Retirement and Death Benefit Scheme Rules

(2012 Rules)

AEGON took advice from a firm of specialist pensions lawyers to produce these Rules. It is, however, the Trustees' responsibility to ensure that these Rules will have the legal effect intended. Accordingly, the Trustees may wish to take their own legal advice before completing the deed to adopt the Rules.

Contents

(This Table and the notes in it do not form part of the Rules or the provisions of the Scheme. It is important to read all of the provisions of the Scheme together.)

1. Definitions and Interpretation

1.1 In the Rules, unless the context requires otherwise –

(a) words implying the masculine gender shall include the feminine gender, and vice versa;

(b) words in the singular shall include the plural, and vice versa;

(c) any reference to legislation shall be construed as a reference to that legislation as amended or re-enacted and to any regulations made thereunder for the time being in force and to any corresponding provisions in force in Northern Ireland.

1.2 In the Rules, the following expressions shall have the following meanings.

'Actual Retirement Date' is set out in Rule 11.

'Annual Allowance' has the meaning given to it in section 228 of the Finance Act, as modified by section 228A of that Act relating to unused annual allowance in respect of earlier tax years.

'Annual Allowance Charge' has the meaning given to it in section 227 of the Finance Act.

'Annuity Protection Lump Sum Death Benefit' is defined in paragraph 16, schedule 29 of the Finance Act, with some details set out in Rule 12.

'Arrangement' means an arrangement (as described in Rule 3).

'Authorised Member Payments' are defined in section 164 of the Finance Act, with some details set out in Rule 5.

'Beneficiaries' means in relation to a Member:

(i) the widow or widower of the Member;

(ii) any former spouse of the Member;

(iii) the surviving Civil Partner of the Member;

(iv) any former Civil Partner of the Member;

(v) the children of the Member;

(vi) any brother or sister of the Member;

(vii) a parent or grandparent of the Member, of his widow or widower, of any former spouse, of his surviving Civil Partner or of any former Civil Partner;

(viii) any individual who in the Trustees' opinion was, at the time of the Member's death, financially dependent on the Member or had a financial relationship with the Member which was one of mutual dependence or was dependent on the Member because of physical or mental impairment;

(ix) any individual who is a legatee under the Member's will or who benefits from his estate or would have done had he died intestate and had it been of sufficient amount;

(x) any individual who is nominated in writing to the Trustees as a Beneficiary by the Member;

(xi) the trustees of a trust which may provide for payments to be made to any person or individual described above:

Provided that

(1) a child shall include a step-child, an adopted child, an illegitimate child and a child en ventre sa mere at the time of the Member's death; and

(2) the Crown (in the form of the Duchy of Lancaster, the Duke of Cornwall etc) cannot be a 'Beneficiary'.

'Charging Regulations' means the Pensions on Divorce etc (Charging) Regulations 2000 (SI 2000/1049).

'Civil Partnership' has the meaning given to it in section 1 of the Civil Partnership Act 2004 and 'Civil Partner' shall be interpreted accordingly.

'Commencing Date' means the date on which the Scheme started as specified in the Declaration of Trust. It may have been referred to previously as the 'Date of Commencement'.

'Declaration of Trust' means the Declaration of Trust or trust instrument by which the Scheme was established, any deeds supplemental to it and any alterations, amendments, additions or modifications to the Declaration or trust instrument or to a supplemental deed currently in force.

'Dependant' means in relation to a Member any of the following:

(a) a person who was married to, or a Civil Partner of, the Member at the date of the Member's death;

(b) a child of the Member if such child has not reached 23, or has reached that age but, in the opinion of the Trustees, was at the date of the Member's death dependent on the Member because of physical or mental impairment;

(c) a person who was not married to, or a Civil Partner of, the Member at the date of the Member's death and is not a child of the Member, but who, in the opinion of the Trustees, at the date of the Member's death was financially dependent on the Member or had a financial relationship with the Member which was one of mutual dependence or was dependent on the Member because of physical or mental impairment.

'Dependant's Annuity' means an annuity which satisfies the requirements of paragraph 17 of part 2, schedule 28 of the Finance Act, with some details set out in Rule 14.

1. Definitions and Interpretation – *continued*

'Dependant's Drawdown Pension' means either a dependant's short-term annuity or dependant's income withdrawal as both those terms are defined in schedule 28 of the Finance Act.

'Drawdown' means:

(i) in the case of a Member, Drawdown Pension; and

(ii) in the case of a Dependant, Dependant's Drawdown Pension.

'Drawdown Fund' means any part of a Member's Account which, subject to the Trustees' agreement, is designated as available for the payment of Drawdown in accordance with Rule 13 or which in the opinion of the Trustees should be so designated to reflect:

(i) any regulations made under section 283(2) of, or any treatment as so designated under paragraph 8, schedule 28 to, or any other provision of the Finance Act; or

(ii) any designation existing immediately before the Rules took effect

and which in any case has not subsequently been applied towards the provision of any other benefit in accordance with the Rules.

'Drawdown Pension' means either a short-term annuity or income withdrawal as both those terms are defined in schedule 28 of the Finance Act.

'DWP' means the Department for Work and Pensions.

'Earmarking Order' means any order or provision mentioned in either section 25B or 25C of the Matrimonial Causes Act 1973 or in section 12A(2) or (3) of the Family Law (Scotland) Act 1985.

'Employer' is defined in section 279(1) of the Finance Act.

'Ex-Civil Partner' means an individual to whom Pension Credit Benefits have been or are to be allocated following a Pension Sharing Order in respect of a person who was his civil partner.

'Ex-Civil Partner Member' means an Ex-Civil Partner who becomes a Member, either:

(i) solely for the provision of Pension Credit Benefits, or

(ii) for the separate provision of Pension Credit Benefits, where benefits accrue or have accrued to that individual under the Scheme for any other reason.

'Ex-Spouse' means an individual to whom Pension Credit Benefits have been allocated following a Pension Sharing Order in respect of a person who was his spouse.

'Ex-Spouse Member' means an Ex-Spouse who becomes a Member, either:

(i) solely for the provision of Pension Credit Benefits, or

(ii) for the separate provision of Pension Credit Benefits, where benefits accrue or have accrued to that individual under the Scheme for any other reason.

'Finance Act' means the Finance Act 2004.

'HMRC' means HM Revenue and Customs.

'Incapacity' is defined in paragraph 1, schedule 28 of the Finance Act and means in relation to a Member that the Member is (and will continue to be) incapable of carrying on his occupation because of physical or mental impairment and the Member has in fact ceased to carry on that occupation. The Trustees must have received evidence from a registered medical practitioner confirming that medical position.

'Insurance Company' is defined in section 275 of the Finance Act and means either:

(i) a person who has permission under part 4 of the Financial Services and Markets Act 2000 to effect or carry out contracts of long-term insurance, or

(ii) an European Economic Area (EEA) firm of the kind mentioned in paragraph 5(d), schedule 3 to the Financial Services and Markets Act 2000 (certain direct insurance undertakings) which has permission under paragraph 15 of that schedule (as a result of qualifying for authorisation under paragraph 12 of that schedule) to effect or carry out contracts of long-term insurance.

In deciding who is an Insurance Company, the Trustees shall take account of any other legislative requirements, and any requirements for Registration or keeping Registration.

'Insured Death Benefits' are described in Rule 4.

'Lifetime Allowance' has the meaning given to it in section 218 of the Finance Act.

'Lifetime Allowance Excess Lump Sum' is defined in paragraph 11, schedule 29 of the Finance Act, with some details set out in Rule 12.

'Lifetime Annuity' means an annuity which satisfies the requirements of paragraph 3 of part 1, schedule 28 of the Finance Act, with some details set out in Rule 12.

'Member' means an individual who has made one or more Arrangements under the Scheme for the provision of benefits. It also includes an Ex-Spouse Member and an Ex-Civil Partner Member subject to Rule 22 and 'Membership' shall be interpreted accordingly.

'Member's Account' is described in Rule 4.

1. Definitions and Interpretation – *continued*

'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.

'Normal Minimum Pension Age' is as defined in section 279(1) of the Finance Act.

'Normal Retirement Date' is described in Rule 4.

'Participating Employer' means the Principal Company and any other Employer which participates in the Scheme, but does not include any Employer which has ceased to participate save in respect of the time before it ceased to participate. In relation to any person no longer employed by any Participating Employer, it means the one or more of them by which he was employed last.

'Pension Commencement Lump Sum' is a lump sum benefit paid to a Member in connection with an arising entitlement to a pension benefit, and which meets the conditions detailed in paragraphs 1 to 3 of schedule 29 of the Finance Act, with some details set out in Rule 12.

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

'Pension Credit Benefits' means the benefits payable under the Scheme to or in respect of a person by virtue of Pension Credit Rights under the Scheme.

'Pension Credit Rights' means rights to benefits arising from a credit under section 29(1)(b) of the 1999 Act.

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

'Pension Input Amount' in respect of a Registered Pension Scheme or Arrangement means the amount defined in sections 229 to 237 of the Finance Act, being dependent on the type of scheme or arrangement relating to the individual and for this purpose 'pension input period' shall have the meaning given to it in section 238 of the Finance Act.

'Pension Schemes Act' means the Pension Schemes Act 1993.

'Pension Sharing Order' means any order or provision mentioned in section 28(1) of the 1999 Act or Article 26 of the Welfare Reform and Pensions (Northern Ireland) Order 1999.

'Pensionable Service' means in relation to a Member his Service with a Participating Employer on and after the date the Member joins the Scheme, but it does not include Service:

(i) which the Principal Company has decided is not Pensionable Service, which the Member is told about in writing, and which arises after the Member is so told;

(ii) which is not to be Pensionable Service because the Member has opted out of Pensionable Service in terms of Rule 9.

The provisions of Rule 6 also need to be considered in calculating what Service is Pensionable Service.

'Pensions Act' means the Pensions Act 1995.

'Pensions Regulator' means the pensions regulator appointed in terms of part 1 of the Pensions Act 2004.

'Preservation Regulations' mean the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991 (SI 1991/167).

'Principal Company' means the Employer named as the Principal Company in the Declaration of Trust or, as appropriate, a replacement Employer which becomes Principal Company as set out in the Declaration of Trust.

'Protected Pension Age' has the meaning given to it in paragraph 22 or 23 of schedule 36 of the Finance Act.

'Qualifying Recognised Overseas Pension Scheme' is a Recognised Overseas Pension Scheme that satisfies HMRC requirements set out in and/or deriving from section 169 of the Finance Act, with some details set out in Rule 17.

'Recognised Overseas Pension Scheme' has the meaning given to it in section 150(8) of the Finance Act.

'Registered Pension Scheme' means a pension scheme, as defined in section 150 of the Finance Act. 'Registered' and 'Registration' are to be interpreted accordingly.

