

Dated: 25 September 2020




The Stoneport Pension Scheme

Definitive Trust Deed and Rules

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REPLACEMENT DEFINITIVE TRUST DEED AND RULES

This Deed (the "**Deed**") is dated 25 September 2020

Between


STONEPORT PENSIONS ALLIANCE LIMITED (registered number 12897272) whose registered office is at 11 Strand, London WC2N 5HR (the "**Principal Employer**"); and


JOHN PAUL BATTING, STUART MALCOLM SOUTHALL and WILLIAM WOLFENDEN all care of 11 Strand, London WC2N 5HR (together the "**Trustees**").

Recitals

- A. This document relates to the Stoneport Pension Scheme, known until the date of this Deed as the BGJ Pension Scheme (the "Scheme"). This Deed is supplemental to a definitive trust deed and rules dated 4 October 1994 (the "**Previous Rules**") as subsequently amended.
- B. The Trustees are the present trustees of the Scheme and the Principal Employer is the present Principal Employer of the Scheme.
- C. Under Rule 20 of the Previous Rules, the Principal Employer may, with the consent of the Trustees, at any time by deed amend or extend any of the provisions of the Scheme.
- D. The Principal Employer, having obtained the consent of the Trustees, as evidenced by their execution of this Deed, wishes to amend the provisions of the Previous Rules with effect from 30 September 2020 by replacing the Previous Rules and all other documents governing the Scheme with the Rules appended to this Deed and all Schedules attached to them (the "**Replacement Rules**").
- E. The Trustees are satisfied that the alterations made by this Deed are not protected or detrimental modifications as defined in Section 67A of the PA 1995 and are not prohibited by Section 37(1) of the PSA.

Effect of this document

- 1. In exercise of its powers under Rule 20 of the Previous Rules and all other relevant powers, and with the consent of the Trustees (whose consent is evidenced by its execution of this Deed), the Principal Employer by this Deed amends the provisions of the Scheme by replacing, with effect from 30 September 2020, the Previous Rules and all other all documents governing the Scheme with the Replacement Rules.
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2. If any amendment introduced by this Deed shall infringe Section 67 of the PA 1995 (as amended), such amendment shall be void and be given no effect and shall be deemed not to be included in this Deed but without invalidating any of the remaining provisions of this Deed. Any provision of this Deed which shall infringe Section 67 only in part or degree shall remain in full force and effect to the extent that it does not infringe Section 67.
 3. This Deed may be executed in any number of counterparts and by the parties to it on separate counterparts and each such counterpart shall constitute an original of this Deed but all of which together constitute one and the same instrument. This Deed shall not be effective until each party has executed at least one counterpart.
 4. The construction, validity and performance of this Deed and all obligations arising from or connected with this Deed shall be governed by the laws of England.
 5. Each party irrevocably agrees to submit to the exclusive jurisdiction of the courts of England over any claim or matter arising under or in connection with this Deed.
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The Rules

1. Eligibility and terms of membership

- 1.1. Any person who is a Member immediately before 30 September 2020 shall remain as a Member and shall, on that date, join the Main Section.
- 1.2. Any person who is receiving a pension from the Scheme as a Dependant immediately before 30 September 2020 shall, on that date, join the Main Section and be treated as a Dependent Pensioner.
- 1.3. Any person joining the Main Section on 30 September 2020, whether as a Member or as a Dependent Pensioner, shall be entitled or prospectively entitled, as relevant, to the benefits applicable to them as set out in the Previous Rules, as subsequently amended, that applied immediately before 30 September 2020, but otherwise these Rules shall apply to and in respect of such persons.
- 1.4. Any person who is specified in a Participation Deed as a Member or a Dependent Pensioner shall be admitted as a Member or Dependent Pensioner, as relevant, on the terms set out in these Rules and such Participation Deed. If a Participation Deed provides for payment of a benefit for any person which would not otherwise be payable under these Rules, then the Trustees must pay the benefit to such person if, when payable, the benefit would qualify as an Authorised Member Payment.
- 1.5. In order to ensure that an Employer shall become an "employer" for the purposes of the Employer Debt Regulations and any other relevant legislation, the Principal Employer and the Trustees may from time to time agree with the Employer that:
 - (a) one or more of its Members who are in its employment at the time shall become entitled, in addition to the benefits to which they are otherwise entitled under the Scheme, to such benefits as the Trustees and Principal Employer shall agree with the Employer; or
 - (b) such other person or persons shall be admitted to Membership on such terms as the Trustees and Principal Employer shall agree with the Employer.

Where a person or persons are admitted to Membership and/or any such benefits are agreed in respect of such person(s) or Member(s), they shall be recorded in the relevant Participation Deed or as otherwise agreed by the Trustees and Principal Employer.

- 1.6. Notwithstanding any other provision in these Rules, no Member may become entitled to any new or additional benefits in the Scheme except in accordance with Rule 1.5 or Rule 9.
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2. Member's contributions

No Member may contribute to the Scheme.


3. Actuarial valuations and investigations, and Employers' contributions

3.1. Compliance with PA 2004


- (a) Notwithstanding any other provision of this Rule 3, the Trustees shall secure that:
- (i) a written statement of funding principles, which satisfies the requirements of Section 223 of the PA 2004, is prepared and from time to time reviewed and if necessary revised; and
 - (ii) the Scheme is otherwise operated in compliance with the statutory requirements of Part 3 (Scheme Funding) of the PA 2004, or such other relevant funding requirement as shall apply to the Scheme from time to time.
- (b) Each Section of the Scheme is a formally segregated section for the purposes of Part 3 of the PA 2004, and the Trustees shall treat each Section separately for statutory funding purposes as required by Part 3 of the PA 2004 as modified by Regulation 19 and paragraph 1 of Schedule 2 to the Occupational Pension Schemes (Scheme Funding) Regulations 2005 until the Centralisation Date and, where Rule 3.1(c) applies, for such period after the Centralisation Date pursuant to Rule 3.1(c).
- (c) If there are any Non-transferring Sections, Rule 3.1(b) shall continue to apply after the Centralisation Date for so long as one or more of the Non-transferring Sections shall continue to exist.

3.2. Actuarial investigations for Funding Target purposes before Centralisation Date

Where the Scheme Actuary carries out a Statutory Valuation of a Section with an effective date prior to the Centralisation Date:

- (a) the Trustees shall instruct the Scheme Actuary to complete a Funding Target Valuation as at the same effective date as the Statutory Valuation;
 - (b) the Trustees shall determine the Funding Target Basis for the relevant Section having obtained the advice of the Scheme Actuary and having consulted with the Principal Employer; and
 - (c) the Scheme Actuary shall provide a report to the Trustees setting out, under the Funding Target Basis, the Section's Funding Target Cash Flows.
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3.3. Employer contributions to a Section before Centralisation

- (a) For the period from the Participation Date until the completion of the first Statutory Valuation, and agreement of the resulting schedule of contributions, of such Section:
 - (i) Each Employer other than PSS shall contribute such amounts to its Section as are set out in the Funding and Investment Plan for that Employer; and
 - (ii) PSS shall contribute such amounts to its Section as it shall have agreed with the Trustees from time to time.
 - (b) Where the first Statutory Valuation in respect of a Section is carried out with effect from a date before Centralisation, the Trustees shall, following the completion of the Funding Target Valuation pursuant to Rule 3.1(c) and having received the report from the Scheme Actuary which determines the Funding Target Cash Flows of such Section, and having taken Suitable Advice, agree with the Employer, or where Rule 3.9(d) applies, determine, the amounts which the Employer will contribute to its Section to meet the Funding Target having regard to:
 - (i) the expected future return on each of the Investment Fund and the Matching Fund;
 - (ii) the Section's Funding Target Cash Flows;
 - (iii) the Employer's Investment Allocation as at the effective date of the relevant actuarial investigation and proposed future Investment Allocations through time up to the Target Date;
 - (iv) the Employer's Employer Covenant; and
 - (v) the value of the assets in the Section.
 - (c) The Trustees shall amend the Funding and Investment Plan for the Employer to take account of any change in the Employer's contributions.
 - (d) The contributions of an Employer to its Section may not be used for the purposes of any other Section.
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3.4. Actuarial investigation as at, and after, Centralisation Date - Main Section

(a) As at the Centralisation Date:


- (i) the Trustees shall instruct the Scheme Actuary to carry out a Statutory Valuation of the Main Section;
- (ii) the Trustees shall instruct the Scheme Actuary to complete a Funding Target Valuation;
- (iii) the Trustees shall determine the Funding Target Basis for the Main Section having obtained the advice of the Scheme Actuary and having consulted with the Principal Employer; and
- (iv) the Scheme Actuary shall provide a report to the Trustees setting out, under the Funding Target Basis, the Main Section's Funding Target Cash Flows and each Employer's Funding Target Cash Flow Shares.

(b) Where the Scheme Actuary carries out any Statutory Valuation in respect of the Main Section subsequent to the Centralisation Date:

- (i) the Trustees shall instruct the Scheme Actuary to complete an investigation of the Main Section for Funding Target purposes as at the same effective date as each Statutory Valuation; and
- (ii) the Trustees shall review, and if appropriate revise, the Funding Target Basis for the Main Section having obtained the advice of the Scheme Actuary and having consulted with the Principal Employer.

3.5. Employer contributions after Centralisation - Main Section

Following the completion of each Funding Target Valuation pursuant to Rule 3.4 and having received the report from the Scheme Actuary referred to in Rule 3.4(a)(iv), the Trustees, having taken Suitable Advice, shall agree with the Employer, or where Rule 3.9(d) applies, determine, the amounts which the Employer will contribute to the Main Section to meet the Funding Target, having regard to:

- (a) the Funding Target Cash Flows for the Main Section;
 - (b) the expected future return on each of the Investment Fund and the Matching Fund;
 - (c) the aggregate Employer Covenant of the Main Section; and
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(d) the Employer's:

- (i) Funding Target Cash Flow Shares;
- (ii) Investment Allocation as at the effective date of the relevant actuarial investigation and proposed future Investment Allocations through time up to the Target Date;
- (iii) Employer Covenant; and
- (iv) Notional Asset Account,

and shall amend the Funding and Investment Plan for the Employer to take account of any change in the Employer's contributions.

3.6. Actuarial reports for Funding Target purposes

- (a) After Centralisation, the Scheme Actuary shall, no later than 12 months after the effective date of the last Statutory Valuation of the Main Section or, if more recent, the last report under this Rule 3.6, provide a report to the Trustees setting out the overall Funding Target Cash Flows for the Main Section calculated by reference to the Funding Target Basis amended as relevant under Rule 3.4(b)(ii) but:
 - (i) with the financial assumptions updated for the effective date of such report;
 - (ii) allowing for any material differences between the actuarial assumptions underlying the overall Funding Target Cash Flows for the Main Section and the actual experience of the Main Section during the period since the overall Funding Target Cash Flows for the Main Section were last calculated; and
 - (iii) allowing for updated information on the Members and Dependent Pensioners of the Main Section at the effective date of such report.

3.7. Actuarial investigations as at, and after, Centralisation Date - Non-transferring Sections

- (a) Where a Statutory Valuation has not been carried out prior to the Centralisation Date in respect of a Non-transferring Section, as at the Centralisation Date:
 - (i) the Scheme Actuary shall carry out a Statutory Valuation in respect of that Section; and
 - (ii) unless the Employer shall have notified the Trustees under Rule 3.9(e) that no Funding and Investment Plan shall apply in respect of that Section:

- (A) the Trustees shall instruct the Scheme Actuary to complete a Funding Target Valuation; and
 - (B) the Scheme Actuary shall provide a report to the Trustees setting out, under the Funding Target Basis for the Main Section as determined in accordance with Rule 3.4(b)(ii), the Section's Funding Target Cash Flows.
- (b) Where the Scheme Actuary carries out any Statutory Valuation in respect of a Non-transferring Section subsequent to the Statutory Valuation referred to in 3.7(a) or in Rule 3.1(c), unless the Employer shall have notified the Trustees under Rule 3.9(e) that no Funding and Investment Plan shall apply in respect of that Section:
- (i) the Trustees shall instruct the Scheme Actuary to complete a Funding Target Valuation as at the same effective date as the Statutory Valuation;
 - (ii) the Scheme Actuary shall provide a report to the Trustees setting out, under the Funding Target Basis for the Main Section as determined in accordance with Rule 3.4(b)(ii), the Section's Funding Target Cash Flows; and
 - (iii) the Trustees shall review, and if appropriate revise, the Funding and Investment Plan for the Employer.

3.8. Employer contributions after Centralisation - Non-transferring Sections

Following the completion of each actuarial investigation of a Non-transferring Section under Rule 3.7, Rule 3.3(b) shall apply as if the reference in Rule 3.3(b) to the Funding Target Valuation pursuant to Rule 3.1(c) were to the relevant Funding Target Valuation pursuant to Rule 3.7, unless it shall have notified the Trustees under Rule 3.9(e) that no Funding and Investment Plan shall apply in respect of that Section, in which case it will pay contributions after Centralisation as required under Rule 3.1(a)(i).

3.9. Funding and Investment Plan

- (a) The Trustees must agree a Funding and Investment Plan with each Employer as at its Participation Date.
- (b) The Funding and Investment Plan must set out:
 - (i) the contributions agreed between the Employer and the Trustees in accordance with Rule 3.3, 3.5 or 3.8 (unless it shall have notified the Trustees under Rule 3.9(e)(e) that no Funding and Investment Plan shall apply in respect of that Section), or determined by the Trustees pursuant to Rule 3.9(d), as relevant;

- (ii) the Employer's Investment Allocation as at the effective date of the relevant actuarial investigation (or, in the case of the initial Funding and Investment Plan, at the Participation Date) and proposed future Investment Allocations through time up to the Target Date.
- (c) The Trustees must review the Funding and Investment Plan following each Funding Target Valuation and may, in addition, review the Funding and Investment Plan at the request of the Employer or at such other dates as they may decide.
- (d) The Trustees may amend the Funding and Investment Plan, having reviewed it in accordance with Rule 3.9(c), with the agreement of the Employer provided that the Employer's consent will not be required where the Trustees, having used reasonable endeavours, are unable to reach agreement with the Employer within 15 months (or such other period as shall be specified in legislation which specifies by when a Statutory Valuation must be prepared) after the effective date of the relevant valuation.
- (e) Where:
 - (i) the Trustees and Principal Employer decide under Rule 11.1(b)(iii) that Centralisation will never occur; or
 - (ii) an Employer is the Employer of a Non-transferring Section

an Employer may notify the Trustees that, with effect from the date specified in the notice, the Funding Target will cease to apply in respect of the Section for which they are the Employer and the Funding and Investment Plan in respect of that Section will fall away. Where such a notice is given, the requirements of Part 3 (Scheme Funding) of the PA 2004, or such other relevant funding requirement as shall apply to the Scheme from time to time, shall continue to apply in respect of the relevant Section.

3.10. Deferral of Target Date

- (a) The Trustees shall defer the Target Date:
 - (i) at the request of the Principal Employer, to the date specified in such request, subject to the Trustees receiving Suitable Advice that:
 - (A) the Funding Target has, due to adverse deviation, experience or otherwise, become significantly more onerous; and
 - (B) the proposed deferral has no significant adverse impact on the security of Members' benefits; or

- (ii) in such other circumstances, and to such date, as the Trustees and the Principal Employer decide.
- (b) Where the Principal Employer has made a request in accordance with Rule 3.10(a)(i) and the conditions in 3.10(a)(i)(A) and 3.10(a)(i)(B) are not met, the Target Date will not be deferred.
- (c) Where the Target Date is deferred under Rule 3.10(a), the date to which it is delayed will become the Target Date, in which case:
 - (i) the Funding Target shall be to target being Funded to Buy-out by such delayed date; and
 - (ii) the Funding Target Cash Flow Share of each Employer in each Scheme Year following the previous Target Date and at the new Target Date will be identical to the Funding Target Cash Flow Share at the previous Target Date.
- (d) The Target Date may be deferred more than once. This Rule 3.10 shall apply to any subsequent deferral of the Target Date.


3.11. Multiple Sections

Where:

- (a) an Employer participates in more than one Section, the provisions of Rules 3.1 to 3.9 apply separately in respect of each Section; and
- (b) the assets and liabilities of more than one Section relating to the same Employer are transferred to the Main Section pursuant to Rule 11.3(a), the provisions of Rules 3.1 to 3.9 apply separately in respect of each such transfer.

3.12. Additional special contributions

An Employer may, with the consent of the Trustees, pay any sum by way of special contribution for any purpose consistent with the purposes of the Scheme.



4. Benefits on retirement

4.1. Normal retirement pensions


- (a) A Member who retires at Normal Retirement Date shall be entitled to an immediate annual pension payable during his lifetime which is equal to the Deferred Pension for that Member, preserved and revalued to the extent required by the PSA to Normal Retirement Date, or as otherwise specified in the Participation Deed applicable to the Member, plus any amount payable in accordance with Rule 4.1 (b).
- (b) A Member to whom Rule 1.5 applies shall, in addition to any pension payable under Rule 4.1 (a), receive the benefits to which he is entitled pursuant to Rule 1.5 subject to the requirements of the PSA regarding preservation and revaluation.

