

Conformed Copy  
incorporating amendments made by  
Graces dated 22 November 2000,  
17 July 2002 , 21 July 2003,  
24 March 2004, 19 March 2008,  
4 February 2009, 2 November 2012,  
8 August 2014, 13 May 2015  
5 August 2016 and 31 August 2018

## **Ordinances of the University of Cambridge**

### **CONTRIBUTORY PENSION SCHEME**

- 1 There is and shall be a fund established under the authority of the Universities of Oxford and Cambridge Act 1923 under the name of the Contributory Pension Scheme for the purpose of providing under the Rules of the Scheme pensions, grants and allowances to such assistants and other persons employed by the University of Cambridge, or by an associated Employer, as are members of the Scheme.
- 2 The Trustee of the Scheme shall be C U Pension Trustee Limited (Company No. 6600561) the registered office of which is at The Old Schools, Trinity Lane, Cambridge CB2 1TS or another person or persons appointed by the University under Rule 8 {appointment and removal of trustee} and shall hold the Fund on trust to apply it in accordance with the provisions of the Scheme.
- 3 Subject to the provisions of Rule 43 {eligibility and admission} of the Scheme, the following shall be eligible for membership of the Contributory Pension Scheme:
  - (a) all University assistants;
  - (b) such other employees of the University as are ineligible to join the Universities Superannuation Scheme; and
  - (c) permanent employees of any Employer.
- 4 Contributions to be paid by members of the Scheme shall be deducted from their salaries.
- 5 Subject to the restrictions contained in Rule 5 {amendment} and in Schedule 2 to the Rules {contracting-out} the Scheme may be altered from time to time without the authority of a Grace in order to ensure its continued approval by the Pension Schemes Office and by the National Insurance Contributions Office of the Inland Revenue or any bodies which succeed either of them. Such alterations shall be published in Reporter.

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## THE RULES

**adopted by a Grace dated 3 December 1999 and amended by Graces  
dated 22 November 2000, 17 July 2002, 21 July 2003, 24 March 2004,  
19 March 2008, 4 February 2009, 2 November 2012, 8 August 2014, 13 May 2015 and 5  
August 2016**

### Definitions and Interpretation

#### **1**     Definitions

1.1     In these Rules and the Ordinance to which they are attached, unless the context otherwise requires:

“**1965 Act**” means the National Insurance Act 1965.

“**1988 Act**” means the Income and Corporation Taxes Act 1988.

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

“**1995 Act**” means the Pensions Act 1995.

“**1996 Act**” means the Employment Rights Act 1996.

“**2004 Act**” means the Pensions Act 2004.

“**2008 Act**” means the Pensions Act 2008.

“**2 years’ Qualifying Service**” has the meaning in section 71(7), 1993 Act.

“**Actuary**” means a Fellow of the Institute and Faculty of Actuaries (or a firm making available the services of such a person) appointed under Rule 15 {advisers}.

“**Additional Voluntary Contributions**” has the meaning which the expression “voluntary contributions” has in section 111, 1993 Act.

“**Adviser**” means an actuary, auditor, fund manager, legal adviser, surveyor or any other adviser.

“**Annual CRB Pension**” means, in relation to each Scheme Year in which the relevant Member is in Pensionable Service as a CRB Active Member:

- (a)     in respect of a Pre-2013 Member, an amount equal to:
  - (i)     in relation to each Scheme Year ending on or before 31 July 2017, 1/95<sup>th</sup> of the Pensionable Salary received by the Member whilst in Pensionable Service in the relevant Scheme Year;
  - (ii)    in relation to the Scheme Year ending on 31 July 2018:

- (A) in relation to the part of that Scheme Year which falls prior to 1 January 2018, 1/95<sup>th</sup> of the Pensionable Salary received by the Member whilst in Pensionable Service in that part of that Scheme Year; and
- (B) in relation to the part of that Scheme Year which falls on or after 1 January 2018, 1/100<sup>th</sup> of the Pensionable Salary received by the Member whilst in Pensionable Service in that part of that Scheme Year; and
- (iii) in relation to each Scheme Year after the Scheme Year referenced in (ii) above, 1/100<sup>th</sup> of the Pensionable Salary received by the Member whilst in Pensionable Service in the relevant Scheme Year; and
- (b) in respect of a Post-2013 Member, an amount equal to 1/150<sup>th</sup> of the Pensionable Salary received by the Member whilst in Pensionable Service in the relevant Scheme Year

provided that:

- (c) in relation to the Scheme Year ending on 31 July 2013, no account shall be taken of Pensionable Salary received by the Member on or before 31 December 2012; and
- (d) in relation to any period prior to the Crystallisation Date during which the Member is deemed to have been in Pensionable Service (including, without limitation, pursuant to Rule 47 {Absence}, Rule 68 {Parental Leave}, Rule 69 {Paternity Leave} or Rule 70 {Adoption Leave}) the Member shall be treated as having received Pensionable Salary during that period at the rate at which he was receiving Pensionable Salary immediately prior to the start of that period.

**“Approval”** means approval of the Scheme as an exempt approved scheme under Chapter I Part IV 1988 Act.

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

**“CRB Active Member”** means, on or after 1 January 2013, a Member who is in Pensionable Service.

**“CRB Revaluation Percentage”** means:

- (a) in respect of CRB Active Members who are Pre-2013 Members the lesser of 5% per annum and the annual rate of the increase in the Retail Prices Index (if any) in the 12 months to the previous May in respect of the relevant Scheme Year; and
- (b) in respect of CRB Active Members who are Post-2013 Members the lesser of 5% per annum and the annual rate of the increase in the Consumer Prices Index (if any) in the 12 months to the previous May in respect of the relevant Scheme Year,

provided that the Trustee may at its discretion and with prior written consent of the University award a higher percentage increase in respect of any one or more Scheme Years.

**“Cash Equivalent”** has the meaning in section 94, 1993 Act.

**“Child”** in relation to a deceased person includes his child, his step-child, a child whom he has legally adopted, a child conceived but not yet born and any other person whom in the opinion of the Trustee the deceased treated as a child of his family.

Provided that the foregoing shall be read and construed so as not to exceed the scope of the definition of “dependant” in paragraph 15 of the Finance Act 2004 and this proviso has effect from the effective date of the Grace [28 March 2008] by which it was adopted in relation to Rule 61 {death of a member} and otherwise only in respect of Pensionable Service on and after that effective date.

**“Child’s Allowance”** means a pension payable under Rule 65 {benefits for children}.

**“Consumer Prices Index”** means the Consumer Prices Index published by the Office for National Statistics or any other suitable index adopted by agreement between the Trustee and the University for the purposes of the Scheme.

**“Contributions Equivalent Premium”** has the meaning in section 55, 1993 Act.

**“Contracting-out Requirements”** means the requirements to be met for the purpose of obtaining and maintaining a contracting-out certificate under Chapter I Part III 1993 Act by reference to the Scheme in respect of any period of Membership before 6<sup>th</sup> April 1997.

**“Crystallisation Date”** means the date on which the Member ceases to be in Pensionable Service.

**“Deferred Pensioner”** means a Former Member who:

- (a) has ceased Membership;
- (b) is not in receipt of a pension under the Scheme; and
- (c) is entitled to a pension under the Scheme

(or who is treated as such a Former Member by reason of a transfer payment received under Rule 29 {transfers to the scheme}).

**“Dependant”**, in relation to any individual, means the spouse, or Eligible Child of that individual or anyone who in the opinion of the Trustee is (or was at the date of the individual's death) wholly or partly financially dependent on him.

**“Disclosure Requirements”** means the requirements for the obtaining and disclosure of information in relation to the Scheme under the 1995 Act.

**“Dissolution Date”** means the date on which the winding-up of the Scheme begins in accordance with Rule 31.1 {termination of the scheme}

**“Effective Date”** means the date specified in Rule 3 {effective date}

**“Eligible Child”** means a Child who:

- (a) is below age 18; or
- (b) is below age 25 and undergoing full-time education or vocational training; or
- (c) is suffering from some mental or physical disability rendering him unable to support himself financially (irrespective of age); or
- (d) is aged 25 or over and is undergoing full-time education or training and who the Trustee has resolved in its absolute discretion to fall within this paragraph for any period,

Provided that the foregoing shall be read and construed so as not to exceed the scope of the definition of “dependant” in paragraph 15 of the Finance Act 2004 and this proviso has effect from the effective date of the Grace [28 March 2008] by which it was adopted in relation to Rule 61 {death of a member} and otherwise only in respect of Pensionable Service on and after that effective date.

**“Employee”** means a person in employment with an Employer.

**“Employer”** means the University and any other person admitted to participation under Rule 27.1 {admission of employers} or, in relation to any Employee or former Employee or Beneficiary claiming through him, the University or such other person by which, at the relevant time, he is or was last employed.

**“Equal Treatment Requirements”** means the requirements of sections 62-66, 1995 Act.

**“Equivalent Pension Benefits”** means a pension equal to the minimum rate of equivalent pension benefits applicable under the 1965 Act in respect of any period during which a Member has been in Non-Participating Employment (as defined in the 1965 Act).

**“Ex-Spouse”** means an individual to whom Pension Credit Rights have been or are to be allocated following a Pension Sharing Order, agreement or equivalent provision.

**“Ex-Spouse Participant”** is an Ex-Spouse who participates in the Scheme. For this purpose the Ex-Spouse Participant must participate in the Scheme,

- (a) either, solely for the provision of a Pension Credit Benefit, or
- (b) for the wholly separate provision of a Pension Credit Benefit, where benefits accrue or have accrued to that individual under the Scheme for any reason.

**“Final Pensionable Salary”** means the highest of the values set out in paragraph (a), but subject to paragraphs (c) and (d) below:

- (a) (i) a Member’s Pensionable Salary during the 12 months immediately preceding the date referred to in paragraph (b) of this definition;

- (ii) a Member's Pensionable Salary in any period of 12 consecutive months during the 3 years immediately preceding the date referred to in paragraph (b) of this definition increased in line with the Retail Prices Index in respect of the period between the end of the 12 month period and the said date;
  - (iii) the highest average of a Member's Pensionable Salaries for any consecutive period of 3 years ending not earlier than 10 years before the date referred to in paragraph (b) of this definition where such Pensionable Salaries have each been increased in line with the Retail Prices Index in respect of the period between the end of each 12 month period to which the Pensionable Salaries relate and the date referred to in paragraph (b) of this definition;
  - (iv) a Member's Pensionable Salary in the 12 months ending 3 years before the date referred to in paragraph (b) of this definition (but without any increase in line with the Retail Prices Index); and
  - (v) a Member's Pensionable Salary in the 12 months ending 4 years before the date referred to in paragraph (b) of this definition (but without any increase in line with the Retail Prices Index).
- (b) the date referred to in this paragraph is the earliest of the date of attainment of the Member's Normal Pension Age and the dates of his retirement, termination of Pensionable Service and death;
  - (c) in any instance where the Member has not been in Pensionable Service for a consecutive period of 3 years as required by paragraph (a)(iii) the said average amount shall be calculated over the actual period of his Pensionable Service ending on the date referred to in paragraph (b);
  - (d) in the case of a Member to whom paragraph 20 of schedule 6 to the Finance Act 1989 applies the value calculated under paragraph (a) shall not exceed the permitted maximum (as defined in section 590C, 1988 Act) from time to time except to the extent permitted by regulations made under either of those Acts or by the Revenue.

**"Finance Committee"** means the body appointed under Statute F to advise the University on financial questions and to perform such other duties as may be assigned to it by Statutes or Ordinances.

**"Former Employer"** means an Employer which has ceased to participate in the Scheme under Rule 28 {withdrawal of employer} or Rule 31 {termination of the scheme}.

**"Former Member"** means a Beneficiary who has a benefit under the Scheme by virtue of his Membership but whose Membership has ceased.

**"Full-time Service"** means employment for at least 36.5 hours per week or such other number of hours per week as constituted full-time work for the category of employment in which the Member or Former Member was employed at the relevant time.

**“Fund”** means the assets for the time being held by or on behalf of the Trustee on the trusts of the Scheme.

**“Guaranteed Minimum Pension”** has the meaning in section 8, 1993 Act.

**“Insolvency Event”** means in relation to an Employer a circumstance in which, if the Employer were the employer in relation to the Scheme for the purpose of section 22(1), 1995 Act, that section would apply to the Scheme.

**“Insurance Company”** has the meaning in section 659B(1), 1988 Act.

**“Interest”** means in respect of any period such rate of compound interest as the Trustee on the advice of the Actuary shall from time to time determine.

**“Member”** means, subject to Rule 46 {termination of membership}, an Employee who has been admitted to participate in the Scheme under Rule 43 {eligibility and admission} or under any previous equivalent regulation of the Scheme.

**“Member Contributions”** means contributions payable under Rule 45.1(a) {member contributions}.

**“Membership”** means the status of being a Member.

**“Minimum Funding Requirement”** has the meaning in section 56, 1995 Act.

**“Negative Deferred Pension”** means the amount by which the Member’s or Former Member’s pension or deferred pension under the Scheme which arose/arises from Service, is reduced at the Relevant Date by section 31 Welfare Reform and Pensions Act 1999 following a Pension Sharing Order, agreement or equivalent provision. For this purpose, Service includes all periods of service with other employers which have been treated as if they were Service with the Employer where a transfer payment has been made to the Scheme in respect of that other service.

**“Normal Pension Age”** means the age of 65

**“Other Scheme”** means the trustees or administrators of an occupational pension scheme, a Personal Pension Scheme, or annuity contract or Policy or other pension arrangement which meets the requirements of section 95 1993 Act {arrangements to which cash equivalents may be taken} or any other scheme or arrangement specifically approved by the Revenue for the purpose of Rule 29 {transfers to the scheme} or Rule 30 {transfers from the scheme}.

**“Part-time Service”** means employment for less than the number of hours per week indicated in the table in the definition of Full-time Service in this Rule 1.1 or for less than such other number of hours per week as constituted full-time work for the category of employment in which the Member or Former Member was employed at the relevant time but subject to such service before 1<sup>st</sup> April 1995 being equal to or greater than the minimum number of hours per week then required to qualify for admission to the Scheme.

**“Pension Credit”** means a credit under section 29(1)(b) Welfare Reform and Pensions Act 1999.

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

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

**“Pension Debit”** means a debit under section 29(1)(a) Welfare Reform and Pensions Act 1999.

**“Pension Debit Member”** means a Member or Former Member whose benefits have been permanently reduced by a Pension Debit. Such a person will either be:

- (a) a controlling director of a company which is his employer if he is a director of the company to whom paragraph (b) of section 417(5) 1988 Act applies either at the date on which the marriage was dissolved or annulled, or at any time within the period of 10 years before that date; or,
- (b) a Member or Former Member whose earnings as at the date at which his marriage was dissolved or annulled exceeded  $\frac{1}{4}$  of the Permitted Maximum (as defined in Schedule 1) for the year of assessment in which the dissolution or annulment occurred. Earnings for these purposes shall be taken to be the total emoluments:
  - (i) which were paid to the Member or Former Member in consequence of pensionable service to which the Scheme relates during the year of assessment before the year of assessment in which the marriage was dissolved or annulled, and
  - (ii) from which tax was deducted in accordance with the Income Tax (Employments) Regulations 1993.