'Relievable Pension Contributions' means contributions by or on behalf of a Member within the meaning of section 188 of the Finance Act. Relievable Pension Contributions do not include Employer contributions.

'Rule' is a reference to a rule in this document.

'Scheme' means the scheme governed by the Declaration of Trust.

'Scheme Administration Member Payment' is a payment by the Scheme to or in respect of a Member which falls within the definition of such payments in section 171 of the Finance Act.

'Scheme Administrator' means the person or persons appointed as Scheme Administrator as provided for in the Declaration of Trust.

'Scheme Pension' is a pension which satisfies the requirements of paragraph 2 of part 1, schedule 28 of the Finance Act, with some details set out in Rule 12.

'Serious Ill-health Lump Sum' is a lump sum benefit paid to a Member because he is seriously ill, and which meets the conditions of paragraph 4, schedule 29 of the Finance Act, with some details set out in Rule 12.

'Service' means as follows:

(i) service with a Participating Employer,

(ii) actual Service shall be counted as one period of Service notwithstanding that it is completed with more than one Participating Employer.

1. Definitions and Interpretation – *continued*

'Standard Lifetime Allowance' has the meaning given to it in section 218 of the Finance Act.

'Tax Year' means a period beginning on 6 April and ending on the next following 5 April.

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

'Total Pension Input Amount' is the aggregate of Pension Input Amounts in respect of all Arrangements under Registered Pension Schemes relating to an individual Member, as defined in section 229 of the Finance Act.

'Trivial Commutation Lump Sum' is a lump sum which meets the conditions of paragraphs 7 to 9, schedule 29 of the Finance Act.

'Trivial Commutation Lump Sum Death Benefit' is a lump sum which meets the conditions of paragraph 20, schedule 29 of the Finance Act.

'Trustees' means the trustees of the Scheme from time to time.

'Uncrystallised Funds Lump Sum Death Benefit' is a lump sum which meets the requirements of paragraph 15, schedule 29 of the Finance Act.

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

2. Overriding Conditions

2.1 General
All aspects of the operation and running of the Scheme are subject to overriding conditions imposed as a result of law and HMRC requirements.

2.2 Securing Benefits
All the benefits for and in respect of a Member shall be secured by policies or contracts of assurance or annuity.

2.3 Participating Employer's duties under the Pensions Act 2008
Nothing in these Rules shall override the requirements imposed on Participating Employers and the Trustees by the Pensions Act 2008 where the Employer decides to use the Scheme to meet employer duties set out in that Act.

2.4 Transitional protection under the Finance Act
Where the Member is entitled to transitional protection under Schedule 36 of the Finance Act or under The Taxation of Pension Schemes (Transitional Provisions) Order 2006 (SI 2006/572), the Trustees may pay benefits in accordance with the provisions of Schedule 36 of the Finance Act or in accordance with The Taxation of Pension Schemes (Transitional Provisions) Order 2006 (SI 2006/572).

3. Joining the Scheme and Arrangements

3.1 Where the Principal Company agrees, membership of the Scheme shall be operated in a way which satisfies the 'qualifying scheme' and 'automatic enrolment scheme' requirements of sections 16, 17 and 20 (subject to section 29) of the Pensions Act 2008. Any provision of the Rules shall be overridden to the extent that it conflicts with those requirements.

Subject to Rule 16, in order to become a Member, a joining process must be completed in respect of that person – being a process that is acceptable to the Trustees. In deciding whether a process is acceptable, the Trustees will take into consideration any requirements to be met by the Declaration of Trust, the Rules, the law and any HMRC requirements.

3.2 The Trustees will make arrangements for details of the joining process to be made available to Participating Employers, employees of Participating Employers and their appointed agents.

3.3 Becoming a Member
(i) Each employee for whom the joining process is completed, shall become a Member; and
(ii) the Trustees shall inform him that he is a Member and the date from which Membership shall start.

3.4 Benefits for persons who are not Members
With the agreement of the Principal Company, the Trustees may provide benefits under the Scheme for and in respect of any person who is or was in the Service of a Participating Employer but who is not a Member. The benefits to be provided for and in respect of such a person need not be the same in type or amount as those provided for Members. However, no benefit under this Rule shall be in a form that the Rules do not permit.

3. Joining the Scheme and Arrangements – *continued*

3.5 Making Arrangements
A Member and any other relevant person will have one Arrangement under the Scheme unless the Trustees agree that more than one Arrangement shall apply. Where that happens, then the following provisions in this Rule apply.

3.6 The Trustees will arrange to have set out for the Member how many Arrangements apply for that Member/person, and what is comprised in each Arrangement.

3.7 (a) Each annuity contract or policy that is established under the Scheme and which remains subject to the Scheme shall be a separate Arrangement. However, this does not apply in the case of a Member who is entitled to enhanced protection or fixed protection (as described in paragraph 12 of schedule 36 of the Finance Act and paragraph 14 of schedule 18 of the Finance Act 2011 respectively) – in either case, no separate Arrangement shall be made on the establishment of such a contract or policy.

(b) The Rules apply to each Arrangement separately except for Pension Credit Benefits for an Ex-Spouse Member or an Ex-Civil Partner Member. Special provisions may apply as a result of the Trustees giving effect to a divorce decree or dissolution order.

3.8 An Arrangement may be vested or cashed-in as set out in these Rules.

3.9 Different Arrangements (whether different at the time of being created or whether originating from a single Arrangement) may produce separate benefits and/or payments payable under the Rules.

3.10 Nothing in the terms of an Arrangement may conflict with the Declaration of Trust and Rules unless specifically permitted by the Trustees. This may happen when a change is permitted by the Trustees and a period is allowed before the Rules are amended to show the change, and the Trustees agree. However, any such conflicting term is subject to Rule 5 concerning authorised and unauthorised payments and no such term will be permitted if it could prejudice the Registration of the Scheme.

3.11 The Trustees may at any time, in writing, alter an Arrangement. This power of alteration may be subject to the requirements of sections 67 and 67A through to, and including, 67F of the Pensions Act. The power of alteration may not be exercised where the alteration will jeopardise the Registration of the Scheme.

4. Member's Account and Normal Retirement Date

4.1 Member's Account
The Trustees shall ensure that for and in respect of each Member there is an identifiable 'Member's Account'.

4.2 (a) In respect of a Member the Trustees shall allocate to the Member's Account:

(i) all sums and assets paid to the Trustees for and in respect of the Member;

(ii) all sums and assets representing or resulting from those sums and assets;

(iii) all payments in respect of any Insured Death Benefits for and in respect of the Member.

(b) Member's Account means the value from time to time of funds (whether sums or assets) recorded by the Trustees as held under or applicable to an Arrangement for the Member. However, in the case of a Member who is an Ex-Spouse Member or an Ex-Civil Partner Member, it means the value from time to time of funds (whether sums or assets) recorded by the Trustees as held under or allocated to the applicable Arrangement and representing the Pension Credit Rights accepted by the Trustees in respect of such a Member.

It excludes:

(i) any Pension Debit arising as a result of a Pension Sharing Order; and

(ii) any administrative expenses of the Scheme and any payments of commission, and all other expenses, charges, taxes, or other payments, which are due to be paid before arriving at the funds available to be used to provide or secure benefits to or in respect of the Member.

If there is any dispute as to what constitutes the value of the said funds at any given time, then the reasonable decision of the Trustees on what the value is shall be binding on all parties.

4. Member's Account and Normal Retirement Date – *continued*

4.3 Insured Death Benefits

The Principal Company may decide from time to time that contributions in respect of a Member will be used to secure Insured Death Benefits. These are benefits payable following the death of a Member, but not death benefits related to benefits under Rules 12 or 13. Details of the Insured Death Benefits will be given to the Member and the Principal Company will arrange with the Trustees for the necessary cover to be put in place with an Insurance Company.

The Principal Company may alter the level of Insured Death Benefits (including to nil) at any time provided the Benefit has not become payable.

Where allowed by the Trustees, voluntary contributions by Members may be used also to secure Insured Death Benefits.

4.4 Notwithstanding the above, no Member or Beneficiary shall have a claim against any asset of the Scheme other than as set out in the Declaration of Trust and these Rules.

4.5 Normal Retirement Date

There will be a Normal Retirement Date for each Member, and that Normal Retirement Date may change, all as follows.

4.6 The initial Normal Retirement Date for a Member will be determined by the Principal Company, or in accordance with a process set out by the Principal Company. The Member will be told in writing what that Normal Retirement Date is and, where applicable, what the process is.

The Normal Retirement Date will not be earlier than the 55th anniversary of the Member's birth. Provided that, if the Member is able to have an earlier Normal Retirement Date that will not prejudice the Registration of the Scheme, then the Principal Company may determine that the earlier Normal Retirement Date shall be used.

Following the setting of the initial Normal Retirement Date, it may be changed, but only if the following conditions are met.

(a) The replacement Normal Retirement Date will not prejudice the Registration of the Scheme.

(b) Where applicable, the process referred to above has been gone through, or, the Principal Company has consented in writing to the replacement Normal Retirement Date.

(c) The Trustees have been told in writing what the replacement Normal Retirement Date is, when it is effective from, and that is done as soon as is reasonable.

(d) The replacement Normal Retirement Date will not be earlier than the Normal Retirement Date it replaces unless the Trustees consent to that in writing.

(e) For a Member who has left Pensionable Service, his Normal Retirement Date may not be amended if the amendment would then be disregarded as regards the payment of 'short service benefit' – all in terms of part IV of the Pension Schemes Act.

5. Authorised and Unauthorised Payments

5.1 Overriding Effect, and Deduction of Charges

The Scheme is subject to the rules on authorised and unauthorised payments under part 4 of the Finance Act. Provisions elsewhere in these Rules setting out payments or benefits that can be made or provided under the Scheme are accordingly subject to this Rule 5 which shall have overriding effect.

To the extent that any tax and/or charge is payable by the Scheme Administrator, any payment by the Scheme is subject to meeting in full from that payment any tax and/or charge arising from the payment (or part of it) being classified as an unauthorised payment. (For the avoidance of doubt, this includes any charge as set out in sections 239–241 of the Finance Act.) If the payment is made before all of that tax and/or charge arises or is paid, then the Member in relation to whom the payment is made and/or any recipient of any part of the payment stand charged to pay to the Scheme Administrator the full amount (or balance, if applicable) of any such tax and/or charge, and that on demand by the Scheme Administrator.

5.2 No person is entitled to an unauthorised payment from the Scheme. For this purpose, ‘unauthorised payment’ is as defined in section 160(5) of the Finance Act, and includes an unauthorised member payment as described below. Also ‘payment’ of an unauthorised payment includes payments made or benefits provided under an annuity or insurance contract or policy or other investment acquired by the Scheme. However, this Rule 5.2 does not apply to the extent that the Scheme Administrator agrees with HMRC that it need not apply.

A payment by the Scheme to or in respect of a Member which is not an Authorised Member Payment is an ‘unauthorised member payment’.

