Liability) applies as if that director were a Trustee, subject to the provisions of this Clause. For the avoidance of doubt, nothing in this Clause 2.7 affects the protection provided to the corporate body itself under Clause 2.6.
- 2.7.2 In the case of a director, this Clause and Clause 2.6 (Trustee Liability) are subject to any limitations contained in the Companies Act 1985 and no protection provided under either Clause is intended to or shall exceed the limitations under that Act.
- 2.7.3 To the extent prohibited by legislation, a director shall not be entitled to an indemnity from the Employers for:
- (a) any Liability incurred by the director to the corporate body acting as a Trustee or an associated company (as defined in Section 309A of the Companies Act 1985);
 - (b) Liability to pay a fine imposed in criminal proceedings or a Liability incurred in defending criminal proceedings in which he is convicted; or
 - (c) Liability to pay a sum payable to a regulatory authority by way of penalty in respect of non-compliance with any requirement of a regulatory nature.
- 2.7.4 No exoneration or indemnity under this Clause or Clause 2.6 (Trustee Liability) shall apply to any Liability arising out of a director's own fraud or crime or in the case of a director who is a professional trustee out of his own negligence.
- 2.7.5 References to a director in this Clause are references to a current or former director or officer of a corporate body which is current acting or formerly acted as a Trustee including those who left office prior to 6 April 2006.

2.8 Liability insurance

- 2.8.1 The Trustees may obtain insurance against Liability for any act or omission in relation to the Scheme and may insure the Scheme against claims by beneficiaries who are not known to the Trustees or whom the Trustees have been unable to contact and the Principal Employer shall pay all premiums relating to that insurance. Such insurance may cover any current or former Trustee and any current or former director or officer of a corporate body acting as a Trustee.
- 2.8.2 There will be no exoneration or indemnity by the Principal Employer under Clause 2.6 (Trustee Liability) or 2.7 (Trustee Director Liability) above to the extent that the Trustees (or the directors) have successfully recovered under an indemnity under an insurance arrangement.

3 ADMINISTRATION

3.1 Staff and agents

- 3.1.1 The Trustees may employ such staff and agents as they deem appropriate for the proper administration of the Scheme and on such terms as they consider appropriate.
- 3.1.2 Subject to Clause 3.1.3, the Trustees shall be the Scheme Administrator for the purposes of Section 270 of the Finance Act 2004.
- 3.1.3 The Trustees may agree with another person for that person to become the Scheme Administrator (whether in replacement of or in addition to the Trustees) and such person shall become the Scheme Administrator on complying with any requirements under Section 270 of the Finance Act 2004.

3.2 Scheme advisers

- 3.2.1 The Trustees may appoint and remove any adviser to the Scheme including an auditor, lawyer, broker or other professional adviser on such terms as they consider appropriate. The Trustees may remove any such adviser whenever they think fit.
- 3.2.2 The Trustees may act on the advice or opinion of any adviser appointed under this Clause and shall not be responsible for any loss caused by doing so.

3.3 Expenses of administration

- 3.3.1 The Trustees shall be reimbursed by the Principal Employer for all liabilities, costs and expenses incurred by them in the management and administration of the Scheme, but may agree with the Principal Employer that the Employers will bear such of those liabilities, costs and expenses as the Principal Employer shall decide.
- 3.3.2 Where the Principal Employer is unable to meet any liabilities, costs or expenses payable in accordance with 3.3.1 the Trustees shall decide their appropriate allocation and may, where they consider it appropriate, obtain reimbursement out of the Fund and as a consequence adjust Members' Personal Accounts.
- 3.3.3 Where permitted by law, the Trustees may recover any such liabilities, costs and expenses from a Member (whether by deduction from their Personal Account or otherwise).

3.4 Accounts

The Trustees shall cause proper accounts to be kept in accordance with legislative requirements and a copy of such accounts shall be made available to Members on request. The accounting date shall be determined by the Principal Employer.

3.5 Notices

- 3.5.1 Any notice to the Trustees shall, in relation to a corporate body acting as sole Trustee, be sent to the registered office of the Trustee or, where there is more than one Trustee, be sent to the last known address of the secretary to the Trustees or the chairman of Trustees or to the last known address of all of the Trustees. Any notice to the Trustees shall be deemed to be served at the time it is received.
- 3.5.2 Any notice to any Member or other person entitled to any other benefit shall be sent to his last known address. If such notice is delivered by hand, it shall be deemed to have been served at the time of delivery. Any such notice posted by first class shall be deemed to be served on the second day after it was posted and any such notice posted by second class post shall be deemed to have been served on the fifth day after it was posted.
- 3.5.3 Notwithstanding the previous provisions of this Clause, the Trustees may use and may at their discretion accept the use by any person of any communication sent by electronic means including by facsimile, e-mail or telephone text message and any such communication shall be deemed to be served at a time determined by the Trustees.
- 3.5.4 The Trustees may at their discretion accept any notice as being validly given notwithstanding that it was not given in writing or did not satisfy any notice period required under these Rules or under legislation.

3.6 Power to bind the Scheme

The Trustees may enter into such agreements and give such undertakings, indemnities or guarantees, as the Trustees shall, with the agreement of the Principal Employer, decide are proper for the efficient administration of the Scheme. For the avoidance of doubt, unless otherwise stated such agreements, undertakings, indemnities or guarantees shall bind the successors in office to the Trustees who entered into those agreements or who originally gave such undertakings, indemnities or guarantees.

3.7 Questions of fact and interpretation

Except where expressly stated otherwise, the Principal Employer has the final decision on all questions or disputes regarding the meaning or interpretation of these Rules and shall determine all issues or questions of fact in relation to the administration of the Scheme.

3.8 Power to commence, settle and defend proceedings

In addition to the powers conferred on the Trustees by general law, the Trustees may, with the agreement of the Principal Employer, commence and pursue legal proceedings relating to the operation of the Scheme, their actions as Trustees or the rights of beneficiaries under the Scheme and may defend any such proceedings. The Trustees may, with the agreement of the Principal Employer settle, compromise or submit to mediation or arbitration any claim or other matter relating to the Scheme.

3.9 Confidentiality

Subject to the requirements of any legislation or to any order of the court or direction of the Pensions Ombudsman, the Trustees shall be entitled to refuse to disclose to any Member, or other actual or potential beneficiary the whole or any part of any documents, minutes, records or other data in their possession and shall not be obliged to provide the reasons for any decision of the Trustees, whether discretionary or otherwise.

4 PAYMENT OF BENEFITS

4.1 Personal details

- 4.1.1 Before making any payment out of the Fund, the Trustees may require the production of a certificate, or such other evidence as they may think fit, of the birth, age, marriage, civil partnership, continued existence or death of the Member or other person claiming the benefit or of his Dependants or of any other information which may be relevant to a person's entitlement to receive payment from the Fund. Payment of the amount due may be withheld until the required information is provided (but in such a case no interest will be payable in respect of the period for which payment is withheld unless the Trustees agree otherwise).
- 4.1.2 If any beneficiary, or other person on their behalf, provides any incorrect or invalid information to the Trustees or fails to provide any information requested by them, the Trustees may make such arrangements as they consider reasonable to adjust any pension or other benefit payable out of the Fund in order to provide the correct level of benefits to or in respect of that beneficiary.

4.2 Payment of benefits

- 4.2.1 The following provisions shall apply to the payment of pensions or other benefits from the Scheme and, except where the Trustees agree otherwise, to the payment of benefits under any annuity policy purchased by the Trustees for or in respect of a Member.
- 4.2.2 Pensions shall be payable at such intervals (including annually) as the Trustees may decide and may be paid in advance or arrears.
- 4.2.3 Pensions shall be apportioned to the date of death or the date upon which they cease to be payable except where the Trustees decide otherwise.
- 4.2.4 Subject to Section 66A of the Pensions Act 1995, pensions or other payments are payable to a United Kingdom bank account maintained by the Member or beneficiary or in such other way as the Trustees think fit and subject to the Member or beneficiary producing any documentation required by the Trustees. Any agreement by the Trustees for payment through the post or to a bank account other than one in the United Kingdom maintained by the Member or beneficiary shall be at the risk (and where the Trustees consider appropriate, at the expense) of the Member or beneficiary.
- 4.2.5 If the Trustees think that any person entitled to receive a payment from the Fund cannot manage his affairs due to physical or mental infirmity or otherwise or a pension is payable to a child, the following provisions apply:
- (a) the Trustees may pay that sum to any person who undertakes to apply such sum for the maintenance or benefit of the person concerned;
 - (b) the Trustees shall not be obliged to see to the application of any benefit paid to any person who undertakes to apply it for the benefit of the person concerned and his receipt shall be a complete discharge to the Trustees.
- 4.2.6 Where the payment relates to Protected Rights, this Rule is subject to the provisions of Section 32 of the Pension Schemes Act 1993 (Suspension or forfeiture).
- 4.2.7 Where a benefit payable is a refund of contributions and the realisable value to the Trustees of any investments referable to such contributions is less than the amount of the contributions plus interest (if any), only the realisable value will be paid.

4.3 Incorrect payments

Where any Member or other person is paid a sum from the Fund to which they are not then entitled or which exceeds their then entitlement from the Fund, the Trustees may demand repayment of that sum together with interest (if any) at such rate as the Trustees consider appropriate and may, where they consider it to be appropriate, deduct any such sum from future payments due to or in respect of that person.

4.4 Lump sum in place of trivial pensions

- 4.4.1 Where a trivial pension (including any Protected Rights) becomes payable to a Member or other beneficiary the Trustees may convert that pension into a lump sum on such basis as the Trustees may decide (but not being less than an amount certified as reasonable by an Actuary) and payment of that lump sum shall be a complete discharge to the Trustees in respect of that trivial pension.
- 4.4.2 For the purposes of this Clause, a trivial pension is
- (a) in respect of a Member who has attained age 60 but not age 75, any pension which is capable of being commuted into a trivial commutation lump sum for the purposes of Paragraph 7 of Schedule 29 to the Finance Act 2004;
 - (b) in respect of any Dependant of a Member any pension payable to that Dependant which is capable of being commuted into a trivial commutation lump sum death benefit for the purposes of Paragraph 20 to Schedule 29 to the Finance Act 2004.
- 4.4.3 For the avoidance of doubt a pension benefit may be commuted under this Clause notwithstanding the fact that the Member had left Pensionable Service prior to 6 April 2006.
- 4.4.4 Trivial pensions of spouses and Dependents may also be commuted in the same circumstances or (subject to paragraph 5.6 of the Appendix) may be commuted for a lump sum payable to the Member at the same time as the Member's pension becomes payable.

4.5 Lump sum on serious ill-health

When a pension benefit (including any Protected Rights) first becomes payable to a Member, the Trustees may convert into a single lump sum payment any pension payable to a Member if, having taken advice from a registered medical practitioner, they are satisfied that such commutation is justified owing to the Member being expected to live for less than one year and the payment would qualify as a serious ill-health lump sum under paragraph 4 of Schedule 29 to the Finance Act 2004. The sum payable shall be calculated as the value of the Member's Personal Account (subject to paragraph 5.7 of the Appendix).

4.6 Payments to personal representatives

Where any sum is payable to the estate of a Member or other beneficiary the Trustees, having considered the specific circumstances relating to the payment of the sum in any single instance and the available evidence relating to identification and status of the person to whom it is proposed to make payment, may pay that sum to any person who the Trustees consider capable of being the personal representative (or executors) of the Member or beneficiary without seeing a grant of representation or other relevant documentation or to any other person the Trustees consider has an interest in the Member's estate and a receipt given by that person is a complete discharge to the Trustees.

4.7 Taxation deductions

The Trustees may deduct from any payment made under the Scheme or, where appropriate, from the Member's Personal Account, a sum equal to the tax or other Liability to HM Revenue & Customs in respect of that payment or Personal Account.