4.2. Early retirement

- (a) A Member who:
 - (i) has not reached Normal Retirement Date but either:
 - (A) is aged 55 or above (or, if the entitlement condition under paragraph 22(4) Schedule 36 of the FA 2004 is met, 50 or above); or
 - (B) in the opinion of the Trustees, after having taken medical advice from a registered medical practitioner, is (and will continue to be) incapable of carrying on his occupation because of physical or mental impairment and has in fact ceased to carry on his occupation, and
 - (ii) by notice to the Trustees has requested an immediate annual pension payable during his lifetime;

shall be entitled to a pension, calculated in accordance with Rule 4.2(b) from the date requested in the notice or such other date agreed to by the Trustees.

- (b) The pension payable to a Member who retires before Normal Retirement Date shall be equal to the Deferred Pension for that Member, together with any amount payable in accordance with Rule 4.1 (b):
 - (i) revalued as specified in the Participation Deed applicable to that Member, subject to the requirements of the PSA regarding revaluation and preservation; but

- (ii) reduced, if applicable, by the Trustees on Actuarial Advice having regard to:
 - (A) the period between the Member's Normal Retirement Date and the date of commencement of the pension; and/or
 - (B) the terms specified in the Participation Deed applicable to that Member.
 - (c) If the calculation of the early retirement pension under Rule 4.2(a) (without reference to
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- (d) Schedule 3 (Contracting-out)) would result in the pension payable at Guaranteed Minimum Pension Age being less than the Guaranteed Minimum Pension, the Trustees shall at their discretion determine either not to pay an early retirement pension or to pay such reduced pension until Guaranteed Minimum Pension Age as the Trustees shall determine upon Actuarial Advice in order to allow the Guaranteed Minimum Pension to be paid without increasing the overall liability of the Scheme in respect of the Member.

4.3. Late retirement

- (a) Payment of a pension to a Member will commence after Normal Retirement Date where:
- (i) a Member elects not to take a pension at Normal Retirement Date by notifying the Trustees in writing, in which case the pension will commence on such date as the Member may subsequently elect, by notice in writing to the Trustees any time thereafter, for the pension to commence; or
 - (ii) as at Normal Retirement Date, the Trustees do not have sufficient information to pay the pension to a Member, in which case payment will commence on such date as the Trustees have all such information, unless the Member makes an election in terms of paragraph 4.3(a)(i) above, in which case paragraph 4.3(a)(i) shall apply to the Member.
- (b) The pension payable to a Member who retires after Normal Retirement Date shall, subject to Rule 4.3(c), be equal to the Deferred Pension for that Member, together with any amount payable in accordance with Rule 4.1 (b):
- (i) revalued as specified in the Participation Deed applicable to that Member, subject to the requirements of the PSA regarding revaluation and preservation; but
 - (ii) increased by the Trustees on Actuarial Advice having regard to:
 - (A) the period between the Member's Normal Retirement Date and the later date of commencement of the pension; and/or
 - (B) the terms specified in the Participation Deed applicable to that Member.
- (c) Where Rule 4.3(a)(ii) applies, the pension payable to the Member will be calculated as if it had come into payment on Normal Retirement Date unless the Trustees decide, and the Member agrees, that the pension shall be payable in accordance with Rule 4.3(b). Where a pension is payable in accordance with this Rule 4.3(c), the Trustees shall pay to the Member any unpaid instalments of pension.

4.4. Lump sum benefits on retirement

- (a) A Member may elect to receive a lump sum in lieu of part of his pension, unless the Member does not have this right under the Participation Deed applicable to them. The amount of the lump sum shall not exceed the lower of:
- (i) the permitted maximum, as defined in paragraph 2 of Schedule 29 to the FA 2004 or such higher amount as may be permitted under the FA 2004; and
 - (ii) the amount which would result in the Member's pension being less than the Guaranteed Minimum Pension.
- (b) The pension payable to the Member shall be reduced by the Trustees on Actuarial Advice to take account of the lump sum or otherwise as specified in the Participation Deed.
- (c) Notwithstanding 4.4(a) or 4.4(b), a Member shall receive such lump sum benefit as they are entitled to pursuant to the Participation Deed applicable to them. Such a lump sum shall be subject to the requirements of the PSA regarding revaluation and preservation and where paid:
- (i) before Normal Retirement Date, shall be reduced by the Trustees on Actuarial Advice having regard to:
 - (A) the period between the Member's Normal Retirement Date and the earlier date of payment of the lump sum; and/or
 - (B) the terms specified in the Participation Deed applicable to that Member;
or
 - (ii) after Normal Retirement Date, shall be increased by the Trustees on Actuarial Advice having regard to:
 - (A) the period between the Member's Normal Retirement Date and the later date of payment of the lump sum; and/or
 - (B) the terms specified in the Participation Deed applicable to that Member.

4.5. Additional Dependents' annuities



- (a) Subject to the consent of the Trustees, a Member may by prior written notice surrender part of his pension other than any Guaranteed Minimum Pension, to be paid as an annuity to such one or more of his Dependants as he may select, unless this right does not exist under the Participation Deed applicable to the Member. The Trustees shall decide the amount of any such Dependant's annuity on Actuarial Advice having regard to the amount of pension surrendered. The Trustees shall not be bound to accept any surrender.
- (b) Any annuities payable pursuant to this Rule 4.5 shall become payable on the death of the Member in retirement (and not in any other circumstances) and the total of all such annuities shall not exceed the pension to which the Member was entitled at that time.
- (c) An election shall be irrevocable except with the consent of the Trustees. If any intended recipient of a Dependant's annuity dies before the Member retires then the election by the Member to pay an annuity to that Dependant shall be deemed not to have been made. If the intended recipient dies after the Member has retired but before the Member's death, the Dependant's annuity shall not be payable to that Dependant. Where a Member decides to surrender part of his pension under Rule 4.5(a) to more than one Dependant and one such Dependants dies in the circumstances envisaged in this Rule 4.5(c), the other such Dependants shall remain entitled to the proportion of the Member's pension which the Member selected unless the Member, with the consent of the Trustees, decides to modify the proportion of pension which they shall receive.

5. Benefits on death

There shall be payable in respect of a Member who dies such benefits, if any, as are specified in the Participation Deed applicable to that Member.

6. Payment of pensions; pension increases

6.1. Date of payment

All pensions shall be paid monthly in advance or otherwise as specified in the Participation Deed.

6.2. Pension increases


The pension in payment in respect of a Member shall be increased at such rate as is specified in the Participation Deed.

7. Transfers into and from the Scheme

7.1. Transfers into the Scheme

- (a) The Trustees may not accept a transfer payment into the Scheme other than in accordance with Rules 7.1(b) or Rule 21
- (b) The Trustees may accept a transfer payment into the Scheme in respect of:
 - (i) one or more Members and/or Dependent Pensioners who joined the Scheme as a result of an Employer being admitted to participation of the Scheme pursuant to Rule 21; and
 - (ii) a transfer in respect of an individual who was entitled or prospectively to a benefit under a Transferring Scheme but was not included within such transfer.
- (c) A transfer under Rule 7.1(b) shall be subject to such conditions as the Trustees may impose. Where the transfer is to be made to the Main Section after Centralisation Date, the Principal Employer must agree to such transfer and to any conditions to which it is subject.
- (d) On receipt of a transfer in respect of a person under Rule 7.1(b)(ii), the individual shall be listed as a Member or Dependent Pensioner, as relevant, in the Participation Deed and, in the case of a Member, their Deferred Pension shall be recorded in the relevant Participation Deed.

7.2. Transfers from the Scheme


- (a) The rights of a Member shall be transferred from the Scheme where:
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- (i) A Member has validly exercised a right to a cash equivalent under the PSA or under the Participation Deed applicable to that Member by requiring the Trustees to apply the cash equivalent to acquire benefits under another Registered Pension Scheme or a scheme that meets the requirements of Section 169(2) of the FA 2004 applicable to a qualifying recognised overseas pension scheme, and if that scheme agrees to accept it; or
- (ii) the Member does not have a right to a cash equivalent under the PSA and has yet to retire and requests in writing a transfer payment in respect of his benefits in the Scheme to another Registered Pension Scheme or a scheme that meets the requirements of Section 169(2) of the FA 2004 applicable to a qualifying recognised overseas pension scheme and either:
 - (A) the effective date of the transfer request is no earlier than the date 12 months before the Member's Normal Retirement Date; or
 - (B) the Trustees and the Principal Employer agree to the Member's request.
- (b) The Trustees may transfer the rights of a Member or Dependent Pensioner from the Scheme where the Member or Dependent Pensioner is one of a group of Members whose rights are being transferred in accordance with Regulation 12 of the Preservation Regulations, except that this provision will not apply to the Main Section after Centralisation unless the Scheme is winding-up.

7.3. Transfer conditions

- (a) The Trustees shall comply with any relevant requirements imposed on them under the Pension Schemes Act 2015 (regarding the need for advice or otherwise) when making any transfer under Rule 7.2.
- (b) The consent of the Member shall be required, unless the rights of a group of Members are being transferred from the Scheme to another Registered Pension Scheme and an Actuary certifies to the Trustees in accordance with Regulation 12 of the Preservation Regulations.

7.4. Amount of transfer payment

- (a) The amount of any transfer payment under Rule 7.2(a) shall be determined by the Trustees, on Actuarial Advice, as an amount equal to the value of the benefits accrued in respect of the Member under the Scheme provided that the transfer payment:
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- (i) may be increased (subject to the consent of the Member's Employer before Centralisation and thereafter subject to the consent of the Member's Employer for any Non-transferring Section, and the Principal Employer for the Main Section);
 - (ii) may be reduced by the Trustees in light of any Actuarial Advice regarding, as relevant, the funding of the Employer's Section before Centralisation and thereafter the funding of the relevant Non-transferring Section or the Main Section as appropriate;
 - (iii) shall not be less than the cash equivalent calculated in accordance with the PSA.
- (b) If a transfer payment is made in respect of a group of Members and Dependent Pensioners, the aggregate transfer payment may be increased by the Trustees, subject to the consent of the Employer before Centralisation and thereafter subject to the consent of the Employer for any Non-transferring Section and the Principal Employer for the Main Section, in the light of Actuarial Advice with or without allocating the increase to specific Members or Dependent Pensioners.

8. Commutation: trivial pensions and serious ill-health

8.1. Total commutation - trivial pensions

The Trustees may commute to a lump sum of an actuarially equivalent amount any pension (including Guaranteed Minimum Pensions) providing such lump sum qualifies as a trivial commutation lump sum, a trivial commutation lump sum death benefit or a winding up lump sum under the FA 2004 or such payment as may be permitted under Part 2 (Commutation Payments) of the Registered Pension Schemes (Authorised Payments) Regulations 2009.

8.2. Total commutation - serious ill-health

- (a) At the time when a pension first becomes payable to a Member, the Trustees may, subject to Rule 8.2(b), commute the pension to a lump sum payment of an actuarially equivalent amount if the Trustees receive evidence from a registered medical practitioner that the Member is expected to live for less than one year and such lump sum qualifies as a serious ill-health lump sum under the FA 2004, and the Member consents (except where, in the opinion of the Trustees, the Member is unable to give such consent due to the nature of his or her ill-health).

- (b) Where a Member qualifies for a lump sum payment under Rule 8.2(a) and the Member's widow, widower or surviving civil partner qualifies for a survivor's pension and/or a guaranteed minimum pension, the Scheme must, pursuant to regulations 18 and/or 25, as applicable, of the Occupational Pension Schemes (Schemes that were Contracted-out) (No.2) Regulations 2015, continue to provide a survivor's pension and/or guaranteed minimum pension in a new arrangement (for the purposes of section 152 of the FA 2004) under the Scheme.

9. Augmentation

9.1. Augmenting the benefits

Subject to the consent of the Employer of the relevant Section before Centralisation and thereafter subject to the consent of the Employer in respect of any Non-transferring Section or the Principal Employer in respect of the Main Section, and to the payment of any contributions pursuant to Rule 9.2, the Trustees may provide additional or new benefits which when payable would qualify as Authorised Member Payments for any:

- (a) Member or Dependent Pensioner;
- (b) other person entitled or prospectively entitled to receive benefits under the Scheme; or
- (c) person who was entitled or prospectively entitled to a benefit under a scheme from which a transfer was made to the Scheme under Rule 21 but was not included within such transfer or a subsequent transfer pursuant to Rule 7.1 (b) (ii).

Where any such benefits are agreed, they must be recorded in the Participation Deed applicable to the Member, Dependent Pensioner or other person whose benefits are augmented, or as otherwise determined by the Trustees.

9.2. Contributions by the Employer

Where, pursuant to Rule 9.1, benefits are granted to any person or the benefits of any person are augmented, the Employer shall pay to the Trustees:

- (a) prior to Centralisation, or after Centralisation where the relevant Employer participates in a Non-transferring Section, such sums (if any) as the Trustees determine, on Actuarial Advice, to be necessary to provide the additional or new benefits in light of the funding of the relevant Section; or
- (b) after Centralisation where the relevant Employer participates in the Main Section, such sums (if any) as the Trustees and the Principal Employer agree, on Actuarial Advice, to be necessary to provide the additional or new benefits in light of the funding of the Main Section.

10. Segregation of the Scheme

10.1. Establishment of Sections

- (a) With effect from 30 September 2020 the existing assets and liabilities of the Scheme will become the Main Section. Thereafter, the Trustees will create a separate Section in respect of each Employer provided that where an Employer enters into more than one Participation Deed the Trustees will create a separate Section in respect of each Participation Deed.
- (b) Each Section is comprised of:
 - (i) the liabilities for and in respect of the Members and Dependent Pensioners of the Section;
 - (ii) the existing assets of the Section, if any;
 - (iii) the assets transferred to the Section from the Transferring Scheme;
 - (iv) the contributions paid by an Employer to the Section;
 - (v) investment return, positive or negative, referable to the Section's assets from time to time;
 - (vi) any other payment made into the Section; and
 - (vii) an allowance for benefits, expenses and any other payments made out of the Section.
- (c) The assets of, and contributions paid to, a Section must be used only for the purposes of that Section and must not be used to meet any liabilities or pay any benefits for and in respect of Members or Dependent Pensioners of another Section.


10.2. Maintaining the Sections

- (a) Each Section shall be treated as a sectionalised or segregated scheme for the purposes of:
 - (i) Part 3 of the PA 2004 as modified by Regulation 19 and paragraph 1 of Schedule 2 to the Occupational Pension Schemes (Scheme Funding) Regulations 2005;
 - (ii) Part 2 of the PA 2004 and the definition of "segregated scheme" in the Pension Protection Fund (Entry Rules) Regulations 2005 and the Pension Protection Fund (Multi-employer Schemes) (Modification) Regulations 2005;

- (iii) the definition of "segregated scheme" in the Pensions Protection Fund (Waiver of Pension Protection Levy and Consequential Amendments) Regulations 2007;
- (iv) Regulation 15 of the Occupational Pension Schemes (Levies) Regulations 2005;
- (v) Sections 38, 73 and 74 of the PA 1995, Regulation 12 of the Occupational Pension Schemes (Winding-up) Regulations 1996 and Regulation 13 of the Occupational Pension Schemes (Winding-up etc.) Regulations 2005;
- (vi) Sections 75 and 75A of the PA 1995 and Regulation 8 of the Employer Debt Regulations;
- (vii) Sections 76 of the PA 1995 and Regulation 18 of the Occupational Pension Schemes (Payments to Employer) Regulations 2006;
- (viii) Regulation 16 of the Occupational Pension Schemes (Investment) Regulations 2005; and
- (ix) such other legislation from time to time as provides for the operation of an occupational pension scheme on a sectionalised or segregated basis.

The Principal Employer shall provide the Trustees with all assistance reasonably required (including modifying the provisions of the Scheme under Rule 23) to enable the Trustees to ensure that each Section continues to be treated as a sectionalised or segregated scheme for the purposes of the legislation set out above.

(b) The Trustees shall:

- (i) keep or cause to be kept proper records and administer the Scheme in a way which will enable the assets and liabilities of each Section to be readily identified;
 - (ii) keep or cause to be kept separate records, accounts and information in relation to each Section to the extent required by legislation or otherwise as the Trustees determine;
 - (iii) ensure that each Section complies with the provisions of Part 3 of the PA 2004, to the extent these provisions apply to the Scheme;
 - (iv) ensure that each Section has its own set of audited accounts to the extent required by legislation; and
 - (v) ensure that each Section has its own statement of investment principles for the purposes of Section 35 of the PA 1995, to the extent these provisions apply to the Scheme.
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10.3. Segregation after Centralisation

Where an Employer fails to meet the Covenant Test in the circumstances of Rule 11.2, with the result that any Section in which that Employer participates must be excluded from Centralisation, the provisions of this Rule 10 shall continue to apply after Centralisation for so long as the Scheme shall comprise more than one Section. For the avoidance of doubt, the Main Section shall comprise, in addition to the items listed in Rule 10.1(b), all amounts transferred to it from the Transferring Sections.