**“Pensionable Salary”** means in relation to a Member the basic salary or wage of such Member from his Employer together with any allowance and other emoluments from the Employer which the Employer shall have determined to include for this purpose, but excluding all other allowances and emoluments,

provided that during a period of temporary absence in accordance with Rule 47.1 or 47.2 {non-maternity absence} the Pensionable Salary of a Member shall be the amount appropriate to such period at the basic annual rate from time to time of the salary or wage of such Member from his Employer together with the amount appropriate to such period at the annual rate from time to time of any allowance and other emoluments from the Employer which the Employer shall have determined to include for this purpose but excluding all other allowances and emoluments.

Rule 57A has effect in relation to Members whose Pensionable Salaries are or have been subject to salary sacrifice.

**“Pensionable Service”** in relation to a Member or Former Member means the aggregate of:

- (a) the completed years and days of his Membership;

- (b) the actual or notional service credited to the Member or Former Member in years and days in respect of any transfer payment received by the Scheme under Rule 29 {transfers to the scheme};
- (c) the notional service credited to the Member or Former Member in years and days in respect of Additional Voluntary Contributions paid by the Member under Rule 26 {additional voluntary contributions} where it has been agreed between the Trustee and the Member or Former Member that such contributions shall purchase added years; and
- (d) any actual or notional service credited on special terms to the Member or Former Member in years and days at the discretion of the Trustee on admission to the Scheme or otherwise

Provided that:

- (e) any Member or Former Member who is absent from work pursuant to Rule 47 {absence} shall not be treated as earning accrual of pension benefits save to the extent that he pays Member Contributions either during the period of absence or following his return to work in accordance with Rule 47; and
- (f) if a person's period of Membership includes Part-time Service such period shall be converted to its full-time equivalent in accordance with the formula and principles set out in Rule 52.4 {normal retirement pension} if such conversion is necessary to ensure that the Member or Former Member receives a due proportion of the pension benefits which he would have received had all his Membership been Full-time Service.

**"Pension Sharing Order"** means any order or provision as is mentioned in section 28(1) Welfare Reform and Pensions Act 1989.

**"Pensioner"** (except in the expressions "Deferred Pensioner" and "Postponed Pensioner") means a person who is a Former Member who is entitled to the present payment of a pension under the Scheme (or who is treated as such a person by reason of a transfer payment received under Rule 29 {transfers to the scheme}).

**"Personal Pension Scheme"** means a personal pension scheme approved by the Revenue under Chapter IV Part XIV 1988 Act.

**"Policy"** means any contract or policy with an Insurance Company which is an Other Scheme.

**"Post-2013 Member"** means a Member who joined the Scheme on or after 1 January 2013.

**"Postponed Pensioner"** means a Former Member still in Service with the consent of the Employer after his Normal Pension Age and who has therefore ceased to pay Member Contributions.

**"Pre-2013 Member"** means a Member who joined the Scheme on or before 31 December 2012.

**"Preservation Requirements"** means the provisions of Chapters I, II and III Part IV 1993 Act relating to the rights of a Former Member on termination of his Membership.

**“Relevant Benefits”** has the meaning in section 612, 1988 Act.

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

**“Retail Prices Index”** means the index of retail prices for all items published by the Office for National Statistics or any other suitable index adopted by the Trustee for the purposes of the Scheme.

**“Revalued Annual CRB Pension”** means, in relation to each Scheme Year in which the relevant Member is in Pensionable Service:

- (a) the Annual CRB Pension relating to that Scheme Year;
- (b) increases on such Annual CRB Pension in respect of each subsequent complete Scheme Year. Each increase must:
  - (i) be awarded on the first day of the Scheme Year immediately following the Scheme Year to which the increase relates; and
  - (ii) be equal to the CRB Revaluation Percentage of the total of the Annual CRB Pension referred in paragraph (a) and previous increases awarded in respect of that Annual CRB Pension in accordance with this paragraph (b); and
- (c) an increase on such Annual CRB Pension in respect of the Scheme Year in which the Crystallisation Date occurs. Such increase must:
  - (i) be awarded on the Crystallisation Date; and
  - (ii) be calculated in accordance with sub-paragraph (b)(ii) provided that for these purposes each of paragraphs (a) and (b) of the definition of "CRB Revaluation Percentage" shall be read as if:
    - (A) the words "5% per annum and the annual rate of the increase" were replaced with "n/12ths multiplied by 5% (where "n" is the number of months, rounded up, between the first day of the Scheme Year in which the Crystallisation Date occurs and the Crystallisation Date) and the rate of the increase".
    - (B) the words "in the 12 months to the previous May in respect of the relevant Scheme Year" were replaced with "between (i) May in the complete Scheme Year prior to the Crystallisation Date; and (ii) the month which is two months prior to the month in which the Crystallisation Date occurs or, if the Crystallisation Date is on the first day of the month, the month which is three months prior to the month in which the Crystallisation Date occurs."

provided that the Annual CRB Pension relating to the Scheme Year in which the Crystallisation Date occurs shall not be increased under this paragraph (c). For the avoidance of doubt it is intended that, where the Crystallisation Date occurs on the first day of a Scheme Year, there shall be no increase under paragraph (c).

**“Revenue”** means the Commissioners of Inland Revenue.

**“Rule”** means any of these Rules.

**“Salary Sacrifice Arrangement”** means an arrangement whereby a Member’s contract of employment with his Employer is varied so as to reduce the cash remuneration which the Member would otherwise be entitled to in respect of Service after the date of the variation and whereby the Employer either provides the Member with non-cash benefits which are specified on a list of applicable non-cash benefits maintained by the University, and/or the Member is relieved of the duty to pay Member’s contributions under Rule 45 but his benefits from the Scheme are calculated as though his cash remuneration had not been reduced. As at [21 August 2012] the list of non-cash benefits includes the use of the University’s nursery, the provision of childcare vouchers and the University’s Cycle to Work and car schemes. An arrangement can include one or more of the elements referred to above.

**“Schedule of Contributions”** has the meaning in section 58, 1995 Act.

**“Scheme”** means the Cambridge University Assistants’ Contributory Pension Scheme governed by these Rules.

**“Scheme Year”** means a period of 12 months ending on 31 July in each year or such other period as the University and the Trustee may agree. If a different period is agreed pursuant to this definition, benefits referable to the relevant Scheme Year shall be increased/decreased in proportion to the length of the relevant period to the extent necessary to ensure that they are of equal value.

**“Service”** means such continuous employment with an Employer as the Employer decides is permanent employment.

**“Short Service Benefit”** has the meaning in section 71(2), 1993 Act

**“Spouse”** in relation to a deceased individual means

- (a) the person (if any) who was married to him at the date of his death; and
- (b) the person (if any) of the same or the opposite sex as the deceased individual with whom he was co-habiting at the time of his death provided such person was financially dependent on the deceased individual at the time of the death or such person and the deceased were financially interdependent at the time of the death;

Provided that:

- (c) in relation to a deceased individual who has entered into polygamous marriages the person falling within paragraph (a) above shall be that person who is treated as the deceased individual's widow or widower in relation to State scheme benefits; and
- (d) if two or more persons fall within paragraphs (b) or (c) above the Trustee shall in its absolute discretion determine which of them shall be treated as falling within this definition such that a maximum of two persons shall do so, including any person falling within paragraph (a).

**“Stakeholder Scheme”** means a stakeholder pension scheme approved by the Revenue under Chapter IV Part XIV 1988 Act.

**“Total Revalued Annual CRB Pension”** means the sum of the Revalued Annual CRB Pension for each Scheme Year or part thereof in which the relevant Member was (or is treated as having been) in Pensionable Service.

**“Trivial Pension”** means in relation to an individual a pension which when added to all pensions payable in respect of his employment with the Employers and the pension equivalent of any lump sum and including any pension arising from the payment of additional voluntary contributions is not more than £260 per annum (or such higher amount as may be prescribed from time to time by regulations made under sections 21(1) and 77(5), 1993 Act).

**“Trustee”** means the C U Pension Trustee Limited or the trustee or trustees for the time being of the Scheme and includes, where the context requires, the directors for the time being of a corporate trustee.

**“University”** means the Chancellor, Masters and Scholars of the University of Cambridge, being the common law corporation known as the University of Cambridge, acting through the Finance Committee.

## **2 Interpretation and Overriding Provisions**

2.1 The contracting-out model rules in schedule 2 apply to the Scheme in relation to:

- (a) a Member or Former Member whose employment before 6th April 1997 was contracted-out by reference to the Scheme; and
- (b) his Pensionable Service during the period of employment specified in Rule 2.1(a).

To that extent the model rules override the other provisions of the Ordinance and these Rules except to the extent specified in the model rules. Subject to that the provisions listed in Rule 2.2(a) - (e) apply to the Scheme and the Ordinance and these Rules take effect subject to them.

2.2 Each of the University, the Employers and the Trustee in making any decision or in giving or withholding its agreement or consent or in exercising or not exercising any power in relation to the Scheme shall comply with:

- (a) the Revenue limits rules in schedule 1 (which may require benefits to be restricted) and any requirements of the Revenue to obtain and maintain Approval;
- (b) the Preservation Requirements;
- (c) the Disclosure Requirements;
- (d) the Equal Treatment Requirements; and
- (e) the Contracting-out Requirements in relation to benefits accrued before 1 January 2013.

- 2.3 Subject to the performance of its duties and Rule 2.2, the Trustee in making any decision or in giving or withholding its agreement or consent or in exercising or not exercising any power in relation to the Scheme shall do so at its absolute and uncontrolled discretion.
- 2.4 The decision of the Trustee shall be final on all questions which are left to its determination or decision in relation to the Scheme and on all matters relating to the management and administration of the Scheme on which these Rules and any other provisions of the Scheme are silent.
- 2.5 Words importing the singular include the plural and vice versa. The plural form of words and expressions defined in Rule 1 {definitions} shall be construed according to the meaning given to the singular form and vice versa.
- 2.6 Words importing one gender (except the words, “male” and “female”) or the neuter include the other gender and the neuter as the case may be.
- 2.7 The table of contents, the headings to the provisions of the Ordinance and these Rules and words between the symbols { } are for reference purposes only and shall not affect the meaning or construction of such documents.
- 2.8 Any reference to a statute (or to a particular chapter, part of, section of, or schedule to, a statute) includes any modification or re-enactment of it and any regulations made under it.
- 2.9 Nothing in the Ordinance and these Rules shall in any way restrict the right of an Employer to terminate the service of an Employee or shall be used in aggravation of damages in any action, counter-claim or suit brought by the Employee against any Employer in respect of the termination of his employment.
- 2.10 Nothing in the Ordinance and these Rules shall in any way be construed as imposing upon an Employer a contractual obligation as between the Employer and an Employee to contribute or to continue to contribute to the Fund.
- 2.11 No Beneficiary shall have any claim, right or interest under the Scheme or any claim upon or against the Trustee or an Employer except under or in accordance with the Ordinance and these Rules.

### **Effective Date and Persons affected by these Rules**

#### **3 Effective Date**

- 3.1 The Rules are made by the University with the approval of at least two-thirds of the Managing Committee (as the predecessor to the Trustee) pursuant to regulation 41 of the existing regulations of the Scheme and of all other powers enabling the University in that behalf and have effect from 3 December 1999 being the date of the Grace by which they were adopted by the University (“Effective Date”) or as otherwise specified provided that any provision of the 1995 Act referred to in these Rules is effective from the later of the Effective Date and the date on which it came into force.

#### **4 Persons affected**

- 4.1 Except where expressly stated otherwise, nothing contained in these Rules shall be interpreted as affecting:
- (a) the calculation or payment of the benefits payable to or in respect of any Former Member who last ceased to be a Member before the Effective Date, which shall continue to be calculated and paid under the provisions of the Scheme in force at the time he last ceased to be a Member; or
  - (b) any period of Membership in respect of which a transfer payment or a refund of contributions was made before the Effective Date.
- 4.2 Subject to Rule 4.1, these Rules apply to the benefits of all Beneficiaries.
- 4.3 Subject to Rule 4.4 the amendments set out in the Rules shall be effective in the manner set out in Rule 3 {effective date} and Rules 4.1 and 4.2 upon the Actuary completing the certificate attached to these Rules in accordance with section 67, 1995 Act.
- 4.4 These Rules shall not operate so as to affect adversely (in the Actuary's opinion) any Member or Former Member in respect of his or her entitlements or accrued rights within the meaning of sections 67 and 124, 1995 Act, acquired before the effective date or dates set forth in the certificate. If any such entitlements or accrued rights would, but for this Rule 4.4, be so affected then the change having such effect shall not apply to the Member or Former Member in question.

#### **Modification and Augmentation**

##### **5 Modification**

- 5.1 (a) The University shall have power to amend the Rules of the Scheme from time to time on the recommendation of the Trustee provided that the change has the approval of two-thirds of the directors of the Trustee and provided that this power of amendment shall be restricted so that there shall be no change in the main purpose of the Scheme of granting annuities to Members and Former Members on retirement at a specified age or on becoming incapacitated at some earlier age.
- (b) This Rule shall have effect subject to the provisions of section 37, 1993 Act.
- 5.2 The provisions of:
- (a) section 65 1995 Act {equal treatment rule: alteration of schemes by trustees};
  - (b) section 67 1995 Act {protection of accrued rights}; and
  - (c) section 68 1995 Act {limited powers of trustees to modify schemes}, apply.

##### **6 Augmentation**

- 6.1 Subject to Rule 6.2 and provided that the Approval of the Scheme would not thereby be prejudiced, the Trustee may at the request of any Employer:

- (a) augment or vary benefits payable under the Scheme either generally or in any particular case; or
- (b) provide benefits for any Employee or former Employee or any Spouse, Child or Dependant of a former Employee.

6.2 If the Trustee exercises any of the powers in Rule 6.1 or if the University exercises its power under Rule 30.4(b) {transfers from the scheme} the Trustee shall, acting on the advice of the Actuary, agree with the Employer the amount and timing of any additional contributions required to be paid to the Scheme taking into account the cost of the additional benefits and such revisions (if any) to the Schedule of Contributions will be made as are then necessary to meet.

## **7** **Reviews and Reduction of Surplus**

7.1 The Trustee may make an authorised surplus payment out of the Scheme if the payment qualifies as such for the purposes of section 177 of the Finance Act 2004 and regulations made under that section.

7.2 Section 37, 1995 Act {payment of surplus to employer} applies.

## **Constitution of Trustees**

### **8** **Appointment and Removal of Trustee**

8.1 The University has the power by Grace to appoint a new or additional Trustee and to remove a Trustee provided that, unless a body corporate is the sole Trustee, the number of Trustees shall not be less than two.

8.2 A body corporate (whether or not a trust corporation) may remain or be appointed sole Trustee.

8.3 Every Trustee shall on ceasing to be a Trustee execute such documents and do all such things as may be necessary to give effect to such cessation and to vest the Fund in the continuing Trustees.

### **9** **Expenses and Remuneration of Trustee**

9.1 The Trustee shall be entitled to pay out of the Fund any costs, charges and expenses incurred in connection with the Scheme, to be paid in priority to all other claims falling to be met out of the Fund.