4.8 Unclaimed benefits

- 4.8.1 Subject to the requirements of any applicable legislation, benefits are only payable when claimed by the Member or beneficiary and the Trustees are not obliged to locate the recipient of a benefit in order to inform him of his entitlement to a benefit from the Scheme.
- 4.8.2 A Member or other beneficiary will cease to be entitled to any sum which has become due if it has not been claimed for at least six years from the date upon which it became due. If that payment formed an instalment of a pension, the right to the pension shall not be extinguished but the right to the unclaimed instalment will be forfeited.

4.9 Annuity in satisfaction of Member's rights

The Trustees may use the Member's Personal Account (less any expenses deducted from it) to buy from an Insurance Company an insurance policy or annuity contract to satisfy any benefits payable under the Rules. Where a policy or contract is in the name of the beneficiary he shall have no further claim upon or interest in the Fund. The Trustees may buy a policy or contract without the consent of the Member or beneficiary, provided that any relevant conditions in the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991 are satisfied.

4.10 Pension Sharing Order

4.10.1 Where the benefits of a Member are subject to the provisions of a Pension Sharing Order the benefits payable to the Member in accordance with these Rules shall be reduced by the debit applicable in accordance with Section 29(1)(a) of the Welfare Reform and Pensions Act 1999.

4.10.2 Any Pension Credit or Pension Credit Benefit may be discharged in any manner consistent with the Welfare Reform and Pensions Act 1999, as determined by the Trustees. Any benefits consequently provided under the Scheme may, where the Trustees decide, be treated as provided separately from any benefits provided under the Scheme for the same individual as an Employee or Dependant of an Employee. The Former Spouse shall be regarded as a Member for the purposes of the Rules to the extent considered appropriate by the Trustees.

4.11 Safeguarded rights

4.11.1 Where, whether under Rule 7.5 (Transfers in) or otherwise, the Scheme Administrator accept a transfer of Pension Credit Benefits into an Arrangement covered by a Contracting-out Certificate and all or part of that transfer is derived from contracted-out rights (as defined in Section 68A(5) of the Pension Schemes Act 1993) the Member will be entitled to safeguarded rights (as defined in Section 68A of the Pension Schemes Act 1993) under that Arrangement. The Scheme Administrator shall comply with all legislation dealing with such safeguarded rights and may exercise any options allowed under such legislation, and these Rules shall be deemed to be modified accordingly.

This Rule overrides any inconsistent provisions elsewhere in the Deed and Rules except provisions with which the Scheme must comply in order to retain its tax status.

5 LEAVING PENSIONABLE SERVICE

5.1 Entitlement to Deferred Benefits

Where a Member leaves Pensionable Service before Normal Retirement Date the Trustees shall use the Member's Personal Account to provide on retirement or Normal Retirement Date the equivalent benefits to or in respect of the Member as would be paid in accordance with Rule 3 (Pension and Other Benefits) but the Member shall also have the various alternatives provided for in that and the other rules.

5.2 Preservation Laws

Notwithstanding the other provisions of these Rules, benefits provided in respect of any Member who leaves Pensionable Service prior to Normal Retirement Date shall be calculated and paid in a manner consistent with the requirements of Part IV of the Pension Schemes Act 1993.

6 FORFEITURE AND ALIENATION

6.1 Charges, lien and set-off

- 6.1.1 The Employer shall be entitled to a charge over, lien on or set-off against any benefit to which a Member is or may become entitled for the purpose of enabling the Employer to obtain the discharge of some monetary obligation due from the Member to the Employer and arising out of a criminal, negligent or fraudulent act or omission by the Member or other beneficiary.
- 6.1.2 Where a charge, lien or set-off is imposed under this Clause:
- (a) its amount must not exceed the amount of the monetary obligation, or, if less, the value of the benefit;
 - (b) the Trustees shall determine the impact on the benefits otherwise payable to the Member;
 - (c) the Member must be given a certificate showing the amount of the charge, lien or set-off and its effect on his benefits;
 - (d) where there is a dispute about the amount, the charge, lien or set-off must not be exercised until the obligation has become enforceable under a court order or an award of an arbitrator, but the Trustees may suspend payment of any benefits until the dispute is resolved; and
 - (e) the charge, lien or set-off cannot be exercised in respect of benefits received following a transfer except where the scheme is attributable to employment with the same Employer or an associated employer and the benefits of which could have been charged or a lien or set-off exercised in respect of them under the scheme from which they were transferred.

6.2 Crime, negligence or fraud

If a Member owes money to his Employer as a result of his criminal, negligent or fraudulent act or omission, the Trustees may forfeit the benefits payable to or in respect of him. The amount forfeited must not exceed the amount of the debt or, if less, the actuarial value of the benefits. If there is a dispute about the amount of the debt, forfeiture must not take place until the debt has become enforceable under a court order or the award of an arbitrator. The Trustees may suspend payment of any benefits until the dispute has been resolved. The Member must be given a certificate showing the amount forfeited and the effect on his benefits. The amount forfeited will be paid to the Employer.

6.3 Restrictions on alienation and forfeiture

- 6.3.1 Subject to Clause 6.3.3, no benefit arising under the Scheme shall be capable of being assigned or applied for the benefit of anyone other than the person entitled, or prospectively or contingently entitled to it, and:
- (a) every assignment of, or charge on, any such benefit and any agreement to assign or charge it shall be void, and
 - (b) on the bankruptcy of any such person, the benefit shall not pass to any trustee or other person acting on behalf of the creditors of the person entitled.
- 6.3.2 Upon any attempted assignment, the Member shall cease to be entitled to any benefits which he may otherwise expect to receive under the Rules but the Trustees may then apply an amount equal to such benefits for the benefit of the Member or his Dependants or Relatives in such shares and proportions as they think fit.
- 6.3.3 The provisions of this Clause do not apply to any assignment or charge permitted under these Rules or in accordance with:
- (a) legislation in relation to pension rights of individuals adjudged bankrupt;
 - (b) Chapter I of Part IV of the Welfare Reform and Pensions Act 1999 (Sharing of rights under pension arrangements);

(c) Sections 166 or 167 of the Pensions Act 1995 (Pensions on divorce); or

(d) Schedule 5 to the Civil Partnership Act 2004

or, subject to the consent of the Trustees, as otherwise permitted under Section 172A of the Finance Act 2004 (Surrender).

6.4 Excess contributions on bankruptcy

Where a court order has been made in relation to a Member under Chapter V of Part IX of the Insolvency Act 1986 (Effect of Bankruptcy on Certain Rights, Transactions, etc), the Trustees may take all steps as are necessary to comply with such an order, including making such adjustments in relation to benefits payable to or in respect of the Member as they consider necessary.

7 INVESTMENT

7.1 Investment

- 7.1.1 All money held in or for the purposes of the Fund shall be placed in an account with a bank or invested in the Pension Policy or in such similar insurance policy issued by an Insurance Company as the Trustees may determine.
- 7.1.2 All investments shall be held in the names of the Trustees or in the name of a nominee or agent appointed by the Trustees on such terms as the Trustees may decide are appropriate.
- 7.1.3 The Trustees shall prepare, maintain and revise from time to time a written statement of investment principles where it is required in accordance with the requirements of Section 35 (1) of the Pensions Act 1995.
- 7.1.4 The Trustees shall not in any event invest in employer-related investments (as defined in Section 40 of the Pensions Act 1995) except with the written consent of each Member and only to the extent permitted by legislation.

8 POWERS AND OBLIGATIONS OF THE EMPLOYERS

8.1 Powers of Employers

- 8.1.1 In exercising any discretionary power or giving any consent under these Rules, the Principal Employer or any other Employer shall not be required to consider anything except its own interests.
- 8.1.2 For so long as the Principal Employer (or other Employer) is in a period of Insolvency all powers and consents otherwise exercisable by the Principal Employer (or other Employer) or any of its subsidiaries under these Rules shall instead be fiduciary and shall be exercised or given by the Trustees but, in relation to the Insolvency of the Principal Employer, only for the period prior to the appointment of a new Principal Employer in accordance with Clause 9.2 (Substitution of Principal Employer).
- 8.1.3 If in respect of any Member a power or consent is expressed to be exercisable by the Employer of that Member but that employer no longer participates in the Scheme, such power or consent shall be exercisable by the Principal Employer.

8.2 Termination of employment

Nothing in these Rules shall restrict the rights of the Employer to terminate the employment of a Member. The benefits to which a Member might claim to be entitled from the Fund in respect of a period after his contract of service could lawfully be terminated shall not be used as a ground for increasing damages in any action brought by such Member against the Employer.

9 PARTICIPATION OF EMPLOYERS

9.1 Participation by employers

- 9.1.1 Any employer which is a subsidiary company of the Principal Employer and is invited by the Principal Employer to participate in the Scheme shall participate in the Scheme with effect from a date specified by the Principal Employer.
- 9.1.2 Any employer which is associated in some way with the Principal Employer may, with the consent of the Trustees, participate in the Scheme if it is invited to do so by the Principal Employer.
- 9.1.3 As a condition of participating in the Scheme, an employer must enter into a deed with the Principal Employer and Trustees under which it agrees to comply with the provisions of these Rules so far as they relate to it and to its Employees who become Members.
- 9.1.4 When an Employer first participates in the Scheme the Trustees may accept a transfer payment from the trustees of any scheme in which the Employees of the Employer have previously been members and shall apply that transfer payment in accordance with the provisions of Rule 8.5 (Transfers in) in such manner as the Trustees shall determine.

9.2 Substitution of Principal Employer

- 9.2.1 Subject to the following provisions of this Clause and to the approval of the Principal Employer, any company, firm or person which acquires the Principal Employer's function, may assume the rights and obligations of the Principal Employer under the Scheme agreement with the Principal Employer under which it undertakes to observe and comply with the provisions of these Rules.
- 9.2.2 Upon appointment of a new Principal Employer in accordance with this Clause the previous Principal Employer shall be discharged from all future obligations as Principal Employer of the Scheme and all powers or consents of the Principal Employer under the Scheme shall be exercisable by the new Principal Employer.
- 9.2.3 Where any Employer ceases to be the Principal Employer it shall nonetheless continue to be an Employer participating in the Scheme unless and until it ceases to be an Employer under Clause 9.3 (Employer ceasing to participate).

9.3 Employer ceasing to participate

- 9.3.1 Subject to Clause 9.3.2, an Employer will cease to participate in the Scheme on the happening of any of the following events or the expiry of any notice given in accordance with the following provisions:
 - (a) the Employer ceases to be a subsidiary company of the Principal Employer;
 - (b) the Employer ceases to be associated with the Principal Employer where it was so associated when it commenced participation;
 - (c) the Employer goes into Insolvency or otherwise ceases to trade;
 - (d) the Principal Employer declares by written notice to the Trustees and the Employer concerned that any Employer that has been participating in the Scheme shall cease to participate (participation is deemed to cease on the date specified in that notice or, where no date is specified, the date of the notice itself);
 - (e) the Employer (other than the Principal Employer) gives at least one month's notice in writing to the Trustees that it intends to cease payment of contributions to the Scheme;
- 9.3.2 Where Clauses 9.3.1(a), 9.3.1 b) and 9.3.1(c) apply, the Principal Employer may permit that Employer to continue to participate in the Scheme for such period and on such terms as it may decide.

9.4 Consequences of an Employer ceasing to participate

- 9.4.1 Where an Employer ceases to participate in the Scheme in accordance with Clause 9.3 (Employer ceasing to participate) any Member employed by the retiring employer who was in Pensionable Service shall be deemed to have left Pensionable Service on the date of cessation of his Employer's participation in the Scheme (unless their employment transfers to another Employer with effect from that date and they remain eligible for membership of the Scheme).
- 9.4.2 When an Employer ceases to participate in the Scheme its obligation to contribute to the Scheme shall cease but any amount due from the Employer prior to cessation of participation shall remain payable.