5.3 Value Shifting, Employers

Each Participating Employer undertakes to the Trustees not to operate in relation to the Scheme so that any unauthorised payment may arise as set out in section 181 of the Finance Act (value shifting). In respect of any such unauthorised payment arising, then the relevant Participating Employer shall pay to the Scheme Administrator, within ten days of the receipt of a written demand for such payment from the Scheme Administrator, the full amount of any tax payable by the Scheme Administrator in respect of that unauthorised payment.

5.4 Value Shifting, Members

Each Member undertakes to the Trustees not to operate in relation to the Scheme so that any unauthorised payment may arise as set out in section 174 of the Finance Act (value shifting). In respect of any such unauthorised payment arising, then the relevant Member shall pay to the Scheme Administrator, within ten days of the receipt of a written demand for such payment from the Scheme Administrator, the full amount of any tax payable by the Scheme Administrator in respect of that unauthorised payment.

6. Temporary Absence and Secondment from Work, Maternity, Paternity and Adoption Provisions

6.1 A Member who is temporarily absent from Service or who is seconded to another Employer may be treated as remaining in Pensionable Service.

6.2 Maternity Provisions

(a) A female Member shall be deemed to be in Pensionable Service while absent during her ‘maternity leave period’ as set out in sections 71 to 79 of the Employment Rights Act 1996 until that period ends for her.

(b) A female Member shall be deemed to be in Pensionable Service for any period during which she is absent due to pregnancy or confinement and she receives pay from a Participating Employer (for this, pay includes any statutory maternity pay).

(c) Where a benefit for a female Member to whom this Rule applies is calculated by reference to that Member’s earnings during her absence under (a) and (b) above, where applicable, those benefits will be calculated using the earnings which the Principal Company deems reasonably would have been paid to her had she worked normally instead of being absent.

(d) Where a female Member has to contribute, and the amount or rate of contributions is related to her earnings, then her amount or rate of contributions during her absence under (a) and (b) above shall be calculated by reference to her actual earnings during that absence (including statutory maternity pay).

(e) The provisions of this Rule shall be deemed to be overridden from time to time to the extent necessary to comply with the minimum statutory requirements concerning Members and maternity.

6.3 Unfair Paternity Leave and Unfair Adoption Leave Provisions

(a) The Principal Company will arrange that contributions are paid to the Scheme and information is passed to the Trustees so that the unfair paternity leave and unfair adoption leave provisions do not take place in the Scheme. Those provisions are set out in schedule 5 to the Social Security Act 1989.

(b) Otherwise than as set out in (a) above, the Trustees shall administer the Scheme so as not to breach the requirements relating to those provisions, and shall have power to administer the Scheme accordingly.

6.4 Temporary Absence and Secondment

(a) Subject to Rules 6.2 and 6.3, the provisions for temporary absence and secondment are as follows.

(b) A Member who is otherwise in Pensionable Service and who is temporarily absent from Service shall be deemed to remain in Pensionable Service for the first four weeks of continuous absence. Thereafter, he shall remain in Pensionable Service until the Trustees are told in writing by the Principal Company that his Pensionable Service is to stop or that his Pensionable Service is to continue.

7. Contributions and Members

7.1 Where the Participating Employers decide to use the Scheme to meet the duties imposed on them as employers under the Pensions Act 2008, each Member must while in Pensionable Service contribute to the Scheme at the rate notified to him by his Employer in accordance with section 10 of the Pensions Act 2008. Subject to that requirement, each Member must contribute to the Scheme at a rate of contributions (which may be nil) as follows.

The Principal Company shall notify the Trustees in writing of the rate of contributions (which may be nil) which each Member is required to contribute while in Pensionable Service, and the Principal Company may similarly alter any rate. The Trustees shall ensure the Member is told in writing of the initial rate and any alterations thereto. Further, the Employer will arrange for any consultation with employees to take place that is required by legislation.

7.2 Subject to the following provisions, a Member may pay voluntary contributions.

(a) Payment may be made only into a policy or contract with an Insurance Company into which the Trustees direct payment.

(b) The Trustees may stop payment of voluntary contributions. They shall tell the applicable Members about this in an appropriate manner.

(c) The additional benefits provided by the voluntary contributions shall be Money Purchase Benefits and/or Insured Death Benefits.

(d) The Trustees may apply the voluntary contributions to the same policies or contract as they apply other contributions for or in respect of the Member.

7.3 The benefits payable from Member and/or Participating Employer contributions, voluntary or otherwise, are not guaranteed by the Trustees, the Employers and/or the Scheme. The benefits will be those that are secured by or from the proceeds of the policies or contracts in which the payments are invested.

7.4 All contributions payable by a Member must be paid in pounds sterling: Provided that the Trustees may make separate arrangements for payment with a Member. Those separate arrangements must be such as will not prejudice Registration of the Scheme. Further, the cost of applying a contribution not paid in pounds sterling must be met by the proceeds of that contribution (i.e. the net amount is applied) or, failing this, met from the Member's Account.

The method of payment of Member contributions will be via the Member's Employer unless the Trustees agree otherwise.

7.5 Member Contributions – Eligibility for Tax Relief
Tax relief will be available on Member contributions to the Scheme if these qualify as Relievable Pension Contributions. The granting of tax relief is a matter between the Member and HMRC, or the Employer and HMRC.

7.6 Annual Allowance and Annual Allowance Charge
If in relation to a Member the Total Pension Input Amount for a Tax Year exceeds the Annual Allowance for that Year, the Member will be liable to the Annual Allowance Charge. Rule 7.8 provides for how the Annual Allowance Charge will be met.

If, as described in sections 229(3)(a) and (4) of the Finance Act, the Member retires due to severe ill-health, this Rule will not apply, nor will it apply for any Tax Year in which the Member dies.

7.7 Where a Member's contributions are deducted by a Participating Employer, the Participating Employer shall pay the Member's contributions to the Principal Company who in turn shall pay them to the Trustees or direct to the policy or contract of insurance used for investment of contributions in respect of the Member. Payment shall be made to the Trustees within the time limits set under section 49(8) of the Pensions Act.

7.8 Where a Member's Annual Allowance Charge exceeds the sum of £2000, and the Member notifies the Trustees that they are to be jointly and severally liable for the payment of the charge, in accordance with section 237B of the Finance Act, the Trustees shall become liable to make payment of the relevant part of the Annual Allowance Charge (subject to the exceptions under sections 237C and 237D of the Finance Act). Where payment of part of a Member's Annual Allowance Charge has been made by the Trustees, the Trustees shall, subject to section 237E of the Finance Act, deduct an amount equal to the charge from the Member's Account.

8. Contributions and Participating Employers

8.1 The Principal Company shall notify the Trustees in writing of any amount of regular annual or monthly contribution which each Participating Employer is to pay for a Member while the Member is in Pensionable Service, and the Principal Company may similarly alter any rate. The rate at any time may be nil subject only to meeting any minimum requirements set out in section 20 (as qualified by section 29) of the Pensions Act 2008 where the Employer uses the Scheme to meet obligations under part 1 of the Pensions Act 2008.

8.2 A Participating Employer may pay a special contribution in respect of a Member. A special contribution may be paid at any time as long as the payment does not prejudice Registration, subject only to meeting any minimum requirements or restrictions set out in the policy or contract of insurance used for investment of contributions in respect of the Member.

8.3 Subject always to the Participating Employers meeting their obligations under section 20 (as qualified by section 29) of the Pensions Act 2008 in some way other than under the Scheme, the Principal Company may at any time give written notice to the Trustees and to a Member that contributions under Rule 8.1 shall stop or be suspended. Cessation or suspension shall start as set out in the notice. Further, the Employer will arrange for any consultation with employees to take place that is required by legislation. Payment of contributions may be resumed if the Principal Company gives written notice to the Trustees and to the Member.

8.4 A Participating Employer shall pay only contributions for and in respect of Members who are or have been in the Service of that Participating Employer. The Participating Employer shall pay these contributions to the Principal Company who in turn shall pay them to the Trustees or direct to the Insurance Company for investment in the policy or contract of insurance set up to provide benefits for the Member.

8.5 Provisions concerning Scheme expenses and payment for them are set out in the Declaration of Trust.

8.6 All contributions payable by the Principal Company and the Participating Employers must be paid in pounds sterling: Provided that the Trustees may make separate arrangements for payment with the Principal Company. The cost of applying a contribution not paid in pounds sterling must be met by the proceeds of that contribution (i.e. the net amount is applied) failing which from the Member's Account.

9. Member's Option to Stop Pensionable Service

9.1 A Member may give written notice to the Participating Employer that he wishes his Pensionable Service to stop and that no further contributions are to be paid into the Scheme for and in respect of him.

9.2 Any such notice must specify the date on which Pensionable Service is to stop, being also the day on which contributions (other than contributions due before the notice was given) are to stop. That date cannot be earlier than the date on which the notice is received by the Participating Employer.

9.3 When a notice is given as above, the Pensionable Service, cover for any Insured Death Benefits and contributions (except as in Rule 9.5) for and in respect of the Member shall stop on the date set out in the notice.

9.4 A Participating Employer shall tell the Trustees about any notice under this Rule forthwith.

9.5 Notwithstanding that a notice under this Rule has been given, a Participating Employer may, thereafter, pay special contributions for a Member under Rule 8.

10. Early Leavers

10.1 This Rule applies to a Member who leaves or stops Pensionable Service before Normal Retirement Date other than because of death or retirement.

10.2 A Member will be entitled to preserved benefits at his Actual Retirement Date as set out in these Rules unless Rules 10.3 and 10.4, or Rule 10.5 apply to the Member.

10.3 This Rule 10.3 applies to a Member for whom, on the date on which his Pensionable Service stops, other than because of death or retirement, both of the following conditions are met.

(a) The three-month condition within the meaning of section 101AA of the Pension Schemes Act is satisfied and he does not have 2 years' qualifying service, or such other period of service as set out in that Act; and

(b) No Lifetime Allowance test has been made for the Member in relation to the Scheme.

If both of these conditions are met in respect of the Member, then the Trustees will pay a refund or a transfer as set out in Rule 10.4.

10.4 (a) Within a reasonable period starting on the date of the termination of the Member's Pensionable Service, the Trustees must send to the Member a written statement which meets the requirements in sections 101AA to 101AH inclusive of the Pension Schemes Act.

(b) If the Member does not select either the refund provision or the transfer provision in accordance with the terms of the written statement from the Trustees, then the Trustees will pay the refund amount as set out below. It will be payable as soon as is practicable after that last date.

(c) Where the Trustees pay a refund to a Member or pay a transfer value, then, following that payment, the Scheme does not have to provide any benefits or payments in respect of that Member. The Member will not be entitled, under the Scheme, to relevant accrued rights as described in section 101AA(4) of the Pension Schemes Act.