9.2 The Trustee may, with the consent of the University, pay to any Trustee, or director of a corporate Trustee, out of the Fund reasonable remuneration for acting in that capacity or in any other capacity authorised by the Rules, to be so paid in priority to all other claims (other than under Rule 9.1) payable out of the Fund.

9.3 A Trustee or a director of a corporate Trustee paid or intended to be paid under Rule 9.2 may participate in taking a decision under Rule 9.2 notwithstanding his personal interest in it and may retain for himself any reasonable remuneration which the Trustee decides to pay to him.

## **10 Trustee Benefiting from the Scheme**

- 10.1 The decision of, or the exercise of a power by, the Trustee shall not be invalidated or questioned on the ground that any of the persons acting as Trustee or directors of a corporate Trustee had an interest in the result of the decision or the exercise of the power.
- 10.2 A Beneficiary who is or has been a Trustee (or a director or officer of a corporate Trustee or a delegate of the Trustee) may retain for himself any benefit to which he is entitled by virtue of his Membership, including any benefit as augmented or provided under Rule 6 {augmentation} whether or not the Beneficiary participated in the exercise of the power in Rule 6 in relation to him.
- 10.3 Subject to the consent of the University and of the Trustee, a Trustee (or a director or officer of a corporate Trustee) who is a director or employee of any company in which the Trustee holds shares or any other interest may retain for himself any resulting fees or remuneration notwithstanding that his retention of, or appointment to, that office or employment may be directly or indirectly due to the exercise or non-exercise of any votes by the Trustee.

## **11 Trustee Indemnities and Insurance**

- 11.1 Subject to section 31 {trustees not to be indemnified for fines and civil penalties} and section 33 {investment powers: duty of care}, 1995 Act, no Trustee or director of a corporate Trustee shall as trustee of the Scheme or in respect of the exercise or purported exercise of or the omission of the exercise of his rights or powers in relation to the Scheme incur any personal responsibility or be liable for anything whatsoever except for a breach of trust knowingly and intentionally committed or permitted by him.
- 11.2 The University shall both before and after the winding-up of the Scheme indemnify each of the Trustees or director of a corporate trustee against all or any claims, costs, losses, damages, awards and expenses which he may pay or incur or which may be made or awarded against him as a trustee of the Scheme except for a breach of trust knowingly and intentionally committed or permitted by him to the extent that such claims, costs, losses, damages, awards and expenses cannot for any reason be met out of the Fund or a policy effected under Rule 11.3
- 11.3 Subject to Rule 11.4 and section 31 1995 Act {trustees not be indemnified for fines or civil penalties}, the Trustee may effect any insurance or policy of indemnity in relation to acts or omissions or liabilities of itself, its servants, agents or other persons (including directors of the Trustee and employees of the University) in connection with the Scheme and may pay the premiums for the insurance or policy and any related expenses from the Fund.
- 11.4 Such insurance or policy shall not require the Trustee or allow the insurer to claim under any indemnity from the University to the Trustee or others in respect of the insured risk.

## **Powers and Duties of Trustees**

### **12 Administration and Management**

- 12.1 The Trustee shall be the administrator of the Scheme for the purposes of Chapter 1 Part XIV 1988 Act.

### **13 Trustee's Meetings and Procedures**

- 13.1 This Rule 13 is subject to section 32 1995 Act {decision of trustees and notices of meetings}.
- 13.2 The directors of the Trustee shall meet for the purpose of considering the affairs of the Scheme at least four times a year.
- 13.3 The decisions of the board of directors of the Trustee and of any sub-committee of the board (established under Rule 14 {delegation}) are required to be taken by agreement of a majority of all of the board or of all of the relevant sub-committee.
- 13.4 A decision recorded in writing and signed by a majority of the directors of the Trustee and not being less than a quorum for a meeting of the directors of the Trustee shall be as effective as if it were a decision of a meeting of the board of the Trustee.
- 13.5 Subject to Rules 13.1 - 13.4, the directors of the Trustee may make such regulations for the conduct of their business as they decide.

### **14 Delegation**

- 14.1 Subject to Rule 14.2, the Trustee may delegate all or any of its powers, duties, trusts and discretions (including the power to delegate in this Rule 14.1) to any person on such terms, for such periods and at such remuneration (if any) as it thinks fit, but any remuneration for a directors of the Trustee must be authorised under Rule 9 {expenses and remuneration of trustee }.
- 14.2 Section 34, 1995 Act {power of investment and delegation} applies.

### **15 Advisers**

- 15.1 The Trustee shall appoint Advisers so far as they are required to do so by section 47, 1995 Act. The Trustee may appoint any Adviser when it is not required to do so by the 1995 Act.
- 15.2 Subject to sections 47 and 48, 1995 Act, the Trustee may appoint or remove any Adviser on such terms as to remuneration and otherwise as it thinks fit.
- 15.3 The Trustee shall not seek or act upon the advice of any Adviser unless he is appointed by the Trustee, but the Trustee may appoint an Adviser who also advises the University or any Employer, provided it instructs the Adviser to notify the Trustee as soon as the Adviser becomes aware of any conflict of interest between the Trustee and the University or any Employer.
- 15.4 Subject to Rule 15.3 and section 33 and section 34(4), 1995 Act {duty of care in relation to investment}, the Trustee may act in accordance with advice given by an Adviser and shall not be liable for any resulting loss.

## **16 Employment of Agents and Staff**

- 16.1 The Trustee may, with the consent of the University Council, employ or engage such persons and on such terms as to remuneration and otherwise as it thinks fit to transact any business of the Scheme or to administer the Scheme. Except in the case of a director of the Trustee, such person may, if he is acting in good faith, comply with the directions of the Trustee without being obliged to ascertain that those directions comply with these Rules.
- 16.2 Any remuneration for a director of the Trustee under Rule 16.1 must be authorised under Rule 9 {expenses and remuneration of trustee }.

## **17 Expenses and Debts**

- 17.1 Subject to Rule 17.2, all reasonable costs, charges and expenses incurred by the Trustee in connection with the Scheme and any remuneration of the Trustee shall be borne by the Fund.
- 17.2 The University may require the Employers to pay all or any part of the liabilities mentioned in Rule 17.1 in such proportions as it decides.
- 17.3 The University may require the Trustee to pay to any Employer out of the Fund any amount paid by the Employer under Rule 17.2.

## **18 Investment**

- 18.1 The Trustee may invest the Fund, and may retain or transpose and vary any such investment, in any form of investment which it could make if it were a sole, absolute and beneficial owner of the Fund.
- 18.2 An investment authorised by Rule 18.1 may involve a liability on the Fund, need not produce income or be authorised by law for the investment of trust moneys, and may be of a wasting or reversionary nature.
- 18.3 The Trustee may improve, repair or develop land or other property.
- 18.4 The Trustee may underwrite, sub-underwrite or guarantee the subscription of any stocks, shares, debentures, debenture stock, bearer securities or other investments and may deal in commodities, commodity futures, financial futures, traded options and derivatives of all kinds
- 18.5 The following sections of the 1995 Act apply:
- (a) section 33 {investment powers: duty of care};
  - (b) section 34 {power of investment and delegation};
  - (c) section 35 {preparation and maintenance of a written statement of investment principles};
  - (d) section 36 {choosing investments}.
- 18.6 The Trustee may invest all or any part of the Fund in a common investment fund or in a unit trust, mutual fund or managed fund of an insurance company or in the

purchase of shares in an investment trust which, in any of these cases, meets the requirements of sections 34-36, 1995 Act in relation to the Scheme.

- 18.7 The Occupational Pension Schemes (Investment of Scheme's Resources) Rules 1992 {not more than 5% of the Fund to be invested in employer-related investments} apply.
- 18.8 The Trustee may hold assets either in the name of the Trustee or any of them or jointly with some other person or in the name of a nominee or custodian or sub-custodian. The Trustee may appoint a custodian of Fund assets on any terms including power to appoint sub-custodians and nominees without the approval of the Trustee.
- 18.9 At any time when the Trustee is a sole corporate Trustee and not a trust corporation, the Trustee may appoint another person to hold any real property in the Fund jointly with it.
- 18.10 Subject to section 34, 1995 Act the Fund shall be invested and managed by a sub-committee of the board of directors of the Trustee to be known as the Contributory Pension Fund Investments Committee.

## **19 Insurance of Benefits**

- 19.1 The Trustee may effect and deal with any Policy for the provision of any benefit payable under the Scheme.
- 19.2 The Trustee may appropriate any Policy in the Fund, except for a Policy representing additional voluntary contributions, to the provision of any benefit payable under the Scheme to any Beneficiary without his consent.
- 19.3 If a Policy is appropriated under Rule 19.2 then, so far as is consistent with section 67, Act 1995 {restrictions on powers to alter schemes} section 73, 1995 Act {preferential liabilities on winding-up} and the Preservation Requirements:
- (a) the Beneficiary in question shall not be entitled to any benefit except for the benefits payable out of the Policy;
  - (b) no person shall have any right to resort to the Policy in priority to or equally with the Beneficiary; and
  - (c) the provisions of these Rules relating to the closure or winding-up, in whole or in part, of the Scheme shall have effect subject to this Rule 19.3.
- 19.4 The Trustee may purchase in the name of or assign to any Beneficiary any Policy for the provision of any benefit payable to that Beneficiary.
- 19.5 The consent of the Beneficiary to a purchase or assignment under Rule 19.4 shall not be required except in so far as his consent is required in order to comply with the Preservation Requirements, the Contracting-out Requirements or the requirements for Approval.
- 19.6 If a Policy is purchased or assigned under Rule 19.4 the Beneficiary in question shall immediately cease to have any rights under the Scheme to the extent of the benefits secured by the Policy.

## **20 Bank Accounts**

- 20.1 The Trustee may keep any money received by it in a separate bank account kept by it at an institution authorised under the Banking Act 1987.
- 20.2 The Trustee may authorise any person to open and operate an account authorised by Rule 20.1 (including the drawing and endorsing of cheques).

## **21 Borrowing**

- 21.1 The Trustee may borrow money on any terms and conditions (including as to security).

## **22 Accounts and Audit**

- 22.1 The Trustee shall obtain at such intervals as it decides accounts audited by the auditor of the Scheme and a statement from the auditor about contributions under the Scheme.

## **23 Actuarial Investigations**

- 23.1 The Trustee shall obtain at such intervals as it decides a valuation by the Actuary of the assets and liabilities of the Scheme.

## **24 Insurance of Fund Assets**

- 24.1 The Trustee may insure any assets against any risks and for any amounts.

## **Discretionary Trust of Lump Sums**

### **25 Discretionary Trust of Lump Sums**

- 25.1 Any lump sum benefit payable under the Scheme in respect of the death of a Beneficiary shall be held by the Trustee on trust to pay it within two years from the date of death to or for the benefit of such one or more of the following persons living (save where otherwise expressly provided) at the date of death of such Beneficiary:
- (a) the Spouse of the Beneficiary;
  - (b) a former spouse of the Beneficiary;
  - (c) an ancestor or descendant (including any posthumous child) of the Beneficiary or of his spouse or the spouse of an ancestor or descendant either of the Beneficiary or of his spouse;
  - (d) a brother or sister (whether of the whole blood or of the half blood) or a step-brother or step-sister or a step-child either of the Beneficiary or of his spouse or a descendant of any such person;
  - (e) an uncle or aunt (whether of the whole blood or of the half blood) of the Beneficiary or of his spouse or the spouse of an uncle or aunt either of the Beneficiary or of his spouse;

- (f) any person or unincorporated body notified by the Beneficiary in writing sent to the Trustee Provided that unless and until and save insofar as the Trustee shall have actually received such notification from the Beneficiary it shall be taken that there is no Beneficiary in this category;
- (g) any person who was co-habiting with the deceased at the time of his death irrespective of whether that person was financially dependent on the deceased;
- (h) a person who is related to the Beneficiary or to his spouse in any of the degrees before mentioned by virtue of an adoption order made under any enactment and for the purpose of this Rule 25.1 "spouse" shall mean in relation to any person that person's wife husband widow or widower;
- (i) any person or unincorporated body beneficially interested under the intestacy or any testamentary disposition of the Beneficiary;
- (j) the personal representatives of the Beneficiary; and
- (k) an individual in respect of whom the Trustee shall have recorded in writing within twelve months after the date of death of the Beneficiary its opinion that he or she is a person for whom the Beneficiary concerned was under a moral obligation (with or without also a legal obligation) to make financial provision Provided Always that unless and until and save insofar as the Trustee shall have actually recorded its opinion as aforesaid it shall be taken that there is no-one in this category

and in such shares as the Trustee decides.

25.2 The power contained in Rule 25.1 includes the power for the Trustee to declare in respect of any lump sum benefit or any part or parts thereof such trusts, terms and limitations including such provisions for maintenance, education or advancement or for accumulation of any income during a minority and including such discretionary trusts and powers as the Trustee shall from time to time by deed revocable or irrevocable appoint but without infringing the rule against perpetuities and so that any trusts terms or limitations so declared shall be constituted and administered separately from the trusts of the Scheme and the Trustee shall have power to appoint as trustees of such sum or part thereof any two persons or a trust corporation and to remove any such trustees and appoint any other trustee in place of anyone so removed.

25.3 In the event of there being no person or unincorporated body known to the Trustee within the provisions of Rule 25.1 the benefit shall be retained by the Trustees for better securing the solvency of the Scheme.

25.4 The perpetuity period applicable to Rule 25.1 shall be 21 years from the death of the Beneficiary or such longer period as is permitted by law.

### **Additional Voluntary Contributions**

#### **26 Additional Voluntary Contributions**

26.1 Subject to Rule 26.5, a Member may pay Additional Voluntary Contributions to secure additional benefits under either Rule 26.2 or Rule 26.3.

- 26.2 Additional Voluntary Contributions paid under this sub-Rule shall be invested separately from the remainder of the Fund with the Cambridge Building Society or in such other manner as the Trustee shall determine from time to time and shall be applied to purchase money purchase benefits (as defined in Section 181(1), 1993 Act) of such description as the Member shall agree with the Trustee or in default of agreement as shall be determined by the Trustee.
- 26.3 Additional Voluntary Contributions paid under this sub-Rule shall be invested with the main part of the Fund and shall purchase additional days of Pensionable Service on terms agreed between the Member and the Trustee at the time when such contributions start to be paid.
- 26.4 The following arrangements apply to the payment of Additional Voluntary Contributions:
- (a) Members must give at least one month's written notice to the Trustee of their intention to pay Additional Voluntary Contributions at a specified rate or to vary that rate or to vary the sub-rule of this Rule under which they are paid or to terminate the payment of such contributions;
  - (b) The lower limit for such contributions paid under Rule 26.2 is £5 per month but no lower limit applies to such contributions paid under Rule 26.3;and
  - (c) Additional Voluntary Contributions made under Rule 26.2 may be paid in the form of a lump sum or by regular monthly deductions from salary but such contributions paid under Rule 26.3 must be paid by regular monthly deductions from salary.
- 26.5 No Member may commence to pay contributions under this Rule 26 on or after 1 January 2013. A Member who was paying contributions under this Rule 26 on 31 December 2012 may continue to do so but the rate of such contributions may not be increased after that date and such Members may not vary the sub-Rule of this Rule under which the contributions are paid. A Member may reduce the rate of contributions paid by him under Rule 26.2 but may not reduce his contributions under Rule 26.3 (except where the member is permanently ceasing such contributions).