11. Centralisation of the Scheme

11.1. Centralisation Date

- (a) Centralisation will occur on 31 December 2022 provided that the Trustees, having taken Suitable Advice, and the Principal Employer, agree that the Combined Covenant Test is met as at that date.
- (b) If the Combined Covenant Test is not met on 31 December 2022:
 - (i) the Scheme will continue as a Segregated Scheme until the date on which the Trustees and Principal Employer agree, pursuant to (ii), that the Combined Covenant Test is met;
 - (ii) the Trustees and the Principal Employer shall, subject to (iii), apply the Combined Covenant Test as at each following Anniversary Date and may apply it on any other date as they may agree, and if they agree that it is met on any such date, that date will be the Centralisation Date;
 - (iii) the Trustees and Principal Employer may agree at any date after 31 December 2022 that Centralisation will never occur, in which case the Scheme will continue as a Segregated Scheme forever.
- (c) Unless and until the Scheme is Centralised, all provisions of these Rules which relate to the operation of the Main Section after Centralisation, will not apply.

11.2. Employer Covenant review

- (a) The Trustees must reapply the Covenant Test to each Employer on a date or dates no earlier than two months prior to 31 December 2022.
- (b) Where the Trustees, having taken Suitable Advice, consider that the Covenant Test continues to be met in respect of any Employer, the Trustees shall transfer all of the assets of that Employer's Section or Sections to the Main Section on the Centralisation Date.

- (c) Where the Trustees, having taken Suitable Advice, consider that the Covenant Test is no longer met in respect of any Employer, the Trustees must promptly notify the Employer and give the Employer the opportunity to take such actions as are necessary for it to satisfy the Trustees that it continues to meet the Covenant Test. Where by such date as the Trustees shall decide:
- (i) the Employer satisfies the Trustees that it continues to meet the Covenant Test, the Trustees shall transfer all of the assets of that Employer's Section or Sections to the Main Section on the Centralisation Date; or
 - (ii) the Employer is unable to satisfy the Trustees that it continues to meet the Covenant Test, the Trustees shall inform the Principal Employer which may direct the Trustees in writing to transfer all of the assets of that Employer's Section or Sections to the Main Section on the Centralisation Date notwithstanding that the Employer does not meet the Covenant Test.
- (d) Where an Employer:
- (i) fails to meet the Covenant Test pursuant to Rule 11.2(c) and the Principal Employer does not agree to admit the Employer to the Main Section pursuant to Rule 11.2(c)(ii); or
 - (ii) does not agree to increase the benefit entitlement of one or more Members in its employment or to admit one or more persons to Membership as envisaged in Rule 1.5 where so requested by the Trustees,

the assets and liabilities of any Section in which that Employer participates must be excluded from Centralisation and the Employer's Section or Sections shall continue to operate as a separate stand-alone Section and will be subject to the Rules as they apply to a Non-transferring Section.

- (e) Where Centralisation does not take place on 31 December 2022, this Rule 11.2 shall apply as if the reference in this Rule 11.2 to 31 December 2022 were to each subsequent date on which Centralisation is due to take place pursuant to Rule 11.1(b)(i).

11.3. Transfer of assets and liabilities on Centralisation

- (a) With effect from the Centralisation Date, the Trustees shall transfer all of the assets of each Transferring Section to the Main Section and shall then wind-up all of the Transferring Sections with immediate effect.
- (b) Following receipt of the assets from the Transferring Sections, the benefits payable to and in respect of all Members and the benefits payable to any Dependent Pensioners of any Transferring Section will be met from the Main Section.

11.4. Allocation of assets and liabilities of the Main Section among its Employers at Centralisation

- (a) The Trustees must instruct the Scheme Actuary to carry out a Statutory Valuation of the Main Section as at the Centralisation Date.
- (b) As part of the actuarial investigation then required under Rule 3.4(a)(ii), the Scheme Actuary must calculate the Funding Target Cash Flow Shares of all Employers which participate in the Main Section at Centralisation Date using the Funding Target Basis determined under Rule 3.4(a)(iii), together with the Funding Target Cash Flows for the Main Section.
- (c) As at the Centralisation Date, the Trustees must establish a Notional Asset Account in the Main Section in respect of each Employer (and where the Employer participates in more than one Transferring Section, for each Transferring Section as appropriate) and credit to that account the value of the assets in the Employer's Transferring Section (which in the case of PSS shall be the Main Section) immediately before Centralisation Date.

12. Notional Asset Accounts

12.1. The Trustees must value each Notional Asset Account at each month end following its establishment at the Centralisation Date in accordance with Rule 11.4(c).

12.2. Each Notional Asset Account shall:

- (a) be credited with the following amounts:
 - (i) at Centralisation Date, the amount credited in accordance with Rule 11.4(c);
 - (ii) any contributions paid by the Employer pursuant to Rule 3.5;
 - (iii) such share of the investment gains or losses on the Main Section's assets, excluding the gains or losses generated from the Derivative Overlay held in respect of the Main Section as the Trustees shall determine under 12.2(a)(iv), allocated with regard to the Weighted Investment Return attributable to the applicable Notional Asset Account;
 - (iv) such share of the gains or losses generated from the Derivative Overlay held in respect of the Main Section as the Trustees determine using a method they consider reasonable having regard to the purpose of the Derivative Overlay; and
 - (v) any such credits applied in accordance with Rule 13.2(g)(ii)

- (b) be debited with the following amounts:
- (i) the Employer's Funding Target Cash Flow Share for the relevant Scheme Year of the total benefits and general expenses paid by the Main Section;
 - (ii) the expenses (if any) incurred by the Main Section that relate solely to that Employer;
 - (iii) such share of any other expenses incurred by the Main Section not covered by 12.2(b)(i) or 12.2(b)(ii) above as the Trustees consider reasonable; and
 - (iv) a proportion of expenses which do not relate to any Section or Employer or which the Trustees are unable to allocate to any Section or Employer and which the Trustees consider to be reasonable to apportion to that Employer;
- (c) be adjusted by such amounts as are required to ensure that the sum of all of the Notional Asset Accounts is equal to the total value of the Main Section's assets, using a method the Trustees consider reasonable, having regard to the proportion of the Main Section's assets in each of the Notional Asset Accounts before the adjustment is made.

13. Withdrawal of an Employer


13.1. Withdrawal of an Employer from a Section

- (a) An Employer may, with the agreement of the Trustees, transfer all of the assets of a Section to such Registered Pension Scheme and with effect from such date as the Employer shall notify the Trustees in writing.
- (b) After the making of a transfer payment under this Rule 13.1, all Members and Dependent Pensioners of the relevant Section and any other person who would receive a benefit in respect of any such Member shall have no claim under the Scheme and the Trustees shall be discharged of all liability for payment of those benefits.
- (c) Following completion of a transfer as referred to in this Rule 13.1, the Trustees shall wind-up the relevant Section in accordance with Rule 14.1.
- (d) This Rule 13.1 shall not apply to a withdrawal from the Main Section after the Centralisation Date.

13.2. Withdrawal of an Employer from the Main Section following Centralisation

- (a) An Employer which is participating in the Main Section after the Centralisation Date:

- (i) may withdraw from the Scheme where:
 - (A) it notifies the Trustees in writing of its wish to withdraw from the Scheme with effect from a date specified in the notice;
 - (B) the Trustees, having consulted the Principal Employer, agree to such cessation; and
 - (C) it pays its Withdrawal Debt in full,

in which case it shall withdraw from the date specified in the notice or such other date as it may agree with the Trustees, or such later date on which the Trustees receive payment of the Employer's Withdrawal Debt in full; or
 - (ii) shall withdraw from the Scheme where an Insolvency Event occurs in relation to it on the date of the Insolvency Event.
- (b) The notice which the Employer gives under Rule 13.2(a)(i) must constitute notice to the Trustees for the purposes of Regulation 9(4) of the Employer Debt Regulations. The effective date of the employment-cessation event treated as having occurred by virtue of the notice will be the Withdrawal Date unless the Trustees and the Employer agree otherwise.
- (c) Where this Rule 13.2 applies, the Trustees must instruct the Scheme Actuary to calculate the Employer's Withdrawal Debt.
- (d) The Employer will be liable for the Withdrawal Debt together with, at the discretion of the Trustees, any costs and expenses incurred by them in connection with withdrawal and any further amount which the Trustees, having taken Suitable Advice, consider is necessary to mitigate any additional risk which the continuing Employers in the Main Section bear as a consequence of the Employer's withdrawal.
- (e) Where, following a withdrawal under Rule 13.2(a), the amount due by an Employer under paragraph (b)(i) of the definition of Withdrawal Debt is greater than the amount due by it under paragraph (b)(ii) of that definition, the Trustees shall use reasonable endeavours to:
- (i) ensure that the Employer's obligation is limited to the amount in terms of paragraph (b)(ii) of that definition; and
 - (ii) apportion the remainder of the Section 75 Debt as permitted under the Employer Debt Regulations or otherwise to ensure that following payment of the amount in (i) above, the Employer shall have no further liability to the Trustees under section 75 of the PA 1995 and the Employer Debt Regulations.
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- (f) Where Rule 13.2(a)(i) applies in respect of all of an Employer's remaining obligations in the Scheme, the Employer will, on payment of the Withdrawal Debt and such additional amounts as are due under Rule 13.2(d), cease to be an Employer and its powers and obligations under the Rules will cease. Until the Employer pays such amounts in full, it will continue to be an Employer and will continue to have rights and obligations under the Scheme as such.
- (g) Following the withdrawal of an Employer under this Rule 13.2:
- (i) the Funding Target Cash Flow Shares attributable to each continuing Employer in the Main Section in respect of the current Scheme Year, each future Scheme Year until the Target Date and at the Target Date, will be increased in proportion to the corresponding existing Funding Target Cash Flow Shares of that Employer until the Funding Target Cash Flow Shares of the withdrawing Employer have been fully reallocated among the continuing Employers in the Main Section such that the sum of the continuing Employers' Funding Target Cash Flow Shares in each and every period from the Withdrawal Date up to and including the Target Date is 100%;
 - (ii) the Notional Asset Account of each continuing Employer in the Main Section will be credited with a share of:
 - (A) the Notional Asset Account of the withdrawing Employer at the Withdrawal Date;
 - (B) any Withdrawal Debt paid by the withdrawing Employer, plus any further amount which the Trustees receive to mitigate any additional risk which the continuing Employers in the Main Section bear as a consequence of the Employer's withdrawal in accordance with Rule 13.2(d), whenever such payments are received; and
 - (C) the payout on any Covenant Insurance that was in place in relation to the withdrawing Employer in the case of a withdrawal in accordance with Rule 13.2(a)(ii), whenever such payment is received

which is equal to the percentage increase in the net present value of the Employer's Funding Target Cash Flow Shares on a Buy-Out Basis as at the Withdrawal Date as determined in accordance with Rule 13.2(g)(i).
- (h) Where an Employer which participates in the Main Section after Centralisation has obligations under more than one Participation Deed, it may withdraw pursuant to Rule 13.2(a)(i) in respect of its obligations under one or more or all such Participation Deeds. Where it withdraws from one (or more) Participation Deed(s) whilst remaining as an Employer in respect of at least one other Participation Deeds, this Rule 13.2 shall apply solely in respect of the obligations from which the Employer has withdrawn.

14. Winding-up

14.1. Winding-up of a Section

- (a) A Section shall be wound-up on the occurrence of any of the following events:
 - (i) if the Employer to which that Section relates gives written notice of termination of the Section to the Trustees;
 - (ii) if an Insolvency Event referred to in Rule 13.2(a)(ii) occurs in respect of the Employer to which that Section relates;
 - (iii) in the case of a Transferring Section, where Rule 11.3(a) applies.
- (b) Where a Section is wound up, the Trustees must instruct the Scheme Actuary to calculate the Employer's Withdrawal Debt and the Employer will become liable for its Withdrawal Debt.
- (c) Upon the winding-up of a Section, the Trustees shall, after paying all expenses, apply the balance of the assets of the Scheme in accordance with the requirements of Section 73 of the PA 1995, regarding the satisfaction of the Scheme's liabilities. To the extent that Section 73 of the PA 1995 does not apply to the Scheme, the Trustees shall apply the balance of the assets of the Scheme in accordance with any winding-up priority order set out in the Participation Deed or, if there is no such order or priority, in accordance with Rule 14.4 (as if references in that Rule to the Scheme were to the Section and references to Members and Dependent Pensioners were to Members and Dependent Pensioners of the Section) provided that if any assets of the Section remain after any benefit augmentation pursuant to Rule 14.4(c), the Trustees shall pay any balance of the assets to the Employer of that Section.
- (d) Rule 14.5 shall apply with regard to the provision of benefits on the winding-up of a Section as if references to the Scheme were to the Section.
- (e) This Rule 14.1 shall not apply to the winding-up of the Main Section after the Centralisation Date.

14.2. Winding-up of the Scheme

- (a) The Scheme shall be wound-up:
 - (i) on such date as the Trustees and Principal Employer may agree, provided that the Scheme has discharged in full all benefit obligations either in accordance with Rule 14.6 or otherwise;

- (ii) on such date as the Principal Employer shall specify in written notice of termination of the Scheme to the Trustees;
 - (iii) on the date on which the last of the Employers ceases to participate in the Main Section in accordance with Rule 13.1;
 - (iv) on the expiration of the period of 80 years from the commencement of the Scheme (unless the perpetuity period shall be extended or suspended by law).
- (b) If, on the winding-up of the Scheme in accordance with Rule 14.2(a), the Scheme comprises more than one Section, Rule 14.1 shall apply separately to each Section provided that if the Scheme is wound-up after Centralisation, Rule 14.1 shall apply to every Section other than the Main Section and Rules 14.3 to 14.5 shall apply to the Main Section as if references to the Scheme were to the Main Section and references to Members were to Members of the Main Section. In no circumstances may the assets of one Section be used for the purposes of any other Section on the winding-up of the Scheme.

14.3. Withdrawal Debt

On the winding-up of the Scheme, the Trustees must instruct the Scheme Actuary to calculate each Employer's Withdrawal Debt, and each Employer will become liable to the Trustees for its Withdrawal Debt.

14.4. Application of the assets of the Scheme on winding-up

- (a) Upon the winding-up of the Scheme the Trustees shall, after paying all expenses, apply the balance of the assets of the Scheme in accordance with the requirements of Section 73 of the PA 1995, regarding the satisfaction of the Scheme's liabilities. To the extent that Section 73 of the PA 1995 does not apply to the Scheme, the Trustees shall apply the balance of the assets of the Scheme in securing:
- (i) pensions in payment, pensions payable to late retirees and pensions payable on the death of the pensioner or late retiree;
 - (ii) Guaranteed Minimum Pensions and accrued rights to Guaranteed Minimum Pensions;
 - (iii) pensions payable to all Members other than those who fall within paragraph 14.4(a)(i) and to Dependants of such Members.

- (b) If the assets of the Scheme are not sufficient to meet the liabilities specified in Rule 14.4(a) in full, the assets shall be applied to meet those liabilities in the order of priority in which they are specified in Rule 14.4(a) with liabilities within each numbered sub-Rule ranking equally.
- (c) If the assets of the Scheme exceed the liabilities specified in Rule 14.4(a), the Trustees may, subject to the consent of the Principal Employer, apply all or any part of the balance to augment the benefits specified in Rule 14.4(a) in such proportions as they shall determine and subject to the limits specified in the Overriding Benefit Provisions.
- (d) After applying the assets of the Scheme in order to meet the liabilities and after any benefit augmentation pursuant to Rule 14.4(c), the Trustees shall, subject to the consent of the Principal Employer, pay any balance of the assets to all or any of the Employers provided that:
 - (i) in apportioning the surplus among the Employers, the Trustees must have regard to the balance of the Notional Asset Account of each Employer at the date on which wind-up is triggered;
 - (ii) any such payment must be an authorised surplus payment (for the purposes of section 177 of the FA 2004) and be subject to the payment of any tax; and
 - (iii) no payment to any Employer may be made unless the requirements of Section 76 of the PA 1995 shall have been observed.

14.5. Methods of providing benefits and making bulk transfers

- (a) The Trustees may take the following actions with regard to the provision of benefits under this Rule:
 - (i) make a transfer payment in accordance with the Rules;
 - (ii) provide for the discharge of a liability to or in respect of a Member and, if permitted by Section 74(3) of the PA 1995, a Dependent Pensioner by any other appropriate means permitted by Section 74(3) of the PA 1995; or
 - (iii) purchase an annuity, assurance contract or policy from an Authorised Insurer.