Any balance of the Member's Account shall, as the Principal Company shall direct the Trustees in writing, be used to meet any payments due by the Participating Employer. Any of the balance not so used shall be treated as surplus under Rule 20 or Rule 24, as applicable.

(d) **Refund Option:**
The provisions for the payment of a refund are as follows:

(i) The Trustees must make the refund payment before the date of the 75th birthday of the Member.

(ii) The Trustees will establish the 'contribution refund' for the Member in terms of section 101AB(4) of the Pension Schemes Act.

(iii) The amount of the refund will be calculated by the Trustees and will be the amount of the Member's Account that the Trustees calculate relates to contributions paid by the Member. Thereafter, the amount will be subject to the deduction for tax in (v) below.

(iv) If the amount of the refund payment exceeds the amount of the actual Member contributions, then the excess is payable only to the extent that it meets the conditions for being treated by HMRC as a Scheme Administration Member Payment. The Member will be due to pay any tax on that excess.

(v) The amount actually payable to the Member is not the amount described above, but is that amount less the amount of tax due in respect of the refund in terms of section 205 of the Finance Act. The Scheme Administrator will pay that amount of tax to HMRC.

(e) **Transfer Option:**
The transfer will be dealt with by the Trustees in the same manner as for a statutory transfer under Rule 17.

10.5 This Rule 10.5 applies to a Member if Rules 10.3 and 10.4 do not apply and if, at the date his Pensionable Service stops, both of the following conditions are satisfied.

(a) The Member has not been in Pensionable Service under the Scheme for one or more periods totalling at least two years (with that period determined in terms of section 71(7) of the Pension Schemes Act).

(b) Assets have not been transferred to the Scheme for and in respect of the Member from a personal pension scheme (being a 'personal pension scheme' as defined in the Pension Schemes Act) or a retirement annuity contract or trust approved formerly under chapter III of part XIV of the Taxes Act.

10. Early Leavers – *continued*

Instead of the Member being entitled to preserved benefits, the Trustees shall pay to the Member an amount that will be calculated by the Trustees and will be the amount of the Member's Account that the Trustees calculate relates to contributions paid by the Member. Thereafter, the amount will be subject to the deduction of tax in the following paragraph.

The amount payable to the Member is not the amount described above, but is that amount less the amount of tax due in respect of the refund in terms of section 205 of the Finance Act. The Scheme Administrator will pay that amount of tax to HMRC.

Any balance of the Member's Account shall, as the Principal Company shall direct the Trustees in writing, be used to meet any payments due by the Participating Employer. Any of the balance not so used, shall be treated as surplus under Rule 20 or Rule 24, as applicable.

10.6 Uniform Accrual
The provisions introduced into section 74 of the Pension Schemes Act in line with regulation 14A of the Preservation Regulations shall be deemed to be part of the Rules.

10.7 Bought-out benefits
The Trustees may secure the benefits for and in respect of a Member, without his consent, under an insurance policy or annuity contract outwith the Scheme provided the provisions of regulation 9 of the Preservation Regulations are satisfied.

10.8 Assignment of Policies/Contracts
The Trustees may assign to a beneficiary the policies or contracts that secure the benefits payable to or in respect of him subject to the policies or contracts satisfying the requirements of the Pension Schemes Act and HMRC. When the policies or contracts have been assigned, no further benefit shall be payable under the Scheme in respect thereof.

11. Actual Retirement Date

11.1 The Member will be entitled to retirement benefits as set out in the Rules at his 'Actual Retirement Date'. That is a date chosen by the Member and notified to the Trustees in a form reasonably acceptable to them. However, subject to the provisions in this Rule, the Actual Retirement Date must be not earlier than his 55th birthday (unless he is suffering from Incapacity when it may be at any age, or unless he has a Protected Pension Age when it may be at that age).

11.2 Early Retirement, Incapacity
A Member may have an Actual Retirement Date at any time if he suffers from Incapacity. Pension Credit Benefits for an Ex-Spouse or an Ex-Civil Partner may also be paid at any time if Incapacity applies to the Ex-Spouse or the Ex-Civil Partner.

11.3 Where there is more than one Arrangement in respect of a Member, then there may be a different Actual Retirement Date for each Arrangement. This means that benefits may start separately from each Arrangement.

11.4 Pre-6 April 2006 Arrangments – Protected Pension Age
From 6 April 2006, a Member can take benefit from his Protected Pension Age if the conditions set out in paragraph 22, schedule 36 of the Finance Act are met in respect of the Member.

12. Retirement Benefits

12.1 With effect from the Member's Actual Retirement Date, the Trustees will use the Member's Account to provide retirement benefits for and in respect of the Member as set out below:

Provided that, if there is more than one Arrangement in place for the Member, then each Arrangement may be applied separately, and there may be a different Actual Retirement Date in respect of each Arrangement:

Provided also, where the Trustees have agreed to allow a Member or a Dependant to have Drawdown in terms of Rule 13, then retirement benefits in the form of pension (Drawdown Pension) will be provided instead in terms of Rule 13.

Where the Member has an Arrangement which the Trustees decide may be treated as more than one Arrangement because only part of the Member's Account is to be applied for pension, this Rule 12 will apply to each separate Arrangement as in the first proviso above. This means a lump sum may be paid from the newly created Arrangement in accordance with the applicable Rule below, with a further lump sum being drawn from the original Arrangement at a later date in accordance with the same Rule.

12.2 Member's Choice of Pension Commencement Lump Sum

(i) The Member may choose to receive a Pension Commencement Lump Sum in connection with when he first becomes entitled to a relevant pension, that is, a Lifetime Annuity, a Scheme Pension or Drawdown Pension.

(ii) The lump sum must satisfy the conditions for it to be treated as a Pension Commencement Lump Sum as set out in paragraph 1, part 1, schedule 29 of the Finance Act.

(iii) The amount of any Pension Commencement Lump Sum paid must not exceed the permitted maximum within the meaning of paragraph 2, part 1, schedule 29 of the Finance Act.

(iv) If a Member has protection for a lump sum entitlement at 5 April 2006, the Trustees shall calculate his Pension Commencement Lump Sum in accordance with paragraphs 24 to 31 (as appropriate) of schedule 36 of the Finance Act.

(v) Before vesting benefits, the Trustees must take reasonable steps both to satisfy themselves that the Member has enough available Lifetime Allowance to cover the benefits crystallising, and to clarify whether the Member is entitled to protection of a Pension Commencement Lump Sum under Rule 12.2(iv).

(vi) If a Member wishes to choose to receive a Pension Commencement Lump Sum under this Rule 12.2, he must notify the Trustees of his choice in such form and by such date as the Trustees have prescribed reasonably, being no later than the date the benefit starts.

(vii) Where HMRC refunds to the Trustees or Scheme Administrator an overpayment of Lifetime Allowance charge (as described in Rule 15) in relation to a Member, a lump sum subsequently paid to the Member may be treated as a Pension Commencement Lump Sum if the circumstances of the payment fall within those described in The Pension Schemes (Meaning of Pension Commencement Lump Sum) Regulations 2006 (SI 2006/135).

12.3 Serious Ill-health Lump Sum

A Member's benefits may be paid before the Normal Minimum Pension Age if the Member qualifies for a Serious Ill-health Lump Sum in accordance with paragraph 4, schedule 29 of the Finance Act.

Pension Credit Benefits for an Ex-Spouse or an Ex-Civil Partner may also be paid at any time if Incapacity applies to the Ex-Spouse or the Ex-Civil Partner.

12.4 Lifetime Allowance Excess Lump Sum

(a) The Member may choose to receive a lump sum (a Lifetime Allowance Excess Lump Sum) for the excess over the permitted maximum described in Rule 12.2. Such a lump sum is payable on the date the benefit starts under Rule 11. It may be chosen instead of a Lifetime Annuity, a Scheme Pension or Drawdown Pension. The conditions for payment of such a lump sum are set out in paragraph 11 of part 1, schedule 29 of the Finance Act.

(b) A Lifetime Allowance Excess Lump Sum is subject to a Lifetime Allowance charge as set out in Rule 15.

(c) Any choice by the Member under this Rule must be notified to the Trustees as set out in Rule 12.2, 12.5, or 12.6, as applicable. If the Member does not make a valid choice, then the Trustees will pay the applicable benefit in the form of a Lifetime Allowance Excess Lump Sum.

12.5 Member's Pension

(a) Except for any lump sum or sums paid as described above, and subject to:

(i) benefit being commuted because of triviality under Rule 12.13, or

(ii) benefit being dealt with under Rule 13

the Member's Account will be used to provide a secured pension in the form of either a Lifetime Annuity or a Scheme Pension starting on the date appropriate under Rule 11. However, a Scheme Pension will only be available if the Member has had an opportunity to choose an Insurance Company to provide a Lifetime Annuity instead, as provided for under Rule 12.6.

(b) Where more than one Arrangement applies in respect of the Member, then each Arrangement may be dealt with separately under this Rule.

12.6 Lifetime Annuity – Member's Right to Choose Insurance Company ('Open Market Option')

(a) Once the Member has chosen the Insurance Company, he must tell the Trustees (in a way either set out by, or reasonably acceptable to, the Trustees) which Insurance Company he has chosen giving full details as needed reasonably by the Trustees. He must also tell the Trustees about the relevant alternatives (see Rules 12.9 – 12.12) within the time scale.

(b) If the Member agrees to the benefit starting at a later date than his Normal Retirement Date, he can write to tell the Trustees of the choice of Insurance Company at any time from the date on which he agrees to a later date up to one month before that later date. If there is less than one month between the two dates, then he or she can only choose an Insurance Company by telling the Trustees so in writing on the same day as he agrees to the later date.

(c) The Trustees may allow any Member a longer period in which to make his choice.

12.7 Scheme Pension – Trustees' Choice

(a) Subject to Rule 12.6, the Trustees may offer the Member the option of a Scheme Pension.

(b) Where the option is offered, then the Trustees will set out a process to be followed by the Member to exercise the option. The process will include setting out what relevant alternatives are to apply (as described in Rules 12.9 – 12.12) for the Scheme Pension.

(c) If this option is offered, the Member may choose this option, and must arrange that the said process is completed, at any time before the latest date permitted under Rule 12.6. If the Member chooses the Scheme Pension instead of a Lifetime Annuity, or if the Member does not choose an Insurance Company in terms of Rule 12.6 by writing to tell the Trustees by the latest date permitted under that Rule, the Trustees shall secure the Scheme Pension with Scottish Equitable plc (or such other Insurance Company as they choose if Scottish Equitable plc will not secure that annuity). Where no relevant alternatives (as described in Rules 12.8 to 12.12) are chosen, the pension will be a single-life pension with no escalation and with a ten-year payment period.

12.8 Form of Secured Pension

A Member who chooses an Insurance Company under Rule 12.6 must at the same time choose which of the relevant alternatives apply. If the Trustees provide a Scheme Pension, the Trustees may allow the Member to choose the relevant alternatives.