10 TERMINATION AND WINDING UP

10.1 Termination of the Scheme

10.1.1 The Scheme shall be terminated:

- (a) if the Principal Employer gives at least one month's notice of this in writing to the Trustees;
- (b) if all contributions in respect of all Members have been discontinued and the Trustees decide to terminate it;
- (c) on the decision by the Trustees to terminate the Scheme at any time during the Insolvency of the Principal Employer or after it has ceased to trade; or
- (d) in accordance with any requirement of legislation including any order of the Pensions Regulator.

10.1.2 On the termination of the Scheme, Members then in Pensionable Service shall be treated as if their Pensionable Service had terminated and, except where Clause 10.1.3 applies, the Scheme shall be wound up.

10.1.3 Except where winding up is required by legislation, on termination of the Scheme the Trustees may decide to defer the winding up. Where winding up is deferred the Trustees may at any time end the deferral and proceed to wind up the Scheme.

10.1.4 If the Scheme is wound up the power of amendment conferred by Clause 11 (Amendments and Declarations) shall continue in relation to the provisions of these Rules.

10.1.5 Upon termination of the Scheme and prior to completion of the winding up, the Trustees must comply with the provisions of Sections 73 to 73B of the Pensions Act 1995.

10.2 Application of the Assets of the Fund on a winding up

10.2.1 Upon the winding up of the Scheme the Trustees shall apply the Fund in accordance with and in the order of the provisions of this Clause.

10.2.2 The Trustees shall set aside such part of each Member's Personal Account as the Trustees decide is required to meet expenses relating to the operation and winding-up of the Scheme.

10.2.3 The balance of each Member's Personal Account will be applied to secure benefits in respect of that Member in accordance with Clause 10.3 (Securing benefits on winding up). The benefits to be secured shall be determined in accordance with the provisions of Clause 5.1 (Entitlement to Deferred Benefits).

10.3 Securing benefits on winding up

10.3.1 Upon the winding up of the Scheme benefits payable under the Scheme to or in respect of any Member or other beneficiary shall be secured by one or more of the following methods:

- (a) acquiring transfer credits allowed under the rules of another occupational pension scheme which satisfies requirements prescribed by legislation and is able and willing to accept payment in respect of the Member or other beneficiary;
- (b) acquiring rights allowed under the rules of any other Registered Pension Scheme which is able and willing to accept payment in respect of the Member's accrued rights;
- (c) buying one or more annuities which satisfy requirements prescribed by legislation from one or more Insurance Companies which are willing to accept payment in respect of the Member or other beneficiary;

- (d) assigning the benefit of one or more contracts to provide an annuity which satisfies requirements prescribed by legislation;
- (e) commuting the benefit into a lump sum payment to or in respect of the Member or other beneficiary on such terms as the Trustees decide, having taken the advice of an Actuary provided that the lump sum satisfies the requirements of Paragraph 10 (Winding-up lump sum) or Paragraph 21 (Winding-up lump sum death benefit) of Schedule 29 to the Finance Act 2004.

10.3.2 The Members or any other recipient of a benefit from the Scheme shall not be required to consent to their benefits being secured in accordance with this Clause provided that, in relation to Members with Deferred Benefits who have not reached Normal Retirement Date or commenced receipt of their benefits under Rule 4, the Trustees comply with any relevant conditions set out in legislation (including Regulation 12 of the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991).

11 AMENDMENTS AND DECLARATIONS

11.1 Power of amendment

11.1.1 Subject to any statutory requirements, the Principal Employer may, in writing, amend all or any part of these Rules whether retrospectively or otherwise. Any provisions so made shall be as valid as if they had been originally made and may be amended in the same way.

11.1.2 No such alteration to the Rules shall prejudice or affect any benefit then payable under the Scheme or be made in contravention of Section 67 of the Pensions Act 1995 and no such alteration amendment extension modification or addition shall alter the purpose of the Scheme to provide retirement benefits (as defined in Section 255 of the Pensions Act 2004) for employees or directors of the Employers or of any of them.

11.1.3 References in this Clause 11 to an amendment include any alteration, addition to, repeal or replacement of any provision of these Rules.

11.2 Declarations

For the purpose of enabling the Scheme to continue to be a Registered Pension Scheme, the Trustees may give such declarations as may be required by HM Revenue & Customs under Section 153 of the Finance Act 2004 (Registration of pension schemes). Any such declaration shall be deemed to be incorporated in the Rules, and, to the extent that it is inconsistent with any of the provisions of the Scheme (including any provision which is stated to be overriding), it shall override that provision.

Part 2 – Rules

1 INTERPRETATION

1.1 General Interpretation

In these Rules:

- (a) unless the context otherwise requires, words importing the singular shall include the plural, and vice versa, and words importing the masculine, feminine or neuter gender shall include either or both of the others, and words importing persons shall include corporations;
- (b) references to an enactment, or any regulation made under it, shall include any corresponding legislation in Northern Ireland and shall include a reference to any statutory modification or re-enactment of it.

1.2 Definitions

In these Rules, the following words shall, unless the context otherwise requires, have the following meanings and where these words are used they are identified by the first letter being capitalised.

Active Member means a Member of the Scheme in Pensionable Service.

Actuary means an actuary or firm of actuaries appointed by the Trustees.

Alternatively Secured Pension means the benefits provided to or in respect of a Member in accordance with Rule 3.5.1 (Member's benefits at age 75) or to a Dependant in accordance with Rule 5.4 (Dependant's Unsecured Pension and Alternatively Secured Pension) and Rule 5.5 (Dependant's benefits at age 75).

Alternatively Secured Pension Fund means that part of the Member's Personal Account which remains invested in the Fund in accordance with Rule 3.5 (Member's benefits at age 75), Rule 5.4 (Dependant's Unsecured Pension and Alternatively Secured Pension) or Rule 5.5 (Dependant's benefits at age 75) to provide Alternatively Secured Pension after the Member (or Dependant) reaches age 75.

Announcement means in relation to a Member the letter or other document provided to him by his Employer advising him of his admission to the Scheme and detailing the benefits to be provided for him under the Scheme as subsequently amended by his Employer or any similar document provided to a Former Spouse by the Trustees.

Auditor means an auditor or firm of auditors appointed by the Trustees.

Contracting-out Certificate means a certificate issued by HM Revenue & Customs stating that the employment of an earner in employed earner's employment is contracted-out employment by reference to an occupational pension scheme for the purposes of Section 7 of the Pension Schemes Act 1993.

Civil Partner means a person who is in a civil partnership with the Member under the Civil Partnership Act 2004.

Clause means a clause of Part 1 of these Rules.

Deferred Benefits means a Member's entitlement to benefits under Clause 5.1 (Entitlement to Deferred Benefits).

Dependants means:

- (a) the spouse or Civil Partner of the Member at the time of his death;
- (b) the spouse or Civil Partner of a Member at the time the Member's benefits under the Scheme came into payment;

- (c) any individuals (other than a child of the Member) who in the opinion of the Trustees were, at the time of the death of the Member, financially dependent on the Member or dependent because of disability, or had a financial relationship of mutual dependence with the Member; and
- (d) any children of the Member (including any adopted and step-children) who have not reached the age of 23 or who were dependent on the Member because of disability at the time of his death.

Employee means an employee of an Employer or a director of an Employer whose remuneration is not a receipt of a profession or accountable to another employer or company.

Employer means the Principal Employer or any other employer which is participating in the Scheme in accordance with Clause 9.1 (Participation by employers). Where the context so requires and subject to Clause 8.1.3 (Powers of Employers), Employer means the Employer which, in relation to a Member, is his employer or was his employer on the date he left Pensionable Service.

Former Spouse means an individual to whom a Pension Credit has been allocated in relation to the Scheme.

Fund means the pension fund constituted under these Rules, including the group policy or group policies issued by Zurich Assurance Ltd in connection with the Scheme covering the assurances, including all other policies effected under or transferred to or assigned to the Scheme for the purpose of the provision of benefits thereunder.

Insolvency means, in relation to an Employer or the Principal Employer, its liquidation.

Insurance Company has the meaning given by Section 275 of the Finance Act 2004.

Member means an Active Member and, where appropriate, an Employee or a former employee who was an Active Member and retains an entitlement to benefits under the Scheme and any other person who under the Rules has a current or future entitlement to benefits under the Scheme.

Minimum Payments means in relation to any Member who is contracted-out under the Scheme, any minimum payments paid by HM Revenue & Customs in accordance with Section 42A(3) of the Pension Schemes Act 1993.

Minimum Pension Age means:

- (a) prior to 6 April 2010, age 50;
- (b) on or after 6 April 2010, age 55; or
- (c) such lower age as may be permitted under Part 3 of Schedule 36 of the Finance Act 2004.

Normal Retirement Date means the date as specified in the Announcement provided to the Member as being his Normal Retirement Date being no earlier than age 60 and no later than age 75.

Paid Family Leave means any period throughout which a Member is absent from work due to pregnancy or confinement, or on paternity leave or adoption leave and for which the Employer pays any contractual remuneration or statutory maternity, paternity or adoption pay and any other period during which a Member is absent from work for family reasons during which his employer pays any contractual remuneration.

Pension Credit means a credit under Section 29(1)(b) of the Welfare Reform and Pensions Act 1999.

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

Pension Policy means the [Zurich Assurance Ltd Policy] issued to the Trustees in respect of each Member (subject to these Rules) in which the Fund is invested and any similar policy of insurance issued to the Trustees by an Insurance Company in which the Fund is invested.

Pension Sharing Order means any order, provision or agreement as referred to in Section 28(1) of the Welfare Reform and Pensions Act 1999.

Pensionable Service means the period of Service during which the Member is contributing to the Scheme or his Employer is contributing on his behalf and such additional period as may be permitted under the Rules. Pensionable Service shall end no later than the day before the Member's 75th birthday.

Personal Account means the value of the Member's interest in the Fund which shall represent the value of units held in the Pension Policy for or in respect of the Member, less any tax, expense or other payments out of the Scheme to or in respect of that Member.

Principal Employer means the party bringing these Rules into force or any other company, firm or person which subsequently becomes the Principal Employer under the Scheme in accordance with Clause 9.2 (Substitution of Principal Employer).

Qualifying Service means the total of:

- (a) actual Service whilst a Member of the Scheme and any additional periods which count as Pensionable Service and which do not fall within paragraphs (b) and (c) below;
- (b) any previous period of Qualifying Service whilst a Member of the Scheme in respect of which a Member remains entitled to benefits under the Scheme;
- (c) actual periods of service in any previous employment during which the Member was a member of an occupational pension scheme from which the Trustees have received a transfer payment; and
- (d) such other period as the Trustees, with the consent of the Employer, may allow.

Qualifying Service shall not be interrupted if there is a break in Service in exercise of a right under Part VIII of the Employment Rights Act 1996 (Maternity Leave and Parental Leave) and the Member returns to Pensionable Service within one month of returning to work or the break corresponds to the Member's absence from Service in furtherance of a trade dispute (as defined in Section 35 of the Jobseekers Act 1995) or the break does not exceed one month.

Registered Pension Scheme means a scheme or arrangement which is registered with HM Revenue & Customs under Chapter 2 of Part 4 of the Finance Act 2004 (Registration of Pension Schemes).

Relatives means in relation to any deceased Member:

- (a) his spouse, former spouses, Civil Partner and former Civil Partners
- (b) his and his spouse's (or Civil Partner's) lawful or adoptive parents and grandparents
- (c) such parents' and grandparents' widows, widowers, children (which includes legitimate, adoptive and stepchildren and any other children to whom the Trustees believe the Member stood in loco parentis) and their descendants and their spouses or Civil Partners.

Rules means Part 1 and Part 2 of this document and the Appendix to it as from time to time amended or replaced. References to a particular Rule are to that Rule in Part 2.

Scheme means the pension scheme governed by these Rules as named on page 1 of this Amendment.

Scheme Administrator means the person or persons who are from time to time the scheme administrator for the purposes of Section 270 of the Finance Act 2004

Service means the period of employment (or, in the case of a director, the period of office) with any of the Employers and Service shall be deemed continuous although performed with more than one of the Employers, so long as any break in such employment (or office) does not exceed one month.