- (b) Any assets attributable, pursuant to Rule 14.4(c), to a group of Members and Dependent Pensioners whose benefits are to be transferred in bulk pursuant to Rule 14.5(a)(i) may, instead of being paid directly to the Members and Dependent Pensioners, be applied for the purpose of augmenting any aggregate transfer payment at the absolute discretion of the Trustees, with the consent of the Principal Employer, with or without allocating the increase to specific Members and Dependent Pensioners.

14.6. Buy-out before Target Date

- (a) If the Trustees, having taken Suitable Advice, determine the Scheme to be Funded to Buy-out before the Target Date, the Trustees may, with the consent of the Principal Employer, secure the Scheme's benefits with one or more Approved Insurers.
- (b) If the assets of the Scheme exceed the cost of providing the benefits under the Scheme, the Trustees may, subject to the consent of the Principal Employer, apply all or any part of the balance to augment the benefits payable to all or some of the Members and Dependents Pensioners in such proportions as they shall determine and subject to the limits specified in the Overriding Benefit Provisions.
- (c) Should any assets of the Scheme remain after any benefit augmentation pursuant to Rule 14.6(b), the Trustees shall pay any balance of the assets to all or any of the Employers provided that in apportioning the surplus among the Employers, the Trustees must, where applicable, have regard to the balance of the Notional Asset Account of each Employer and must obtain the consent of the Principal Employer. Such payment shall be made prior to winding-up of the Scheme if the requirements of Rule 15 are met; otherwise, they will be made as part of the winding-up of the Scheme, subject to satisfaction of the conditions in Rules 14.4(d)(ii) and 14.4(d)(iii).
- (d) The Trustees shall wind-up the Scheme as soon as reasonably practicable after having made provision for all Scheme benefits, and if relevant augmented benefits and apportioned surplus among Employers, in accordance with Rule 14.4(d).
- (e) This Rule 14.6 shall apply to the securing of benefits in:
 - (i) a Section other than the Main Section after Centralisation as if:
 - (A) references to the Scheme were to the Section, references to the Principal Employer were to the Employer of that Section and references to Members and Dependent Pensioners were to Members and Dependent Pensioners of the Section; and

- (B) any assets of the Section remaining after any benefit augmentation pursuant to Rule 14.6(b) shall be paid to the Employer of that Section,
- (ii) the Main Section after Centralisation as if references to the Scheme were to the Main Section and references to Members and Dependent Pensioners were to Members and Dependent Pensioners of the Main Section.


15. Payment to Employers

If an Actuary certifies to the Trustees that there is an actuarial surplus in the Scheme or in any Section on the basis of Section 37 of the PA 1995, the Trustees may reduce that actuarial surplus by making specified payments to the Employers in the Scheme or the Employer or Employers in the Section, as relevant, but subject to compliance with the requirements of Section 37 of the PA 1995.

16. The Trustees and administrator: appointment, remuneration and decisions

16.1. Appointment of Trustees

- (a) The current Trustees shall remain in office until the number of Employers participating in the Scheme, including PSS, reaches five. Thereafter the provisions of Rule 16.1(b) will apply. Nothing in Rule 16.1(b) will prevent any of the current Trustees from being reappointed. If any of the current Trustees resigns or dies before the number of Employers participating in the Scheme, including PSS, reaches five, the Principal Employer must appoint a replacement.
- (b) With effect from the date on which the number of Employers participating in the Scheme, including PSS, reaches five:
 - (i) the existing Trustees must resign from office;
 - (ii) the Principal Employer shall nominate two persons to become Trustees; and
 - (iii) Punter Southall Group Limited shall nominate one person to become a Trustee.
- (c) With effect from the Centralisation Date, or such time as the Trustees and the Principal Employer agree in accordance with Rule 11.1(b)(iii) that Centralisation will never occur, Punter Southall Group Limited will cease to have the power to nominate a Trustee and the Principal Employer shall have the power to nominate all three Trustees. For the avoidance of doubt, the PSG Trustee who is in office on such date shall continue in office until the earliest of the expiry of his term of office, the date of his resignation or the date on which he is removed as a Trustee by the Principal Employer.

- (d) The Principal Employer:
- (i) must nominate a replacement Employer Trustee (which may be the Trustee they had previously nominated) on the resignation or expiry of the term of office of an Employer Trustee;
 - (ii) must nominate a Trustee on the PSG Trustee referred to in Rule 16(c) ceasing to be in office; and
 - (iii) may remove an Employer Trustee or, following the Centralisation Date or the date on which the Trustees and the Company agree that Centralisation will not occur, the PSG Trustee referred to in Rule 16.(c), in which case they must nominate a replacement as soon as practicable after the removal.
- (e) Punter Southall Group Limited:
- (i) must nominate a replacement PSG Trustee (which may be the Trustee they had previously nominated) on the resignation or expiry of the term of office of a PSG Trustee prior to the Centralisation Date or such time as the Trustees and the Company agree that Centralisation will never occur; and
 - (ii) may, prior to the Centralisation Date or such time as the Trustees and the Company agree that Centralisation will never occur, remove the PSG Trustee, in which case it must nominate a replacement as soon as practicable after the removal.
- (f) Notwithstanding the above:
- (i) The Principal Employer shall appoint each Trustee whether or not they are an Employer Trustee;
 - (ii) Each Trustee will be appointed by Deed and on such terms as the Principal Employer may agree with such person, including as to term and remuneration, whether or not the Principal Employer appointed the Trustee.
- (g) Each Trustee will be independent for the purposes of section 23(3) of the PA 1995, unless the Principal Employer decides otherwise.
- (h) The Trustees and the Principal Employer may agree that a company shall act as sole Trustee, in which case the Trustee company will have three directors and the remainder of this Rule 16.1 shall apply as if references to Trustees were to directors of the Trustee company.
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16.2. The Administrator

The Trustees may appoint as administrator for the purposes of Section 270 of the FA 2004 any individual or company resident in the United Kingdom or another state which is a member state or a non-member EEA state who has made the required declaration to HMRC. Subject to any such appointment, the Trustees shall be the administrator.

16.3. Trustees' meetings and decisions

- (a) If the Trustee is a company acting as sole trustee, it shall conduct its business in accordance with the provisions of its memorandum and articles of association. Otherwise, the Trustees may meet and regulate their meetings as they think fit. Two of the Trustees present at a meeting of which notice has been given to all of the Trustees individually shall form a quorum. One or more of the Trustees may be deemed to be present at a meeting of the Trustees when he is at a location which is linked to the other Trustees by means of electronic communication by which all participating Trustees are able to hear and identify each other's voices. The Trustees may act by majority vote of those present and voting. In the event of an equality of votes, the chairman of the meeting shall have a casting vote, except that if there is an equality of votes on the election of the chairman at any meeting, the chairman shall be chosen by lot.
- (b) The Trustees may act by written resolution signed by a majority of the Trustees, provided notice of the same has been given to all of the Trustees individually. A written resolution may be signed in counterpart.

17. The Trustees: exclusions and indemnities

17.1. Exclusions and indemnities

The following provisions apply in respect of any claims or costs arising from anything done or caused to be done or omitted by a Trustee in connection with the Scheme, except an act or omission which the Trustee knew to be a breach of trust and which he knowingly and wilfully committed or omitted:

- (a) no Trustee nor the officers, employees or shareholders of any corporate Trustee shall be liable for such claims or costs, except to the extent that the liability arises from the breach of any obligation which they may have under any rule of law to take care or exercise skill in the performance of any investment function, but does not relate to the acts or defaults of a fund manager in circumstances in which the Trustees have observed the requirements of Section 34(6) of the PA 1995;


- (b) a full indemnity shall be available from the assets of the Scheme subject to the restrictions imposed by Section 256 of the PA 2004 regarding the reimbursement of fines and penalties and provided that this indemnity shall not apply to the extent that it would otherwise be rendered void by virtue of not being a "qualifying pension scheme indemnity" under Section 235 of the Companies Act 2006.

17.2. Former Trustees

The exclusions and indemnities conferred by this Rule shall apply to former Trustees in the same manner as they apply to current Trustees.


18. General powers and duties of the Trustees

18.1. Powers of the Trustees

- (a) The Trustees shall have all powers required for the proper administration of the Scheme. No decision of the Trustees shall be invalidated merely on the grounds that any Trustee or officer of a corporate Trustee had a direct or personal interest in the decision nor on the grounds that his role as a trustee gave rise to a conflict of duty with regard to any duty owed to his employer. No Trustee or officer of a corporate Trustee shall be liable to account for any benefits which he receives as a result of membership of the Scheme.
 - (b) The Trustees shall have the power to give such undertakings as may be necessary to HMRC or to the Pensions Regulator or its successor from time to time.
 - (c) The Trustees may appoint or obtain the advice of professional advisers. The Trustees shall not be liable in respect of anything done or omitted in reliance upon professional advice.
 - (d) The Trustees may appoint or employ any agent or staff in connection with the Scheme and may, subject to the consent of the Principal Employer, remunerate the agent or staff from the Scheme.
 - (e) The Trustees may delegate any of their powers and duties (other than powers of investment) to any one or more of the Trustees or to any person or company appointed or employed by the Trustees in connection with the Scheme.
 - (f) The Trustees may delegate in writing their powers to draw cheques on any bank account or to endorse any cheques or to give receipts and discharges. Every such receipt and discharge shall be as valid as if it were given by the Trustees.
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- (g) The Trustees may employ custodians or other nominees for the purpose of holding Scheme assets. No Trustee, agent, custodian or broker shall be accountable for any commission or brokerage received by it notwithstanding that it may be associated with a Trustee.
- (h) Subject to the restrictions imposed by Section 36A of the PA 1995, the Trustees shall have the power to borrow money for any purpose including investment or to provide temporary liquidity.
- (i) Subject to any restriction imposed by Section 36A of the PA 1995, the Trustees shall have the power to give or provide an indemnity or guarantee binding the Trustees and their successors as trustees of the Scheme in such terms, in favour of such persons and upon such security (if any) as the Trustees may from time to time determine.
- (j) If any benefit is payable to an infant or a person under any incapacity, the receipt of a parent, guardian or similar responsible person shall be a complete discharge to the Trustees.
- (k) The Trustees shall have the power to enter into a flexible apportionment arrangement as defined in regulation 6E of the Employer Debt Regulations with such replacement employer and on such terms as it shall agree with the leaving employer and the replacement employer(s) subject to regulation 6E.

18.2. Specific duties of the Trustees

- (a) The Trustees shall appoint an auditor and an Actuary for the Scheme. The Trustees may also appoint or obtain the advice of other professional advisers. In the circumstances prescribed under Section 47 of the PA 1995, the Trustees may not rely upon the advice of professional advisers unless they have appointed them.
 - (b) The Trustees shall cause proper accounts to be kept. Accounts shall be made up to 31 December in each year (or such other date as the Trustees may determine) and the 12 months ending on that date shall be the Scheme year for the purposes of statutory disclosure requirements.
 - (c) The Trustees shall arrange for the keeping of records of their meetings and records of Members and all other persons receiving benefits or prospectively entitled to benefits.
 - (d) The Trustees shall secure that arrangements are implemented which shall satisfy the requirements of Section 50 of the PA 1995 regarding the resolution of disagreements.
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- (e) The Trustees shall secure that the statutory requirements for disclosing or providing information to Members and others are observed.

19. Covenant insurance

The Trustees may, following Centralisation, purchase, on such terms as they may agree with the Principal Employer, a policy or policies of insurance which provides some degree of protection against the risk that one or more of the Employers participating in the Main Section becomes insolvent and is unable to meet its Withdrawal Debt in full.


20. Powers of investment

20.1. General powers of investment

Subject to Section 36 of the PA 1995 regarding investment by the Trustees, and the restrictions of Section 40 of the PA 1995 relating to employer-related investment, and the Occupational Pension Schemes (Investment) Regulations 2005, the Trustees may invest the Fund in any form of investment which they could make if they owned the Fund outright. This includes investments not expressly authorised by law for the investment of trust funds, investments which do not produce income and investments which involve liability or the giving of security.

20.2. Specific powers of investment

In particular, the Trustees shall have the power:


- (a) to invest in stocks, shares, debentures or interests in land;
 - (b) to invest in units in unit trusts, exempt funds or mutual funds, other tax exempt trusts and funds, hedge funds or shares in open-ended investment companies;
 - (c) to maintain with an Authorised Insurer any annuity, assurance, deposit administration, sinking fund or managed fund policies or contracts;
 - (d) to make secured or unsecured loans upon such terms as the Trustees may determine;
 - (e) subject to Section 36A of the PA 1995 to underwrite or guarantee the issue of any shares, securities or obligations of any kind;
 - (f) to deal in financial futures and traded options (as an investment); and
 - (g) to enter into any contract or agreement binding the Scheme.
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20.3. Investment Fund and Matching Fund

- (a) The Trustees shall establish and maintain the Investment Fund and the Matching Fund and shall in their complete discretion apply a Derivative Overlay.
- (b) Each Employer shall agree with the Trustees both its Investment Allocation as at the Participation Date, and the proposed future Investment Allocations through time up to the Target Date, and these shall be specified in the Funding and Investment Plan.
- (c) Where the Trustees consider that the proportion of the assets of any Section other than the Main Section which is allocated to the Investment Fund exposes the Section to undue risk in light of the Employer Covenant of the Employer, they may, notwithstanding the remainder of this Rule 20.3, rebalance the Investment Allocation of that Section away from the Investment Fund in favour of the Matching Fund to such extent as they may determine to mitigate this risk.
- (d) Where the Trustees consider that the Investment Allocation of an Employer participating in the Main Section exposes the other Employers participating in the Main Section to undue risk in light of the Employer Covenant of the Employer, they may, notwithstanding the remainder of this Rule 20.3, rebalance the Investment Allocation of that Employer away from the Investment Fund in favour of the Matching Fund to such extent as they may determine to mitigate this risk.
- (e) Where the Trustees consider that the proportion of the assets of the Main Section which is allocated to the Investment Fund exposes the Main Section to undue risk in light of the Employer Covenant of all of the Employers participating in the Main Section allowing for any Covenant Insurance, they may, notwithstanding the remainder of this Rule 20.3, rebalance the Investment Allocation of the Main Section as a whole away from the Investment Fund in favour of the Matching Fund to such extent as they may determine to mitigate this risk. Where this happens, the Investment Allocation of all Employers participating in the Main Section will be adjusted proportionally by the Trustees, or in such manner as they consider reasonable, after consultation with the Principal Employer.
- (f) The Trustees shall take such steps as are necessary to ensure that at all times the asset value of each of the Investment Fund and the Matching Fund is sufficient to give effect to the Investment Allocation of each Employer from time to time if and to the extent modified by Rule 20.3(c), 20.3(d) or 20.3(e).

20.4. Bank accounts

To the extent required by the PA 1995, any cash held from time to time by the Trustees shall be placed in a separate account kept by them with a deposit taker as defined in Section 49(8A) of the PA 1995. The cash may be held on current or deposit account at such rate of interest and on such terms as the Trustees think fit.



20.5. Powers of management

The Trustees shall have all the powers of management, insurance and exploitation of an outright owner in relation to the Fund.

20.6. Common investment funds

The Trustees shall have the power to:

- (a) participate in any common investment fund or scheme for investment of trust funds exempt from tax under Chapter 4 of Part 4 of the FA 2004 and may, in this connection, enter into any agreement or arrangement as they think fit; and
- (b) commingle the assets of the Sections in a common investment fund subject to the condition that the assets of each Section so invested remain readily identifiable.

20.7. Delegation of powers and appointment of fund manager


The Trustees shall appoint one or more fund managers for the Scheme in the circumstances prescribed in Section 47(2) of the PA 1995 and may delegate powers of investment to the fund manager(s). The Trustees may also delegate powers of investment to any two or more of their number.

20.8. Statement of investment principles

The Trustees shall secure the preparation and maintenance of a written statement of principles governing decisions about investments which shall satisfy the requirements of Section 35 of the PA 1995 as it applies to a segregated scheme or a non-segregated scheme as appropriate.

21. Admission of Employers

The Principal Employer may, with the agreement of the Trustees, with effect from the Participation Date, admit an employer to participation in the Scheme and extend the benefits of the Scheme to such persons as are agreed by the Employer, the Principal Employer and the Trustees, subject to satisfaction of the following conditions:

- (a) the Trustees having carried out the Covenant Test on the Employer in the two months prior to the Participation Date and having taken Suitable Advice, are of the opinion that the Employer meets the Covenant Test;
 - (b) the Employer having entered into a Participation Deed countersigned by the Trustees and the Principal Employer in which the persons to whom the benefits of the Scheme are to be extended are listed as Members or Dependent Pensioners;
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- (c) the Employer and the Trustees having agreed a Funding and Investment Plan; and
- (d) the Trustees receiving a recognised transfer (for the purposes of section 169 of the FA 2004) from a Registered Pension Scheme in respect of those persons,

provided that in the case of any Employer the Principal Employer and Trustees may agree to waive or modify any of the above conditions.