Any Dependant's pension will be secured at the same time as the Member's pension. Further, if the Member's pension is a Scheme Pension, then the pension for the Dependant will be a Dependant's Scheme Pension. If the Member's Pension is a Lifetime Annuity, then the pension for the Dependant will be a Dependant's Lifetime Annuity.

12.9 Dependant's Pension

(a) A Member may choose that, in addition to the pension secured for the Member, there will also be secured a pension payable after the Member's death for:

(i) the widow or widower or surviving Civil Partner,

(ii) one or more other Dependants.

(b) A pension secured for a Dependant will be in the form of either a Dependant's Lifetime Annuity or a Dependant's Scheme Pension, as set out in Rule 12.8.

(c) A Dependant's Lifetime Annuity or a Dependant's Scheme Pension must satisfy the conditions set out in paragraph 17 or 16 (as appropriate) of part 2, schedule 28 of the Finance Act.

(d) **Start of Dependant's Pension**
A Dependant's Lifetime Annuity or Scheme Pension will start as soon as practicable after the Member dies.

12. Retirement Benefits

(e) **Duration of Child(ren)'s Pension**
A secured pension payable to a person who is Dependant of the Member because that person is a child of the Member must stop on the earlier of the Dependant reaching age 23, or (having reached that age) ceasing to meet the physical or mental impairment condition which qualified that person as a Dependant, or dying.

(f) **Duration of Other Dependant's Pension**
A Dependant's Lifetime Annuity or Scheme Pension which is not covered by (e) above shall be paid for the Dependant's life.

12.10 Minimum Payment Provision

(a) Subject to Rule 12.11, the Lifetime Annuity or Scheme Pension for a Member may (but need not) be on terms that it will in any event be paid for a minimum specified period not exceeding 10 years. If the Member dies during the specified period, it may be paid for the rest of the period as follows.

Where the pension continues and is payable to another individual it may either continue for the full specified period in any event, or be arranged so as to stop if the individual reaches age 23. To the extent that any amount is not so paid, it shall be paid as follows:

(i) it will be paid, pro rata, to each Dependant to whom pension is payable following the death of the Member. If the Dependant dies before all of the applicable amount is paid, then the balance for him will be paid to his estate (in continuing instalments if that applied prior to the Dependant's death);

(ii) to the extent that any amount is not paid as above in this Rule, it will be paid to the Member's estate.

(b) Where the terms of the contract or policy of annuity under which the annuity is secured set out that the continuing payments are to be paid as a commuted sum, then the commuted sum will be paid under this Rule rather than continuing payments. Otherwise, the continuing payments will not be commuted and paid as a lump sum.

(c) An annuity for a Dependant may not have a minimum payment period except where allowed under transitional provisions derived from the Finance Act.

12.11 Pension Protection

(a) Provided that the Lifetime Annuity or Scheme Pension for the Member does not have a minimum payment period under this Rule 12, a Lifetime Annuity or a Scheme Pension for a Member may (but need not) provide that, if when the Member dies he has not received a certain total level of Scheme Pension or Lifetime Annuity payments (as the case may be), then a sum will be paid as a lump sum (an Annuity Protection Lump Sum Death Benefit).

(b) The maximum Annuity Protection Lump Sum Death Benefit that may be paid under an Arrangement is the amount set out in paragraph 16(3), schedule 29 of the Finance Act. Where more than one Annuity Protection Lump Sum Death Benefit is paid in relation to that same pension entitlement of the Member, the maximum applies to the total of that lump sum paid. Subject to that maximum, the actual amount payable, and the form in which it may be paid, will take account of what amount is released to the Trustees from the annuity policy or contract. Otherwise, payment of such an Annuity Protection Lump Sum Death Benefit will be paid in the same way as set out in Rule 12.10.

(c) Payment of a benefit under this Rule shall be made after deduction of tax at such rate as may be set by Treasury order as provided for in section 206 of the Finance Act.

12.12 Escalation

(a) Subject to the provisions in (b) below, the Member may tell the Trustees that any pension secured for the Member and/or a Dependant is to increase during payment. Where reasonable to do this, the Trustees will secure the pension accordingly.

(b) Any increase must meet the requirements for an increasing annuity (or a relevant linked annuity, as applicable) in terms of schedule 28 of the Finance Act.

(c) In relation to any pension or annuity to be secured from rights to Money Purchase Benefits under the Scheme, there shall be no automatic requirement under the Scheme provisions to secure the pension or annuity so that the rate or amount of the pension or annuity or any part thereof has to increase annually.

12. Retirement Benefits – *continued*

12.13 Lump Sum Instead of Small Pension

A Member whose pension benefits are trivial in value may, subject to the Trustees' agreement, commute his benefits for a lump sum if the conditions for it to be a Trivial Commutation Lump Sum in paragraph 7 of part 1, schedule 29 of the Finance Act are met or as may otherwise be permitted by legislation.

12.14 Payment of Pensions

(a) The Trustees and the initial recipient of a pension may agree, before the pension comes into payment, when instalments of pension are to be paid. This is subject to the requirement that instalments must be payable at least once every year and the amount due for a year must be paid in that year.

(b) If there is no agreement as in (a) above, then the Trustees shall ensure that instalments of pension are payable on a reasonable basis, subject to the requirement that instalments must be payable at least once every year and the amount due for a year must be paid in that year.

(c) The Trustees may, at their discretion, arrange for a pension to be paid in a different way from the way established, subject to the requirement that instalments must be payable at least once every year and the amount due for a year must be paid in that year.

(d) The Trustees shall ensure that details of pension payment, and any changes, are available for the recipient.

13. Drawdown Pension

The Trustees shall pay out of an individual's Drawdown Fund to the individual such amounts at such times as the individual may specify, provided that:

(a) no payment shall be made if it would not qualify as Drawdown; and

(b) the Trustees may impose such restrictions as to timing and minimum and maximum amounts of payments as they reasonably consider appropriate.

For the avoidance of doubt, the Trustees are not obliged to allow Drawdown unless they wish to (and have the administration system to support Drawdown).

14. Death of a Member Before All of His Member's Account Has Been Vested

14.1 (a) Rules 14.1 and 14.2 do not apply to any part of the Member's Account which is used in terms of Rule 14.3 to provide a specific insured Dependant's pension. Where a Member dies before all of his Member's Account has been vested, the Trustees will apply that part which has not vested as follows.

(b) The Trustees shall provide an Uncrystallised Funds Lump Sum Death Benefit from the Member's Account. The amount of such Uncrystallised Funds Lump Sum Death Benefit will be the lesser of the amount realised by the Member's Account following the death of the Member and the permitted maximum for an Uncrystallised Funds Lump Sum Death Benefit. This will be paid as set out in Rule 14.2 below.

(c) Any part of the Member's Account which is not used to secure Uncrystallised Funds Lump Sum Death Benefit may be applied as set out in Rule 14.3 or, at the Trustees' discretion, designated as available for the payment of a Dependant's Drawdown Pension.

14.2 Lump Sum Death Benefits

(a) The Trustees will apply any Uncrystallised Funds Lump Sum Death Benefit for one or more of the Beneficiaries. The Trustees shall decide which one or more of the Beneficiaries are to receive payment of Uncrystallised Funds Lump Sum Death Benefit. If payment is to more than one of such Beneficiaries, the Trustees shall also decide what share each Beneficiary is to get.

14. Death of a Member Before All of His Member's Account Has Been Vested – *continued*

(b) The Trustees should try to make their decision as to which of the Beneficiaries are to receive Uncrystsallised Funds Lump Sum Death Benefit and in what shares, and, where the Member dies before his 75th birthday, actually pay that Benefit within the relevant two year period, as that term is defined in paragraph 15(1A), part 2, schedule 29 of the Finance Act. Any part of the Uncrystallised Funds Lump Sum Death Benefit that is not paid within those two years will be transferred, no later than immediately prior to the expiry of that two-year period, to a separate bank account outside of the Scheme until it can be paid. For the avoidance of doubt, the process for payment of any benefit from that account will continue to be the process set out in these Rules.

(c) Any Uncrystallised Funds Lump Sum Death Benefit will be paid to a Beneficiary or may be applied for the benefit of such Beneficiary, all as the Trustees shall decide. 'Applied for the benefit' may include paying the benefit to a trust of which that Beneficiary is one of the trust's potential beneficiaries.

14.3 Dependant's Pensions

(a) The Trustees shall use any part of the Member's Account which is to provide specific insured Dependant's pension to secure an annuity for the Dependant if the Dependant survives the Member.

(b) A Member may elect that all or part of his Member's Account will be used under this Rule to secure with an Insurance Company a pension for a Dependant, that is, a pension for –

(i) the widow, widower or a surviving Civil Partner; and/or

(ii) one or more other Dependants.

An election, to be valid, must be in writing, must be given to the Trustees before the death of the Member, and must be in a form reasonably acceptable to the Trustees. If the election is valid, then the Trustees will give effect to it.

(c) If there is any excess Member's Account after the operation of Rule 14.1, then the Trustees will look to apply that excess to secure Dependant's Annuity.

The Trustees will make reasonable efforts to ascertain what persons may be Dependants. If there is more than one, the Trustees shall decide also what share of the Member's Account or amount of annuity each Dependant is to get.

(d) Where a Dependant's Annuity is secured under this Rule, the Dependant will be given an opportunity to choose the Insurance Company, as provided for in Rule 14.4.

A Dependant's Annuity must be payable at least annually for the Dependant's life (or until such earlier date as provided for under Rule 14.8), either in advance or arrears, and must not (subject to prescribed circumstances) reduce year-on-year or cease, whether temporarily or permanently.

14.4 Dependant's Annuity – Dependant's right to choose Insurance Company ('Open Market Option')

Where a Dependant's Annuity may be secured under this Rule, the Trustees must write and tell the Dependant about his right to choose an Insurance Company. The Dependant then has three months to write back and tell the Trustees which Insurance Company he has chosen. If the Dependant chooses an Insurance Company, he may at the same time decide whether escalation is to apply also under Rule 14.10.

14.5 Dependant's Annuity – Trustees' Choice

If a Dependant does not choose an Insurance Company to provide a Dependant's Annuity by writing to tell the Trustees by the latest date permitted under Rule 14.4, the Trustees shall secure a Dependant's Annuity with Scottish Equitable plc (or such other Insurance Company as they choose if Scottish Equitable plc will not secure that annuity) and shall decide the terms of that Annuity.

14.6 Start of Dependant's pension

A Dependant's Annuity will start as soon as practicable after the Member dies.

14.7 Lump sum instead of small pension

Where a Dependant becomes entitled to a pension and the amount of benefits to which the Dependant is entitled under all Arrangements under the Scheme, as a result of the Member's death, is trivial in value, the Trustees may commute such benefits for a lump sum, provided the conditions for it to be treated as a Trivial Commutation Lump Sum Death Benefit are met.