### **Participation of employers, transfers and winding-up**

#### **27 Admission of employers**

- 27.1 Subject to Rule 27.2, the University may with the consent of the Trustee admit to participation in the Scheme as an Employer any person either:
- (a) which is associated in business with the University; or
  - (b) which is not so associated but whose participation is acceptable to the Revenue for the purpose of Approval.
- 27.2 A person to be admitted under Rule 27.1 shall by writing in favour of the Trustee (whose agreement shall not be required):
- (a) agree to observe and perform the provisions of the Scheme applicable to it as an Employer;

- (b) agree that the University may make all decisions and exercise all discretions in relation to the Scheme under the 1995 Act and the 2004 Act on that person's behalf as though the University were the sole employer participating in the Scheme;
- (c) agree that it will in relation to the Scheme:
  - (i) exercise no right or discretion conferred on it by or under the 1995 Act or the 2004 Act without the prior written consent of the University;
  - (ii) exercise each right or discretion conferred on it by or under the 1995 Act and the 2004 Act as directed from time to time in writing by the University;
  - (iii) from time to time execute all such deeds, documents, agreements, consents or approvals for the purpose of complying with its obligations under Rule 27(2)(c)(i) or (ii) as may be considered necessary or desirable by the University;
  - (iv) co-operate with the University and the Trustee in providing information about, and access to, its employees from time to time;
  - (v) if requested by the University execute a deed irrevocably appointing the University as its attorney to execute (in the name of that person or otherwise) from time to time any of the deeds, documents, agreements, consents or approvals specified in Rule 27.2 (iii);
  - (vi) nominate the University as the "appropriate person" to act for it for the purposes of section 21(9) 1995 Act {member-nominated trustees};
  - (vii) agree that the Trustee may consult the University regulation 2 of the Occupational Pension Schemes (Investment) Regulations 2005 [SI 2005/3378]{statement of investment principles} to the exclusion of that person;
  - (viii) nominate the University as the representative of that person for the purposes of paragraph (5) of regulation 10 of the Occupational Pension Schemes (Scheme Funding) Regulations 2005 [SI 2005/3377] {schedules of contributions} in relation to the Scheme.

27.3 The University shall notify the Trustee of the admission of a new Employer as soon as practicable and the new Employer shall thereafter (inter alia) contribute to the Scheme in accordance with Rule 44 {employers' contributions}.

## **28 Withdrawal of Employer**

28.1 An Employer other than the University shall cease to participate in the Scheme forthwith upon the happening of any of the following:

- (a) the effective date of a notice given by the University to the Trustee terminating the participation of that Employer in the Scheme;
- (b) an Insolvency Event in relation to that Employer;

- (c) the effective date of a notice given by the Employer to the Trustee by which the Employer terminates its liability to contribute to the Scheme under Rule 44.2 {employers' contributions};
- (d) subject to Rule 27.1(b) {admission of employers}, that Employer ceasing to be associated with the University for the purposes of Approval;
- (e) on the passing of a resolution by the board of directors of the Trustee that in their opinion the continued participation of the Employer would prejudice the Approval of the Scheme.

28.2 A Member who is an employee of the Former Employer shall cease to accrue benefits under the Scheme and shall cease to be a Member on the date on which the Former Employer becomes a Former Employer. The Member shall be entitled to such benefits in respect of his Membership to that date as the Trustee is required to provide in accordance with Rules 49 - 51 {withdrawal from pensionable service and preservation of benefits} and the Preservation Requirements.

## **29 Transfers to the Scheme**

29.1 Subject to Rules 29.2 and 29.3 the Trustee may, with the consent of the University, accept a transfer payment from an Other Scheme relating to any Beneficiary or other person on terms that the Beneficiary shall be entitled to such benefits under the Scheme as the Trustee after consulting the Actuary decides.

29.2 The Trustee will obtain a certificate from the Other Scheme showing any restriction of the lump sum benefits that the transfer payment may be used to provide and will comply with any such restrictions.

29.3 The Trustee will treat as contributions paid by a Beneficiary only that part of the transfer payment certificated as such by the Other Scheme. The Trustee will comply with any restrictions on refunds of a Beneficiary's contributions notified to it by the Other Scheme.

29.4 The Trustee may accept gifts and other transfers of assets to the Scheme and apply them in such manner as it decides within the purposes of the Scheme.

29.5 If the Trustee accepts a liability to pay a Guaranteed Minimum Pension under Rule 29.1, the Trustee may revalue the accrued rights to the Guaranteed Minimum Pension by a method different from that used by the Other Scheme.

## **30 Transfers from the Scheme**

30.1 In respect of a Beneficiary or a group of Beneficiaries the Trustee may with the consent of the University transfer part of the Fund to an Other Scheme. The amount of that part shall:

- (a) be determined by the Trustee after consulting the Actuary; and
- (b) subject to Rule 30.4, be equal in value to the benefits which the Trustee is required to provide to the Beneficiary or group of Beneficiaries under the Scheme in respect of the period of Membership to which the benefits relates.

- 30.2 A transfer made under Rule 30.1 shall be made on the basis that the Beneficiary or group of Beneficiaries shall become entitled under the Other Scheme to such benefits (contingent or otherwise) as the Trustee agrees with the Other Scheme.
- 30.3 When a transfer is made under Rule 30.1:
- (a) the Beneficiary shall immediately cease to be entitled to any benefits under the Scheme, including any right to a Guaranteed Minimum Pension; and
  - (b) the Trustee shall not be responsible for or required to enquire into the application of the assets so transferred.
- 30.4 (a) Subject to Rule 30.4(b), the value of the benefits to be valued under Rule 30.1(b) shall not exceed the amount calculated by the Actuary in the manner prescribed by regulations made under section 97 of the 1993 Act relating to the calculation of cash equivalents.
- (b) The University may increase the benefits described in Rule 30.1 for the purpose of determining the amount to be transferred under Rule 30.1.
- 30.5 The consent of the Beneficiary to a transfer under Rule 30.1 shall not be required except insofar as his consent is required to comply with the Preservation Requirements, the Contracting-out Requirements or the requirements for Approval.
- 30.6 Sections 93 to 101, 1993 Act {right to a cash equivalent} apply to the Scheme.
- 30.7 The amount of any Cash Equivalent payable out of the Fund shall be calculated using the methods and assumptions:
- (a) prescribed by the Occupational Pension Schemes (Transfer Values) Regulations 1996; and
  - (b) as they apply to the Beneficiary in question
- provided that with the consent of the University other methods and assumptions may be used on the advice of the Actuary from time to time.
- 30.8 When giving effect to Rule 30, the Trustee shall:
- (a) ascertain from the trustees or administrator of the Other Scheme that it is a registered pension scheme within the meaning of section 150 of the Finance Act 2004;
  - (b) provide a certificate if necessary showing any restriction on the lump sum benefits that the transfer payment be used to provide;
  - (c) provide a certificate showing the part of the transfer payment which should be treated as the Beneficiary's contributions in the Other Scheme and any restrictions on refunds of such contributions;
  - (d) provide the trustees or administrator of the other Scheme with any further relevant information they may request.

- 30.9 A transfer under this Rule may be made at the discretion of the Trustee in respect of a Former Member who:
- (a) has left Pensionable Service at or after Normal Pension Age;
  - (b) continues in the service of the Employer to which his Pensionable Service related; and
  - (c) is still in the service of that Employer when he requests a transfer under this Rule;
- Provided that:
- (d) no main scheme benefits are in payment for the Former Member in relation to that Pensionable Service; and
  - (e) the making of the transfer is permitted by Inland Revenue practice and would not endanger the Approval of the Scheme.
- 30.10 The Trustee may with the consent of the University and of the Member, Postponed Pensioner or Deferred Pensioner in question transfer the value of the additional voluntary contributions paid by the Member, Postponed Pensioner or Deferred Pensioner under Rule 26.2 to an Other Scheme chosen by the Member, Postponed Pensioner or Deferred Pensioner and Rules 30.3(b) and 30.8 shall apply.

### **31 Termination of the Scheme**

- 31.1 On the date falling two years before the expiry of the perpetuity period specified in Rule 32 {perpetuities}:
- (a) all the Members shall cease to accrue benefits and shall cease to be Members;
  - (b) the Scheme will be wound up under Rule 33 {winding-up};and
  - (c) until the Scheme is completely wound up all the provisions of the Scheme and powers exercisable under the Scheme, including Rule 5.1 {modification}, shall continue to operate.

### **32 Perpetuities**

- 32.1 If the perpetuity rules apply the perpetuity period applicable to the Scheme shall be 80 years from the date of commencement of the Scheme or such longer period as may be permitted by law.

### **33 Winding-up**

- 33.1 Subject to section 73 {preferential liabilities on winding-up} and 74 {discharge of liabilities by insurance etc.}, 1995 Act on the Dissolution Date the Trustee shall pay or reserve from the Fund all costs, charges and expenses of the Scheme including all costs, charges and expenses of and incidental to the winding-up of the Scheme and the remainder of the Fund shall be applied in securing benefits in the following order of priority, provided that the Trustee must ensure that the benefits in each priority are fully secured before the benefit in a subsequent priority is secured and that where the

amounts of the benefits mentioned in any one of paragraphs (a), (b), (c), (d), (e) and (f) below cannot be satisfied in full, those amounts must be satisfied in the same proportions:

First

- (a) in applying so much of the Fund as represents the liability for pensions or other benefits which, in the opinion of the Trustee, are derived from the payment of Additional Voluntary Contributions under Rule 26.2 {money purchase additional voluntary contributions} and Rule 26.3 {added years additional voluntary contributions} in securing those benefits for and in respect of Members and Former Members who have paid such contributions;

Secondly

- (b) in securing those pensions and other benefits in respect of which entitlement to payment has already arisen at the Dissolution Date including contingent benefits;
- (c) in securing the payment of:
  - (i) Equivalent Pension Benefits;
  - (ii) Guaranteed Minimum Pensions and accrued rights to such pensions of Members and Former Members who have not reached their State Pension Ages at the Dissolution Date; and
  - (iii) State scheme premiums;
- (d) in securing those pensions and other benefits (including contingent benefits) payable or prospectively payable to Former Members as at the Dissolution Date (previously known as “W” Members) who:
  - (i) were members of the Scheme on 1<sup>st</sup> August 1973;
  - (ii) in respect of whom annuities had been provided, purchased or guaranteed before 1<sup>st</sup> August 1973;
  - (iii) were not in Service on the Dissolution Date;
  - (iv) had attained the age of 60 on the Dissolution Date;
  - (v) whose annuities had not commenced on the Dissolution Date;
- (e) in securing those pensions and other benefits payable or prospectively payable to Postponed Pensioners and Members who have reached Normal Pension Age and contingent benefits;

Thirdly

- (f) in securing the balance (if any) of the entitlements of Members and Former Members who have not reached their Normal Pension Ages or in the case of “W” Members (as defined in Rule 33.1(d)(i) and (ii)) had not reached age 60

at the Dissolution Date which exceed the entitlements secured under Rule 33.1(c) including contingent benefits;

Fourthly

- (g) in applying the whole or any part of any remaining assets in making such increases in such of the benefits referred to in Rule 33.1(b), (d), (e) and (f) as the Trustee having consulted the Actuary may consider fair as between the respective Beneficiaries for whom the same are to be secured provided that no such augmentation will be such as would prejudice Approval; and

Fifthly

- (h) subject to section 76 1995 Act {excess assets on winding-up} in paying any balance remaining to the Employers in such proportions as the Trustee shall determine or to the University.

- 33.2 If the assets of the Scheme are insufficient fully to provide the benefits set forth in Rule 33.1(a), (b), (c), (d), (e) and (f) sections 73 {preferential liabilities on winding-up} and 74 {discharge of liabilities by insurances etc.}, 1995 Act shall apply, and neither the University nor any other Employer shall be liable to make any further contribution or payment to the Scheme, save as may be required by legislation.
- 33.3 The amount allocated to each Beneficiary pursuant to Rule 33.1 shall be applied to purchase a non-assignable and save as hereinafter provided non-commutable annuity on his life from an Insurance Company as the Trustee decides. Such annuity shall in the case of Pensioners and Postponed Pensioners be an immediate annuity, and shall in the case of other Beneficiaries be a deferred annuity (with provision if the Trustee so determines for payment of a capital sum on death before reaching Normal Pension Age) commencing not earlier than the date on which a pension would have become payable to the Beneficiary had the Scheme been continued. Any such annuity payable to a Member (who for this purpose only and notwithstanding the other provisions of these Rules shall be only the person by virtue of whose Membership the benefit arises) shall be commutable to the same extent and on the same terms and conditions as apply under Rule 57 {lump sum on retirement} but not earlier than the date upon which commutation could have taken place under Rule 57 had the Scheme been continued, unless commutation is on account of a Trivial Pension.
- 33.4 All or any of the benefits required to be secured under this Rule 33 may if the Trustee at its absolute discretion so determines be secured by effecting a transfer of the appropriate available assets to an Other Scheme pursuant to Rule 30 {transfers from the scheme} save that neither a written request from nor the consent of the Beneficiaries in question shall be required where that Other Scheme relates to the same employment or another employment with the same Employer or its successor.
- 33.5 The determination of the Trustee as regards the allocation and application of the Fund shall be absolute and final and every Beneficiary shall accept the amount (if any) which shall be allotted to or in respect of him as aforesaid in full discharge of all claims in respect of the Fund or the Scheme and shall have no further claim in respect of any rights to benefit under the Scheme or otherwise.

- 33.6 If upon the winding-up of the Scheme, the Fund shall comprise annuity contracts or annuity policies with any Insurance Company the Trustee shall have and may exercise the following powers:
- (a) power at the discretion of the Trustee to enter into any arrangements with the Insurance Company concerned whereby the whole or any part or parts of the benefits secured by any contract or policy shall be transferred or secured to, or in trust for, any Beneficiary or Beneficiaries in the form of non-commutable (except as provided by the Rules) and non-assignable annuities (whether immediate, deferred or contingent as the circumstances require) and whereby any such contract or policy which has not matured shall either be continued in force (in the name of the Trustee or otherwise) upon terms not requiring the payment of future premiums or surrendered by the Trustee in consideration of a lump sum to be applied as provided in this Rule 33, and
  - (b) power to assign such contracts or policies which shall not have matured or any of them and the benefits and moneys thereby assured to any Other Scheme of which Beneficiaries have become members upon such terms as the Trustee shall (having regard in the case of each Beneficiary to his rights and prospective rights under the Scheme) consider to be just and equitable.
- 33.7 When all the Employers have ceased to participate and the Trustee has disposed of the Fund in accordance with the governing documents of the Scheme it shall be terminated and the Trustee shall be discharged from the trusts thereof without the necessity of written discharges or resignations.