22. Replacement of Principal Employer

22.1. Appointment by the Principal Employer

The Principal Employer may appoint any company or firm by deed to replace it as Principal Employer if the replacement employer assumes the obligations of the Principal Employer under the Scheme.

22.2. Appointment by the Trustees

If an Insolvency Event has occurred in relation to the Principal Employer, the Trustees may appoint another company, firm or person by deed to replace the Principal Employer if the replacement employer assumes the obligations of the Principal Employer under the Scheme.

23. Amendment

The Principal Employer may, subject to the consent of the Trustees, at any time by deed amend or extend any of the provisions of the Scheme. Any amendment or extension may have retrospective effect. However, no amendment shall be made which would or might affect any subsisting right of any Member within the terms of Section 67 of the PA 1995 or infringe the requirements of Section 37 of the PSA, unless the requirements prescribed by those Sections are met.

24. Payment of expenses

24.1. Each Employer shall pay all reasonable expenses incurred by the Trustees in connection with the Scheme on the basis set out in these Rules.

24.2. For so long as the Scheme has not Centralised, each Employer shall pay:

- (a) any expenses which are specific to the Employer or its Section; and
- (b) a proportion of expenses which do not relate to a Section or Employer or which the Trustees are unable to allocate to any Section or Employer which the Trustees consider to be reasonable to apportion to that Employer.

24.3. After the Scheme has Centralised:

- (a) in respect of the Employers in the Main Section, each Employer shall pay:
 - (i) any expenses allocated to them under Rule 12.2(b), adjusted by Rule 12.2(c) as appropriate;
 - (ii) any expenses arising under Rule 13.2(d) as a result of their withdrawal from the Scheme; and
 - (iii) any expenses associated with the wind-up of either the Main Section or the Scheme in accordance with Rule 14;
- (b) in respect of the Employer of any Non-transferring Section, each Employer shall pay:
 - (i) any expenses which are specific to the Employer or its Section; and
 - (ii) a proportion of expenses which do not relate to any Section or Employer or which the Trustees are unable to allocate to any such Section and which the Trustees consider to be reasonable to apportion to that Employer.

24.4. The Trustees shall have the power to deduct all expenses required to be paid by an Employer under this Rule from the assets of its Section where Rule 24.2 or 24.3(b) applies, or from the Employer's Notional Asset Account where Rule 24.3(a) applies.

25. Miscellaneous

25.1. Benefits non-assignable

Any benefit under the Scheme shall be strictly personal and non-assignable, except to the extent expressly permitted under the Rules. Subject to the powers to make deductions under Rule 25.3 and any requirement to continue to provide the Guaranteed Minimum Pension, any benefit falling due under the Scheme shall continue to be payable until such time, if any, as an attempt is made to alienate it or it becomes payable to any person (other than either the person entitled to it under the Scheme or the person's trustee in bankruptcy). If any benefit shall cease to be payable in accordance with this Rule 25.1, the Trustees in their discretion may decide to pay it in case of hardship to the Member or to his Spouse or Dependant. No payment shall be made to a purported assignee, mortgagee or chargee.

25.2. Unclaimed benefits

- (a) In the case of a Guaranteed Minimum Pension which is not claimed within eight years after the date on which it becomes payable shall be forfeited (unless the Trustees direct otherwise in their discretion) and the proceeds shall revert to the general funds of the Scheme.
- (b) Any other payment which is not claimed within six years after the date on which it becomes payable shall be forfeited (unless the Trustees direct otherwise in their discretion) and the proceeds shall revert to the general funds of the Scheme.

25.3. Power to deduct from payments from the Scheme

- (a) The interest of any Member or any other person under the Scheme shall stand charged with the payment of any debts or liabilities to an Employer arising out of any criminal, negligent or fraudulent act or omission of a Member. The relevant amount shall be deducted from the relevant interest and paid to the Employer. The Trustees may rely on a certificate from the Employer. The Employer may release its charge at any time. However, in the event of a dispute as to the amount to be recovered, the Trustees may not exercise the charge unless the debt or liability has become enforceable under an order of a competent court or arbitrator.
- (b) Where any liability arises to pay any tax or other expense in respect of any benefit under the Scheme, the Trustees may deduct the amount payable from the benefit.

25.4. Mis-statement of information

If any mis-statement is made by a Member as to his or his Dependants' status or age the Trustees shall be entitled to make adjustments to the benefits payable in respect of the Member.

25.5. Benefits non-commutable

No benefits payable under the Scheme shall be commutable except as may be provided in the Rules.

26. Overriding Benefit Provisions

- 26.1. The benefits payable under the Rules and Schedules shall in all cases be subject to the limits and overriding provisions set out in

Schedule 2.



Schedule 1

Definitions and Interpretations

The following expressions have the following meanings in the Replacement Rules and the Schedules unless inconsistent with the context:

"Actuarial Advice" means advice given by an Actuary, a firm of Actuaries or an Actuary employed by a body corporate or firm, who or which is appointed by the Trustees.

"Actuary" means a Fellow of the Institute and Faculty of Actuaries.

"Anniversary Date" means 31 December of any year.

"Authorised Insurer" means an insurance company as defined in Section 275 of the FA 2004.

"Authorised Member Payments" means payments as defined in Section 164 of the FA 2004 as the only payments a Registered Pension Scheme is authorised to make to or in respect of a Member or Dependent Pensioner.

"Buy-out Basis" means a set of assumptions used by an Actuary to assess the cost of securing the Section's benefits with one or more Authorised Insurers, through the purchase of immediate and deferred annuity contracts, together with the costs of winding-up the Scheme.

"Centralisation" means the transfer of all of the assets and liabilities of each Section, other than from any Sections which the Trustees decide to exclude from Centralisation in accordance with Rule 11.2, into the Main Section in accordance with Rule 11.3, and Centralised shall be interpreted accordingly.

"Centralisation Date" means 31 December 2022 or a later date in accordance with Rule 11.1(b).

"Combined Covenant Test" means an assessment as to whether the aggregate Employer Covenant of the Employers which meet the Covenant Test under Rule 11.2 is sufficiently strong and diversified to mitigate, to a manageable extent, the impact on the Main Section and on the other Employers, of the risk of Employers suffering an Insolvency Event, taking account of any Covenant Insurance which will be in place on such date.

"Contributions Equivalent Premium" has the same meaning as in the PSA.

"Contracted-out Membership" means the period during which a Member was in contracted-out employment under the PSA by reference to the Scheme.

"Covenant Insurance" means insurance purchased by the Trustees as referred to in Rule 19

"Covenant Test" means an assessment as to whether the Employer is of sufficient size and financial strength such that an immediate increase of 50% in the assets and the liabilities (as measured on a range of underlying assumptions which the Trustees deem appropriate):

- (a) in its Section (or Sections, if more than one) where the Covenant Test is applied pursuant to Rule 11.2; or
- (b) that are intended to be transferred to the Scheme at the Participation Date where the Covenant Test is applied pursuant to Rule 21(a)

would not result in a short term risk of the Employer being unable to support such increased liabilities and manage the risks relating to those liabilities, taking into account such factors as the Trustees shall decide, including the Employer's proposed Investment Allocation through time up to the Target Date and the extent of any potential recovery of the Section 75 Debt in the event of the immediate insolvency of the Employer.

"Deferred Pension" means, in respect of a Member, the deferred pension calculated at the date the Member left the Transferring Scheme which, in the case of all Employers other than PSS, shall be recorded in the Participation Deed applicable to the Member.

"Dependant" means in respect of a Member:

- (a) for Members of the Scheme on 30 September 2020:
 - (i) the Spouse of the Member;
 - (ii) any child of the Member who is an Eligible Child; and
 - (iii) any other individual who, in the opinion of the Trustees, is or was at the date of the Member's death financially dependent on the Member or the Member's Spouse, subject also to qualifying as a dependant under paragraph 15 of Schedule 28 of the FA 2004.
- (b) for any other Member, as defined in the Participation Deed applicable to that Member.

"Dependent Pensioner" means a person, from time to time, who is receiving a pension from the Scheme following the death of a Member who was a member of a Transferring Scheme.

"Derivative Overlay" means any investment entered into by the Trustees which leverages the assets of the Scheme in order to reduce the Scheme's exposure to changes in interest rates and inflation expectations.

"Eligible Child" means:

- (a) for Members of the Scheme on 30 September 2020, a child of the Member who is either:
 - (i) under the age of 18 years or is under the age of 23 years and is still receiving full time education or vocational training; or
 - (ii) who, in the opinion of the Trustees, was dependent on the Member at the date of the Member's death because of physical or mental impairment,
- (b) for any other Member, as defined in the Participation Deed applicable to that Member.

"Employer" means an employer which is participating in the Scheme but does not include the Principal Employer. Where the term is used in respect of a Member or Dependent Pensioner, it shall mean the Employer which is a signatory to the Participation Deed which is applicable to the Member or Dependent Pensioner or, in the case of person who is a Member immediately before 30 September 2020, PSS.

"Employer Covenant" means, in respect of an Employer, the extent of the Employer's legal obligations to the Scheme, and financial ability to support those obligations. An Employer's Covenant includes financial support provided by a third-party to the Scheme (such as a guarantee from an entity other than the Employer), additional asset security provided by the Employer (whether contingent or otherwise), negative pledges made by the Employer to the Trustees, or any other actions which increase the extent of the financial support provided to the Scheme in respect of the Employer's financial obligations to it. Where the term is used in relation to more than one Employer, it means the aggregate Employer Covenant provided to the Scheme by all those Employers.

"Employer Debt Regulations" means the Occupational Pension Scheme (Employer Debt) Regulations 2005.

"Employer Trustee" means a Trustee appointed by the Principal Employer pursuant to Rule 16.1.

"FA 2004" means the Finance Act 2004 and any expressions defined in it shall have the same meaning in the Rules and Schedules.

"Fund" means the assets and income received and held by the Trustees for the purpose of the Scheme.

"Funded to Buy-out" means that the assets of the Section are assessed to be sufficient to meet the costs of securing the Section's benefits with one or more Approved Insurers, through the purchase of immediate and deferred annuity contracts, and the costs of winding-up the Section.

"Funding and Investment Plan" means the written agreement between an Employer and the Trustees as set out in Rule 3.6.

"Funding Target" means targeting being Funded to Buy-out at the Target Date.

"Funding Target Basis" means, in respect of a Section, a basis of assumptions that lead to a best estimate (meaning an estimate that neither understates nor overstates the value or cost as relevant) of:

- (a) the future cash flows that will be used to meet the Section's benefits over the period to the Target Date; and
- (b) the cost of securing the benefits that remain to be paid under that Section at the Target Date, with one or more Authorised Insurers, through the purchase of immediate and deferred annuity contracts, and the costs of winding-up the Section.

"Funding Target Cash Flows" means, at any given date, in respect of a Section:

- (a) the future cash flows that will be used to meet the Section's benefits over the period to the Target Date; and
- (b) the cost of securing the Section's benefits that remain to be paid at the Target Date, with one or more Authorised Insurers, through the purchase of immediate and deferred annuity contracts, including the costs of winding-up the Section.

"Funding Target Cash Flow Shares" only applies after Centralisation and in respect of an Employer participating in the Main Section and means, in respect of any such Employer:

- (a) as at the Centralisation Date:
 - (i) for each Scheme Year up to the Target Date:

$\frac{A}{B}$

Where

A = the projected future cash flows that will be used to meet the benefits payable in respect of the Employer's Members and Dependent Pensioners for that Scheme Year; and

B = the projected future cash flows that will be used to meet the benefits payable in respect of all Members and Dependent Pensioners of the Main Section for that Scheme Year.

(ii) At the Target Date:

$$\frac{C}{D}$$

Where

C = the projected cost at the Target Date of securing, for the Employer's Members and Dependent Pensioners, with one or more Authorised Insurers, through the purchase of immediate and deferred annuity contracts, the benefits that remain to be paid at that date together with a proportionate share of the costs of winding-up the Main Section as a whole; and

D = the projected cost at the Target Date of securing, with one or more Authorised Insurers, through the purchase of immediate and deferred annuity contracts, the benefits under the Main Section that remain to be paid at that date together with the costs of winding-up the Main Section;

(b) as at any given date after the Centralisation Date, the amounts determined in accordance with 1.1 (a) as adjusted in accordance with Rule 13.2(g) if relevant.

For the purposes of this definition, references to Members and Dependent Pensioners are to the Members and Dependent Pensioners of the Employer or of the Main Section, as relevant, as at the Centralisation Date.

Where an Employer which participates in the Main Section participated in more than one Section prior to Centralisation Date, the Funding Target Cash Flow Shares in respect of each Section in which it participated shall be determined separately.

"Funding Target Valuation" means, in respect of a Section, an investigation by the Scheme Actuary of the relevant Section for Funding Target purposes.

"Guaranteed Minimum Pension" means the guaranteed minimum pension (if any) of a Member or Spouse under the PSA.

"Guaranteed Minimum Pension Age" means the 65th birthday in the case of men and the 60th birthday in the case of women or such other dates as may be prescribed by law in relation to the payment of Guaranteed Minimum Pensions.

"HMRC" means HM Revenue and Customs.

"Insolvency Event" means an insolvency event under Section 121 of the PA 2004.

"Investment Allocation" means at any given date, in respect of an Employer, the split of the assets in its Section or, following Centralisation, in the assets attributable to its Notional Asset Account, between the Investment Fund and the Matching Fund in accordance with Rule 20.3. At the Target Date the Investment Allocation for any Employer is required to be 100% in the Matching Fund.

"Investment Fund" means a portfolio of assets, the composition of which will be determined by the Trustees in accordance with Rule 20, which has the objective of delivering a return which exceeds the return achieved on the Matching Fund by 2-5% per annum over the long term.

"Main Section" means the Section which is created from the existing assets and liabilities as at 30 September 2020 pursuant to Rule 10.1 (a) and into which the assets of each Transferring Section are transferred as at Centralisation. For the avoidance of doubt, where there are no Non-transferring Sections, the Rules will continue to refer to the Main Section notwithstanding that it comprises all of the assets and liabilities of the Scheme and that therefore the Scheme ceases to be a segregated scheme.

"Matching Fund" means a portfolio of assets, the composition of which will be determined by the Trustees in accordance with Rule 20, which has the objective of delivering a return which is broadly equivalent to that which would be achieved on a portfolio of assets that an Authorised Insurer might reasonably be expected to hold to back a book of immediate and deferred annuities.

"Member" means a person, other than a Dependent Pensioner, who has been admitted to membership of the Scheme and in respect of whom the Trustees have a liability to pay or provide benefits. Where the term is used in relation to an Employer, it means:

- (a) in the case of an Employer other than PSS, any persons listed as Members listed in the Participation Deed signed by that Employer (or, where the Employer has entered into more than one Participation Deed, the Participation Deed or Participation Deeds in which that person is listed as a Member), including any persons listed as Members in a Participation Deed pursuant to Rule 7.1 (d);
- (b) in the case of PSS, those persons who were Members of the Scheme on 30 September 2020.

"Non-transferring Section" means a Section to which Rule 11.2(d) applies.

"Normal Retirement Date" means the date or dates as shall be recorded in the Participation Deed of an Employer as applying in respect of all or a category of the Employer's Members or in respect of specified Members or a specified Member.

"Notional Asset Account" means, in respect of an Employer which participates in the Main Section after Centralisation, the notional account (and where the Employer participates in more than one Transferring Section, the notional account created in respect of each Transferring Section) established by the Trustees pursuant to Rule 11.4(c) and maintained pursuant to Rule 12.

"Overriding Benefit Provisions" means the benefit limits and flexibilities referred to in Rule 26 and set out at



Schedule 2.

"PA 1995" means the Pensions Act 1995 and any expressions defined in it shall have the same meanings in the Rules and Schedules (unless inconsistent with the context).

"PA 2004" means the Pensions Act 2004 and any expressions defined in it shall have the same meanings in the Rules and Schedules (unless inconsistent with the context).

"Participation Date" means in the case of:

- (a) PSS, 30 September 2020; or
- (b) any other Employer, the date with effect from which an Employer's participation in the Scheme commences, as specified in the Participation Deed. Where an Employer enters into more than one Participation Deed, it may have more than one Participation Date.

"Participation Deed" means:

- (a) in respect of an Employer of a Transferring Scheme or a Member or a Dependent Pensioner transferring from such a scheme, or a Dependant of such a Member, a deed between the Trustees and the Employer which sets out among other things:
 - (i) the individuals who are to be admitted to the Scheme as Members or Dependent Pensioners and will join the Section created for that Employer;
 - (ii) together with the Rules, the benefits to which such persons are entitled or prospectively entitled; and
 - (iii) the terms and conditions governing the Employer's participation in the Scheme, including the Participation Date; or
- (b) in respect of PSS or any Member or Dependent Pensioner joining the Main Section on 30 September 2020, or any Dependant of such a Member, the Previous Rules, as subsequently amended, that applied immediately before 30 September 2020.

"Pensionable Service" has the same meaning as in Part IV of the PSA.