14.8 Duration of a child's pension

A pension payable to a person who is a Dependant of the Member because that person is a child of the Member must stop on the earlier of the Dependant reaching age 23 or (having reached that age) ceasing to meet the physical or mental impairment condition which qualified that person as a Dependant, or dying.

14.9 Duration of other Dependant's pension

A Dependant's pension which is not covered by Rule 14.8 must be paid for the Dependant's life.

14. Death of a Member Before All of His Member's Account Has Been Vested – *continued*

14.10 Escalation
The Dependant may tell the Trustees that any pension secured for the Dependant is to increase during payment. Where reasonable to do this, the Trustees will secure the pension accordingly.

14.11 Payment
The provisions of Rule 12.14 concerning payment may apply to an annuity secured in terms of this Rule 14.

14.12 Surplus
Any part of the Member's Account that is not used as set out above will be deemed to be surplus and dealt with under Rule 20 or Rule 24, as applicable.

Nothing in this Rule shall be taken as meaning that any payment can be made to the Crown under this Rule or that the Crown has any entitlement to payment under this Rule.

15. Lifetime Allowance and Lifetime Allowance Charge

15.1 Lifetime Allowance
An individual has a single Lifetime Allowance for the total amount of pension savings which can benefit from tax relief in the individual's lifetime. This will be the Standard Lifetime Allowance or the Standard Lifetime Allowance adjusted upwards or downwards, depending on certain circumstances applying as set out in sections 214 to 226 of the Finance Act, and (for transitional protection) paragraphs 7–18 of schedule 36 of that Act and paragraph 14(3) of Schedule 18 of the Finance Act 2011.

15.2 Crystallisation Events
Benefits will be tested against an individual's Lifetime Allowance when a 'benefit crystallisation event' occurs under a Registered Pension Scheme in terms of section 216 of the Finance Act.

15.3 Lifetime Allowance Charge
A Lifetime Allowance charge will apply in respect of any excess over the Member's Lifetime Allowance. The amount of the charge and the persons liable to it are set out in sections 215 and 217 respectively of the Finance Act.

15.4 Provision of Information
Where a benefit crystallisation event (see Rule 15.2) is anticipated or occurs in relation to the Scheme, the Trustees must provide to the Member (or the Member's personal representatives, if applicable) and HMRC, and the Member must provide to the Trustees, the information specified in legislation and within the time limits specified in legislation.

Where the Trustees have reasonable cause to believe (taking into account information provided by the Member, as above, or otherwise, and any other information available to the Trustees) that a tax charge arises in respect of a benefit crystallisation event (see Rule 15.2) in relation to the Scheme (other than an Uncrystallised Funds Lump Sum Death Benefit), then the Trustees shall deduct from the value of the benefits crystallised for the Member an amount equal to the charge which the Trustees calculate to be due, and pay this to HMRC. The Member's benefits shall be reduced accordingly. What sums and assets are used for the deduction shall be decided reasonably by the Trustees.

If it is later discovered by the Trustees that tax or additional tax is due in respect of such a benefit crystallisation event (see Rule 15.2) and/or HMRC assess the Trustees for any such tax, the amount of such tax (including any interest on that payment assessed by HMRC) which the Trustees have to pay, plus interest thereon as described below, shall be a debt due to the Trustees by the Member, and (without prejudice to any other action they may take) the Trustees may settle or recover the whole part of such debt from any funds held or which may become held by the Scheme under any Arrangement or Arrangements relating to that Member, or any Dependant of that Member. Interest shall be calculated by the Trustees on a daily basis starting from the day on which payment of the tax was first due. Interest is due on the whole amount paid by the Trustees that remains outstanding as at the start of a day of calculation. The rate of tax shall be 5% above the base rate for any bank carrying on business in the United Kingdom as the Trustees shall decide shall apply from time to time.

16. Transfers to the Scheme

16.1 The Trustees may, at the written request of a Member, accept a transfer payment representing the value of all or some of the Member's rights under another Registered Pension Scheme or a Recognised Overseas Pension Scheme.

The Trustees may accept a transfer without the Member's written request where legislation or the transferring scheme rules do not require the Member's consent to the transfer.

16.2 General Conditions
The transfer must be made by a direct payment (whether in cash or in specie) from the administrator, trustee or the insurance company insuring the benefits in the other scheme to the Trustees.

A transfer payment is not a contribution for the purpose of section 188 of the Finance Act (tax relief).

16.3 Where the transferring arrangement wishes to pay a subsequent amount of transfer payment – a two-stage transfer – then the Trustees have discretion as to whether to accept a subsequent payment. Any such acceptance is subject to the provisions of this Rule.

16.4 Transitional Protection
A transfer under this Rule 16 may result in loss of the protections described in Rule 11 (protection for low pension age), protection for tax free cash lump sums, enhanced protection or fixed protection (as described in paragraph 12 of schedule 36 of the Finance Act and paragraph 14 of schedule 18 of the Finance Act 2011 respectively) unless the transfer satisfies the conditions applicable to the particular form of protection, as set out in the applicable paragraphs of schedule 36 of the Finance Act.

16.5 Trustees' discretion
The Trustees are not obliged to accept any transfer to the Scheme unless they agree to accept a transfer. Any agreement to accept a transfer is conditional on the provisions of this Rule being satisfied.

16.6 Any transfer in must meet the preservation requirements of the Pension Schemes Act and the Preservation Regulations (together 'the preservation requirements').

In addition, and provided they do not conflict with the preservation requirements, the Trustees may set extra conditions to be met. If this applies, the extra conditions will be set out in writing.

16.7 Application of transfer payment/assets

(a) Where the transfer is in respect of a Member, the assets transferred in shall be applied to the Member's Account as a single payment unless the Member and Trustees agree otherwise.

(b) Where the transfer is in respect of a person who is not a Member but is in respect of pension, then the assets, if not in the form of an annuity, shall be applied to secure an annuity and attaching benefits, and the Trustees shall set out details of the annuity and attaching benefits.

(c) Where the transfer is in respect of a person who is not a Member and who is not in receipt of pension, then the assets transferred shall be applied as a single payment to an identifiable account for that person. This will be a Member's Account for the purposes of the Rules.

(d) Instead of all or part of the single payment or annuity set out above, the Trustees may apply a policy or contract which has been assigned to them as all or part of the transfer.

17. Transfers from the Scheme

17.1 A Member has a right to a cash equivalent under the provisions of part IV (or part IVA in the case of an Ex-Spouse Member or Ex-Civil Partner Member) of chapter IV of the Pension Schemes Act. If a Member elects to apply for a cash equivalent, which by definition relates to the whole of the Member's interest in the Scheme, then all of the Member's Account in all Arrangements under the Scheme must be transferred, subject to any conditions set by the Trustees being met.

17.2 Transfer Payments

The Trustees may, however, at the written request of a Member transfer the value of one or more of the Member's Arrangements to another Registered Pension Scheme or to a Qualifying Recognised Overseas Pension Scheme, of which he or she has become a member. In return for agreeing to a transfer request under this Rule, the Trustees may impose such conditions as they deem reasonable. In addition, the conditions for transfer to such an overseas scheme are set out in Rule 17.3.

Where Rule 13 applies in respect of a Member or Dependant, any transfer of his Drawdown Fund must be in accordance with section 169(1D) of the Finance Act.

Rule 10.4 sets out also where a transfer may be requested by a Member.

The transfer must be made by a direct payment (whether in cash or in specie) from the Trustees to the administrator, trustee or the insurance company insuring the benefits in the other scheme.

17.3 Transfer to an Overseas Pension Scheme

If the Trustees permit, an Arrangement for a Member may be transferred to a Qualifying Recognised Overseas Pension Scheme.

The Member is responsible for providing the Trustees with all of the reasonable evidence requested by the Trustees in order to consider making a transfer to an overseas scheme. Further, the Member will be responsible for taking adequate steps to ensure the evidence given is full and accurate, and that it can be relied upon by the Trustees.

Any transfer to a Qualifying Recognised Overseas Pension Scheme must be reported by the Scheme Administrator to HMRC.

A transfer to a Qualifying Recognised Overseas Pension Scheme must be tested against the Member's Lifetime Allowance, as set out in Rule 15, and a tax charge will apply to any excess over that Lifetime Allowance.

17.4 Member Withdrawing a Request

The Member may withdraw a request by giving to the Trustees notice in writing to that effect but may not, unless the Trustees agree otherwise, withdraw a request after the Trustees have entered into a binding agreement with a third party to make the transfer to the other scheme or arrangement. A Member who has withdrawn a request may make another request.

17.5 Time of Transfer

Except as described below in this Rule, the transfer must be completed before any benefit from the Arrangement to be transferred becomes payable or before any election for Drawdown under Rule 13.

Where Rule 13 applies in respect of the Member, or where, in relation to Pension Credit Rights, a Pension Sharing Order is made before the Actual Retirement Date but the Pension Sharing Order has not been discharged by that Date, then a transfer may still be made.

17.6 Discharge of Rights

Entitlement to benefit under the Scheme for or in respect of the Member will cease in respect of any rights transferred in accordance with this Rule and the Trustees will be discharged from any obligation to provide benefits in respect of those rights. For the avoidance of doubt, this Rule shall not affect any right and/or action that the Trustees may have against a Member, Dependant and/or other payee in terms of the Scheme provisions.

Where the value of all the benefits for and in respect of a Member is transferred out, he shall cease to be a Member.

17.7 Multiple Transfers

Except where the transfer is in accordance with Rule 10.4, a Member may elect under this Rule for different parts of the Member's Arrangement being transferred to be transferred as described above to different schemes, provided all that Member's Arrangement is being transferred.

17.8 Transitional Protection

A transfer under this Rule 17 will result in loss of the protections described in Rule 11 (protection for low pension age), or in loss of protection for cash lump sums, enhanced protection or fixed protection (as described in paragraph 12 of schedule 36 of the Finance Act and paragraph 14 of schedule 18 of the Finance Act 2011 respectively) unless the transfer satisfies the conditions applicable to the particular form of protection, as set out in the applicable paragraphs of schedule 36 of the Finance Act.

18. Former Contracted-out Schemes

18.1 This Rule applies where the Scheme has been specified on a contracting-out certificate for contracted-out Money Purchase Benefits.

18.2 Where this Rule applies, as from 6 April 2012, a Member's rights to benefits from the Scheme that relate to contracted-out employment (formerly known as protected rights) shall be treated on the same basis as all his other rights to benefits under the Rules.

19. General Provisions About Benefits and Rights Under the Scheme

19.1 The Scheme must provide Money Purchase Benefits. The Scheme may also provide death benefits as described in these Rules.