## **General**

### **34 Notices**

- 34.1 Subject to Rules 34.2, 34.3, 34.4 and 34.5, any notice to be given to a person under the Rules may be given by delivering it to him or by leaving it at his proper address or by sending it to him by post or by any other method approved by the Trustee.
- 34.2 For the purposes of Rule 34.1 the proper address of any Beneficiary is his latest address known to the Trustee.
- 34.3 Any notice given to any person under Rule 34.1 shall be deemed to have been received by him on the day on which it is so given or left or, in the case of sending it by post, on the day after it is so sent.
- 34.4 Any notice to be given to a Beneficiary under the Rules shall be deemed to have been received by the Beneficiary if any procedure has been followed which appears to the Trustee to be adequate to draw his attention to it.
- 34.5 Any notice to be given to the Trustee or the Trustee shall be in writing, shall identify the Member, Former Member or other Beneficiary to whom it relates and shall be addressed to the University's Head of Pensions Administration at the address most recently notified to the Member or other Beneficiary as that person's office address.

### **35 Production of Evidence**

- 35.1 Rule 35.3 applies to any Beneficiary if he:

- (a) fails to undergo such medical examination as the Trustee requests; or
- (b) fails to provide such of the information described in Rule 35.2 as is requested by the Trustee; or
- (c) provides information purporting to be information described in Rule 35.2 but which is incorrect or inconsistent with information provided previously; or
- (d) is shown by any medical examination to be suffering from any ill health.

35.2 The information is:

- (a) evidence as to the Beneficiary's age, health and marital status;
- (b) such other information as the Trustee requests for the purpose of admission to Membership or the provision of benefits under the Scheme;
- (c) the results of any medical examination requested by the Trustee.

35.3 In respect of a Beneficiary to whom this Rule 35.3 applies the Trustee may:

- (a) refuse to admit the Employee to Membership; or
- (b) modify or restrict the benefits provided for or in respect of the Employee, Member, or other Beneficiary.

35.4 The Trustee may rely on:

- (a) any information supplied by or on behalf of an Employee, Member, or other Beneficiary to any of the Employers; or
- (b) the results of a medical examination undergone by an Employee, Member, or other Beneficiary for any of the Employers or for any Insurance Company.

### **36 Assignment, Forfeiture and Bankruptcy\***

36.1 Section 91 1995 Act {inalienability of pensions} applies.

36.2 Section 92 1995 Act {forfeiture and discretionary trust of pension} applies.

36.3 If:

- (a) a Beneficiary concludes a transaction or purported transaction which under section 91, 1995 Act {inalienability of pensions} is of no effect; or
- (b) a Beneficiary is declared bankrupt

or if any other act shall be done or event shall happen whereby the Beneficiary's pension and other benefits (if any) under the Scheme if belonging absolutely to the

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\* This rule was amended by the Grace dated 22 November 2000 to permit the assignment of part or all of the Member's or Former Member's retirement benefits or rights to benefits under the Scheme to his Ex-Spouse to the extent necessary to comply with a Pension Sharing Order, agreement or equivalent provision.

Beneficiary would be vested in or payable to or charged in favour of another, such pension and other benefits shall cease and determine, but the Trustee may pay those benefits in accordance with section 92(3), 1995 Act {payment of forfeited pension}.

### **37 Incapacity and Minority**

37.1 Subject to section 92 1995 Act {forfeiture etc} if, in the opinion of the Trustee, a Beneficiary is incapable of acting by reason of illness, mental disorder, minority or otherwise:

- (a) the Trustee may retain any money due to the Beneficiary for any period without infringing the rule against perpetuities and then apply or pay it under Rule 37.1 (b) - (e);
- (b) the Trustee may apply the money for the benefit of the Beneficiary or his estate or may pay it to some other person who is or appears to the Trustee to be responsible for his care or to or for the benefit of any of his relatives or dependants or to any person, association, institution or corporate body on his behalf;
- (c) the receipt of the person to whom the Trustee pays the money will be a discharge to the Trustee for it;
- (d) the Trustee will not be responsible for or obliged to supervise the way in which money paid under this Rule 37 is used; and
- (e) the Trustee may make for the Beneficiary any choice which he has under the Scheme in respect of the money.

### **38 Disclosure and Notifying Amendments**

38.1 The Disclosure Requirements apply to the Scheme.

### **39 Resolution of Disputes**

39.1 The Trustee must comply with section 50 1995 Act {resolution of disputes}, but, subject to that, Rule 2.4 {decision of trustee to be final} applies.

### **40 Information from Participating Employers**

40.1 Each Employer shall supply to the University and the Trustee any information either of them may request in respect of itself or its Employees who are Members or prospective Members.

### **41 Unclaimed Money**

41.1 If a Beneficiary fails to claim his benefit within the shortest of the periods referred to or mentioned in section 92(5), 1995 Act {forfeiture etc} it shall be forfeited but the Trustee may at its discretion pay all or any part of such benefit notwithstanding the forfeiture.

## **42 Taxation**

- 42.1 The Trustee may deduct from any payment under the Scheme any tax for which it may be liable in respect of the payment.
- 42.2 If a Member incurs an annual allowance charge under section 227 of the Finance Act 2004 and the Trustee becomes jointly liable to pay the charge (either following receipt of a notice under section 237B(3) of that Act or otherwise), the Trustee must:
- (a) pay the annual allowance charge by the due date advised by Her Majesty's Customs & Excise ("**HMRC**") in accordance with arrangements prescribed by HMRC; and
  - (b) make a corresponding adjustment to the Member's benefits under the Scheme.
- 42.3 In adjusting a Member's benefits in the Scheme under Rule 42.2 to reflect the annual allowance charge paid on his behalf the Trustee may take such steps as it considers appropriate after consulting the University and the Member, including (without limitation) capping the Member's Pensionable Salary or adjusting the Member's accrual rate or otherwise, provided that the adjustment is just and reasonable having regard to normal actuarial practice as determined by the Actuary.
- 42.4 In discharging the powers contained in sub-Rules 42.2 and 42.3, the Trustee and the University may rely on any information provided by the Member (or his personal representatives). If the Member becomes liable to pay any charge or penalty in connection with an annual allowance charge for which he has become jointly liable under this sub-Rule (including an unauthorised payments charge), neither the Trustee nor the University shall be liable to pay any such charge or penalty if either had relied in good faith on information provided by the Member.

## **43 Eligibility and Admission**

- 43.1 An Employee who satisfies the following requirements shall be automatically admitted to Membership with effect from the appropriate date specified in Rule 43.4:
- (a) he is at least 16 years old;
  - (b) he is a University assistant or otherwise employed by the University but ineligible for membership of the Universities Superannuation Scheme, or is an Employee of an Employer other than the University but ineligible for membership of the Universities Superannuation Scheme;
  - (c) [deleted by Grace dated 22 November 2000]
  - (d) he is employed on a permanent basis;
  - (e) [deleted by Grace dated 4 February 2009]
  - (f) he undergoes such medical examination (if any) as the University or the Trustee require; and
  - (g) the person who required the medical examination under Rule 43.1(f) decides that the result of it is satisfactory.

- 43.2 [deleted by Grace dated 22 November 2000]
- 43.3 Rule 35 {production of evidence} applies to require Employees who are automatically admitted to Membership under Rule 43.1 to provide information to the Trustee.
- 43.4 The dates of admission of Employees to Membership are either:
- (a) the first day of the Employee's employment by his Employer;
  - (b) the Employee's 16<sup>th</sup> birthday (if later than the date in (a) above); or
  - (c) such date as is notified to the Trustee by an Employer for the purposes of the admission to Membership of any Employee (including in fulfilment of an Employer's duties in respect of an Employee under Part 1 of the 2008 Act)
- provided that if because of an administrative oversight or otherwise a Member has not paid Member Contributions in respect of a period since the date of his automatic admission the Trustee may waive the payment of such contributions in whole or in part of it would cause financial hardship to the Member to pay such contributions either as a lump sum or over a period.
- 43.5 An Employee who does not join the Scheme when he first becomes eligible may not join the Scheme at a later date, unless the Trustee so directs. The Trustee may admit such a person to Membership with effect from such date (being not earlier than the earliest date on which the person could have been admitted had he joined when first eligible) and on such terms and conditions (being not more favourable than the normal terms and conditions) as the Trustee shall decide.
- 43.6 The University may deem an Employee who is not eligible for Membership under this Rule to be eligible under this Rule.
- 43.7 The University may by notice in writing direct that with effect from the date specified in the notice, any person or class of person shall not be eligible for Membership.
- 43.8 The University may by notice in writing to the Trustee direct that, with effect from the date specified in the notice, no Employees shall become Members.
- 43.9 In case of any doubt or dispute as to whether or not any person is or is not eligible for Membership the decision of the University shall be final and binding on all parties.
- 43.10 The Trustee shall have a discretion to admit an Ex-Spouse Participant to Membership for the purposes of Rule 67. An Ex-Spouse Participant cannot, in the capacity of Ex-Spouse Participant, be a Member and shall be entitled to such benefits as the Trustee shall in its discretion decide but not exceeding the value of such person's Pension Credit.

## **Contributions**

### **44 Employers' Contributions**

- 44.1 Subject to Rules 44.2, 44.3 and 44.4, each Employer shall pay such annual or other contributions to the Fund as the University shall decide from time to time with the advice of the Actuary.

- 44.2 An Employer other than the University may by written notice to the Trustee terminate its liability to contribute to the Scheme.
- 44.3 The rates of contribution payable by each Employer shall not be less than the rates shown in the current Schedule of Contributions (if any) applying to it.
- 44.4 The Employer must pay the contributions shown in the current Schedule of Contributions applying to it on or before the dates shown in the Schedule of Contributions.

#### **45 Member Contributions**

- 45.1 (a) Subject to Rule 45.2, Rule 45.3 and Rule 57A {salary sacrifice} and with effect from 1 January 2013 each Pre-2013 Member shall pay contributions of 5% of Pensionable Salary and each Post-2013 Member shall pay contributions of 3% of Pensionable Salary.
- (b) A Member may elect to pay Additional Voluntary Contributions under Rule 26 {additional voluntary contributions}.
- 45.2 The University may increase, reduce or waive the contributions of a Member but may not increase them above 6% of Pensionable Salary and in exercising this power shall do so after considering the advice of the Actuary.
- 45.3 No further contributions under Rule 45.1(a) are required from Members who have ceased contributing under regulation 5(a) of the previous regulations governing the Scheme because as at the Effective Date they have contributed for 40 years of Ranking Service (as defined in the regulations).
- 45.4 Contributions under Rule 45.1 shall be deducted from a Member's pay by his Employer unless the University decides that they may be paid in some other manner.
- 45.5 Any Member to whom Rule 45.3 applies and who has paid or pays Member Contributions for in excess of 40 years (whether in consequence of their Pensionable Service before 1<sup>st</sup> August 1973 being treated with effect from 1<sup>st</sup> August 1991 as ranking equally for benefits with Pensionable Service on and after that date, or otherwise) shall be treated as having paid the excess contributions pursuant to Rule 26.2 {money-purchase additional voluntary contributions} on 1<sup>st</sup> August 1973 or on any later date on which they were actually paid and shall accordingly be entitled to benefits under that Rule save to the extent that such excess Member Contributions are or have been refunded to the Member.
- 45.6 Subject to Rule 57A {salary sacrifice} a Member who joined the Scheme before 1 December 2009 may elect by giving written notice to the Trustee on or before 31 March 2013 to pay contributions under this Rule 45.6 at the rate of 3½% of Pensionable Salary in addition to his contributions under Rule 45.1(a) with effect from 1 January 2013 (see Rule 54 {early retirement}). If the election is made after contributions in respect of the period after 1 January 2013 have already been paid, the member must pay additional backdated contributions at the rate of 3½% of Pensionable Salary in respect of the relevant period and the additional contributions shall be deemed to have been paid in respect of that period. An election under this sub-Rule may be revoked by not less than one month's notice to the Trustee but no further election may be made thereafter.

- 45.7 A Member who elects to pay contributions under Rule 45.6 shall cease to do so at age 60.

## **Termination of Membership and Broken Service**

### **46 Termination of Membership**

46.1 A Member who:

- (a) becomes a Pensioner; or
- (b) ceases to be an Employee; or
- (c) withdraws from the Scheme having given the Trustee not less than one month's notice in writing; or
- (d) [deleted by Grace dated 4 February 2009]
- (e) fails to return to work at or before the end of her maternity leave period (as defined in sections 72 and 73, 1996 Act) or who fails to exercise her right to return under section 79, 1996 Act; or
- (f) is excluded from Membership by the University

shall cease to be a Member.

46.2 As soon as practicable after receiving notice from a Member of his withdrawal from the Scheme under Rule 46.1(c), the Trustee shall give notice of the withdrawal to the Member's Employer.

46.3 Notwithstanding any other provision of these Rules, where a Member exercises a right to opt out under section 8 of the 2008 Act, he is to be treated for all purposes as never having become a Member of the Scheme on that occasion and Rule 51.1 shall apply.

### **47 Absence**

47.1 A Member who is absent from work for his Employer otherwise than on account of ill-health or pursuant to Rule 47.6 {maternity absence} or Rules 68, 69, 70 or 73 {family leave} and who remains in Service may remain a Member for a maximum period of absence of 12 months or for such longer period as his Employer shall allow, or until his Service ends, or until Normal Pension Age if sooner.

47.2 A Member who is absent from work on account of ill-health shall remain a Member for the entire period of the absence falling before his Normal Pension Age or until his Service ends if sooner.

47.3 During a period of absence in accordance with Rules 47.1 or 47.2 the Member shall pay Member Contributions for such period as he is in receipt of remuneration from his Employer and shall suspend his Member Contributions for so long as he is not in receipt of such remuneration.

47.4 During a period of absence in accordance with Rules 47.1 or 47.2:

- (a) benefits will continue to accrue to the Member for so long as he is in receipt of remuneration from his Employer on the same basis as if the Member had not been absent but by reference to the remuneration actually received by the Member and the proviso forming part of the definition of Pensionable Salary in Rule 1.1 applies, provided that the Employer and the Trustee may agree to accrual continuing on a more generous basis including where the Member is no longer in receipt of remuneration from his Employer on such terms as they may agree; and
- (b) Rule 61 {death of member} applies for the whole period of absence on the basis that the lump sum payable under Rule 61.2(a)(i) is a multiple of the annual rate of the Member's salary at the date of his death (excluding the value of any commissions, overtime, bonuses and benefits in kind) which would have applied if the Member had been working normally and in receipt of the remuneration likely to be paid for doing so.

47.5 A Member:

- (a) who fails to return to work at the end of the period of absence within the meaning of Rules 47.1 or 47.2 shall be treated as having left Pensionable Service at the time when his Member Contributions ceased; and
- (b) a Member who returns to work at the end of the period of absence within the meaning of Rules 47.1 or 47.2 and whose Member Contributions have been suspended for a period may within 12 months of returning to work or within such longer period (being not longer than the period of such suspension) as the Trustee may allow pay in one lump sum or by instalments an amount equal to the Member Contributions which he would have paid had he been in receipt of the Pensionable Salary from his Employer which he was receiving at the start of the period of suspension and if he does so he shall be credited with Pensionable Service in respect of that period. If he does not do so his future Pensionable Service following his return to work shall be treated as continuous with the period of Pensionable Service which ended last before his Member Contributions were suspended.