"Personal Pension Scheme" has the same meaning as in Section 1 of the PSA.

"Preservation Regulations" means the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991 (SI 1991/167).

"Previous Rules" means the definitive trust deed and rules of the Scheme dated 4 October 1994.

"Principal Employer" means Stoneport Pensions Alliance Limited or any replacement which may be appointed in accordance with the Rules.

"PSA" means the Pension Schemes Act 1993 and any expressions defined in it shall have the same meanings in the Rules and Schedules (unless inconsistent with the context).

"PSG Trustee" means a Trustee appointed by Punter Southall Group Limited pursuant to Rule 16.1.

"PSS" means Punter Southall Services Limited (company number 02829972).

"Registered Pension Scheme" means a pension scheme registered under Chapter 2, Part 4 of the FA 2004.

"Rules" means these Rules as modified at any time together with any Schedules attached to them.

"Scheme" means the scheme governed by the Rules and known as the Stoneport Pension Scheme.

"Scheme Actuary" means the Actuary appointed by the Trustees to fulfil the requirements of Part 3 (Scheme Funding) of the PA 2004, or such other relevant statutory funding requirements as shall apply to the Scheme from time to time.

"Scheme Year" means the period commencing with the day after one Anniversary Date and ending with the next Anniversary Date.


"Section" refers to all or any of the following, as the context determines:

- (a) the Main Section; and
- (b) (before the Centralisation Date the sections of the Scheme established pursuant to Rule 10.1(a); or after the Centralisation Date, any Non-transferring Sections.

In respect of an Employer, it means the Section applicable to that Employer. Where an Employer has entered into more than one Participation Deed, it shall mean any or all Sections applicable to that Employer, as relevant and each Section applicable to that Employer shall be treated separately for the purposes of the Rules.

"Section 75 Debt" means, in respect of an Employer, the debt payable by it under section 75 of the PA 1995.

"Segregated Scheme" means the Scheme as it exists unless and until Centralisation occurs.



"Spouse" means a person with whom the Member has entered into a legal contract of marriage or civil partnership (including under the Civil Partnership Act 2004 and the Marriage (Same Sex Couples) Act 2013 or an arrangement otherwise recognised by the Trustees as such a contract) and with whom that contract or arrangement subsists at the date of the Member's death. However, the Trustees may at their discretion deem to be a Spouse or the only Spouse another person who on the death of a Member was in the opinion of the Trustees financially dependent upon him. The Trustees may at their discretion apportion any benefits payable to a Spouse amongst persons who qualify under this provision. However, this power shall not be exercised in a manner which deprives a Spouse of a Guaranteed Minimum Pension or, in respect of a Member's Pensionable Service after 5 April 1997, in a manner which is inconsistent with the provisions of Section 12B(4) of the PSA as they stood immediately before 6 April 2016.

"State Second Pension Scheme" means the State pension scheme from which benefits were, prior to 6 April 2016, payable in addition to the basic State pension where an individual met the prescribed qualifying conditions.

"Statutory Valuation" means an actuarial valuation for the purposes of section 224 of the PA 2004 or of such other statutory requirement as shall apply to the Scheme from time to time;

"Suitable Advice" means advice which the Trustees consider to be necessary to exercise the relevant power appropriately, including where appropriate Actuarial Advice and specialist advice in respect of the Employer Covenant;


"Target Date" means 31 December 2045 unless the Target Date is deferred pursuant to Rule 3.10.

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

"Transferring Scheme" means a Registered Pension Scheme, or any other retirement benefits arrangement, from which a transfer payment has been received by the Scheme pursuant to Rule 21.

"Transferring Section" means a Section other than the Main Section and a Section to which Rule 11.2(d) applies.

"Trustees" means the trustees or trustee of the Scheme or, where there is a Trustee company, the directors of that company.



"Weighted Investment Return" means, in respect of an Employer, in respect of any calendar month, the percentage calculated in accordance with the following equation:

$$(A \times IF) + (B \times MF)$$

Where:

A = The proportion, expressed as a percentage, of the Employer's Notional Asset Account notionally invested in the Investment Fund as on the first day of the month.

IF = The investment return, expressed as a percentage, net of investment management expenses, achieved by the Investment Fund during the month.

B = The proportion, expressed as a percentage, of the Employer's Notional Asset Account notionally invested in the Matching Fund as on the first day of the month.

MF = The investment return, expressed as a percentage, net of investment management expenses, achieved by the underlying assets in the Matching Fund during the month, excluding the impact of any leveraging used to implement the required level of hedging within the Derivative Overlay.

"Withdrawal Date" means, in respect of an Employer, the effective date of a notice in terms of Rule 13.2(a)(i) or the date on which one of the events in Rule 13.2(a)(ii) occurs in relation to it.

"Withdrawal Debt" means, in respect of an Employer, the amount equal to (a) or (b) as applicable as at the Withdrawal Date or the date on which the wind-up of the Scheme or Section, as relevant, is triggered:

(a) where the Employer's Section, or the Scheme, is wound up before Centralisation, or where the Trustees and Principal Employer decide under Rule 11.1(b)(iii) 11.1(b)(i) that Centralisation will never occur, or where Employer was participating in a Non-transferring Section and the Employer's Section or the Scheme is wound up after Centralisation, the Employer's Section 75 Debt; or

(b) where the Employer was participating in the Main Section immediately prior to the wind-up of Scheme after Centralisation, or where it withdraws from the Main Section in accordance with Rule 13.2, an amount equal to the greater of:

(i) the Employer's Section 75 Debt, or the Section 75 Debt which would have been payable had section 75 applied; and


(ii) an amount equal to $(A + B) - C$ where:

A = the net present value of:

- i. $N/365$ of the Employer's Funding Target Cash Flow Share of the Funding Target Cash Flows for the Main Section in the Scheme Year in which the Withdrawal Date occurs, where N is the number of days from and including the Withdrawal Date up to but excluding the following Anniversary Date; and
 - ii. the Employer's Funding Target Cash Flow Shares of the Funding Target Cash Flows for the Main Section for each subsequent Scheme Year up to the Target Date,
- B = the net present value of the Employer's Funding Target Cash Flow Share of the Funding Target Cash Flows for the Main Section at the Target Date;
- where the Funding Target Cash Flow Shares are in all cases calculated on a Buy-out Basis;
- C = the value of the Employer's Notional Asset Account at the Withdrawal Date.

Where an Employer participates in more than one Section, a separate Withdrawal Debt under (a) shall be payable in respect of each Section. Where (b) applies and an Employer participated in more than one Section prior to Centralisation Date, the Withdrawal Debt shall take account of the Funding Target Cash Flow Shares in respect of all Sections in which it participated.

In the Rules and Schedules, unless inconsistent with the context, references to the masculine gender include the feminine, words implying the singular include the plural and vice versa, any reference to a statute or regulation includes any statute or regulation which it modifies, re-enacts or replaces and any subsequent modification, re-enactment or replacement of it.



Schedule 2

Overriding Benefit Provisions

NOTE: This



Schedule 2 sets out the Overriding Benefit Provisions which are applicable to contributions and benefits under the Scheme and shall apply to all Sections and, following Sectionalisation, to the Members of all Employers except to the extent specified in an Employer's Participation Deed. It does not indicate the contributions required to be paid to the Scheme, nor confer benefits of any kind on or in respect of any Member.

Benefit Limits and Flexibilities

The following provisions of



Schedule 2 apply with effect from 6 April 2006 (or from such earlier date as is required by law).

1. Application of the Scheme Modification Regulations to Unauthorised Benefits and HMRC Limits

1.1. Interpretation of



1.3. Schedule 2

The provisions of



Schedule 2 shall take effect in the order in which they appear below and shall override any provisions of the Rules which are inconsistent with them.

1.4. The Scheme Modification Regulations

The provisions of Regulations 3 to 8 of the Registered Pension Schemes (Modification of the Rules of Existing Schemes) Regulations 2006 (SI 364/2006) (the "**Scheme Modification Regulations**") (and the definitions in Regulation 1 of the Scheme Modification Regulations consequently adopted and applied) were adopted and incorporated with such modifications as are set out in the Rules into the Scheme with effect from 6 April 2006 (and confirmed to apply without limitation to the transitional period).

1.5. Unauthorised benefits

- (a) Notwithstanding any other provisions of the Rules, the provisions of Regulation 3 of the Scheme Modification Regulations as adopted and incorporated into the Rules shall apply to any payment under the Scheme which relates to rights which accrued prior to 6 April 2006 and which would by virtue of Section 160 of the FA 2004 be an unauthorised payment.
- (b) Notwithstanding any other provisions of the Rules, no payment shall be made under the Scheme which relates to rights which accrue on or after 6 April 2006 to the extent that such payment would by virtue of Section 160 of the FA 2004 be an unauthorised payment.

1.6. Interpretation of legislative requirements

Where the Trustees are required to exercise a discretion, or pay benefits, in accordance with the requirements of the FA 2004, the Trustees shall have regard to HMRC guidance, and shall act in accordance with HMRC practice at that time

2. Definitions

In this Schedule the following expressions shall have the meanings ascribed to them:

"Administrator" means the administrator for the purposes of Section 270 of the FA 2004.

"Aggregate Retirement Benefit" means the aggregate of:

- (a) the Member's pension under the Scheme and any Associated Scheme; and
- (b) the pension equivalent of the Member's Lump Sum Retirement Benefit.

"Approval Formula" means the method, most favourable to the Member, of calculating benefits which could have been used on 5 April 2006 without prejudicing approval of the Scheme by HMRC under Chapter 1 of Part 14 of the Taxes Act.

"Associated Scheme" means any Registered Pension Scheme providing benefits in respect of Service.

"Class A Member" means any Member who is not a Class B or Class C Member.

"Class B Member" means any Member:

- (a) who, on or after 17th March 1987 and before 1st June 1989, joined the Scheme (if the Scheme commenced before 14th March 1989); or
- (b) who HMRC has agreed in writing to be a Class B Member by virtue of previous membership of a Registered Pension Scheme and, in either case, has not opted to become a Class A Member.

"Class C Member" means any Member who joined the Scheme before 17 March 1987 or who joined subsequently and who HMRC has agreed in writing to be a Class C Member by virtue of previous membership of a Registered Pension Scheme and, in either case, has not opted to become a Class A Member.

"Connected Scheme" means any Registered Pension Scheme which is connected with the Scheme in relation to the Member, that is, if:

- (a) there is a period during which the Member has been the employee of two Associated Employers;
- (b) that period counts under both schemes as a period in respect of which benefits are payable; and
- (c) the period counts under one scheme for service with one employer and under the other for service with the other employer.


"Final Remuneration" means the greater of:

- (a) the highest Remuneration upon which tax liability has been determined for any one of the five years preceding the Relevant Date, being the aggregate of:
 - (i) the basic pay for the year in question; and
 - (ii) the yearly average over three or more consecutive years, ending with the expiry of the corresponding basic pay year, of any Fluctuating Emoluments; provided that Fluctuating Emoluments of a year other than the basic pay year may be increased in proportion to the increase in the Index from the last day of that year up to the last day of the basic pay year. Remuneration that is received after the Relevant Date and upon which tax liability has been determined will be treated as a Fluctuating Emolument (providing it was earned or qualified for prior to the Relevant Date). In these circumstances it may be included provided the yearly average of three or more consecutive years begins no later than the commencement of the basic pay year; or

- (b) the yearly average of the total emoluments from the Employer which are assessable to income tax under Section 62 of ITEPA and upon which tax liability has been determined for any three or more consecutive years preceding the Relevant Date ending not earlier than 10 years before the Relevant Date. Where such emoluments are received after the Relevant Date but are earned or qualified for prior to that date, they may be included provided that in these circumstances the yearly average of three or more consecutive years begins no later than the commencement of the year ending with the Relevant Date

Provided that:

- (i) Remuneration and total emoluments do not include any amounts which arise from the acquisition or disposal of shares or any interest in shares or from a right to acquire shares (except where the shares or rights etc. which give rise to such an amount liable to tax under Section 62 of ITEPA had been acquired before 17 March 1987) or anything in respect of which tax is chargeable by virtue of Chapter 3 of Part 6 of ITEPA;

- (ii) in relation to any other employee whose Remuneration in any year subsequent to 5 April 1987 used for the purpose of calculating benefits has exceeded £100,000, (or such other figure as may be prescribed by the Treasury), Final Remuneration shall not exceed the amount ascertained in accordance with 1.1 (b) above and 1.1 (a) above shall not apply, unless the individual chooses to adopt £100,000 (or such other figure as may be prescribed by the Treasury);
 - (iii) where Final Remuneration is computed by reference to any year other than the last complete year ending on the Relevant Date, the Member's Remuneration or total emoluments of any year may be increased in proportion to any increase in the Index from the last day of that year up to the Relevant Date. For a Class C Member this proviso shall not apply to the calculation of the maximum Lump Sum Retirement Benefit unless the Member's aggregate total benefits are similarly increased beyond the maximum amount which could be paid but for this proviso and/or the first sentence 1.1 (a)(ii) above and then only to the same proportionate extent;
 - (iv) for Class A Members, Final Remuneration shall not exceed the Permitted Maximum;
 - (v) for the purpose of calculating the maximum Lump Sum Retirement Benefit of a Class B Member, Final Remuneration shall not in any event exceed £100,000 (or such other figure as may be prescribed by the Treasury);
 - (vi) an employee who remains, or is treated as remaining, in Service but by reason of Incapacity is in receipt of a much reduced Remuneration under a sick pay or permanent health insurance scheme, for more than 10 years up to the Relevant Date, may calculate Final Remuneration under 1.1 (a) or 1.1 (b) above with the Final Remuneration calculated at the cessation of normal pay and increased in accordance with the Index;
 - (vii) the total amount of any profit related pay (whether relieved from income tax or not) may be classed as pensionable remuneration and treated as a Fluctuating Emolument;
 - (viii) an early retirement pension in payment from the Employer may not be included in Final Remuneration;
 - (ix) any amounts of pay used to buy partnership shares in a share incentive plan (formerly known as an all-employee share ownership plan) that are classed as pensionable remuneration qualify for the purpose of paragraph 83 of Schedule 8 of the Finance Act 2000.
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Notes:

Except as in proviso (i) above, benefits in kind may be taken into account when they are assessed to income tax as emoluments under Section 62 of ITEPA and will normally be regarded as Fluctuating Emoluments. If benefits are not so assessable, they may not be included as part of Final Remuneration except with the agreement of the Principal Employer.

Where at the Relevant Date Final Remuneration cannot be precisely established because tax liability on all the constituent elements of remuneration for the year or years in question has not been determined, Final Remuneration may be calculated on the appropriate basis above using those elements of remuneration which have been finally determined for tax purposes. Immediate "on account" pension and lump sum benefits may be provided based on Final Remuneration so calculated. When tax liability on remuneration is finally determined, and Final Remuneration recalculated providing scope for further benefits (both pension and lump sum), these may be paid but they must not cause total benefits to exceed limits set out in this

Schedule 2 calculated as at the date benefits were first taken.

Where the above applies in the case of a Member who does not have continued rights and whose lump sum retirement benefit is calculated on the basis of more than 3/80ths of Final Remuneration for each year of Service, a subsequent additional lump sum will not be possible if Final Remuneration is not finally determined for tax purposes until after the end of the first year in which the pension has been in payment.

Where immediate benefits are not being provided or where a transfer payment is to be made in respect of accrued pension benefits then Final Remuneration may only be calculated using Remuneration assessable to income tax under Section 62 of ITEPA and upon which tax liability has been determined.

Where the Relevant Date occurs during a period of paid maternity leave or within 12 months of the end of a period of paid maternity leave, Final Remuneration (as defined in this definition) can include an amount based on the greater of:

- (a) the remuneration that the employer would have been obliged to pay to the employee under a contract of employment in force in respect of that employee prior to the start of the paid maternity leave, or
- (b) the actual amount of remuneration received by the employee from the employer in the period of 12 months immediately before the commencement of the paid maternity leave.

In the case of (a) above the remuneration that the employer would have been obliged to pay to the employee under a contract of employment in force in respect of that employee prior to the start of the paid maternity leave cannot include any amounts that, had they been paid, would not qualify as remuneration.

In the case of (b) above only, the remuneration may be increased in proportion to any increase in the national Average Earnings Index (as published by the Office for National Statistics) from the last day of the 12 month period immediately before the commencement of the paid maternity leave up to the end of that leave.

Where Fluctuating Emoluments have not been paid for the full three years, they should be averaged over the period from the commencement of their entitlement to payment (or the beginning of the three year period, if later) to the end of the relevant basic pay year.

"Fluctuating Emoluments" are any part of an employee's earnings which are not paid on a fixed basis and are additional to the basic wage or salary. They include overtime, commission, bonuses or benefits in kind as long as they are assessable to tax under Section 62 of ITEPA and profit related pay (see proviso (vii) to definition of Final Remuneration). Directors' fees may rank as fluctuating emoluments according to the basis on which they are voted.