Trustees means the persons appointed as such in accordance with the Declaration of Trust and/or relevant legislation and any additional or replacement trustee or trustees for the time being of the Scheme.

Unpaid Family Leave means any period throughout which a Member is absent from work due to maternity, paternity leave or adoption leave for which the Employer does not pay him any contractual remuneration or statutory maternity, paternity or adoption pay and any other period during which a Member is absent from work for family reasons and does not receive any contractual remuneration.

Unsecured Pension means the benefits provided to or in respect of a Member in accordance with Rule 3.4 (Member's Unsecured Pension) or to a Dependant in accordance with Rule 5.4 (Dependant's Unsecured Pension and Alternatively Secured Pension).

Unsecured Pension Fund means, as appropriate:

- (a) that part of a Member's Personal Account which has been designated to provide Unsecured Pension in accordance with Rule 3.4 (Member's Unsecured Pension); or
- (b) that part of a Member's Personal Account which following the Member's death is designated by his Dependant to provide Unsecured Pension in accordance with Rule 5.4 (Dependant's Unsecured Pension and Alternatively Secured Pension).

The value of the Unsecured Pension Fund shall be calculated by the Trustees in a manner that is consistent with that used to value the rest of the Member's Personal Account.

2 MEMBERSHIP AND CONTRIBUTIONS

2.1 Membership

- 2.1.1 Employees who are eligible for membership are all Employees of an Employer who are invited by the Principal Employer to join the Scheme and who are accepted by Zurich Assurance Ltd. In the case of a director, to be eligible for membership he must be beneficially entitled to his director's fees and any other remuneration.
- 2.1.2 Membership of the Scheme shall be optional. Every Employee who has the option to join the Scheme and wishes to exercise his option, must do so in writing in a form approved by the Trustees, which shall constitute his agreement to be bound by and comply with the Rules.
- 2.1.3 An Active Member may opt out of the Scheme at any time on giving one month's written notice to the Trustees. The Member shall cease to be an Active Member of the Scheme on the day after such notice expires and be treated as having left Pensionable Service.
- 2.1.4 An Employer may by notice in writing to the Trustees and the Member concerned terminate contributions in respect of that Member, in which case the Pensionable Service of the Employee shall cease from that point.
- 2.1.5 Employees who do not join the Scheme when first eligible to do so or who opt out of the Scheme in accordance with paragraph 2.1.3 above, but remain in Service, may be permitted to join or rejoin at the discretion of the Principal Employer, subject to the agreement of Zurich Assurance Ltd, and subject to such conditions (including the production of medical evidence and restrictions on benefits) as the Principal Employer may impose.

2.2 Employment with an overseas company

Employees of Employers that are not resident in the United Kingdom may join the Scheme on such terms and subject to such conditions as the Employer, with the agreement of Zurich Assurance Ltd considers appropriate. Membership of such Employees shall also be subject to the requirements of any legislation.

2.3 Contributions

- 2.3.1 Each Active Member shall contribute to the Fund at the rate (if any) specified in the Announcement. Contributions shall be deductible by the Employer from earnings that become payable to the Member.
- 2.3.2 The Employer shall pay to the Trustees contributions in respect of each Active Member in its employment at the rate specified in the Announcement and as set out in any schedule of payments prepared in accordance with the Pensions Act 1995.
- 2.3.3 If an Active Member wishes to buy added benefits, he may make additional voluntary contributions to the Fund.
- 2.3.4 Contributions cease on attainment of Normal Retirement Date, or leaving Pensionable Service if earlier, or on such later date of retirement as is agreed between the Member and the Employer but not later than the attainment by the Member of age 75.
- 2.3.5 All contributions paid to the Fund by or in respect of a Member shall be allocated to the Member's Personal Account and used to purchase units in the Pension Policy for or on behalf of the Member or otherwise used to provide or secure benefits for the Member in accordance with the Rules.
- 2.3.6 Without being obliged to do so, or to carry out relevant checks, the Trustee may refuse to accept contributions paid by or in respect of a Member if those contributions are not:
- (a) relievable pension contributions for the purposes of Section 188 of the Finance Act 2004;
 - (b) Minimum Payments; or
 - (c) contributions paid on behalf of the Member by his employer.

- 2.3.7 Without being obliged to do so, or to carry out relevant checks, the Trustee may refuse to accept contributions by or in respect of a Member which exceed the annual limit for relief under Section 190 of the Finance Act 2004.
- 2.3.8 Each Member shall provide the Trustee with such information as it may request in order to confirm that any contribution complies with this Rule. However, the Trustee is not under any obligation to confirm that any contribution complies with this Rule.
- 2.3.9 The Scheme can only accept Minimum Payments in respect of any Member who has an Arrangement covered by a Contracting-out Certificate. Any Minimum Payments received must be allocated to the relevant Member's Personal Account within three months of receipt. No contributions shall be paid by or on behalf of a Member on or after the date the Member reaches age 75.

2.4 Reduction, suspension or termination of contributions

The Principal Employer may give notice in writing to the Trustees to reduce, suspend or terminate all or any of its contributions due to the Fund and upon receipt of such notice by the Trustees (or such later date as may be specified in the notice) the Principal Employer shall not be bound to pay any contributions, or more than the reduced contributions, to the Fund but any contributions due before the effective date of that notice remain payable.

2.5 Continued membership

With the consent of the Principal Employer, a Member who is in receipt of an annuity under or in respect of the Scheme may nonetheless be an Active Member and remain in Pensionable Service and any contributions paid by or on behalf of the Member during that further period of Pensionable Service shall be allocated to the Member's Personal Account or, where the Trustees decide, to a separate Member's Personal Account for that Member.

3 PENSION AND OTHER BENEFITS

3.1 Commencement of benefits

- 3.1.1 Subject to the following provisions of this Rule 3.1, when a Member reaches Normal Retirement Date the Trustees shall use the Member's Personal Account to provide benefits to or in respect of the Member in accordance with the following provisions of this Rule 3.
- 3.1.2 Subject to the circumstances referred to below, with the approval of the Principal Employer (not to be unreasonably withheld), a Member who leaves Pensionable Service may, subject to the consent of the Trustees, request the Trustees to use his Personal Account to provide benefits to or in respect of him prior to his Normal Retirement Date. Benefits may only be provided to or in respect of a Member before the Member reaches his Minimum Pension Age if the Trustees and Employer are satisfied, having considered the opinion of a registered medical practitioner, that the Member is and will continue to be incapable of discharging his duties because of permanent ill-health or incapacity and retires from Service in consequence.
- 3.1.3 Any Member who has attained an age within ten years of his Normal Retirement Date and who leaves Service at the request of the Employer shall (unless the Employer would be entitled to dismiss such Member for good cause other than the physical or mental incapacity of the Member) be entitled to immediate payment of his benefits in accordance with this Rule 3. Such a Member may nevertheless opt to receive a deferred pension under Clause 5 (Leaving Pensionable Service).
- 3.1.4 A Member may, with the consent of his Employer, defer the use of all or part of his Member's Personal Account to provide benefits until after Normal Retirement Date and he may do so whether or not he remains in Service after Normal Retirement Date. Any such part of the Member's Personal Account will remain invested in the Fund until the Member subsequently requests it to be used to provide benefits to or in respect of him. For the avoidance of doubt, retirement cannot be deferred by a Member under this Rule past his 75th birthday.
- 3.1.5 For the purposes of this Rule 3.1, use of the Member's Personal Account to provide benefits to or in respect of the Member involves its use to pay a lump sum benefit to the Member in accordance with Rule 3.2 (Lump Sum Benefits) and to purchase an annuity to or in respect of the Member under Rule 3.3 (Purchase of an annuity), or where requested by the Member, to facilitate the transfer of the residual fund to a scheme or arrangement, which is capable of accepting a recognised transfer under Section 169 of the Finance Act 2004, to provide an Unsecured Pension or Alternatively Secured Pension in respect of the Member in accordance with the following provisions of this Rule 3.
- 3.1.6 In the case of any Member with Protected Rights, the provisions of this Rule 4 and any annuity or Unsecured Pension provided under this Rule 4 are subject to the Appendix (Protected Rights Rules).

3.2 Lump sum benefits

- 3.2.1 Subject to the following paragraphs of this Rule, each time a Member becomes entitled to benefits in accordance with Rule 3.3 or Rule 3.4, he may elect to use part of his Personal Account to provide a lump sum benefit.
- 3.2.2 The lump sum shall be such amount as the Member may request but not exceeding the maximum amount payable as a pension commencement lump sum under Schedule 29 of the Finance Act 2004. Such lump sum shall be deducted from the Member's Personal Account prior to purchasing an annuity for or in respect of the Member under this Rule.
- 3.2.3 A lump sum may not be paid under this Rule on or after the Member's 75th birthday.
- 3.2.4 That part of the lump sum relating to Protected Rights must equal the Protected Rights given up by the Member and must comply with any other relevant requirements under legislation.¹

3.3 Purchase of an annuity

- 3.3.1 An annuity purchased for a Member in accordance with this Rule shall provide a pension for the Member and such benefits for the Dependants of the Member, payable on his death, as the Member shall decide.
- 3.3.2 An annuity provided for the Member or his Dependants shall be payable for life or, in respect of any children of the Member, for so long as they remain a Dependant of the Member and payment of the annuity may be guaranteed for such period as may be agreed with the Insurance Company (not exceeding 10 years).
- 3.3.3 An annuity provided for the Member or his Dependants may be of a fixed amount or may increase each year in such manner as the Member shall decide and shall comply with all other relevant requirements for a lifetime annuity or a Dependant's lifetime annuity under Schedule 28 to the Finance Act 2004.
- 3.3.4 Where the Rules require an annuity to be provided in respect of a Member but the Member does not select the benefits to be provided under Rule 3.3.1, the Trustees shall provide such benefits in respect of the Member as the Trustees in their absolute discretion decide.
- 3.3.5 Subject to Rule 3.3.6, an annuity for or in respect of a Member shall be provided by the purchase of a policy or annuity contract with an Insurance Company selected by the Member, or where the Member has failed to make a selection, selected by the Trustees. Any such policy will be in the name of the Member unless the Trustees decide to purchase it in the Trustees' name. When purchasing any such policy, the Trustees shall not be obliged to take into account the individual circumstances of the Member nor to carry out a review of all available Insurance Companies.
- 3.3.6 Prior to the Trustees purchasing an annuity in accordance with Rule 3.3.5, the Trustees must give the Member the opportunity to select an Insurance Company to provide the annuity. Any such annuity shall comply with the requirements of this Rule 3.3.

3.4 Member's Unsecured Pension

- 3.4.1 Where all or part of a Member's Personal Account is to be used to provide benefits in accordance with Rule 3.1, rather than receive an annuity under Rule 3.3 the Member may elect that all or part of that Personal Account be used to provide Unsecured Pension in respect of the Member. Any such part of his Personal Account shall remain invested in the Fund but shall be separately identified by the Trustees as being the Member's Unsecured Pension Fund. If a Member makes more than one election under this Rule all such amounts shall be added to his Unsecured Pension Fund.

3.5 Member's benefits at age 75

- 3.5.1 Subject to Rule 3.5.3, where a Member has deferred receipt of all or part of his benefits under Rule 3.1.3 or is in receipt of Unsecured Pension under Rule 3.4 and in either case he reaches age 75 he shall be deemed to have elected immediately prior to his 75th birthday to use his remaining Personal Account, including any Unsecured Pension Fund, to provide Alternatively Secured Pension. Any such Alternatively Secured Pension Fund shall remain invested in the Fund. Any Alternatively Secured Pension must comply with the requirements for alternatively secured pension under Schedule 28 to the Finance Act 2004.
- 3.5.2 In order for the Member to withdraw income from his Alternatively Secured Pension, it will be necessary to arrange for the transfer of the Alternatively Secured Pension Fund to a scheme or arrangement of a provider, which is capable of accepting a recognised transfer under Section 169 of the Finance Act 2004.
- 3.5.3 Notwithstanding Rule 3.5.1, where a Member reaches age 75 his Employer may direct the Trustees to use his remaining Personal Account to provide an annuity in respect of the Member. If an Employer makes such a direction, the Trustees must give the Member the chance to select an Insurance Company to provide that annuity.