47.6 Rules 47.1 - 47.13 apply to any Member:

- (a) who is absent from work for her Employer in exercise of her right to maternity leave pursuant to Part VIII 1996 Act and regulations made pursuant to that part, or
- (b) who is absent from work for her Employer during any period when she has the right to return to work pursuant to Part VIII 1996 Act or regulations made pursuant to that part and where necessary has informed her Employer of her intention to exercise that right; or
- (c) whose employment with her Employer has terminated but where the Employer is obliged to continue to pay her Statutory Maternity Pay ("SMP") notwithstanding the termination of her employment.

47.7 Rules 47.6 - 47.11 shall cease to apply to a Member within the meaning of Rule 47.6 on the earliest of the following dates:

- (a) the date on which she returns to work;

- (b) the date on which her Service ends; or on any later date on which her Employer ceases to be liable to pay SMP to her;
- (c) the date on which she withdraws from Membership under Rule 46.1; and
- (d) the date of her death.

47.8 A Member to whom this Rule applies shall be treated as remaining in Pensionable Service for all purposes for the duration of the relevant period of entitlement ("Relevant Period") and benefits will continue to accrue on the same basis and subject to the same terms and conditions which would have applied had she been working normally. The Relevant Period shall be the longest of:

- (a) any period for which she is in receipt of contractual salary payments from her Employer;
- (b) any period for which she is receipt of SMP (whether or not her employment with the Employer has terminated); and
- (c) where the Member is not in receipt of SMP, any period of unpaid ordinary maternity leave ("OML")

Provided that paragraph (c) does not apply to a Member whose expected week of childbirth was prior to 30 April 2000.

47.9 A Member's entitlement to SMP or OML and the duration of the Relevant Period in each case will depend upon the legislation applicable at the date of the Member's maternity. Thus:

- (a) for Members whose expected week of childbirth was prior to 30 April 2000:
  - (i) the SMP period was up to 18 weeks; and
  - (ii) the OML period was up to 14 weeks.
- (b) for Members whose expected week of childbirth was between 30 April 2000 and 5 April 2003:
  - (i) the SMP period was up to 18 weeks; and
  - (ii) the OML period was up to 18 weeks (or, if longer, any compulsory maternity leave period following the birth).
- (c) for Members whose expected week of childbirth was between 6 April 2003 and 30 March 2007:
  - (i) the SMP period is up to 26 weeks; and
  - (ii) the OML period is up to 26 weeks (or, if longer, any compulsory maternity leave period following the birth).
- (d) for Members whose expected week of childbirth is on or after 1 April 2007:
  - (i) the SMP period is up to 39 weeks; and

- (ii) the OML period is up to 26 weeks (or, if longer, any compulsory maternity leave period following the birth).

- 47.10 A Member whose Relevant Period has expired will not earn further accrual of pension benefits but will remain entitled to benefits under Rule 61 {death of member} until Rules 47.6-47.11 ceases to apply in accordance with Rule 47.7.
- 47.11 The Member's Employer will pay contributions in respect of the Member for so long as her Relevant Period subsists and the Member will be required to contribute at the rate of Member Contributions applicable to her immediately prior to her absence in relation to her Pensionable Salary or SMP actually received from her Employer.
- 47.12 If a Member is not credited with Pensionable Service in respect of the whole period of her absence then her future Pensionable Service on returning to work with her Employer in the exercise of her statutory right to do so shall be treated as continuous with the period of Pensionable Service which ended last before her return.
- 47.13 A Member to whom Rule 47.6 applies may within 12 months of returning to work or within such longer period as the Trustee may allow pay in one lump sum or by instalments an amount equal to the Member Contributions which she would have paid had she been in receipt of the Pensionable Salary from her Employer to which she was entitled just before the absence started during the period starting at the end of her Relevant Period and ending on her return to work and if she does so she will be credited with Pensionable Service in respect of that period.

#### **48 Resumption of Membership**

- 48.1 Subject to Rules 48.2 and 48.3 a person who has ceased to be a Member under Rules 46 {termination of membership} or 47 {absence} may be re-admitted under Rules 43.1 or 43.2 {eligibility and admission} if he satisfies all the eligibility requirements in Rules 43.1 or 43.2 as appropriate.
- 48.2 A person shall be re-admitted only with the University's consent.
- 48.3 Re-admission shall be subject to such conditions or special arrangements as the University may impose.
- 48.4 If a Deferred Pensioner who is entitled to a deferred pension under Rule 50 {calculation of short service benefit} re-enters Service and within 12 months (or such longer period as the Trustee may in exceptional circumstances allow) from the date when his previous period of Service ended his Membership re-commences he shall cease to be entitled to his deferred pension under Rule 50 and his previous period of Pensionable Service shall be treated as continuous with his current period of Pensionable Service. If the Deferred Pensioner had been a Member before 1 December 2009 and would, but for this Rule 48.4, recommence Membership on the basis that he would be entitled to a pension under Rule 52.5 {80<sup>th</sup> accrual rate} he shall nonetheless be treated as entitled to benefits on the basis which applied before 1 December 2009 and likewise if the Deferred Pensioner had been a Member before 1 January 2013 and would, but for this Rule 48.4, recommence Membership on the basis which applies to Post-2013 Members he shall nonetheless be treated as a Pre-2013 Member.
- 48.5 If a Deferred Pensioner who had withdrawn from the Scheme under Rule 46.1(c) {termination of membership} is re-admitted under this Rule within 12 months of such

withdrawal (or within such longer period as the Trustee may in exceptional circumstances allow) he shall cease to be entitled to his deferred pension under Rule 50 {calculation of short service benefit} and his previous period of Pensionable Service shall be treated as continuous with his current period of Pensionable Service. If the Deferred Pensioner had been a Member before 1 December 2009 and would, but for this Rule 48.5, recommence Membership on the basis that he would be entitled to a pension under Rule 52.5 {80<sup>th</sup> accrual rate} he shall nonetheless be treated as entitled to benefits on the basis which applied before 1 December 2009 and likewise if the Deferred Pensioner had been a Member before 1 January 2013 and would, but for this Rule 48.5, recommence Membership on the basis which applies to Post-2013 Members he shall nonetheless be treated as a Pre-2013 Member.

- 48.6 If a person ceases to be a Member and is re-admitted under Rule 48.1 then, except as required by Rule 48.4, or Rule 48.5 the Preservation Requirements, the Contracting-out Requirements or otherwise stipulated by the Trustee:
- (a) the benefits for each continuous period of Pensionable Service ending before the Member's Normal Pension Age will be treated and calculated separately under Rules 49 - 51 {withdrawal from pensionable service and preservation of benefits}; and
  - (b) the benefits for the continuous period of Pensionable Service, if any, ending on the Member's Normal Pension Age will be treated and calculated separately under Rule 52 {normal retirement pension}.
- 48.7 A person who was a Member on 1 December 2009 and who on or after that date becomes employed on a temporary contract by an Employer which would make him eligible for membership of the Universities Superannuation Scheme shall nonetheless remain a Member until either the contract is made permanent or it is terminated. The Member shall be treated as a Deferred Pensioner from the time when his contract becomes permanent or from the time when it is terminated, save that the Member shall be treated as continuing in Membership without any interruption in Pensionable Service if he is immediately engaged by an Employer on a new contract which entitles him or would entitle him to automatic entry to the Scheme under Rule 42 {eligibility and admission}.
- 48.8 A Deferred Pensioner who is readmitted to the Scheme after a break of 12 months or more will, subject to Rules 48.4 and 48.5, rejoin the Scheme on the basis which applies to new Members on the date on which he rejoins.

### **Withdrawal from Pensionable Service and Preservation of Benefits**

#### **49 Entitlement to Short Service Benefit**

- 49.1 When a Member ceases to be a Member under Rule 46.1 {termination of membership} his Pensionable Service ceases.
- 49.2 After his Membership ceases a person will pay no further contributions and will accrue no further benefits.
- 49.3 If the Member:
- (a) ceases to be a Member before his Normal Pension Age; and

- (b) has completed 2 years' Qualifying Service when he ceases to be a Member and does not then become entitled to an immediate pension under Rules 52 - 54 {normal and early retirement}

he will be entitled to Short Service Benefit calculated in accordance with Rule 50 {calculation of short service benefit} and the Preservation Requirements.

- 49.4 If a Member has completed less than 2 years' Qualifying Service when he ceases to be a Member Rule 51 {members with less than 2 years' qualifying service} will apply.

## **50 Calculation of Short Service Benefit**

- 50.1 Unless a Member is entitled to an immediate pension under Rule 54 {early retirement} or Rule 55 {late retirement} or elects to transfer his Cash Equivalent under Rule 30 {transfers from the scheme} a deferred pension will be payable from his Normal Pension Age. The amount will be calculated under Rule 52 {normal retirement pension} but by reference to his Final Pensionable Salary and Pensionable Service and/or Total Revalued Annual CRB Pension at the date his Membership ends, or shall be, if greater, of such amount as the Actuary shall advise (having regard, inter alia, to the contingent benefits attaching to such pension) as arising from the Member Contributions paid by the Member.

- 50.2 Subject to Rule 50.3 a deferred pension calculated under Rule 50.1 will be revalued during the period between the date Membership ends and when the deferred pension begins to be paid:

- (a) The Guaranteed Minimum Pension calculated as at the date Membership ends and any deferred pension in excess of the guaranteed minimum in respect of Pensionable Service before 1 January 2013 will be revalued in respect of each completed period of 12 months since the date Membership ended by 12% or, if less, the proportionate increase in the Retail Prices Index over the most recent period of twelve months in respect of which such information has been published at that date; and

- (b) the deferred pension in respect of Pensionable Service on and after 1 January 2013 will be revalued as follows:

- (i) in respect of the Scheme Year in which Membership ends, the part of the deferred pension (if any) which relates to Pensionable Service in that Scheme Year shall not be revalued, but in respect of the rest of the deferred pension revaluation shall be calculated in the same way as Annual CRB Pension is increased pursuant to paragraph (b) of the definition of Revalued Annual CRB Pension but less the increase (if any) awarded pursuant to paragraph (c) of the definition of Revalued Annual CRB Pension on the Crystallisation Date.

- (ii) in respect of each subsequent complete Scheme Year prior to the Scheme Year in which the pension begins to be paid, revaluation shall be calculated in the same way as Annual CRB Pension is increased pursuant to paragraph (b) of the definition of Revalued Annual CRB Pension; and

- (iii) in respect of the Scheme Year in which the pension begins to be paid, revaluation shall be calculated in the same way as Annual CRB

Pension is increased pursuant to paragraph (c) of the definition of Revalued Annual CRB Pension

provided that:

- (iv) if the pension begins to be paid in the same Scheme Year in which Membership ended, neither paragraph (i) nor paragraph (iii) shall apply but in respect of that Scheme Year, the part of the deferred pension (if any) which relates to Pensionable Service in that Scheme Year shall not be revalued, but in respect of the rest of the deferred pension revaluation shall be calculated in the same way as Annual CRB Pension is increased pursuant to paragraph (c) of the definition of Revalued Annual CRB Pension provided that for this purpose references to "the Crystallisation Date" shall be read as "the date on which the pension begins to be paid" but less the increase (if any) awarded pursuant to paragraph (c) of the definition of Revalued Annual CRB Pension on the Crystallisation Date; and
- (v) any exercise of the discretion in the definition of CRB Revaluation Percentage shall not be taken into account for these purposes unless otherwise determined by the University and notified to the Trustee (and see also Rule 50.4).

Subject to Rule 50.3 a deferred pension falling within paragraph (a) above shall not be revalued in respect of any period of less than 12 months since Membership ended nor in respect of any period of less than 12 months since the most recent anniversary of that date.

- 50.3 The Guaranteed Minimum Pension will not be revalued by less than the rate of revaluation required by the Contracting-out Requirements and the balance of the deferred pension will not be revalued by less than the rate of revaluation required by the Preservation Requirements.
- 50.4 The Trustee may in its discretion disapply the limit of 12% per annum in Rule 50.2(a) in respect of any revaluation period and the University may in its discretion disapply the limits of 5% in paragraphs (a) and (b) of the definition of CRB Revaluation Percentage in relation to revaluation under paragraph (b) of Rule 50.2 in respect of any revaluation period.
- 50.5 A deferred pension under Rule 50.1 will be payable before Normal Pension Age in the circumstances set out in Rule 53 {incapacity and ill-health} and Rule 54.1 {early retirement} but will be reduced by the amount advised by the Actuary to take account of early payment, provided that the Trustee may in its discretion disapply such reduction in whole or in part in the circumstances set out in Rule 53.
- 50.6 Additional Voluntary Contributions paid under Rule 26.2 shall be revalued in accordance with the money-purchase method referred to in section 84(3), 1993 Act and the added days of Pensionable Service purchased under Rule 26.3, will be revalued under Rules 50.2 and 50.4.
- 50.7 A deferred pension may start to be paid after Normal Pension Age in the circumstances set out in Rule 55.1 {late retirement} and subject to the Preservation Requirements.

- 50.8 A Member to whom 57.7 applies and whose Pensionable Service is terminated shall be entitled to a retirement lump sum calculated under Rule 57.7 unless he is entitled to an immediate pension under Rule 52 {normal retirement pension}, or Rule 54 {early retirement} or Rule 55 {late retirement} or elects to transfer his Cash Equivalent under Rule 30 {transfers from the Scheme}. The amount will be calculated under Rule 57.7 {retirement lump sum} by reference to his Final Pensionable Salary and Pensionable Service and/or Total Revalued Annual CRB Pension at the date his Membership ends.
- 50.9 A deferred retirement lump sum calculated under Rule 50.8 will be revalued during the period between the date Membership ends and when his deferred pension begins to be paid. The retirement lump sum will be revalued in the same way as the pension to which it relates, as described in Rule 50.2.
- 50.10 Rules 50.4, 50.5 and 50.7 shall apply with appropriate modifications in relation to the retirement lump sum of a Deferred Pensioner, permitting the Trustee in its discretion to disapply the limit of 12% per annum in Rule 50.9 in respect of any revaluation period, permitting the early payment of the retirement lump sum at the same time as the deferred pension on early retirement but subject to an actuarial reduction for early payment and permitting a retirement lump sum to be paid at the same time as the deferred pension under Rule 55 {late retirement}.

## **51 Members with less than 2 years' Qualifying Service**

- 51.1 Subject to the other provisions of this Rule, a Member to whom Rule 49.1 {entitlement to short service benefit} applies before he has completed 2 years' Qualifying Service under the Preservation Requirements will receive a refund of his contributions (including Additional Voluntary Contributions) paid or transferred into the Fund under Rule 29, {transfers to the scheme} adjusted under Rule 51.2 and shall thereupon cease to be entitled to any benefits under the Scheme.
- 51.2 A refund under Rule 51.1 will be:
- (a) increased by Interest; and
  - (b) reduced by:
    - (i) the certified amount of any Contributions Equivalent Premium paid by the Trustee to the Secretary of State under the 1993 Act; and
    - (ii) the amount of any tax for which the Trustee is liable in respect of the refund.

Provided that, for the avoidance of doubt, no Member's ordinary contributions under Rule 45 shall be refunded in respect of any period of Pensionable Service to which Rule 57A {salary sacrifice} applied and in relation to which the Member did not pay such contributions.