"Index" means the Government's Index of Retail Prices.

"ITEPA" means the Income Tax (Earnings and Pensions) Act 2003.

"Lifetime Allowance" means the standard lifetime allowance as defined in Section 218 of the FA 2004.

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

"Pensionable Service" has the meaning ascribed to it by Section 70(2) of the PSA.

"Permitted Maximum" means £60,000 for the income tax years of assessment 1988-1989 and 1989-1990 and for any subsequent year of assessment means:

- (a) before 6 April 2006, the figure found for that year, for the purposes of Section 590C of the Taxes Act, by virtue of Section 590C(4) and (5) of the Taxes Act; and
- (b) on or after 6 April 2006, the figure determined by the Principal Employer in respect of each tax year as that which would have applied if the Treasury had made the orders required by that Section as it had stood immediately before its repeal,

and this definition shall replace any references (in whatever terms) in the Rules and the Schedules (or any other documents which govern the maximum level of pension benefits which are payable by the Scheme) to the "Earnings Cap", the "permitted maximum" or similar wording.

"Relevant Date" means the date of retirement, leaving Pensionable Service or death as the case may be.

"Remuneration" in relation to any year means the aggregate of the total emoluments for the year in question from the Employer and which are assessable to income tax under Section 62 of ITEPA but excluding any amounts which arise from the acquisition or disposal of shares or any interest in shares or a right to acquire shares or anything in respect of which tax is chargeable by virtue of Chapter 3 of Part 6 of ITEPA. Provided that for a Class A Member there shall be disregarded any emoluments in excess of the Permitted Maximum.

"Retained Death Benefits" means any lump sum benefits payable on the Member's death from a Registered Pension Scheme or transfer payments from overseas schemes held in Registered Pension Schemes in respect of previous employments or periods of self-employment (whether alone or in partnership). If the Retained Death Benefits do not exceed £2,500 in total they may be ignored.

If the Member's earnings in the 12 months after entry to the Scheme (in this context including any other Relevant Scheme providing benefits in respect of service with the

current Employer) do not exceed one quarter of the Permitted Maximum, benefits from these sources, other than those transferred into the Scheme, shall not be classified as Retained Death Benefits.

"Service" shall mean service with the Employer or an Associated Employer or an employer who is associated with the Employer only by virtue of a permanent community of interest.

3. Discretions, Flexibilities and Requirements

3.1. Discretion to disapply benefit limits

- (a) An Employer may request the Trustees to waive any of the benefit limits, restrictions or conditions set out in this

(c) Schedule 2 in respect of one or more Members and the Trustees are required to follow such a request if the Employer pays to the Trustees such sums (if any) as the Trustees determine, on Actuarial Advice, to be necessary to provide the additional or new benefits in the light of the funding of the Scheme.

3.2. Lump sum where Members exceed the Lifetime Allowance or relievable pension contributions

(a) Members who accrue benefits in excess of the Lifetime Allowance

The Trustees shall, at the Member's request, pay to the Member a lifetime allowance excess lump sum in the circumstances described in paragraph 11 of Schedule 29 to the FA 2004.

(b) Contributions in excess of relievable pension contributions

The Trustees shall, at the Member's request, pay to the Member a refund of excess contributions lump sum in the circumstances described in paragraph 6 of Schedule 29 to the FA 2004.

3.3. Death benefits: conversion of pensions to lump sums

Where a death benefit is payable under the Rules in the form of a Dependant's pension, the Trustees may with the consent of the Principal Employer and with the agreement of the Dependant (or such other person as the Trustees think fit where the Dependant is under incapacity or an infant) pay to the Dependant a lump sum as an alternative to a pension. The basis for commuting the Dependant's pension into a lump sum shall be agreed between the Trustees and the Principal Employer.

3.4. Flexible retirement

Subject to the agreement of the Trustees and the Employer, a Member may receive a pension from the Scheme notwithstanding that he remains in Service.

3.5. Liability to pay tax

Where a charge to tax arises, whether under the FA 2004 or otherwise, on the payment of any benefit from the Scheme in accordance with the Rules, the Member shall pay such tax as may be due on the benefit calculated in accordance with the Rules.

3.6. Establishment of arrangements

The Principal Employer and the Trustees may establish under the Scheme one or more arrangements within the meaning of Section 152 of the FA 2004 in relation to a Member

for the purposes of paying benefits to or in respect of the Member in such circumstances and on such terms as the Principal Employer and the Trustees deem appropriate.

4. Limits on Aggregate Retirement Benefits and Aggregate Lump Sum Retirement Benefits

Notwithstanding anything to the contrary in the provisions of the Scheme, the benefits payable to a Class A, Class B or Class C Member or his Dependants or other beneficiaries in respect of him shall not, when aggregated with all benefits of a like nature provided under all Associated Schemes, exceed the limits set out below:



Class A Members

4.1. A Class A Member's Aggregate Retirement Benefit shall not exceed:

- (a) on retirement at any time on or after attaining age 50 (or, unless the entitlement condition under paragraph 22(4) Schedule 36 of the FA 2004 is met, 55 from 6 April 2010), except before Normal Retirement Date on grounds of Incapacity, a pension of 1/60th of Final Remuneration for each year of Service (not exceeding 40 years);
- (b) on retirement at any time before Normal Retirement Date on grounds of Incapacity, a pension of the amount which could have been provided at Normal Retirement Date in accordance with paragraph 1.1 (a) above, Final Remuneration being computed as at the actual date of retirement;
- (c) on leaving Pensionable Service (before attaining age 75 if prior to 6 April 2011), a pension of 1/60th of Final Remuneration for each year of Service prior to leaving Pensionable Service (not exceeding 40 years or such greater amount as would have been permitted under the Approval Formula. The amount computed may be increased by 5% for each complete year or, if greater, in proportion to any increase in the Index which has occurred between the date of termination of Pensionable Service and the date on which the pension begins to be payable. Any further increase necessary to comply with overriding Social Security legislation under the PSA or otherwise is also allowable;
- (d) benefits for a Class A Member are further restricted to ensure that his total retirement benefit from the Scheme and from any Associated Scheme or Connected Scheme does not exceed a pension of 1/30th of the Permitted Maximum for each year of service subject to a maximum of 20/30ths. For the purpose of this limit, service is the aggregate of Service and any period of service which gives rise to benefits under a Connected Scheme, provided that no period is to be counted more than once;
- (e) for the purpose of calculating the Aggregate Retirement Benefit or the total retirement benefit in 1.1 (a) to 1.1 (d) above, the pension equivalent of any Lump Sum Retirement Benefit is one twelfth of its total cash value.

Class B or C Members

4.2. A Class B or Class C Member's Aggregate Retirement Benefit shall not exceed:

- (a) on retirement at or before Normal Retirement Date, a pension of 1/60th of Final Remuneration for each year of Service (not exceeding 40 years) or such greater amount as would have been permitted under the Approval Formula;

- (b) on retirement at any time before Normal Retirement Date on grounds of Incapacity, a pension of the amount calculated in accordance with paragraph 1.1 (a) above as if the Member had remained in Service until the Normal Retirement Date, Final Remuneration being computed as at the actual date of retirement;
- (c) on retirement after Normal Retirement Date, a pension of the greater of:
 - (i) the amount calculated in accordance with paragraph 1.1 (a) above on the basis that the actual date of retirement was the Member's Normal Retirement Date (Final Remuneration being computed as at the actual date of retirement);
 - (ii) the amount which could have been provided at Normal Retirement Date in accordance with paragraph 1.1 (a) above increased either actuarially in respect of the period of deferment or in proportion to any increase in the Index during that period; and
- (d) where the Member's total Service has exceeded 40 years, the aggregate of 1/60th of Final Remuneration for each year of Service before Normal Retirement Date (not exceeding 40 such years) and of a further 1/60th of Final Remuneration for each year of Service after Normal Retirement Date, with an overall maximum of 45 reckonable years (Final Remuneration being computed as at the actual date of retirement);
- (e) on leaving Pensionable Service before Normal Retirement Date, a pension of 1/60th of Final Remuneration for each year of Service prior to leaving Pensionable Service (not exceeding 40 years) or such greater amount as would have been permitted using the Approval Formula. The amount computed may be increased by 5% for each complete year or, if greater, in proportion to any increase in the Index which has occurred between the date of termination of Pensionable Service and the date on which the pension begins to be payable. Any further increase necessary to comply with overriding Social Security legislation under the PSA or otherwise is also allowable.

Class A, B or C Members

- 4.3. The Lump Sum Retirement Benefit payable in respect of a Class A, Class B or Class C Member shall not exceed the permitted maximum as defined in paragraph 2 of Schedule 29 of the FA 2004 or such higher sum as may be paid to the Member without giving rise to a charge to tax under the FA 2004.

5. Other conditions

5.1. Conditions applicable to Class A Members

Notwithstanding anything to the contrary in the provisions of the Scheme, any term used in the Rules as a measure of annual earnings of a Class A Member for the purpose of calculating benefits and contributions is to be interpreted as though those earnings are not greater than the Permitted Maximum.

Part C - Adjustment of benefits in order to comply with legislation applying to schemes which were formerly contracted-out on a salary related basis

Where the provisions of the Rules, or the benefits payable under any Section, do not comply with or are inconsistent with the requirements that apply under the relevant legislation to schemes that were contracted-out on a salary related basis:


(a) for so long as the Scheme is Sectionalised, the Employer whose Section or Members are affected; or

(b) following Centralisation, the Trustees

may make such adjustments to the benefits and/or practices under the Scheme as they deem appropriate in order to comply or be consistent with such requirements, subject to the requirements of Section 67 of the PA 1995 and Rule 23 (Amendment), as applicable.

Schedule 3


Contracting-out

1. The Scheme was contracted-out of the State Second Pension Scheme on a salary-related basis prior to 6 April 2016. Pursuant to the provisions of the Pensions Act 2014, all employments under the Scheme ceased to be contracted-out employments at 6 April 2016 and all Contracted-out Membership ceased accordingly.
 2. With effect from 6 April 2016, the Trustees shall operate the Scheme in accordance with the legislation applicable to schemes that were contracted-out on a salary-related basis, in particular, in accordance with the relevant provisions of Part III of the PSA and the Occupational Pension Schemes (Schemes that were Contracted-out) (No.2) Regulations 2015.
 3. The provisions set out in Part A relating to accrued Section 9(2B) rights apply in relation to periods of Contracted-out Membership on or after 6 April 1997 to 5 April 2016. The provisions relating to Guaranteed Minimum Pensions set out in Part B of this
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4. Schedule 3 apply in relation to periods of Contracted-out Membership before 6 April 1997.
5. Any calculation made for the purposes of the Scheme in order to satisfy the requirements of the PSA shall be made in accordance with Actuarial Advice.
6. Any benefits paid in accordance with this Schedule shall be in amount or form such as to qualify as Authorised Member Payments.
7. Subject to all other provisions of this Schedule, any pension which comes into payment under this Schedule shall be payable for the remainder of the life of the recipient or otherwise in accordance with the PSA.

Part A - Accrued Section 9(2B) Rights

1. Reference Scheme Test


- 1.1. From 6 April 1997 to 5 April 2016, under Section 9(2B) of the PSA, the Scheme had to meet a statutory standard in relation to contracting-out. From 6 April 2016 the Scheme is no longer required to meet this test and shall be administered in accordance with the legislation applicable to schemes that were contracted-out on a salary-related basis, in particular, in accordance with the relevant provisions of Part III of the PSA and the Occupational Pension Schemes (Schemes that were contracted-out) (No.2) Regulations 2015.
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2. Contributions Equivalent Premiums

- 2.1. Subject to Sections 55(2) and 57(2) of the PSA, a Contributions Equivalent Premium may be paid in respect of a Member with less than 2 years' Contracted-out Membership. In accordance with Section 60 of the PSA, payment of a Contributions Equivalent Premium extinguishes the Member's accrued rights in respect of service after 5 April 1997 to pensions under the Scheme so far as they are attributable to the amount of the premium.
- 2.2. Where a Contributions Equivalent Premium is paid:
 - (a) any refund of contributions to the Member, other than any Additional Voluntary Contributions of the Member, or any transfer payment from the Scheme in respect of the Member, will be reduced by the amount permitted by Section 61 of the PSA; and
 - (b) any pension benefit under the Scheme for the Member or the Member's Widow or Widower will be extinguished or reduced so as to allow for the fact that their accrued rights in respect of Contracted-out Membership after 5 April 1997 to pensions under the Scheme so far as they are attributable to the amount of the premium, have been extinguished provided that when the Contributions Equivalent Premium would be less than £17 (or such greater amount as is specified in Regulations made under the PSA) it will be treated as having been paid for the purposes of Section 60 (but not Section 61) of the PSA as described above.

Part B - Guaranteed Minimum Pensions


1. Application of Part B

- 1.1. This Part A - Accrued Section 9(2B) Rights shall apply:
 - 1.2. if anyone has an accrued right or entitlement to a Guaranteed Minimum Pension under the Scheme;
 - 1.3. where any Guaranteed Minimum Pension has been transferred into the Scheme in accordance with the Rules; and
 - 1.4. for so long as anyone has a Guaranteed Minimum Pension or a prospective right to receive a Guaranteed Minimum Pension under the Scheme.
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2. General Requirements relating to Guaranteed Minimum Pensions

- 2.1. This Part A - Accrued Section 9(2B) Rights
- 2.2. shall apply to such part of the pension payable under the Scheme as shall qualify as a Guaranteed Minimum Pension. Notwithstanding any other provisions of the Scheme, the increase in the Member's Guaranteed Minimum Pension calculated in accordance with this Schedule shall be payable in addition to all other benefits under the Scheme (except increases to pensions in payment on retirement before Guaranteed Minimum Pension Age insofar as those pensions are attributable to the Guaranteed Minimum Pension).

3. Amount of Guaranteed Minimum Pensions

- 3.1. If a Member has a Guaranteed Minimum Pension:
- (a) the Member shall be entitled to receive a weekly or monthly pension of not less than his Guaranteed Minimum Pension from Guaranteed Minimum Pension Age;
 - (b) if a male Member dies (whether before or after retirement) and leaves a widow she shall be entitled to a weekly or monthly pension from the Scheme, and that pension shall be provided for her at a rate of not less than one half of his Guaranteed Minimum Pension, payable during the periods specified in Section 17(5) of the PSA;
 - (c) if a female Member dies (whether before or after retirement) on or after 6 April 1989 and leaves a widower he shall be entitled to a weekly or monthly pension from the Scheme and that pension shall be provided for him at a rate of not less than half of that part of the Member's Guaranteed Minimum Pension which is attributable to earnings for the tax year 1988/89 and subsequent tax years payable during the periods specified in Section 17 of the PSA;
 - (d) the Guaranteed Minimum Pensions referred to in this paragraph shall, insofar as they are attributable to earnings in the tax years from (and including) 1988/89, be increased in accordance with the requirements of the PSA and to the extent of any orders made under it; and
 - (e) if a Member dies and leaves a surviving civil partner or same sex spouse, he or she shall be entitled to payment of a Guaranteed Minimum Pension in accordance with Section 17 of the PSA.
- 3.2. Subject to the ability to commute trivial pensions, only the part of the pension payable under the Scheme which exceeds that for which the Scheme is or may be liable under paragraph 3.1 may be commuted for a lump sum, forfeited, or otherwise terminated or varied in accordance with the Rules except where such circumstances exist as are prescribed in the PSA as circumstances in which Guaranteed Minimum Pensions may be subject to suspension or forfeiture.
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- 3.3. An option otherwise available to a Member to retire early shall not be exercisable by the Member if the effect of the exercise of the option would be to reduce the pension payable to the Member to below that for which the Scheme is or may be liable under paragraph 3.1.
- 3.4. Notwithstanding paragraph 1.1(a), the Trustees may postpone the payment of a Member's Guaranteed Minimum Pension for any period after Guaranteed Minimum Pension Age, but only in the circumstances described in Section 13(4) and (5) of the PSA and subject to any consent required by that Section. In the event of such postponement, the Guaranteed Minimum Pension shall be increased to the extent (if any) specified in the PSA and shall be subject to Regulation 8 of the Contracting-out (Protection of Pensions) Regulations 1991 (SI 1991/166).
- 3.5. Total commutation of trivial pensions shall be permitted under the Scheme only if either:
- (a) the Member has reached Guaranteed Minimum Pension Age; or
 - (b) the Member retires, with immediate pension, before reaching Guaranteed Minimum Pension Age, or the Scheme is wound-up, and in either case the Guaranteed Minimum Pension is to be revalued under the Rules at a fixed rate; provided that if the Member is also a member of other schemes relating to the same employment, commutation will be permissible only if the Member is treated by all those schemes as being retired, or if all those schemes are being wound-up, and all those schemes in which the Member has had contracted-out service provide for fixed rate revaluation of the Guaranteed Minimum Pension.