4 LUMP SUM BENEFITS ON DEATH

4.1 Lump sum benefits under an annuity

If a Member dies and at the time of his death he is in receipt of an annuity in respect of the Scheme, such lump sums (if any) shall be payable as are provided under the terms of that annuity provided that such lump sum is authorised as a lump sum death benefit under Section 168 of the Finance Act 2004. The provisions of this Rule 4 shall not apply to such benefits.

4.2 Lump sum benefits on death of a Member before age 75

4.2.1 This Rule applies where a Member dies prior to age 75. Any lump sum payable under this Rule shall be held by the Trustees on discretionary trusts in accordance with Rule 4.4 (Payment of lump sum death benefits).

4.2.2 Where contributions paid to the Fund by or on behalf of the Member have been used to provide life policies in respect of the Member the proceeds of those policies (or such part as the Trustees decide) shall be payable as a lump sum.

4.2.3 Where this Rule applies the Member's Personal Account (or such part of it as the Trustees decide), including the Member's Unsecured Pension Fund (or such part of it as the Trustees decide), shall be payable as a lump sum.

4.2.4 Where the Trustees decide not to pay the full amount under Rule 4.2.2 or 4.2.3 as a lump sum, the balance shall be used to provide annuities to the Member's Dependants in accordance with Rule 5.2 (Dependant's benefits – general). When deciding how much of the available sum to provide as a lump sum under this Rule, the Trustees shall endeavour to give effect to any Dependant's benefits set out in the Announcement.

4.3 Lump sum benefits on death of a Dependant before age 75

Where a Dependant dies before age 75 and at the time of death he was in receipt of Unsecured Pension in accordance with Rule 5.4 (Dependant's Unsecured Pension and Alternatively Secured Pension), the Trustees shall use the remaining Unsecured Pension Fund (or such part of it as the Trustees decide) to provide a lump sum which shall be held by the Trustees on discretionary trusts in accordance with Rule 4.4 (Payment of lump sum death benefits). Any such lump sum must comply with the requirements for an unsecured pension fund lump sum death benefit under Schedule 29 to the Finance Act 2004.

4.4 Payment of lump sum death benefits

4.4.1 Where on the death of a Member or other beneficiary an amount is stated to be held on discretionary trust in accordance with this Rule 4.4, the Trustees shall, subject to the following provisions of this Clause pay or apply all or any part of that sum to or for the benefit of any Relatives, Dependants, or nominated beneficiaries of the deceased Member, his personal representatives or any person entitled to receive any sum from the estate of the Member in such shares as the Trustees decide.

4.4.2 The Trustees may establish separate trusts for the benefit of any beneficiary mentioned in Rule 4.4.1 above

4.4.3 For the avoidance of doubt, the Trustees may use any amount held in accordance with this Rule to purchase an annuity for any Dependant of the Member.

4.4.4 If the Trustees decide that they will be unable to exercise these powers within two years of the death of the Member, they may decide prior to the end of that two year period to hold the sum as a separate fund, outside the Scheme, or pay the sum to the personal representatives (or executors) of the deceased Member or, if there are none, his statutory next of kin. Otherwise they shall retain the sum as part of the Fund or make such payment or provide such benefits in respect of the Member as the Trustees shall, in their discretion decide.

4.4.5 The Trustees may have regard to any document signed by the Member expressing his wishes for the disposal of the sum, and any person charity or unincorporated association named in the document will be a "nominated beneficiary".

- 4.4.6 Where any sum held under discretionary trust would otherwise be payable to the Crown, the Duke of Lancaster or the Duchy of Cornwall as bona vacantia, the Trustees shall retain that sum as part of the Fund.
- 4.4.7 The Trustees may deduct from any sum payable under this Rule an amount equal to all or part of the costs and expenses relating to the funeral of the Member and shall pay any such sum in settlement of those costs or expenses or to any person who has incurred these costs or expenses. For the avoidance of doubt the Trustees may make a payment under this Rule in advance of exercising their general discretion as to the payment of a lump sum under this Rule.

4.5 Lump sum benefits on death after age 75

- 4.5.1 This Rule applies where:
- (a) a Member dies on or after his 75th birthday and immediately before his death he was in nil income withdrawal from his Alternatively Secured Pension Fund and the Member is not survived by any Dependants; or
 - (b) a Dependant of a Member dies on or after the Dependant's 75th birthday and immediately before his death he was in nil income withdrawal from his Alternatively Secured Pension Fund and he is not survived by any other Dependant of the Member.
- 4.5.2 Where this Rule applies the Trustees shall use such part of the balance of the Member's or Dependant's Alternatively Secured Pension Fund as they shall decide to provide lump sum benefits to any charity or charities nominated by the Member provided that such payment complies with the requirements for a charity lump sum death benefit under paragraph 18 of Schedule 29 to the Finance Act 2004.
- 4.5.3 Any balance of the Member's or Dependant's Alternatively Secured Pension Fund remaining after the provision of benefits under Rule 4.5.2 shall be applied by the Trustees to the Member's Personal Account of one or more other Members of the Scheme nominated by the deceased Member provided that such use complies with the requirements for a transfer lump sum death benefit under paragraph 19 of Schedule 29 to the Finance Act 2004.
- 4.5.4 Where a benefit is payable under this Rule on the death of the Dependant of a Member, but the Member did not nominate a charity or other Member to receive the benefit, the Trustees may follow any nomination made by the Dependant prior to his death.
- 4.5.5 Where a benefit is payable under this Rule on the death of a Member, but the Member did not nominate a charity or other Member to receive the benefit or a benefit is payable under this Rule on the death of the Dependant of a Member, but neither the Member nor the Dependant nominated a charity or other Member to receive the benefit, the Trustees may select one or more other Members (but not a charity) to receive the benefit.

4.6 Lump sum on death of Former Spouse before implementation of Pension Sharing Order

If the Former Spouse of a Member dies before the Trustees have implemented the relevant Pension Sharing Order then the Former Spouse shall be treated as if he was entitled to Pension Credit Benefits under the Scheme at the time of his death and the Trustees shall use the cash equivalent of the Former Spouse's benefits under the Pension Sharing Order (calculated in accordance with The Pension Sharing (Pension Credit Benefit) Regulations 2000) to provide such lump sum benefits on discretionary trust in accordance with Rule 4.4 (Payment of lump sum death benefits) and annuities for the Dependants of the Former Spouse as they shall decide. For the purposes of this Rule, references to "Member" in Rule 4.4 and in the definition of "Dependants" shall be replaced by references to the "Former Spouse".

4.7 Protected Rights lump sum death benefits

In relation to any Member with Protected Rights, the provisions of this Rule 4 are subject to the provisions of the Appendix (Protected Rights Rules) in respect of such part of the Member's Personal Account as relates to those Protected Rights.

5 DEPENDANTS' PENSIONS

5.1 Dependant's benefits under an annuity

If a Member dies and he is in receipt of an annuity in respect of the Scheme, any guaranteed payment period provided for the benefit shall apply and such Dependants' pensions or annuities (if any) shall be payable as are provided under the terms of that arrangement provided that any such Dependant's pension or annuities are authorised under Section 167 of the Finance Act 2004. The following provisions of this Rule shall not apply to such pensions or annuities.

5.2 Dependant's benefits - general

5.2.1 On the death of a Member, such part of:

- (a) the Member's Personal Account (if any), including any Unsecured Pension Fund and any Alternatively Secured Pension Fund, and
- (b) the proceeds of any policy of insurance

which is not used to provide lump sum benefits under Rule 4.2 (Lump sum benefit on death of a Member before age 75) shall be used by the Trustees to provide such Dependants' annuities, Dependants' Unsecured Pension or Dependant's Alternatively Secured Pension as may be requested in accordance with the following provisions of this Rule 5.

5.2.2 If a Dependant is in receipt of Unsecured Pension or Alternatively Secured Pension in accordance with Rule 5.4, on the death of the Dependant such part of the Dependant's Unsecured Pension Fund or Alternatively Secured Pension Fund (as appropriate) which is not used to provide lump sum benefits under Rule 4 shall be used by the Trustees to provide Dependant's annuities, Dependant's Unsecured Pensions or Dependant's Alternatively Secured Pensions as may be requested in accordance with the following provisions of this Rule 5 for such of the surviving Dependants of the Member as the Trustees may decide.

5.2.3 In relation to any Member or Dependant with Protected Rights, the provisions of this Rule 6 are subject to the provisions of the Appendix (Protected Rights Rules) in respect of any Member's Personal Accounts which relate to Protected Rights.

5.3 Dependant's annuities

5.3.1 An annuity purchased for a Dependant in accordance with this Rule shall provide a pension for the Dependant on such terms as the Dependant shall select or, where the Dependant does not make any selection or is a minor, on such terms as the Trustees may decide.

5.3.2 An annuity provided for a Dependant shall be payable for life or, in respect of any children of the Member, for so long as they remain a Dependant of the Member and payment of the annuity may be guaranteed for such period as may be agreed with the Insurance Company (not exceeding 10 years).

5.3.3 An annuity provided for a Dependant may be of a fixed amount or may increase each year in such manner as the Dependant shall decide and shall comply with all other relevant requirements Part 2 of Schedule 28 to the Finance Act 2004.

5.3.4 Subject to Rule 5.3.5, an annuity for or in respect of a Dependant shall be provided by the purchase of a policy or annuity contract with an Insurance Company selected by the Trustees. Any such policy will be in the name of the Dependant unless the Trustees decide to purchase it in the Trustees' name. When purchasing any such policy, the Trustees shall not be obliged to take into account the individual circumstances of the Dependant nor to carry out a review of all available Insurance Companies.

- 5.3.5 Prior to the Trustees purchasing an annuity in accordance with Rule 5.3.4, the Trustees must give the Dependant the opportunity to select an Insurance Company to provide the annuity. Any such annuity shall comply with the requirements of this Rule.

5.4 Dependant's Unsecured Pension and Alternatively Secured Pension

- 5.4.1 Where a sum is available to provide a benefit to the Dependant of a Member under Rule 5.3, rather than purchase an annuity under Rule 5.3, the Dependant may, with the consent of the Principal Employer, request the Trustees to use all or part of that sum to provide a Dependant's Unsecured Pension (on a nil income basis) or, where the Dependant has reached age 75, Alternatively Secured Pension (on a nil income basis). Any such sum shall remain invested in the Fund but shall be separately identified by the Trustees as being the Dependant's Unsecured Pension Fund or Alternatively Secured Pension Fund.
- 5.4.2 Any Dependant who has elected to receive Unsecured Pension or Alternatively Secured Pension in accordance with this Rule may at any time request the Trustees to use all or part of his remaining Unsecured Pension Fund or Alternatively Secured Pension Fund to purchase a Dependant's annuity.

5.5 Dependant's benefits at age 75

- 5.5.1 Subject to Rule 5.5.2, where a Dependant is in Unsecured Pension on reaching age 75 he shall be deemed to have elected to receive Alternatively Secured Pension as from age 75. Any such Alternatively Secured Pension shall comply with the relevant provisions of Rule 5.4.
- 5.5.2 Where a Dependant who is in Unsecured Pension in accordance with Rule 5.4 reaches age 75 the Principal Employer may direct the Trustees to use the Dependant's remaining Unsecured Pension Fund to purchase an annuity for that Dependant. If the Principal Employer makes such a direction, the Trustees must give the Dependant the chance to select an Insurance Company to provide that annuity.
- 5.5.3 Where the surviving spouse or Civil Partner of a Member is in receipt of or entitled to the Protected Rights of a Member, those Protected Rights must be used to purchase an annuity at the earlier of the date the spouse or Civil Partner reaches age 75 or the date the relevant Member would have reached age 75.
- 5.5.4 If an annuity is to be provided under this Rule 5.5, the Scheme Administrator must give the recipient the chance to select an Insurance Company to provide that annuity but if the recipient fails to make a selection the Scheme Administrator may purchase an annuity on the recipient's behalf with an Insurance Company selected by the Scheme Administrator on such terms as the Scheme Administrator shall decide. In purchasing any such annuity the Scheme Administrator shall not be obliged to take into account the individual circumstances of the recipient nor to carry out a review of all available Insurance Companies.