19.2 Assignment

(a) If a Member (or his personal representative) assigns or agrees to assign:

(i) any benefit to which the Member (or any Dependant of the Member) has a right, actual or prospective, or

(ii) any right in respect of any sums or assets held for the purposes of an Arrangement,

then unless the assignment or agreement is pursuant to a Pension Sharing Order the Scheme shall be treated as making an unauthorised Member payment (see Rule 5), and payments by the Scheme of the benefit or right so assigned (or agreed to be assigned) shall not be Authorised Member Payments. For the avoidance of doubt, this Rule does not prevent an assignment or agreement to assign in relation to the payment of a transfer payment under the Rules or an assignment under Rule 24.

(b) If any other person (or his personal representatives) assigns or agrees to assign:

(i) any benefit to which the person has a right, actual or prospective, in respect of a Member, or

(ii) any right in respect of any sums or assets held for the purposes of any Arrangement relating to a Member,

then, unless the assignment or agreement is pursuant to a Pension Sharing Order, the Scheme shall be treated as making payments that are not Authorised Member Payments.

19.3 Surrender

(a) If a Member or other person surrenders or agrees to surrender:

(i) any benefit to which the Member (or any Dependant of the Member) has a prospective right under an Arrangement, or

(ii) any right in respect of any sums or assets held for the purposes of any Arrangement,

then unless the surrender or agreement to surrender falls within the exceptions permitted under section 172A(5) to (7) of the Finance Act, the Scheme shall be treated as making a payment that is not an Authorised Member Payment.

(b) If any other person surrenders or agrees to surrender:

(i) any benefit to which the person has a prospective right under an Arrangement relating to a Member, or

(ii) any right in respect of any sums or assets held for the purposes of any Arrangement relating to a Member

then, unless the surrender (or agreement to surrender) falls within the exceptions referred to above, the Scheme shall be treated as making a payment that is not an Authorised Member Payment.

19.4 Information to Members

The Scheme must produce an annual statement to Members and others as required under section 113 of the Pension Schemes Act.

19. General Provisions About Benefits and Rights Under the Scheme – *continued*

19.5 Beneficiary Unable to Act

If the Trustees believe that a person entitled to payments is unable to act for any reason, 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 that person dies without becoming able to act, payment must be made to that person's estate.

Any payment made in accordance with this Rule will discharge the Trustees from any obligation to provide the benefits to which it relates.

19.6 Whereabouts Unknown

The Trustees may use discretion to decide that any person who is entitled to a payment under the Scheme shall cease to have any claim to the payment 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. The Trustees must, however, take reasonable steps to ascertain the address at least once during those six years.

19.7 Evidence

The Trustees may require any Member or any other person or persons (including trustees) to whom a pension or lump sum or other payment is or may be payable under the Scheme to produce any evidence or information which the Trustees may from time to time reasonably require. Without prejudice to the foregoing generally, where trusts have been declared of any lump sum death benefit payable in respect of a Member or Dependant, the Trustees may require the Member, or such other person or persons as above, to provide such evidence or information as the Trustees may require in order to satisfy the Trustees regarding the validity of the trusts, their scope and effect, and that they meet the requirements of the Scheme Rules for giving effect to such trusts.

19.8 Notice or Election to Trustees

Where these Rules give a Member or other person any choice, the Trustees may impose any requirements as to the period or form of the notice or election to be given by the Member or other person, so long as these do not conflict with any requirement specified in these Rules.

19.9 Regulatory Requirements

The Trustees may have legal obligations regarding the detection, reporting and prevention of fraud, money laundering and terrorist activity. Where this applies, they may be required to take action where they have suspicions about the use of, or any activity concerning, any accounts or funds it holds (or which are held in relation to the Scheme) or any facilities it provides. Where they are permitted legally to do so, they may advise a Member or other person of any investigation or of any delay arising from any such investigation. They may be obliged to refuse transactions or instructions. They will not be liable to any Member, Dependant and/or any third party for any loss or damage arising from any action it may take as a result of any such action and/or inaction. For the avoidance of doubt, this may include investigating those accounts, checking transactions on those accounts, verifying particular instructions or delaying or refusing instructions.

19.10 Liens for sums due to a Participating Employer

Where, as a result of a criminal, negligent or fraudulent act or omission, a Member is liable to a Participating Employer for the payment of any sum, the Member's Account and all benefits payable under the Scheme for and in respect of that Member stand charged with the payment of that sum. Where this is the case, the Trustees may pay the Member's Account or benefits to the Participating Employer to the extent of the amount due (or all of it if they are less than the amount due). However, this is subject to the following.

(a) This Rules must be operated at least in accordance with the provisions of sections 91 to 95 inclusive of the Pensions Act.

(b) This Rule does not apply to any part of the Member's Account or benefits that derive from a transfer into the Scheme and which are not 'prescribed transfer credits' for the purpose of section 91 of the Pensions Act.

(c) Before a payment is made to a Participating Employer the Member will be given a certificate showing the amount due to the Participating Employer and the effect of the reduction to his Member's Account or benefits. If the Member disputes the amount due, the Member's Account or benefits will not be reduced until the amount due has become enforceable under a court order or following an award of an arbiter or arbitrator.

(d) If the Member's Account or benefits are reduced under this Rule, the Trustees will pay the Participating Employer an amount equal to the amount due by the Member or, if less, the value of the Member's Account or, as applicable, the value of the actual benefits for the Member.

19. General Provisions About Benefits and Rights Under the Scheme – *continued*

19.11 Liens for sums due to the Scheme

Where, as a result of a criminal, negligent or fraudulent act or omission, a Member is liable to the Scheme for the payment of any sum, the Member's Account and all benefits payable under the Scheme for and in respect of that Member stand charged with the payment of that sum. Where this is the case, the Trustees may pay the Member's Account or benefits to the Scheme to the extent of the amount due (or all of it if they are less than the amount due). However, this is subject to the following.

(a) This Rule must be operated at least in accordance with the provisions of section 91 to 95 inclusive of the Pensions Act.

(b) This Rule does not apply to any part of the Member's Account or benefits that derive from a transfer into the Scheme and which are not 'prescribed transfer credits' for the purpose of section 91 of the Pensions Act.

(c) Before a payment is made to the Scheme the Member will be given a certificate showing the amount due to the Scheme and the effect of the reduction to his Member's Account or benefits. If the Member disputes the amount due, the Member's Account or benefits will not be reduced until the amount due has become enforceable under a court order or following an award of an arbiter or arbitrator.

(d) If the Member's Account or benefits are reduced under this Rule, the Trustees will pay the Scheme an amount equal to the amount due by the Member or, if less, the value of the Member's Account or, as applicable, the value or the actual benefits for the Member. This will be applied by the Trustees, as they decide reasonably, to meet the loss suffered by the Scheme as a result of the criminal, negligent or fraudulent act or omission.

19.12 Failure to claim

A pension shall be forfeit if either (a) or (b) of section 92(5) of the Pensions Act applies. The forfeited benefit shall be treated as surplus under Rule 20 or Rule 24, as applicable.

19.13 Perpetuities

(a) This Rule applies while the Scheme is subject to the law of England or to the law of Northern Ireland.

(b) Subject to (c) below, the perpetuity period for the Scheme is 80 years or such other period as may apply under the law to which the Scheme is subject starting from the Commencing Date.

(c) As at or by the date on which the perpetuity period comes to an end, the Scheme will wind up in accordance the provisions in Rule 24:

Provided that, if the Scheme is exempt under statutory law or otherwise from the rules relating to perpetuities as at the date on which the perpetuity period comes to an end, then the Scheme shall not wind up in terms of this Rule and Rule 24 unless the exemption ceases to apply to the Scheme and, in that event, the date as at or by which it will wind up shall be the date such exemption ceases to apply.

19.14 War service

The Trustees may restrict the amount of any benefit payable on the death of a Member in Service where his death occurs directly or indirectly as a result of war (whether war be declared or not) or where he dies while a whole time member of the armed forces or of any organisation engaged in national service of any country.

19.15 Benefits in Sterling

All benefits and contributions under the Scheme shall be payable in pounds sterling, and if a Member's emoluments are payable in another currency, then for the purpose of determining their amount on any date at which a calculation of his emoluments is to be made for the purposes of the Scheme they shall be converted into pounds sterling at the rate of exchange obtainable by the Principal Company from its bankers at that date.

19.16 Termination of employment

Nothing contained in the Rules shall restrict in any way the right of a Participating Employer to terminate the employment of a Member.

19.17 Other Payments

The other provisions of the Scheme set out or describe payments that may be made to the Scheme. The Trustees may accept other payments not set out or described, and may apply them under the Scheme, subject to such action as shall not prejudice Registration and/or result in the payment being treated as an unauthorised payment to the Scheme.

20. Surplus

20.1 (a) Where an amount of surplus arises the Trustees shall give the Principal Company details of the surplus. Subject to the provisions of the Finance Act and the Pensions Act 2004 and HMRC provisions, the Principal Company must direct the Trustees to do one or more of the following:

(i) Use some or all of the surplus to pay contributions due by a Participating Employer.

(ii) Use some or all of the surplus to provide augmented or additional benefits for and in respect of a Member.

(iii) Use some or all of the surplus to pay any Scheme expenses.

(iv) Pay some or all of the surplus to a Participating Employer less any tax due under the Finance Act.

(b) A payment to a Participating Employer is subject to the following conditions being satisfied:

(i) HMRC has consented to the payment unless the payment is of a type for which HMRC's consent is not needed.

(ii) Any tax due under the Finance Act in relation to the surplus being paid by the Trustees to HMRC.

(iii) The payment is an authorised surplus payment for the purposes of section 177 of the Finance Act.

(iv) The provisions of the Pensions Act 2004 in relation to the application of surplus have been met.

21. Investment and Scheme Administration

21.1 Investment

(a) Subject to the following provisions of this Rule, the Trustees shall invest all payments to and assets of the Scheme in or towards policies or contracts of annuity or assurance with an Insurance Company. However, the Trustees shall be under no liability for any loss suffered or alleged to be suffered as a result of the selection of the Insurance Company or of the policies or contracts or of anything done or not done in terms of any policy or contract with an Insurance Company.

(b) The Trustees may deposit Scheme money with a bank or building society provided that this is done for administrative rather than investment purposes.

(c) **The Member's Choice**
Subject to section 17(2)(b) of the Pensions Act 2008, the Member may make the investment choice for whichever of the following that the Trustees invite the Member to make:

(i) the Insurance Company;

(ii) the type of policy or contract;

(iii) the investment options under the policy or contract;

(iv) the payments that are to be applied to the investment in line with the Member's investment choice (e.g. voluntary contributions only).

From time to time, the Trustees may tell the Member that new investment choices shall apply (which includes having no choice). When this is done, the new investment choices shall apply.

The exercise of investment choice by a Member shall be in relation only to payments to and assets of the Member's Account (and is subject further to (c)(iv) above).

While the Member is responsible for investment choices, the Trustees shall have no responsibility and liability in respect of those investment choices other than to arrange for the investments to be made in accordance with the Member's investment choices.