4. Liability to provide Guaranteed Minimum Pensions

- 4.1. The liability to provide Guaranteed Minimum Pensions shall be retained by the Scheme unless the Trustees exercise their powers under the Scheme otherwise. If there is no exercise of the Trustees' powers to transfer Guaranteed Minimum Pensions, any transfer payment or purchase of an annuity in respect of the Member shall be reduced by such amount as the Trustees shall determine upon Actuarial Advice to allow for the cost of such provision (whether or not a Contributions Equivalent Premium is then paid in respect of it). Any refund of contributions shall be reduced by such amount as the Trustees shall determine upon Actuarial Advice to allow for the Member's share of the cost of such provision.
- 4.2. If a Member who has been in Contracted-out Membership enters the employment of an employer who contributes to a Registered Pension Scheme which was contracted-out prior to 6 April 2016 or to which the Trustees may transfer Guaranteed Minimum Pensions under the PSA (or Regulations made under it), the Trustees may transfer to the Registered Pension Scheme the Scheme's liabilities to provide Guaranteed Minimum Pensions in respect of the Member. The Trustees may transfer the Scheme's liabilities to provide Guaranteed Minimum Pensions in respect of the Member to a Personal Pension Scheme subject to satisfaction of the provisions of Regulation 2 of the Personal Pension Schemes (Transfer Values) Regulations 1987 (SI 1987/1112).

- 4.3. The Trustees or the Employer may pay a Contributions Equivalent Premium in respect of a Member whose Contracted-out Membership has ceased.
- 4.4. If a person who has been in Contracted-out Membership in a previous scheme ("the Former Scheme") joins the Scheme, the Trustees shall ascertain the liability (if any) which is transferred to the Scheme in respect of the Guaranteed Minimum Pension which has accrued (or is deemed to have accrued) under the Former Scheme in respect of the Member and his Widow and the Guaranteed Minimum Pension payable to and in respect of the Member under the Scheme shall be increased to include such transferred liability; the benefits to be provided under the Scheme in respect of the Guaranteed Minimum Pensions to which the transfer relates shall not be less than the Guaranteed Minimum Pensions (revalued in accordance with paragraph 0) which would have been provided in respect of such liability under the transferring scheme if no such transfer had been made.

If a person joins the Scheme who has accrued rights to Guaranteed Minimum Pensions which have been appropriately secured under an insurance policy or annuity contract, the Trustees may accept the assignment of such policy or contract or the proceeds of the surrender of such policy or contract and shall thereupon accept the liability in respect of the accrued rights to Guaranteed Minimum Pensions subject to the requirements of the PSA (and Regulations made under it), including, where necessary, the consent of the Member to the transfer.


- 4.5. If a Contributions Equivalent Premium is paid in respect of a Member by the Employer the Trustees shall on the request of the Employer pay to the Employer an amount which, together with any sum which may be recovered by the Employer under the PSA from the Member's contributions or from any refund of the Member's contributions, shall not be greater than the Contributions Equivalent Premium.

5. Revaluation of Guaranteed Minimum Pensions

Guaranteed Minimum Pensions prospectively payable in respect of Members whose Contracted-out Membership has ended shall be revalued in accordance with the Participation Deed relevant to such Members' Employer.

6. Revaluation of Transfer Payments

If a transfer payment which is received by the Trustees includes a payment in respect of benefits which accrued during contracted-out employment by reference to a scheme of which the Member was previously a member, the Guaranteed Minimum Pension which accrued in respect of the Member and his Widow during that contracted-out employment may be calculated in accordance with such of the methods of revaluation set out in paragraph 5 as the Member's Employer determines, but subject always to the provisions of Section 16 of the PSA (as modified by The Contracting-out (Transfer and Transfer Payment) Regulations 1996) and Regulation 24 of The Occupational Pension Schemes (Schemes that were Contracted-out) (No.2) Regulations 2015.



Schedule 4

Pension Sharing on Divorce

1. Interpretation and Definitions

- 1.1. The provisions of this Schedule shall apply with effect from 1 December 2000 and shall override any provision to the contrary in the Rules.
- 1.2. Terms used in this Schedule are defined in this paragraph **Error! Reference source not found.**, unless defined elsewhere in the Rules.
- 1.3. References to paragraphs in this Schedule refer to paragraphs in this Schedule.

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

"Ex-Spouse Participant" means an Ex-Spouse who participates in the Scheme.

"Initial Annual Pension" means in respect of an Ex-Spouse Participant or a Pension Debit Member (as applicable) the annual rate of pension payable to the Ex-Spouse Participant or the Pension Debit Member at the date when the pension commences calculated on the following bases:

- (a) if the pension payable for the year changes, the initial pension payable shall be taken;
- (b) it shall be assumed that the Ex-Spouse Participant or the Pension Debit Member (as applicable) will survive for a year; and
- (c) the effect of commutation shall be ignored.

"Negative Deferred Pension" means the amount by which a Member's pension or deferred pension under the Scheme, which arose or arises from his Pensionable Service, is reduced at the relevant date by Section 31 of the WRPA following a Pension Sharing Order. For this purpose, Pensionable Service includes all periods of service with other employers which have been treated as if they were service with an Employer, where a transfer payment has been made to the Scheme in respect of that other service. References to negative deferred pensions in the context of other schemes shall be construed in a similar manner.

"Pension Credit" means a credit under Section 29(1)(b) of the WRPA.

"Pension Credit Benefits" means the benefits payable under the Scheme to or in respect of a person by virtue of rights under the Scheme directly or indirectly attributable to a Pension Credit.

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

"Pension Debit" means a debit under Section 29(1)(a) of the WRPA.

"Pension Debit Member" means a Member whose benefits have been permanently reduced by a Pension Debit.

"Pension Sharing Order" means any order or provision mentioned in Section 28(1) of the WRPA.

"Social Security Legislation" means the WRPA and the PSA and regulations made under these Acts.

"WRPA" means the Welfare Reform and Pensions Act 1999.


2. Assignment

- 2.1. A Member may assign all or part of his retirement benefits or rights to benefits under the Scheme to his Ex-Spouse to the extent necessary to comply with a Pension Sharing Order.
- 2.2. An Ex-Spouse Participant may assign all or part of his Pension Credit Benefits under the Scheme to his Ex-Spouse to the extent necessary to comply with a Pension Sharing Order.

3. Transfers of Pension Credits


- 3.1. The Trustees may, at the request of an Ex-Spouse, transfer his Pension Credit to another Registered Pension Scheme.
- 3.2. In the circumstances prescribed under the WRPA, the Trustees may transfer an Ex-Spouse's Pension Credit to another Registered Pension Scheme or policy or contract with an Authorised Insurer without obtaining the Ex-Spouse's consent.


4. Separate Provision for Ex-Spouse Participants

- 4.1. The Trustees may subject to the consent of the Principal Employer admit an Ex-Spouse into participation in the Scheme as an Ex-Spouse Participant.
 - 4.2. The Pension Credit Benefits to be provided for the Ex-Spouse Participant shall be as determined by the Trustees having regard to Actuarial Advice, subject to the consent of the Principal Employer. The Trustees shall inform the Ex-Spouse Participant in writing of the benefits that are to apply for and in respect of him.
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- 4.3. The Trustees shall ensure that Pension Credit Benefits under the Scheme in respect of an Ex-Spouse Participant shall be treated as provided separately from any other benefits provided under the Scheme for the same person either as a Member or as a Dependant of a Member.

5. Pension Credit Benefits

- 5.1. The provisions of this paragraph **Error! Reference source not found.** will apply to an Ex-Spouse Participant in relation to his Pension Credit Benefits, subject to compliance with Social Security Legislation.
 - 5.2. The Trustees may pay a pension to an Ex-Spouse Participant at any time on or after attainment of age 50 (or, on or after 6 April 2010 unless the entitlement condition under paragraph 22(4) Schedule 36 of the FA 2004 is met, age 55), or earlier on the grounds of Incapacity where he is simultaneously taking benefits on grounds of Incapacity arising from Pensionable Service in accordance with Rules. A pension not yet in payment may be fully commuted at any age on the grounds of exceptional circumstances of serious ill-health. There is no limit on the amount of the pension. The pension may not be commuted, surrendered or assigned, except in accordance with the Rules. The pension shall be payable for life unless it is fully commuted under the Rules and may be guaranteed for a fixed period.
 - 5.3. An Ex-Spouse Participant may elect to receive a lump sum in lieu of part of his pension at the time at which the pension first becomes payable provided that the lump sum shall constitute a pension commencement lump sum for the purposes of Section 166 of the FA 2004.
 - 5.4. Where an Ex-Spouse Participant dies before benefits come into payment, a lump sum death benefit may be paid. The Trustees shall pay such lump sum death benefit to the Ex-Spouse Participant's legal personal representatives. The lump sum death benefit shall be limited to 25% of what would have been the cash equivalent of the Ex-Spouse Participant's Pension Credit Rights calculated in accordance with the PSA at the date of death.
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- 5.5. The Trustees may apply the balance of the cash equivalent of the Ex-Spouse Participant's Pension Credit Rights calculated in accordance with the PSA to provide a non-commutable pension for any one or more Dependants of the Ex-Spouse Participant. The amount of pension payable to a Dependant is limited to a maximum of two-thirds of the amount of the pension that could have been paid to the Ex-Spouse Participant at the date of death had the whole of the cash equivalent of the Pension Credit Rights been used to purchase an annuity at an available market rate. For the purpose of determining the pension which could have been paid to the Ex-Spouse Participant, it will be assumed that he was aged 50 (or, from 6 April 2010, unless the entitlement condition under paragraph 22(4) Schedule 36 of the FA 2004 is met, age 55) at the date of death, if he died at an earlier age. If more than one pension is to be paid, the total of all the pensions shall not exceed the amount of the pension that could have been paid to the Ex-Spouse Participant. These pensions shall be payable for life, except that pensions paid to children shall cease on the attainment of age 18 or, if in full-time education, age 23. These pensions may be fully commuted for a lump sum on the grounds of triviality at the time when the pension becomes payable.
- 5.6. Where an Ex-Spouse Participant dies after his pension has come into payment, a non-commutable pension may be paid to one or more of his Dependants. The amount of pension payable to a Dependant is limited to a maximum of two-thirds of the Initial Annual Pension which was paid to the Ex-Spouse Participant as increased by the rise in the Index since the commencement of the Ex-Spouse Participant's pension. Where more than one pension is to be paid, the total of all the pensions shall not exceed the amount of the Initial Annual Pension which was paid to the Ex-Spouse Participant. These pensions shall be payable for life, except that pensions paid to children shall cease on the attainment of age 18 or, if in full-time education, age 23. These pensions may be fully commuted for a lump sum on the grounds of triviality at the time when the pension becomes payable.
- 5.7. Where the Ex-Spouse Participant is awarded a benefit with a guarantee not exceeding 5 years and the guarantee period has not expired, the Trustees shall pay the remaining balance of the pension as a lump sum to the Ex-Spouse Participant's legal personal representatives. Where the Ex-Spouse Participant is awarded a benefit with a guarantee exceeding 5 years and the guarantee period has not expired, the remaining balance of the pension instalments shall be paid in pension form to an individual or individuals at the discretion of the Trustees.
- 5.8. On the date upon which the Ex-Spouse Participant's pension becomes payable (but not where the pension is paid in the form of income drawdown), part of this pension may be surrendered, subject to the consent of the Trustees, for the provision, on the death of the Ex-Spouse Participant, of a pension payable to a Dependant of the Ex-Spouse Participant. The amount of pension surrendered shall not exceed the reduced pension that the Ex-Spouse Participant retains.
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- 5.9. Pension Credit Rights may be fully commuted on the grounds of triviality or in exceptional circumstances of serious ill-health when the pension first becomes payable, subject to any requirements of the FA2004. Where an Ex-Spouse Participant is also entitled to benefits under the Scheme arising from his own Pensionable Service, for the purposes of determining the aggregate value of the benefit payable to the Member for the purpose of full commutation on the grounds of triviality under the Rules, benefits from Pension Credit Rights must be included. In this case, full commutation of Pension Credit Rights on the grounds of triviality shall be permitted only where those other benefits are simultaneously commuted.
- 5.10. The Trustees may, at the request of an Ex-Spouse Participant, transfer his Pension Credit Rights to another Registered Pension Scheme. The Trustees shall notify that Registered Pension Scheme that the transfer value consists wholly or partly of Pension Credit Rights for the benefit of an Ex-Spouse Participant.
- 5.11. At the time when his pension becomes payable, an Ex-Spouse Participant may request the Trustees to arrange for the purchase of annuity from an Authorised Insurer in accordance with the Rules.
- 5.12. The rights to Pension Credit Benefits under the Scheme shall be forfeited upon the bankruptcy of the Ex-Spouse Participant. The Trustees may pay the forfeited benefits in accordance with the Rules.

6. Limits on Benefits

- 6.1. Notwithstanding any other provisions of the Rules, no benefit shall be paid from the Scheme to a Pension Debit Member where such payment would constitute an unauthorised member payment as defined in Section 160 of the FA 2004 and the benefits of a Pension Debit Member are subject to compliance with Social Security Legislation.

7. Transfers of Pension Credit Rights into the Scheme


- 7.1. Where the Trustees accept a transfer payment in accordance with the Rules for an individual who is already a Member of the Scheme or is already an Ex-Spouse Participant in the Scheme and are informed by the transferor that the transfer value consists wholly or partly of Pension Credit Rights in the former scheme or arrangement, then the Trustees shall separately identify the transfer payment relating to the Pension Credit Rights (or the part of the transfer payment relating to the Pension Credit Rights) from other assets held for the benefit of the Member.
- 7.2. The Trustees shall comply with the requirements of paragraph **Error! Reference source not found.** in respect of the transferred-in Pension Credit Rights.

- 7.3. The person in respect of whom Pension Credit Rights are received will acquire the status of an Ex-Spouse Participant in the Scheme in relation to his transferred-in Pension Credit Benefits. The Pension Credit Rights will become Pension Credit Benefits under the Scheme and do not count towards any limits on benefits for that Member or Ex-Spouse Participant.

8. All Transfers - Pension Debits

- 8.1. Where the Trustees accept a transfer payment in accordance with the Rules and are informed by the transferor of the details of a Pension Debit relating to the transfer payment, the Trustees shall take account of the Pension Debit, if appropriate, in the calculation of any limit on benefits for that Member.
- 8.2. Where the Trustees pay a transfer payment to another Registered Pension Scheme in respect of a Pension Debit Member, the Trustees shall provide that Registered Pension Scheme with full details of the Pension Debit together with a lump sum certificate specifying the maximum permissible lump sum.

9. Death of Ex-Spouse before implementation of Pension Sharing Order

- 9.1. If an Ex-Spouse dies after a Pension Sharing Order is made but before it is acted upon by the Trustees, the following benefits may be paid:
- (a) a lump sum death benefit; and
 - (b) a non-commutable pension to any one or more Dependants of the Ex-Spouse.
- 9.2. If there is also a lump sum death benefit payable under the Scheme because the Ex-Spouse is a Member of the Scheme, the lump sum death benefit shall be held on the Death Benefit Trusts under the Rules. If there is no other lump sum death benefit payable under the Scheme in respect of the Ex-Spouse, the Trustees shall pay the lump sum death benefit to the legal personal representatives of the Ex-Spouse.
- 9.3. The lump sum death benefit is limited to 25% of what would have been the cash equivalent of the Pension Credit Rights for the Ex-Spouse that would have applied had the Trustees acted upon the Pension Sharing Order.
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9.4. The balance of the fund may be used to provide a non-commutable pension to any one or more Dependants of the Ex-Spouse. The amount of pension payable to a Dependant is limited to a maximum of two-thirds of the amount of the pension that could have been paid to the Ex-Spouse at the date of death if the whole of what would have been the cash equivalent of the fund which would have provided the Pension Credit Rights had been used to purchase an annuity at an available market rate. Where more than one pension is to be paid, the total of all the pensions cannot exceed the amount of the pension that could have been paid to the Ex-Spouse. These pensions shall be payable for life, except that pensions paid to children shall cease on the attainment of age 18 or, if in full-time education, age 23. These pensions may be fully commuted for a lump sum on the grounds of triviality under the Rules at the time when the pension becomes payable.

10. Lifetime Allowance and Annual Allowance

10.1. Any Pension Credit Rights shall operate as a lifetime allowance enhancement factor subject to and in accordance with (i) paragraph 18 of Schedule 36 to the FA 2004, in respect of Pension Credit Rights accrued before 6 April 2006, and (ii) Section 220 of the FA 2004, in respect of Pension Credit Rights accrued after 5 April 2006.

10.2. For the purposes of determining the pension input amount (as defined in Section 229 of the FA 2004) of a person during a pension input period (as defined in Section 238 of the FA 2004):

- (a) where that person is a Pension Debit Member, his rights shall be increased by adding the amount of a Pension Debit to which he has become subject during that period; and
- (b) where that person is an Ex-Spouse Participant, his rights shall be reduced by subtracting the amount of a Pension Credit to which he has become