5.6 Civil Partners

Where the Trustees have a discretion in relation to the payment of any benefit following the death of a Member, they must exercise that discretion in such manner as is necessary to comply with the requirements of the Civil Partnership Act 2004 (and regulations made under it).

6 SPECIAL RULES FOR CALCULATING BENEFITS

6.1 Family leave

- 6.1.1 Paid Family Leave shall be treated as Pensionable Service and as if it is a period throughout which the Member works normally and receives the remuneration likely to be paid for doing so. During any period of Paid Family Leave a Member shall only be required to pay contributions (if any) on the amount of contractual remuneration, statutory maternity pay, statutory paternity pay or statutory adoption pay actually paid for that period.
- 6.1.2 The Employer of the Member shall continue to pay contributions calculated by reference to the Member's earnings before his absence or such greater amount as his Employer decides.
- 6.1.3 Where a Member's Employer agrees (but not otherwise) Unpaid Family Leave shall be treated as Pensionable Service, in which case the Member's contributions (if any) and benefits and any Employer contributions shall be calculated by reference to the Member's earnings before his absence or such greater amount as the Employer determines.
- 6.1.4 A Member to whom this Rule applies:
- (a) shall not be treated as remaining in Pensionable Service if he has failed to pay any necessary Member contributions;
 - (b) who fails to return to work at the end of her maternity leave in accordance with the conditions of any legal right shall be treated as having left Pensionable Service on the later of the date when any remuneration or maternity pay stops being paid and the end of the Member's ordinary maternity leave;
 - (c) who fails to return to work following a period of adoption leave (as defined in Section 75A of the Employment Rights Act 1996) or paternity leave (as defined in the Paternity and Adoption Leave Regulations 2002) shall be treated as having left Pensionable Service at the end of the period of ordinary adoption leave or paid paternity leave;
 - (d) who has not paid contributions due to the Scheme during any period of Paid Family Leave or Unpaid Family Leave may, with the consent of his Employer, pay the contributions due in respect of that period following his return to work on such terms as the Trustees may decide and on payment of those contributions the period in question shall count as Pensionable Service during which the Member worked normally.

6.2 Absence due to ill-health

- 6.2.1 This Rule applies where a Member is away from work because of illness or any other incapacity.
- 6.2.2 For so long as his Employer continues to pay him, the Member and his Employer must continue to pay any contributions and his Pensionable Service shall continue.
- 6.2.3 If the Member stops being paid by his Employer (or he ceases to pay any contributions due), he will cease to accrue Pensionable Service until he is again being paid by his Employer.

6.3 Secondment and other absences

- 6.3.1 Periods of absence covered by this Rule are periods of absence for the following reasons which have been approved by the Employer:
- (a) secondment or temporary transfer to another employer;
 - (b) a course of study or training;
 - (c) work of national importance; or
 - (d) any other leave of absence.

- 6.3.2 During any period of absence in accordance with Rule 6.3.1 above, the Member's Employer may arrange to continue the Member's contributions (if any) and shall pay any Employer's contributions, in which case the Member's Pensionable Service will continue to accrue. If contributions cease to be paid in respect of the Member, he will be deemed to have left Pensionable Service and will cease to accrue Pensionable Service until he is again being paid by the Employer.
- 6.3.3 Where a Member remains in Pensionable Service in accordance with this Rule, the Principal Employer may at any time at its discretion decide that his Pensionable Service shall cease and the provisions of Clause 5 (Leaving Pensionable Service) shall apply.

7 TRANSFERS AND BUY-OUTS

7.1 Transfers out

- 7.1.1 A Member may request the Trustees to transfer a cash sum equivalent to the Member's Personal Account (including any Unsecured Pension Fund or Alternatively Secured Pension Fund) to one or more arrangements selected by the Member. Any such transfer requires the consent of the Trustees except where the Member has a right to a transfer under Part IV of the Pension Schemes Act 1993.
- 7.1.2 Rather than transfer a cash sum under Rule 7.1.1 the Trustees may, at the request of the Member, transfer assets or assign insurance policies from the Fund which are equivalent in value to all (or part of) the Member's Personal Account.
- 7.1.3 The transfer may be made to any scheme or arrangement which is capable of accepting a recognised transfer under Section 169 of the Finance Act 2004 (Recognised transfers) and is willing to accept that transfer.
- 7.1.4 If a Court has made an order attaching to a Member's benefit as a result of matrimonial proceedings, the Trustees shall notify the trustees of the scheme receiving any transfer payment and the former spouse who was a party to the proceedings in accordance with Regulation 4 of the Divorce etc (Pensions) Regulations 2000 or any equivalent regulations relating to Civil Partners.

7.2 Buy-outs

Instead of requesting a transfer payment under Rule 7.1 (Transfers out), a Member to whom that Rule applies may require the Trustees to use a sum equivalent to the Member's Personal Account to purchase from an Insurance Company of the Member's choice a policy or annuity contract in the Member's name. The benefits provided by the policy or annuity contract may be different from the Member's accrued rights under the Scheme, so long as they are authorised under Section 164 of the Finance Act 2004 (Authorised member payments).

7.3 General provisions relating to transfers out and buy-outs

- 7.3.1 The following provisions of this Rule shall apply to the exercise of rights under Rule 7.1 (Transfers out) or Rule 7.2 (Buy-outs). Any reference in this Rule to a transfer shall be deemed to include a buy-out.
- 7.3.2 A Member may request more than one transfer payment so long as all of the Member's Personal Account is transferred.
- 7.3.3 Transfer rights may be exercised:
 - (a) at any time up to the later of one year before Normal Retirement Date or six months after leaving Pensionable Service but prior to commencement of any benefit under the Scheme; or
 - (b) at such later date as the Trustees with the consent of the Employer may decidebut in either case may not be exercised in a manner which would not be a recognised transfer for the purposes of Section 169 of the Finance Act 2004.
- 7.3.4 A transfer application may be withdrawn at any time before the Trustees make or become bound to make a transfer payment or purchase or become bound to purchase an annuity.
- 7.3.5 Following the application of the Member's Personal Account in accordance with Rule 7.1 (Transfers out) or Rule 7.2 (Buy-outs) the Trustees and the Fund shall be discharged from all Liability to which the transfer relates.

7.4 Dependant's transfer out

A Dependant who is in Unsecured Pension or Alternatively Secured Pension may, with the consent of the Trustees, elect to transfer out or buy out their Unsecured Pension Fund or Alternatively Secured Pension Fund and the provisions of this Rule 7 shall apply to any such transfer.

7.5 Transfers in

- 7.5.1 If any Member or any former Member either was previously a member of a Registered Pension Scheme or a qualifying recognised overseas pension scheme (as defined in the Finance Act 2004) or has had his rights under any such scheme bought out with an Insurance Company, then the Trustees, with the agreement of Zurich Assurance Ltd may receive a transfer payment from such scheme or arrangement, or an assignment of or the surrender value of the investment concerned.
- 7.5.2 The Trustees, with the agreement of Zurich Assurance Ltd may also accept a transfer under this Rule from another scheme or arrangement which relates to a Pension Credit.
- 7.5.3 On receipt of a transfer or assignment under this Rule the amount received shall be credited to the Personal Account of the Member and, where requested by the Member and permitted under the Finance Act 2004, may be designated by the Trustees as part of the Member's Unsecured Pension Fund or Alternatively Secured Pension Fund.
- 7.5.4 Any transfer under this Rule shall be in cash or in the form of the assignment of a policy of insurance or in such other form as the Trustees with the consent of Zurich Assurance Ltd may agree.

8 PROTECTED RIGHTS REQUIREMENTS

These Rules incorporate the Appendix of protected rights rules.

9 REGISTERED PENSION SCHEME REQUIREMENTS

9.1 Defined Terms

For the purposes of this Rule 9 the following terms are as defined in the Finance Act 2004: "Benefit Crystallisation Event", "Lifetime Allowance", "Lifetime Allowance Charge", "Scheme Sanction Charge" and "Unauthorised Member Payment". An index to these terms is located at Section 280 of the Finance Act 2004.

9.2 Application of this Rule

9.2.1 This Rule 9 overrides any other provision of the Rules.

9.2.2 This Rule 9 applies to all beneficiaries under the Scheme including Members whose benefits came into payment prior to 6 April 2006 and Members who left Pensionable Service prior to that date.

9.3 Unauthorised payments

9.3.1 No Member or other beneficiary is entitled under the Scheme whether under these Rules or any previous provision of the Scheme, to payment of a benefit all or part of which would amount to an Unauthorised Member Payment. If such a benefit is so paid following an amendment to these Rules otherwise, it shall, subject to the following provisions of this Rule 9.3, be payable subject to deduction of any tax due, including any Scheme Sanction Charge.

9.3.2 Where Rule 9.3.1 applies to restrict a benefit, the Trustees may, at the request of the person entitled to that benefit, pay such alternative benefits (whether to that person or otherwise) as the Trustees may decide, provided that such alternative benefits are not Unauthorised Member Payments. On payment of the alternative benefits, the Trustees and the Scheme shall be discharged from all Liability in relation to the original benefit.

9.3.3 Notwithstanding any other provision of these Rules or of any previous provision applicable to the Scheme, no Unauthorised Member Payment may be made from the Scheme in accordance with Rule 9.3.1 where such payment would result in the Scheme exceeding the de-registration threshold under Section 158 of the Finance Act 2004 (Grounds for de-registration).

9.4 Scheme sanction charge

If the Trustees (or other Scheme Administrator) are liable for a Scheme Sanction Charge in respect of any Member or other beneficiary the Trustees (or Scheme Administrator) are entitled to deduct that Scheme Sanction Charge from the benefits otherwise due to him or from his Member's Personal Account in such manner as the Trustees determine. The Scheme Administrator is entitled to rely on and enforce the terms of this Rule.

9.5 Annual allowance

The Scheme Administrator may select a nomination date in respect of the Scheme for the purposes of Section 238 of the Finance Act 2004 (Pension input period).

9.6 Lifetime Allowance Charge

9.6.1 When any Benefit Crystallisation Event occurs the relevant Member (or their personal representatives) must provide the Trustees with such information as they may reasonably require in relation to the extent to which (if any) his Lifetime Allowance is available. If any Member fails to provide that information, the Trustees are entitled to assume that none of the Member's Lifetime Allowance is available.

9.6.2 The Trustees may require a Member to take such benefits as represent the chargeable amount for the purposes of Section 215 of the Finance Act 2004 as a lump sum payment and the benefits otherwise payable to or in respect of the Member shall be reduced on account of the lump sum by such amount as the Trustees decide.

9.6.3 Where a Lifetime Allowance Charge is paid by the Fund in respect of a Member the Trustees shall, unless the Principal Employer and the Trustees agree otherwise, deduct that charge from the benefits otherwise payable to or in respect of the Member.