- 51.3 A Member to whom Rule 51.1 applies may elect to take a transfer payment to another pension scheme or arrangement under Rule 30 {transfers from the scheme} in the place of a refund under Rule 51.1 provided he does so within 6 months of his Membership ceasing.
- 51.4 A Member to whom Rule 51.1 applies:

- (a) who does not take a transfer payment under Rule 30 {transfers from the scheme};
- (b) who is readmitted to Membership within 12 months (or such longer period as the Trustee may in exceptional circumstances allow) from the date his Membership ceased; and
- (c) who repays to the Scheme any refund of contributions which he received under Rule 51.1

shall have his Pensionable Service before and after the break in his Membership treated as continuous.

- 51.5 A Member who is admitted to Membership on or after his 63<sup>rd</sup> birthday and who remains in Pensionable Service continuously until Normal Pension Age shall be treated as though he was entitled to Short Service Benefit under Rule 50 {calculation of short service benefit} in respect of the period of his Membership.
- 51.6 Rule 51.5 applies to Members as at 1 August 2002 and to Members admitted to the Scheme on or after that date.
- 51.7 Where, pursuant to Rule 46.3, Rule 51.1 applies, any contributions paid to the Fund by the Member shall not be refunded to the Member but shall instead be refunded to that Member's Employer in accordance with the requirements of Part 1 of the 2008 Act.

## **Benefits on Retirement**

### **52 Normal Retirement Pension**

- 52.1 Subject to Rules 52.5 and 52.6 a Member who retires from Service on or after his 60<sup>th</sup> birthday but no later than his 65<sup>th</sup> birthday shall be entitled to receive an annual pension commencing immediately at the rate specified in Rule 52.2.
- 52.2 Subject to Rule 48 {resumption of membership} and Rules 52.3 and 52.4, the rate shall be 1/60<sup>th</sup> of the Member's Final Pensionable Salary for each completed year of his Pensionable Service (and so in proportion for any additional completed days of Pensionable Service).
- 52.3 If a Member's Pensionable Service prior to 1 January 2013 consists of Pensionable Service the whole of which comprises either Part-time service or Full-time Service his pension under Rule 52.1 which relates to Pensionable Service prior to 1 January 2013 shall be calculated as set out therein without adjustment.
- 52.4 If a Member's Pensionable Service prior to 1 January 2013 comprises both Part-time Service and Full-time Service his pension under Rule 52.1 which relates to Pensionable Service prior to 1 January 2013 shall be calculated as follows:

- (a) if his Full-time Service follows his Part-time Service his pension will be calculated using his Final Pensionable Salary in respect of his Full-time Service provided that the Part-time Service is converted into its full-time equivalent using the formula:

years of Part-time Service x part-time working hours

full-time working hours; and

- (b) if his Part-time Service follows his Full-time Service his pension will be calculated by converting his Part-time Service to its full-time equivalent in accordance with the formula set out in Rule 52.4(a) and his Final Pensionable Salary (earned in respect of Part-time Service) shall likewise be converted to its full-time equivalent and any restriction to the permitted maximum (as defined in section 590C, 1988 Act) required by Revenue practice or by regulations shall apply to the Final Pensionable Salary after conversion; and
- (c) if a Member's Pensionable Service shall change more than once from full-time to part-time or vice versa his Pensionable Service and his Final Pensionable Salary shall be converted to their full-time equivalents as necessary to ensure that the Member receives a proper value in respect of each period of his Pensionable Service as the Trustee decides.

52.5 A Member who joins the Scheme on or after 1 December 2009 but before 1 January 2013 shall be entitled to a pension under the foregoing provisions of this Rule in respect of his Pensionable Service on and after 1 December 2009 but before 1 January 2013 as though the words "his 60<sup>th</sup> birthday but no later than" were omitted from Rule 52.1 and as though the accrual rate set out in Rule 52.2 were 1/80<sup>th</sup> of the Member's Final Pensionable Salary in place of 1/60<sup>th</sup> of Final Pensionable Salary.

52.6 A Member who retires from Service on or after 1 January 2013 shall be entitled to a pension under the foregoing provisions of this Rule in respect of his Pensionable Service on and after that date as though:

- (a) the rate set out in Rule 52.2 were replaced by a pension equal to the Member's Total Revalued Annual CRB Pension; and
- (b) the words "his 60<sup>th</sup> birthday" in Rule 52.1:
- (i) in relation to a Member who joined the Scheme prior to 1 December 2009, were replaced with "his 63<sup>rd</sup> birthday" except in respect of any period of Pensionable Service of a Pre-2013 Member in relation to which additional contributions have been paid by the Member under Rule 45.6 {members' contributions} (and see Rule 55.3 in relation to retirement after age 60 where such additional contributions have been paid); and
- (ii) in relation to a Member who joined the Scheme on or after 1 December 2009, were omitted.

In addition, a retirement lump sum shall be payable under Rule 57.7.

- 52.7 Final Pensionable Salary in respect of a Member with Pensionable Service preceding 1 January 2013 shall be calculated by reference to the earliest of the dates of his retirement, termination of Pensionable Service and death.
- 52.8 A Member who retires from Service after his 65<sup>th</sup> birthday and who does not elect to defer the payment of his pension shall be entitled to receive an annual pension commencing immediately in accordance with the foregoing provisions of this Rule 52.

### **53 Incapacity and Ill-Health Pension**

- 53.1 Member may retire from Service on immediate pension at any time before his Normal Pension Age, if the Trustee determines that this Rule 53.1 shall apply and is satisfied (acting on medical advice) that he is suffering from ill health or other disability rendering him totally incapable of carrying out work of any kind or of taking up any other employment or occupation and that such incapacity is likely to be permanent.
- 53.2 The pension referred to in Rule 53.1 shall be calculated under Rule 52 {normal retirement pension}, but by reference to his Pensionable Service plus his prospective Pensionable Service up to his Normal Pension Age.
- 53.3 A Member may retire from Service on immediate pension at any time before Normal Pension Age if the Trustee determines that this Rule 53.3 shall apply and if the Member is suffering from ill-health and for this purpose "ill-health" means such physical or mental incapacity (not falling within the definition of incapacity in Rule 53.1) as in the opinion of the Trustee (acting on medical advice) seriously impairs his ability to carry out the job for which he was employed.
- 53.4 The pension referred to in Rule 53.3 shall be calculated under Rule 52 {normal retirement pension} provided that for this purpose:
- (a) Pensionable Service shall be increased by an additional year in respect of each period of 5 years of actual Pensionable Service completed by the Member with added years awarded in respect of Additional Voluntary Contributions being excluded for this purpose and Part-time Service being converted to its full-time equivalent using the fraction set out in Rule 52.4(a);
  - (b) Pensionable Service shall be limited to a maximum of 40 years; and
  - (c) Pensionable Service shall not be increased by more than the number of years and days remaining between the date of retirement and the Member's Normal Pension Age.
- 53.5 The Trustee may seek such medical evidence as it may from time to time require in relation to the Member or Pensioner and Rule 35 {production of evidence} applies.
- 53.6 The Trustee may vary, suspend or terminate a pension paid under Rule 53.1 or Rule 53.3 if in its opinion the Pensioner regains his health, either in whole or in part, before his Normal Pension Age.
- 53.7 The Trustee may increase a pension in payment under Rule 53.3 if the condition which caused such pension to be granted worsens such that the Pensioner's physical or mental incapacity would justify an incapacity pension under Rule 53.1 but the Trustee may not increase the pension beyond the amount which would have been payable had the Pensioner retired on an incapacity pension together with any

post-retirement increases which would have been awarded since the date of retirement under Rule 60 {pension increases} and the Trustee may revoke any increase awarded under this Rule 53.6.

53.8 A Member who is entitled to a retirement lump sum under Rule 57.7 {retirement lump sum} and to whom a pension starts to be paid under the foregoing provisions of this Rule shall be paid his retirement lump sum at the same time. The retirement lump sum shall be calculated by reference to the same period of Pensionable Service as is used under Rule 53.2 or Rule 53.4 as appropriate.

53.9 For the purpose of calculating benefits under Rule 53.2, 53.3 and/or 53.8:

- (a) the Member shall be treated as entitled to the Annual CRB Pension(s) to which he would have been entitled if he had remained in Pensionable Service for any relevant period of prospective or notional Pensionable Service and had continued to receive Pensionable Salary during that period at the rate at which he was receiving Pensionable Salary immediately prior to the start of that period;
- (b) benefits relating to any period of actual Pensionable Service during which the Member paid additional contributions under Rule 45.6 {members' contributions} shall be treated as coming into payment at the age which the Member would be at the end of the period of prospective or notional Pensionable Service and, if that age is after age 60, will be subject to an increase in accordance with Rule 55.3; and
- (c) benefits relating to any period of prospective or notional Pensionable Service shall be calculated on the assumption that the Member did not pay additional contributions under Rule 45.6 {members' contributions} during that period.

#### 54 **Early Retirement**

54.1 (a) A Member who joined the Scheme before 1 December 2009 may with the consent of his Employer and the Trustee retire from Service on immediate pension and retirement lump sum at any time after he reaches age 55 and before he reaches age 60.

(b) A Deferred Pensioner who joined the Scheme before 1 December 2009 may with the consent of the Trustee elect to start receiving his pension and retirement lump sum at any time after he reaches age 55 and before he reaches age 60 and such a Deferred Pensioner may start to receive his pension and any retirement lump sum at any time after age 60 without consent.

54.2 (a) A Member who joined the Scheme on or after 1 December 2009 may with the consent of his Employer and the Trustee retire from Service on immediate pension and retirement lump sum at any time after he reaches age 55 and before he reaches Normal Pension Age.

(b) A Deferred Pensioner who joined the Scheme on or after 1 December 2009 may with the consent of the Trustee elect to start receiving his pension and any retirement lump sum at any time after age 55 and before he reaches Normal Pension Age.

- 54.3 Subject to Rules 54.4 and 54.5 the annual rate of the pension and the amount of the retirement lump sum mentioned in Rules 54.1 and 54.2 shall be calculated under Rule 52 {normal retirement pension} and 57.7 {retirement lump sum} but by reference to Final Pensionable Salary or Total Revalued Annual CRB Pension (as appropriate) at the termination of the Member's Pensionable Service and including revaluation under Rule 50 {calculation of short service benefit} in relation to the benefits paid to a Deferred Pensioner.
- 54.4 The pensions and retirement lump sums referred to in Rule 54.1 (payable to Members and Deferred Pensioners who joined the Scheme before 1 December 2009) will be reduced as advised by the Actuary as follows:
- (a) benefits which relate to Pensionable Service before 1 January 2013 will be reduced by reference to the period (if any) between the date of the early retirement and the Member's or Deferred Pensioner's 60<sup>th</sup> birthday and no such reduction will apply if the date of the early retirement is on or after a Deferred Pensioner's 60<sup>th</sup> birthday; and
  - (b) benefits which relate to Pensionable Service on and after 1 January 2013 will be reduced by reference to the period (if any) between the date of the early retirement and the Member's or Deferred Pensioner's 63<sup>rd</sup> birthday and no such reduction will apply if the date of the early retirement is on or after a Deferred Pensioner's 63<sup>rd</sup> birthday

Provided that

- (c) the actuarial reduction applying to any benefits falling within paragraph (b) shall be by reference to the period (if any) between the date of the early retirement and the Member's or Deferred Pensioner's 60<sup>th</sup> birthday in respect of any period of Pensionable Service in relation to which additional contributions have been paid by the Member or Deferred Pensioner under Rule 45.6 {members' contributions};
  - (d) where benefits falling within paragraph (b) start to be paid after the Deferred Pensioner's 60<sup>th</sup> birthday they will be increased as set out in Rule 55.3 to the extent applicable; and
  - (e) any Member or Deferred Pensioner must draw his benefits under Rule 54.1 in respect of all periods of Pensionable Service at the same time.
- 54.5 The pension and retirement lump sums referred to in Rule 54.2 (payable to Members and Deferred Pensioners who joined the Scheme on or after 1 December 2009) will be reduced as advised by the Actuary by reference to the period between the date of the early retirement and Normal Pension Age.
- 54.6 The University may at its discretion and with the prior written consent of the Trustee direct the early payment of benefits under this Rule 54 without actuarial reduction under Rule 54.4 or Rule 54.5.

## **55 Late Retirement**

- 55.1 (a) A Postponed Pensioner who with the consent of his Employer remains in employment with his Employer after Normal Pension Age shall start to draw his pension on whichever is the earlier of:

- (i) the day on which his employment with his Employer ends; and
- (ii) whichever is the earlier of:
  - (A) the Postponed Pensioner's 75<sup>th</sup> birthday; and
  - (B) the date on which the Postponed Pensioner ceases to consent to the continued postponement of his pension.”

provided that drawing a pension during employment and the continued postponement of a pension, as appropriate, does not prejudice Approval.

- (b) A Deferred Pensioner may with the consent of the Trustee elect to start receiving his pension at any time between his Normal Pension Age and his 75th birthday. In the absence of such consent the pension shall start to be paid at Normal Pension Age.

55.2 Subject to Rule 55.3, where a Postponed Pensioner or Deferred Pensioner starts to draw his pension after Normal Pension Age it shall be increased (if at all) in respect of the period between: (i) Normal Pension Age or, if later, the date on which the Deferred Pensioner or Postponed Pensioner ceased to be a Member; and (ii) its commencement by such amount as the Trustee shall decide after consulting the Actuary. For the avoidance of doubt this Rule 55.2 shall not apply to a Member who retires from Service and takes an immediate pension under Rule 52.8.

55.3 Where a Pre-2013 Member, Postponed Pensioner or Deferred Pensioner who, in each case, has paid additional contributions under Rule 45.6 {members' contributions} starts to draw his pension after age 60 the part of his pension which relates to Pensionable Service in respect of which such additional contributions were paid shall be increased in respect of the period between age 60 and its commencement by such amount as the Trustee shall determine. If the pension commences after Normal Pension Age, the balance of the pension shall be increased in accordance with Rule 55.2.

## **56 Surrender to provide Survivors' Benefits**

56.1 Subject to Rule 35 {production of evidence}, a Member, Postponed Pensioner or Deferred Pensioner may elect, by giving the Trustee notice in writing not more than 6 months before his pension starts to be paid and no later than the due date for the payment of the first instalment of that pension, to receive a reduced pension in return for a pension payable under Rule 56.2 on his death. No election shall have effect on the death of a Member under Rule 61 {death in service}.

56.2 The pension referred to in Rule 56.1 shall be:

- (a) payable to a person who survives the Member or Former Member, who is that person's Spouse, Eligible Child or Dependant at the date of his death and who is nominated to receive the pension in writing by the Member or Former Member to the Trustee when making the election under Rule 56.1;
- (b) of an amount decided by the Trustee having considered the advice of the Actuary and the size of the pension by surrender requested by the Member or Former Member;

- (c) payable in addition to any pension under Rules 62.3(a) {death of a pensioner or postponed pensioner} and 63.3(a) {death of a deferred pensioner};
- (d) when added to all other pensions payable under this Rule 56.2, not greater than the amount of the Member's or Former Member's reduced pension; and
- (e) not so great as to reduce the Member's or Former Member's pension below his Guaranteed Minimum Pension.