(d) The Trustees do not have wider powers of investment set out in any relevant legislation save to the extent that such wider powers may not be avoided.

(e) Where applicable, the Trustees must carry out their investment powers in accordance with section 36 of the Pensions Act.

21.2 Delegation
The Trustees may delegate any power, duty or discretion to any person and on any terms subject only to any overriding provisions of the Pensions Act and the Pensions Act 2004.

21.3 Agents etc
The Trustees may hire or engage any person to carry out work for them, and/or to act as agent for them, in respect of any matter relating to the Scheme. Any such person may be paid by the Scheme for this work, including where the person is a Trustee or a person or body connected or associated with a Trustee, and may keep such payments. However, this is subject to being a payment that will not give rise to an unauthorised payment charge as described in Rule 5.

However, this Rule is subject to any overriding provision of the Pensions Act and Pensions Act 2004 and needs to be read in connection with the Scheme provisions concerning payment of expenses.

21.4 Trustee meetings and decisions

(a) The Trustees may make such provisions and regulations for Trustee meetings as they decide. In the absence of any decision to the contrary the following apply:

(i) Anything required or permitted to be done by the Trustees may be done by a resolution at a meeting passed by all of the Trustees, or set down in writing and assented to by all of the Trustees after having been circulated to all of them.

(ii) A majority of the Trustees present at a Trustees' meeting constitutes a quorum.

(iii) The Trustees shall appoint a chairman who will chair Trustee meetings and who, if there is an equality of votes, shall have a second or casting vote.

(iv) A corporate Trustee may act through a director, company secretary or a person authorised by it for the purpose.

(v) While there is only one Trustee, and that is a corporate Trustee, meetings will be held and decisions made in accordance with the provisions applicable to the corporate Trustee.

(vi) Each Trustee will get prior written notice of all meetings to be held and resolutions proposed.

(b) This Rule is subject to any overriding provisions of the Pensions Act and the Pension Act 2004.

21.5 Scheme records and information

(a) The Trustees must keep proper records in relation to the Scheme. The Trustees shall decide what to record and in what form. However, they must ensure that they meet the requirements of:

(i) the Pensions Act and the Pensions Act 2004;
(ii) HMRC;
(iii) DWP; and
(iv) the Pensions Regulator.

(b) The Trustees must have audited annual accounts prepared which meet, at least, the requirements of the Pensions Act and the Pensions Act 2004. However, for any complete Scheme Year during which there is no legislative requirement to have audited annual accounts, the Trustees do not have to have audited annual accounts prepared unless they choose to do so.

21.6 Schedule of payments

(a) Where required by the Pensions Act, the Trustees must have a schedule of payments and must keep it up to date – all in accordance with sections 87 to 89 inclusive of the Pensions Act.

The Participating Employers agree to take all reasonable steps required by the Trustees so that the Trustees can meet their obligations as regards a schedule of payments.

(b) Where payments are not made in terms of the schedule of payments, the Trustees shall meet the requirements of the Pensions Act to give notice of this to the Pensions Regulator unless otherwise allowed by the Pensions Regulator or by legislation.

21.7 Disclosure of information to advisers

Where required in terms of the Pensions Act, the Trustees shall make available to advisers the required information.

Similarly, each Participating Employer, as required by the Pensions Act, shall make available to the Trustees the required information.

21.8 Dispute resolution procedure

Where the Pensions Act requires, the Trustees must arrange for a dispute resolution procedure to be in place which meets the requirements of the Pensions Act.

21.9 Registration and levies

The Trustees shall ensure they meet the requirements to supply information to the Registrar of Occupational and Personal Pension Schemes in accordance with the Pension Schemes Act; and that they pay the amount of levy from time to time required in terms of the Pension Schemes Act, the Pensions Act and the Pensions Act 2004.

21.10 Information

There are legislative and HMRC requirements as to information which must be supplied and/or retained. The requirements cover the type of information, the form in which it is supplied or retained, time limits for supplying or retaining it and penalties for not doing what is required.

22. Pension Sharing and Charges

22.1 General
The Trustees may be requested to provide information in connection with the divorce or dissolution of a Civil Partnership of a Member or required to carry out pension sharing activity, as prescribed by the Charging Regulations, in compliance with a Pension Sharing Order or an Earmarking Order in respect of a Member's Arrangements.

Rule 5 regarding unauthorised payments applies to any benefits payable under this Rule.

The Trustees must comply with relevant provisions of the 1999 Act.

The Trustees must ensure that any Pension Credit Benefits are treated as if they were provided separately from the benefits (if any) provided under the Scheme for the Ex-Spouse or Ex-Civil Partner in that person's capacity as an employee or as the widow or widower or surviving Civil Partner of an employee.

22.2 Ex-Spouse or Ex-Civil Partner
The Trustees may at their discretion allow an Ex-Spouse or Ex-Civil Partner to participate in the Scheme in respect of his Pension Credit Rights with effect from such date as the Trustees decide. The Trustees must decide, after consulting the Principal Company, and in accordance with the 1999 Act, what options will be available to that Ex-Spouse or Ex-Civil Partner in relation to his Pension Credit Benefits.

If, instead, the Trustees decide not to allow an Ex-Spouse or Ex-Civil Partner to participate in the Scheme (and are permitted under the 1999 Act to do so), the Trustees shall discharge their liability in respect of the Pension Credit by paying the value of that credit to a Registered Pension Scheme or Qualifying Recognised Overseas Pension Scheme that is able and willing to accept the payment.

22.3 Death of Ex-Spouse or Ex-Civil Partner
If the Ex-Spouse or Ex-Civil Partner dies after a Pension Sharing Order is made but before the Trustees act on it, the Trustees must secure the whole of the value of the Pension Credit of that Ex-Spouse or Ex-Civil Partner in ways permitted by the 1999 Act.

22.4 Charges
The Trustees may, where permitted by the 1999 Act, make reasonable charges in connection with the divorce or dissolution of Civil Partnership of a Member. The Trustees must decide how those charges should be recovered, subject to any requirements in the Charging Regulations. The Trustees may subsequently agree to waive any charges.

23. Employer Stops Participating

23.1 A Participating Employer may stop participating in the Scheme at any time if it gives notice to the Trustees, and to the Principal Company (if it is not the Principal Company). The notice must set out the date on which it is to stop participating.

23.2 A Participating Employer shall stop participating on the earliest day at which one of the following occurs:

(i) Its continued participation will prejudice Registration.

(ii) Any order is made by any competent court, or any resolution is made by the Participating Employer, for the Participating Employer's winding up or dissolution and/or for the appointment of a liquidator of that Participating Employer.

(iii) The Participating Employer is struck off in terms of section 1000 of the Companies Act 2006.

(iv) Any analogous action to what is set out in (ii) or (iii) takes place in relation to the Participating Employer in a jurisdiction outside of the United Kingdom.

(v) The Principal Company stops participating and no other Employer takes its place as the Principal Company.

23.3 When the Participating Employer stops participating, the Members in its employment will stop being in Pensionable Service unless they join the Service or are in the Service of another Participating Employer.

23.4 Where this Rule applies to a Participating Employer then the Principal Company shall pay any surplus to the Participating Employer under Rule 20 or any surplus shall be dealt with under Rule 24 if that Rule applies.

24. Winding up the Scheme

24.1 This Rule applies and the Scheme is to be wound up if any of the following occurs:

(i) All of the Participating Employers stop participating. Here, the Scheme will wind up from the date on which the last Participating Employer stopped participating.

(ii) The Principal Company gives written notice to the Trustees that the Scheme is to wind up. The notice must set out the date from which the Scheme is to wind up and the Scheme shall wind up from that date.

(iii) The Principal Company gives written notice to the Trustees that the Principal Company is to stop participating, as set out in Rule 23, and no other Employer takes its place as the Principal Company.

24.2 The date specified in terms of 24.1(i), (ii) or (iii) shall be known as the 'Wind-up Date'. However, unless the actual winding up is completed by that date, then the date on which the Scheme is actually terminated will be after the Wind-up Date.

24.3 Pensionable Service and cover for any Insured Death Benefits for all Members stops on the Wind-up Date. However, a Participating Employer may make a special contribution after the Wind-up Date, but before the Scheme is terminated.

24.4 From the Wind-up Date the Trustees will look to settle payments due from the Scheme.

The Trustees, also, will look to secure the benefits for all beneficiaries outside of the Scheme. The Trustees will do this using one or more of the following:

(i) Making a transfer in terms of Rule 17.

(ii) Applying all or part of the Member's Account to a contract or policy of annuity or assurance in the name of the Member (or beneficiary if applicable) being a contract or policy which satisfies the requirements of the Pension Schemes Act and HMRC.

(iii) Assigning to the Member (or Beneficiaries if applicable) a contract or policy of annuity or assurance being a contract which satisfies the requirements of the Pension Schemes Act and HMRC.

(iv) Paying a Trivial Commutation Lump Sum or Trivial Commutation Lump Sum Death Benefit in terms of the Rules.

(v) Paying an Uncrystallised Funds Lump Sum Death Benefit under Rule 14.

(vi) Paying a winding-up lump sum as described and subject to the conditions set out in paragraph 10 of schedule 29 of the Finance Act.

24.5 If any surplus arises during the winding-up then it will be dealt with as follows:

(a) The Trustees will tell the Principal Company the amount of surplus.

(b) The Principal Company will have discretion to direct the Trustees to apply the surplus in one or more of the following ways:

(i) apply all or part of the surplus to a Member's Account or to provide additional or augmented benefit for a beneficiary of the Scheme.

(ii) use some or all of the surplus to pay any Scheme expenses.

(iii) pay all or part of the surplus to the Principal Company or to any other Participating Employer. A payment to a Participating Employer is subject to the following conditions being satisfied.

(1) HMRC has consented to the payment unless the payment is of a type for which HMRC's consent is not needed.

(2) Any tax due has been paid by the Trustees to HMRC.

(3) Should section 37 of the Pensions Act apply, the conditions of that section shall override this Rule to the extent necessary.

(c) If the Trustees have not received a direction in terms of (b) above by the time they are otherwise in a position to terminate the Scheme, then the Trustees may pay the surplus to the Principal Company subject to the conditions in (b)(iii). However, this will not be done if the Principal Company does not exist and the payment would otherwise go to the Crown. Here, the Trustees will apply the surplus to provide additional or augmented benefits and only any surplus that cannot be so used will be payable to the Crown.

(d) Should section 76 of the Pensions Act apply, the conditions of that section shall override this Rule to the extent necessary.

24.6 When all the benefits have been secured outwith the Scheme, and any remaining assets paid out of the Scheme, the Scheme shall be terminated and the Trustees shall be discharged from being Trustees and from any further liabilities or obligations under the Scheme.

24.7 In winding up the Scheme the Trustees must ensure they comply with the requirements of or obligations imposed on them under the Pensions Act in relation to schemes in wind-up, in so far as applicable.