9.7 Enhanced Protection

- 9.7.1 The provisions of this Rule 9.7 apply where any Member has obtained a certificate from HM Revenue & Customs to confirm that he qualifies for enhanced protection under paragraph 12 of Schedule 36 to the Finance Act 2004.
- 9.7.2 Any Member to whom this Rule applies is deemed to have forfeited any right to benefits under the Scheme to the extent that those benefits exceed the limits which applied to the Scheme on 5 April 2006 as a scheme which was approved by HM Revenue & Customs under Chapter I of Part XIV of the Income and Corporation Taxes Act 1988 unless the Member provides consent in writing to that benefit and confirms that he should no longer be treated as being entitled to enhanced protection.
- 9.7.3 Subject to Rule 9.7.4, in relation to any Member of the Scheme, who is entitled to enhanced protection, no further contributions shall be paid to the Fund (whether by the Member or by his Employer) or amounts credited to his Member's Personal Account on or after 6 April 2006 (other than investment returns).
- 9.7.4 During any period after 5 April 2006 when a Member is entitled to enhanced protection any attempt to award additional benefits, pension increases or contributions to or in respect of the Member, other than those permitted under Rule 9.7.3 above, is void unless the Member provides consent in writing to that award and confirms that he should no longer be treated as being entitled to enhanced protection.
- 9.7.5 The Trustees shall not be under any Liability to any Member for breach of the provisions of this Rule 9.7 in respect of any period between 6 April 2006 and the Member providing to the Trustees the certificate referred to in Rule 9.7.1.

Appendix

PROTECTED RIGHTS RULES

1 DEFINITIONS

In these Protected Rights Rules the following words have the following meanings:

“**the Act**” means the Pension Schemes Act 1993.

“**Actuary**” means a Fellow of the Institute of Actuaries or a Fellow of the Faculty of Actuaries, or a person with other actuarial qualifications who is approved by the Secretary of State for Social Security, at the request of the Trustees, as being a proper person to act in this capacity.

“**Commencement Date**” means the date from which pension provided from the Member’s Protected Rights Assets will be paid to the Member. This will not be earlier than the date on which the Member reaches Minimum Pension Age. The pension will not be paid later than the date on which the Member attains the age of 65, unless the Member agrees that payment should start from a later date.

“**Guaranteed Minimum Pension**” has the same meaning as in the Act.

“**Insurer**” means an insurance company, an EU company or a friendly society as described in regulation 11 of the Personal and Occupational Pension Schemes (Protected Rights) Regulations 1996 (SI 1996/1537).

“**Member**” means an individual who is in contracted-out employment in relation to the Scheme and who is accruing Protected Rights Assets, or an individual who has Protected Rights Assets in the Scheme in respect of previous membership of the Scheme or another scheme.

“**Money Purchase Benefits**” means benefits calculated by reference to payments made by, or in respect of, a Member. It does not include benefits calculated by reference to the Member’s final or average salary.

“**Protected Rights**” and “**Protected Rights Assets**” are defined in Rule 4 below.

“**Rule**” (followed by a number) means the Rule (with that number) in this Appendix.

“**Scheme**” means this occupational pension scheme.

“**Section 9(2B) rights**” are

- (a) rights to the payment of pensions and accrued rights to pensions (other than rights attributable to voluntary contributions) under a scheme contracted-out by virtue of section 9(2B) of the 1993 Act, so far as attributable to an earner’s service in contracted-out employment on or after 6th April 1997; and
- (b) where a transfer payment has been made to such a scheme, any rights arising under the scheme as a consequence of that payment which are derived directly or indirectly from -
 - (i) such rights as are referred to in sub-paragraph (a) under another scheme contracted-out by virtue of section 9(2B) of that Act; or
 - (ii) protected rights under another occupational pension scheme or under a personal pension scheme attributable to payments or contributions in respect of contracted-out employment on or after 6th April 1997.

“**State Pensionable Age**” means a man’s 65th birthday and in the case of a woman is determined in accordance with the rules contained in paragraph 1 of Schedule 4 to the Pensions Act 1995.

“**Trustees**” means the trustees of the Scheme.

2 SCHEME CEASES TO BE A CONTRACTED-OUT MONEY PURCHASE SCHEME

If the Scheme ceases to be contracted-out by the money purchase test, the Trustees will inform Members of their rights and options in accordance with the Occupational Pension Schemes (Disclosure of Information) Regulations 1996.

3 MINIMUM PAYMENTS

- 3.1 Minimum payments will be paid to the Scheme in respect of all Members who are in contracted-out employment in relation to the Scheme. These minimum payments are the contracted-out rebate percentage of the Member's earnings from the employer between the lower and upper earnings limits for National Insurance purposes together with any increase to those contributions paid in accordance with section 202 Finance Act 2004. They are inclusive of any amounts deducted from Member's earnings and paid by the employer to the Scheme as described in 3.2 below.
- 3.2 The minimum payments under 3.1 above will be contributed by the employer except that, if the rules of the Scheme require a Member to contribute to the Scheme, the amount of that contribution up to the Member's share of minimum payments must be deducted by the employer from that Member's earnings and paid to the Scheme as part of the minimum payments. A Member's share of minimum payments is the amount by which his National Insurance contributions on his earnings from the employer are less than would have been the case if he had not been contracted-out. (Other contributions by Members will be paid by deduction from earnings or otherwise as described in the rules of the Scheme.)
- 3.3 Minimum payments will be invested on behalf of the Member within one month of the end of the income tax month to which they relate and any age-related payment will be invested on behalf of the member within one month of payment by the Secretary of State.

4 MEMBERS' PROTECTED RIGHTS

- 4.1 **Payments to which the Protected Rights Rules apply.** The Protected Rights Rules apply to the following payments made to the Scheme in respect of a Member and the benefits resulting from those payments:
- (1) minimum payments as described in Rule 3.1 above; and
 - (2) payments by the Secretary of State for Social Security made under Section 42A(3) of the Act
 - (3) transfer payments received under Rule 9 below covering Protected Rights or Guaranteed Minimum Pensions or Section 9(2B) rights under other occupational or personal pension schemes or under insurance policies or annuity contracts of the type described in section 19 of the Act; and
 - (4) payments of minimum contributions by the Secretary of State for Social Security made under regulation 12(5) of the Personal Pension Schemes (Appropriate Schemes) Regulations 1997.
- 4.2 **Payments to which the Protected Rights Rules do not apply.** Any payments other than those specified in 4.1 above (and the benefits resulting from such payments) are not subject to the Protected Rights Rules unless the rules of the Scheme specifically state otherwise.
- 4.3 **Money Purchase Benefits.** The payments to which the Protected Rights Rules apply and their proceeds under the Scheme must be used to provide the Member with Money Purchase Benefits, except so far as they are used to meet administrative expenses of the Scheme and to pay commission.

The Member's rights to these benefits are called "**Protected Rights**". The Scheme assets representing these Protected Rights are referred to in these Protected Rights Rules as "**Protected Rights Assets**".

- 4.4 **Calculation.** The value of the Member's Protected Rights Assets must be calculated in a way approved by the Trustees. It must be at least as favourable as the way in which any other Money Purchase Benefits of the Member in the Scheme are calculated. It must also be consistent with the requirements set out in the rest of these Protected Rights Rules. Where the valuation of the Protected Rights Assets involves making estimates of the value of benefits, then the manner of calculation must be approved by an Actuary. The methods and assumptions used must be either determined by the Trustees, or notified to the Trustees by

an Actuary, and must in either case be certified by an Actuary to be consistent with the relevant requirements of the Act and with "Retirement Benefit Schemes - Transfer Values (GN11)" published jointly by the Institute of Actuaries and the Faculty of Actuaries and current when the calculation is being made. The Trustees must keep such records as will enable the amount of the Member's Protected Rights Assets to be calculated at any time.

- 4.5 **Employee Contributions.** All employee contributions must be used to provide Money Purchase Benefits, unless the contributions additional to the minimum payments entitle the Member to benefits which are not money purchase benefits and such benefits are paid in addition to the benefits derived from minimum payments.

If the rules of the Scheme provide for compulsory employee contributions, then each employee's contribution up to the contracted-out rebate percentage of his Primary Class 1 contributions on his earnings between the lower and upper earnings limits for National Insurance purposes count as minimum payments under Rule 3.1 above. These Protected Rights Rules apply to them.

Other employee contributions do not count as minimum payments. These Protected Rights Rules only apply to them if the rules of the Scheme say that the Protected Rights Rules apply to all payments to the Scheme. But even if the Protected Rights Rules do not apply to other employee contributions, any Money Purchase Benefits from them must be calculated in the same way as Protected Rights are calculated under 4.4 above. The method of calculation, however, may be amended in this case as far as necessary to reflect the fact that the rest of these Protected Rights Rules do not apply.

- 4.6 **Overriding Effect of Protected Rights Rules.** So far as Protected Rights are concerned, these Protected Rights Rules override any inconsistent provisions elsewhere in the Scheme, except provisions with which the Scheme must comply in order to retain its tax status as provided under section 33 of the Act.

5 PENSION FOR MEMBER

- 5.1 **When Pension is paid.** The pension from a Member's Protected Rights Assets becomes payable at the Commencement Date specified in the rules of the Scheme. The Trustees may (but need not) allow the Member to choose a later Commencement Date, in which case the Member must notify the Trustees of the date chosen by writing to them at least one month before the specified Commencement Date.
- 5.2 **Providing the Pension.** When the Member reaches the Commencement Date the Protected Rights Assets will, subject to the commutation options in this Appendix and the Rules, be used to provide a pension for life.

The rate of the pension shall be determined:

- (a) without regard to the Member's sex; and
- (b) in the case of:
- (i) Protected Rights derived from Guaranteed Minimum Pensions or payments or contributions in respect of employment in a tax year starting before 6 April 1997, without regard to the Member's marital status;
 - (ii) a married Member or Member in a Registered Civil Partnership whose Protected Rights derive from Section 9(2B) rights or payments or contributions in respect of employment in a tax year starting on or after 6 April 1997, on the basis that the Member, in the event of his death, will leave a widow or widower; and
 - (iii) an unmarried Member who is not in a Registered Civil Partnership and whose Protected Rights derive from Section 9(2B) rights or payments or contributions in respect of employment in a tax year starting on or after 6 April 1997, as if in the event of his death he or she will leave a widow or widower, except where the Member agreed to the rate being determined on his or her life only.

The Member's sex and, where applicable, marital status must be disregarded both in offering the pension and in calculating the amount of the pension.

- 5.3 **Member's right to choose.** The Member has the right to choose any Insurer or, where the rules of the Scheme allow, the Scheme, to provide the pension. If the Member decides to choose an Insurer, he may do so by writing to tell the Trustees which Insurer he has chosen at least one month, but not more than 6 months, before the Commencement Date.
- 5.4 **Trustees' Choice.** If the Member does not choose an Insurer by writing to tell the Trustees by the latest date permitted under 5.3 above, the Trustees will choose an Insurer.
- 5.5 **Form of Pension.** The pension will include provision for benefits after the Member's death as described in Rule 6 below. Where that allows alternative benefits, then a Member who chooses an Insurer may at the same time choose which alternatives apply. If the Trustees choose an Insurer, they may allow the Member to choose the alternatives or the Trustees may choose the alternatives. If the pension is provided by the Scheme, the alternatives applying will be those described in the rules of the Scheme, or the alternatives allowed in Rule 6 below which the Trustees agree to provide.
- 5.6 **Lump Sum instead of Trivial Pension.** If the pension which can be provided from a Member's Protected Rights Assets is trivial, the Trustees may pay the Member the cash value of his Protected Rights Assets instead. The Trustees may only treat a pension as trivial in the circumstances described in Paragraph 7 of Schedule 29 to the Finance Act 2004.
- 5.7 **Lump Sum on serious ill health.** Where a Member is paid a lump sum on serious ill-health in accordance with Rule 4.5 and at that time is married or has a Civil Partner, 50% of the Protected Rights Assets shall be retained within the Scheme and held separately from the serious ill health lump sum in accordance with the provisions of the Occupational Pension Schemes (Contracting-Out) Regulations 1996.
- 5.8 **Pension Commencement Lump Sum.** Where a Member is paid a lump sum in accordance with Rule 4.2.4, that part of the lump sum relating to Protected Rights must equal the Protected Rights given up by the Member and must comply with any other relevant requirements under legislation.

If there are other rights under the Scheme which are to be satisfied by payment of a lump sum, the Trustees will calculate the amount of that lump sum by reference to the amount of the relevant pension, on a basis which they have had certified as reasonable by an Actuary.

6 MEMBER DIES AFTER PENSION STARTS

- 6.1 **Widow's, widower's or surviving civil partner's Pension.** The pension provided from a Member's Protected Rights Assets will include provision for a pension to continue to be paid to any widow, widower or surviving civil partner. Subject to 6.5 below, the widow's, widower's or surviving civil partner's pension will be half the amount that would have been payable if the Member had survived.
- 6.2 **Duration of Pension.** The widow's, widower's or surviving civil partner's pension will be paid for life unless provision is made for it to stop:
- either** if the widow, widower or surviving civil partner remarries before reaching State Pensionable Age
- or** if, before the widow, widower or surviving civil partner reaches age 45, the situation changes so that she or he is neither entitled to child benefit for a child under age 18 nor living with a Child under age 16.
- 6.3 **No widow, widower or surviving civil partner but Dependant.** The pension provided from a Member's Protected Rights Assets may (but need not) be on terms that, if the Member does not leave a Widow, widower or surviving civil partner, then a pension will be paid to a dependant of the Member. Subject to 6.5 below, the dependant's pension will not be more than half the amount that would have been payable if the Member had survived.
- 6.4 **No widow, widower or surviving civil partner but Dependent Child(ren).** The pension provided from a Member's Protected Rights Assets may (but need not) be on terms that, if the Member does not leave a widow, widower or surviving civil partner and no dependant's pension is to be provided, but he does leave a Dependent Child (or Dependent Children), a pension will be paid for the benefit of that child or those children. "Dependent Child(ren)" means a child (or children) for whom the Member was entitled to child benefit immediately before he died (or would have been if the child had been in Great Britain).

Subject to 6.5 below, the amount paid as pension for the child(ren) will not be more than half the amount that would have been payable if the Member had survived. The pension will be paid only so long as at least one Dependent Child is under age 18.

- 6.5 **5 Year Guarantee.** The pension provided from a Member's Protected Rights Assets may (but need not) be on terms that it will in any event be paid for up to 5 years. Then, if the Member dies during the 5 years, any survivor's pension payable may be an amount up to the amount of the pension payable to the Member until the end of the 5 years, after which it will not be more than half the amount that would have been payable if the Member had survived. If a pension guarantee applies, a pension of an amount up to the amount of the Member's pension will still be paid for the rest of the 5 years even if no survivor's pension is payable, or the survivor's pension ceases to be payable before the end of the 5 years. In these circumstances, the pension will be paid to another individual, or to the estate of the Member or of another individual who dies after the Member (and the recipient may vary from time to time during the payment period).

7 MEMBER DIES BEFORE PENSION STARTS

- 7.1 **Widow's, widower's or surviving civil partner's Pension.** If a Member dies before his pension under Rule 5 above starts, the Trustees must take reasonable steps to find out whether the Member is survived by a widow, widower or surviving civil partner.

If the Trustees discover that the Member is survived by a widow, widower or surviving civil partner then, as soon as is practicable, the Member's Protected Rights Assets must be used to provide the widow, widower or surviving civil partner with a pension. The pension may be provided by the Scheme if the rules of the Scheme allow for this. If they do not, or if they allow a widow, widower or surviving civil partner to choose an Insurer and she or he does so, the pension must be bought from an Insurer.

- 7.2 **Duration of Pension.** The Widow's, widower's or surviving civil partner's pension will be paid for life unless provision is made for it to stop:

either if the widow, widower or surviving civil partner remarries or enters into a Registered Civil Partnership before reaching State Pensionable Age

or if, before the widow, widower or surviving civil partner reaches age 45, the situation changes so that she or he is neither entitled to child benefit for a Child under age 18 nor living with a Child under age 16.

- 7.3 **Widow's, widower's or surviving civil partner's right to choose.** If the rules of the Scheme do not allow for a pension to be provided from the Scheme, or if they do allow for this but they also allow the widow, widower or surviving civil partner to choose an Insurer, the Trustees must write and tell the widow, widower or surviving civil partner that she or he has the right to choose an Insurer. The widow, widower or surviving civil partner then has three months to write back to the Trustees and tell them which Insurer has been chosen. The pension may (but need not) include any or all of the alternatives described in 7.2 above and 7.5 and 7.6 below. If the widow, widower or surviving civil partner chooses an Insurer, she or he may at the same time choose which alternatives will apply to the pension.

- 7.4 **Trustees' Choice.** If a widow, widower or surviving civil partner who is allowed to choose an Insurer does not do so by writing to tell the Trustees by the latest date permitted under 7.3 above, the Trustees may choose an Insurer. The pension may (but need not) include any or all of the alternatives described in 7.2 above and 7.5 and 7.6 below. The Trustees may allow the widow, widower or surviving civil partner to choose which alternatives will apply to the pension or the Trustees may choose the alternatives. If the pension is provided by the Scheme, the alternatives applying will be those described in the rules of the Scheme, or the alternatives allowed in Rule 6 above which the Trustees agree to provide.

- 7.5 **Child's Pension.** The pension bought with or provided from a Member's Protected Rights Assets may (but need not) be on terms that, if the widow, widower or surviving civil partner is still receiving a pension when she or he dies and leaves a Dependent Child (or Dependent Children), the pension will continue for the benefit of that child or those children. "Dependent Child(ren)" means a child (or children) for whom the widow, widower or surviving civil partner was entitled to child benefit immediately before she or he died (or would have been if the child had been in Great Britain). The amount paid as pension for the child(ren) will not be more than the widow's, widower's or surviving civil partner's pension would have been if she or he had survived. It will continue to be paid only so long as at least one Dependent Child is under age 18.

- 7.6 **5 Year Guarantee.** The pension bought with or provided from a Member's Protected Rights Assets may (but need not) be on terms that, if the widow, widower or surviving civil partner dies within 5 years of the pension commencing (or if the pension continues under 7.5 above but the last Dependent Child dies or reaches age 18 within 5 years of the pension commencing), the pension will continue to be paid for the rest of the 5 years to another individual, or to the estate of the Member or of another individual who dies after the Member (and the recipient may vary from time to time during the payment period).
- 7.7 **Lump Sum instead of Trivial Pension.** If there is a surviving widow, widower or surviving civil partner and the pension which can be provided is trivial, the Trustees may if they wish pay her or him the cash value of the Protected Rights Assets as a lump sum instead. If there are other rights under the Scheme which are to be satisfied by payment of a lump sum, the Trustees will calculate the amount of that lump sum by reference to the amount of the relevant pension, on a basis which they have had certified as reasonable by an Actuary. The Trustees may only treat a pension as trivial in the circumstances described in Paragraph 7 of Schedule 29 to the Finance Act 2004.
- 7.8 **Widow, widower or surviving civil partner dies before Pension starts.** If the widow, widower or surviving civil partner dies before the pension is provided, the Trustees will pay the value of the Member's Protected Rights Assets in accordance with any direction given by the Member in writing. If there has been no direction given, the value will be paid to the Member's estate.
- 7.9 **No widow, widower or surviving civil partner.** If the Trustees decide that the Member died without leaving a Widow, widower or surviving civil partner, then as soon as practicable the Trustees will pay the value of the Member's Protected Rights Assets in accordance with any direction given by the Member in writing, or to the Member's estate.

8 TRANSFER OF PROTECTED RIGHTS ASSETS OUT OF THE SCHEME

- 8.1 **Transfer of Protected Rights Assets.** The Trustees may, at the written request of a Member, transfer his Protected Rights Assets (which may be part of a larger transfer) to another occupational pension scheme of which the Member has become a member or to an appropriate personal pension scheme. The Member may withdraw the request by giving the Trustees notice in writing to that effect but may not withdraw the request after the Trustees have entered into an agreement with a third party to make the transfer to the other scheme. A Member who has withdrawn a request may make another.
- 8.2 **Conditions for Transfer of Protected Rights Assets.** A transfer payment made out of the Scheme under the rules of the Scheme may only include a Member's Protected Rights Assets if the conditions set out in the Protected Rights (Transfer Payment) Regulations 1996 are fulfilled.
- 8.3 **Discharge of Protected Rights.** Where the Member's Protected Rights Assets are transferred in accordance with this Rule, the Member will cease to have any Protected Rights under the Scheme and the Trustees will be discharged from any obligation to give effect to those Protected Rights.

9 TRANSFER INTO THE SCHEME

- 9.1 **Acceptance of Transfer.** The Trustees may, at the request of the Member, or a former Member, accept:
- (a) a transfer of assets representing Protected Rights for the Member from another scheme which is, or was, an appropriate personal pension scheme or an occupational pension scheme contracted-out by the money purchase test; or
 - (b) a transfer payment in respect of the Member's accrued rights to Guaranteed Minimum Pensions under a scheme which is, or was, a contracted-out salary related scheme, or an insurance policy or annuity contract of the type described in section 19 of the Act.
- 9.2 **Use of Transfer Payment to provide Protected Rights.** The Trustees must use that part of any transfer payment representing Protected Rights or accrued rights to Guaranteed Minimum Pensions to provide the Member with Protected Rights under the Scheme. The rest of the transfer payment will only be used to provide Protected Rights if the rules of the Scheme say that these Protected Rights Rules apply to all payments to the Scheme.

10 GENERAL PROVISIONS ABOUT BENEFITS

- 10.1 **Beneficiary unable to act.** If the Trustees believe that a person entitled to payment of a Member's Protected Rights Assets or of a pension provided with those assets is unable to act by reason of mental disorder or otherwise, the Trustees may arrange that payments, instead of being made to that person, will be made for the maintenance of that person and/or any of that person's dependants. If any payments are not so made, they (and any proceeds) must be held for the person concerned until that person is again able to act. If the person dies without becoming able to act, payment must be made to that person's estate.
- 10.2 **Prison.** If a person entitled to benefit is serving a period of imprisonment or detention in legal custody, payments which are or become due to that person of a Member's Protected Rights Assets or of a pension provided from those assets may be suspended. The value of the suspended payments must be used for the maintenance of one or more of that person's dependants
- 10.3 **Whereabouts unknown.** Any payment due to any person of a Member's Protected Rights Assets or of the pension provided from those assets may be forfeited if at least 6 years have passed from the date the payment became due and the address of the person is not known to the Trustees.

11 GENERAL PROVISIONS ABOUT PENSIONS

- 11.1 **Payment Intervals.** The pension provided with a Member's Protected Rights Assets will be paid in advance or arrear as is arranged with the Insurer providing it. If the Scheme is providing the pension it will be as provided in the rules of the Scheme. If it is payable in advance, it must be paid at least once a year. If it is payable in arrear, it must be paid at least monthly, unless the recipient agrees in writing that it can be paid less often. It must be paid at least once a year.
- 11.2 **Enforceability.** The Trustees may only buy a pension from an Insurer with a Member's Protected Rights Assets if the Trustees are satisfied that any person who is or may be entitled to payment of that pension may enforce that entitlement.

12 ALTERATIONS TO THESE PROTECTED RIGHTS RULES

- 12.1 **Power to alter Protected Rights Rules.** The persons or bodies having the power of alteration in relation to the rest of the Scheme may at any time in writing make any alteration to these Protected Rights Rules necessary to comply with the contracting-out requirements of the Act applicable to contracted-out money purchase schemes and Section 53 money purchase schemes. The Protected Rights Rules will only apply for so long as anyone continues to have Protected Rights under the Scheme. This power of alteration may be exercised by them without any condition except the one in 12.2 below. It is additional to, and independent of, any other power of alteration in relation to the Scheme.
- 12.2 **Statutory conditions.** No alteration to these Protected Rights Rules may be made unless the alteration will not affect any of the matters dealt with in Part III of the Act or any regulations made under those provisions which relate to Protected Rights and the alteration will not otherwise prevent the Scheme from satisfying the conditions of section 9(3) of the Act.