56.3 The notice referred to in Rule 56.1 shall be cancelled if:

- (a) the person nominated shall die before the Member or Former Member; or
- (b) the Member or Former Member cancels the notice by notice in writing to the Trustee during the lifetime of the Member or Former Member.

56.4 If the notice under Rule 56.1 is cancelled under Rule 56.3:

- (a) before the pension due to the Member or Deferred Pensioner has started to be paid that pension shall be recalculated as though the notice had not been given; or
- (b) after the pension due to the Member or Former Member has started to be paid that pension shall be increased to what it would have been (inclusive of increases under Rule 60 {pension increases}) had the notice not been given, provided that any instalments of pension already paid shall not be increased.

## **57 Lump sum on retirement**

57.1 Subject to Rule 57.7, a Member, Postponed Pensioner or Deferred Pensioner may elect, by giving the Trustee notice in writing before his pension starts to be paid, to be paid a lump sum in place of part of his pension of up to 3/80<sup>ths</sup> of his Final Pensionable Salary for each year of Pensionable Service provided that the Trustee may permit the Member to exchange such greater amount of his pension for a lump sum as will not prejudice Approval and that if required to safeguard Approval such election shall not apply to the pension attributable to Pensionable Service purchased under Rule 26.3 {additional voluntary contributions}.

57.2 The lump sum will be payable on the business day coincident with or, if none, falling next after the event giving rise to the pension.

57.3 The reduction in pension to take account of the lump sum will be calculated by the Trustee on a basis certified as reasonable by the Actuary.

57.4 The Trustee may allow a Member who is in exceptional circumstances of serious ill-health to commute the whole of his pension (including any benefits purchased by Additional Voluntary Contributions under Rule 26 {additional voluntary contributions}) in excess of his Guaranteed Minimum Pension for a lump sum, if the Revenue allow.

57.5 The Trustee may at the request of a Member or Former Member commute a Trivial Pension for a lump sum, if the Revenue and the Contracting-out Requirements will allow and may at its discretion require such pension to be commuted. The Trustee may make a payment or payments to or in respect of a Member or Former Member which are described in one or more of regulations 6, 9, 10, 11 and 12 of the

Registered Pension Schemes (Authorised Payments) Regulations 2009 [SI 2009/1171] whereby such payments are classified either as trivial commutation lump sums or as trivial lump sum commutation death benefits.

57.6 Rule 52.4 {normal retirement pension} applies where Pensionable Service includes both Full-time Service and Part-time Service.

57.7 This Rule provides for the payment of retirement lump sums as follows:

- (a) a Member who joined the Scheme on or after 1 December 2009 but before 1 January 2013 shall receive a lump sum in respect of any Pensionable Service relating to the period before 1 January 2013 in addition to his pension when his pension starts to be paid under Rule 52 {normal retirement pension}, Rule 54 {early retirement} or Rule 55 {late retirement}. The lump sum shall be equal to  $\frac{3}{80}$ <sup>ths</sup> of his Final Pensionable Salary in respect of each completed year of his Pensionable Service on and after 1 December 2009 and before 1 January 2013 (and so in proportion for any additional completed days of Pensionable Service);
- (b) a Member who retires from Service on or after 1 January 2013 shall receive a lump sum in respect of his Pensionable Service on and after that date in addition to his pension when his pension starts to be paid under Rule 52 {normal retirement pension}, Rule 54 {early retirement} or Rule 55 {late retirement}. The lump sum shall be equal to three times the Member's Total Revalued Annual CRB Pension.

Any retirement lump sum payable under this Rule 57.7 shall be adjusted by such amount as the Trustee shall decide after consulting the Actuary if the Member, Deferred Pensioner or Postponed Pensioner receives his lump sum on any date other than the date on which he attains his Normal Pension Age.

## **57A Salary Sacrifice**

57A.1 This Rule applies to any Member in respect of whom written notice is received by the Trustee from the University that the Member in question has entered into a Salary Sacrifice Arrangement. The University may by a further written notice or notices to the Trustee at any time and from time to time direct that this Rule ceases to apply to a Member or reapplies to him in connection with maternity leave, sickness absence, unpaid leave, a change to the Member's hours of work, the Member's election that this Rule shall apply or cease to apply, or otherwise.

57A.2 The purpose of salary sacrifice is to save National Insurance contributions in relation to the cash remuneration which would otherwise have been paid to Members, while maintaining the same level of Scheme benefits as though the Members' Pensionable Salaries had not been so reduced and in relation to the death in service lump sum under Rule 61.2 as though the Members' salaries, as defined in Rule 61.2(a)(i) ("**Salary**") had not been so reduced.

57A.3 For so long as this Rule applies to a Member:

- (a) the Member's Pensionable Salary and his Salary shall be deemed to be the amount which they would have been if the Member was not participating in a Salary Sacrifice Arrangement (and the University shall notify the Trustee of those amounts);
- (b) if the Member's Employer provides him with a non-cash benefit the Member shall pay Member's contributions under Rule 45 on his deemed Pensionable Salary as described in (a) above, but if the Member is relieved of the duty to pay Member's contributions (whether or not he also receives a non-cash benefit or benefits pursuant to another component or components of the Salary Sacrifice Arrangement) he shall not pay Member contributions under Rule 45 but may pay Additional Voluntary Contributions under Rule 26;
- (c) subject to the agreement of his Employer, a Member's Additional Voluntary Contributions may be included in a Salary Sacrifice Arrangement; and
- (d) a certificate from the University as to the amount of Pensionable Salary in respect of any period or of his Salary at any time shall be final and binding on the Member and the Trustee.

## **Payment of Pensions**

### **58 Timing**

- 58.1 A pension will begin to be paid on the 26<sup>th</sup> day of the calendar month following the event giving rise to the pension, or if that date is a Saturday, a Sunday or a public holiday on the working day falling last before the 26<sup>th</sup> day, unless the Trustee notifies the recipient in advance of some other date.
- 58.2 The first payment to a Pensioner, Spouse, Dependant or Child will include a proportionate payment for the month in which the pension became payable.
- 58.3 Pensions will be paid monthly in arrears unless the Trustee notifies the recipient that some other interval (not exceeding 12 months) will apply.

### **59 Duration**

- 59.1 Subject to Rule 65.3 {benefits for children} relating to Child's Allowance and to the provisions for termination of a Spouse's pension on remarriage in Rule 61 {death of member}, Rule 62 {death of pensioner or postponed pensioner} and Rule 63 {death of deferred pensioner}, a pension will be payable from the day stipulated in Rule 58.1 for life.
- 59.2 The last payment will be that which is payable next after the date of death or (in the case of a Child's Allowance) earlier termination and will be a proportionate payment.

### **60 Method and Increases**

- 60.1 Every pension and lump sum will be payable to the bank account of the Beneficiary or in any other manner the Trustee decides.

60.2 All pensions in course of payment, (including pensions derived from Additional Voluntary Contributions and from transfer payments received by the Scheme under Rule 29 {transfers to the scheme} and Child's Allowances) will be increased at the rate specified in Rule 60.3 with effect from 1<sup>st</sup> August in each year.

60.3 The rates are:

- (a) for that part of the Guaranteed Minimum Pension which is attributable to Pensionable Service between 6th April 1988 and 5th April 1997 the higher of:
  - (i) 3% per annum or, if less, the annual rate of increase required (if any) pursuant to section 109, 1993 Act; and
  - (ii) 12% per annum or, if less, the annual rate of increase in the Retail Prices Index (if any) in the 12 months to the previous May; and
- (b) for the balance of the pension:
  - (i) for the part attributable to Pensionable Service before 1 January 2013 12% per annum or, if less, the annual rate of increase in the Retail Prices Index (if any) in the 12 months to the previous May; and
  - (ii) for the part attributable to Pensionable Service on and after 1 January 2013:
    - (A) for a Pre-2013 Member, the annual rate of the increase in the Retail Prices Index (if any) in the 12 months to the previous May subject to a maximum of 5% per annum or such higher rate as the University shall in its absolute discretion decide; and
    - (B) for a Post-2013 Member, the annual rate of the increase in the Consumer Prices Index (if any) in the 12 months to the previous May subject to a maximum of 5% per annum or such higher rate as the University shall in its absolute discretion decide.

Provided as follows:

- (c) that if the rate of increase applying under paragraph (a) or (b)(i) above is lower than the fixed rate permitted by the Revenue from time to time the Trustee may in its discretion apply such higher fixed rate of increase;
- (d) that the Trustee may in its discretion increase the elements of pensions identified in both paragraphs (a) and (b)(i) by a rate in excess of 12% per annum but not exceeding the annual rate of the increase in the Retail Prices Index (if any) in the 12 months to the previous May;
- (e) the University shall consider at least once in each Scheme Year whether and, if so, how to exercise its discretion under paragraphs (b)(ii)(A) and (B) above.

60.4 The first increases (if any) shall take effect on 1st August immediately following the commencement of the pension and shall be at a reduced rate in proportion to the number of complete months (if fewer than 12) since the pension commenced.

Thereafter such increases (if any) will apply to the annual amount of the relevant part of the pension (including any previous increases) in payment on the date preceding the increase.

- 60.5 A pension payable to a Spouse and any Child's Allowance which starts to be paid following the death of a Pensioner or the death or remarriage of a Spouse shall qualify for an increase under Rule 60.4 on the 1st August coincident with or falling next after such pension or allowance started to be paid and shall be at a reduced rate in proportion to the number of complete months (if fewer than 12) since the due date for payment of the first instalment of the pension due to the Pensioner from whose Membership the pension or allowance derived.

## **Benefits on Death**

### **61 Death of Member**

- 61.1 On the death of a Member before, on or after Normal Pension Age benefits will be paid under Rules 61.2 - 61.6.

- 61.2 (a) A lump sum will be payable equal to
- (i) 4 times the annual rate of the Member's salary at the date of his death (excluding the value of any commissions, overtime, bonuses and benefits in kind);
  - (ii) all the Member Contributions paid by the Member, that part of any contributions received under Rule 29 {transfers to the scheme} which represents contributions paid by the Member and a sum equal to the Member Contributions which the Member would have paid had he not participated in a Salary Sacrifice Arrangement under Rule 57A together in each case with Interest, but excluding any contributions refunded to the Member;
  - (iii) the amount standing to the credit of the Member's money purchase Additional Voluntary Contributions fund if he has paid such contributions under Rule 26.2 {additional voluntary contributions}; and
  - (iv) the face value of any Additional Voluntary Contributions which the Member has paid under Rule 26.3 {additional voluntary contributions} plus interest at 5% per annum compound on such contributions.
- (b) If during the period of Pensionable Service ending on his death the Member has changed from Full-time Service to Part-time Service and remains in Part-time Service at the date of his death the lump sum due under Rule 61.2(a)(i) shall be calculated using his highest salary for any year ending not earlier than 36 months prior to the date of the change if this is greater than the Member's salary at the date of his death.
- (c) Rule 25 {discretionary trust of lump sums} applies.
- (d) In relation to a Member who joined the Scheme on or after 1<sup>st</sup> December 2009 and before 1<sup>st</sup> January 2013, "3 times" shall be substituted for "4 times" in Rule 61.2(a)(i) and Rule 61.2(a)(ii) shall be deemed to be deleted.

- (e) In relation to a Post-2013 Member, “5 times” shall be substituted for “4 times” in Rule 61.2(a)(i) and Rule 61.2(a)(ii) shall be deemed to be deleted.

61.3 (a) If the Member leaves a Spouse, the Spouse will be paid a pension for life (adjusted if appropriate under Rule 64 {reduction of spouse's pension}). The amount of the pension will depend on when the Member joined the Scheme as follows:

- (i) if the Member joined the Scheme before 1<sup>st</sup> December 2009 the amount will be:

- (A) two-thirds of the Member’s pension as it would have been at the date of his death in respect of his Pensionable Service before 1<sup>st</sup> January 2013 less any amount payable under Rule 61.3(b); plus

- (B) three-fourths of the Member’s pension as it would have been at the date of his death in respect of his Pensionable Service and on and after 1<sup>st</sup> January 2013 and ending on the day before his death; plus

- (C) three-fourths of the pension which would have been payable to the Member in respect of the period from the date of his death until his Normal Pension Age if he had remained in Pensionable Service during that period on the basis obtaining at the date of his death (either full-time or part-time) with such pension being calculated by reference to the annual rate of his Pensionable Salary on the day before his death

in each case assuming no reduction for early payment under Rule 54 {early retirement} and disregarding any reduction under Rule 56 {surrender to provide survivors’ benefits} and Rule 57 {retirement lump sum}; and

- (ii) if the Member joined the Scheme on or after 1<sup>st</sup> December 2009 the amount will be:

- (A) half of the Member’s pension as it would have been on the date of his death in respect of his Pensionable Service up to that date; plus

- (B) half of the pension which would have been payable to the Member in respect of the period from the date of his death until his Normal Pension Age if he had remained in Pensionable Service during that period on the basis obtaining on the date of his death (either full-time or part-time) with such pension being calculated by reference to the annual rate of his Pensionable Salary on the date of his death

in each case assuming no reduction for early payment under Rule 54 {early retirement} and disregarding any reduction under Rule 56 {surrender to provide survivors’ benefits} and Rule 57 {retirement lump sum}.

- (b) The widow's or widower's Guaranteed Minimum Pension will be paid to the person entitled to it under section 17, 1993 Act and a widow or widower for whom the Scheme would be required to provide a pension in order to be a reference scheme in accordance with the 1993 Act shall receive a pension, in addition to any Guaranteed Minimum Pension, at the minimum level necessary for the Scheme to be a reference scheme.
  - (c) If on the death of the Member more than one person is his Spouse, subject to Rule 61.3(b), the pension payable under Rule 61.3(a) will be payable to such one or more of such persons and in such shares and proportions as the Trustee shall in its absolute discretion determine and the death or remarriage of any such Spouse shall not affect the amount of pension payable to any other Spouse unless the Trustee in its absolute discretion determines to increase the pension of the surviving Spouse by an amount equal to the pension of the Spouse who has died or remarried.
- 61.4 If the Member leaves an Eligible Child, or Eligible Children, a Child's Allowance will be payable under Rule 65 {benefits for children}.
- 61.5 A Member who is entitled to benefits under this Rule 61 pursuant to Rule 47.8 {maternity absence} shall be so entitled by reference to her salary, Pensionable Salary, Final Pensionable Salary and/or Total Revalued Annual CRB Pension (as applicable) in force immediately before her absence started.
- 61.6 On the death of a Member aged over Normal Pension Age Rule 61.3(a) shall be read and construed as if the reference to the pension which would have accrued to the Member at Normal Pension Age were replaced by a reference to the pension to which the Member would have been entitled had he retired on the day before his death.
- 61.7 For the purpose of calculating benefits under Rule 61.3:
- (a) the Member shall be treated as entitled to the Annual CRB Pension(s) to which he would have been entitled if he had remained in Pensionable Service for any relevant period of prospective Pensionable Service and had continued to receive Pensionable Salary during that period at the rate at which he was receiving Pensionable Salary immediately prior to the start of that period;
  - (b) benefits relating to any period of actual Pensionable Service during which the Member paid additional contributions under Rule 45.6 {members' contributions} shall be treated as coming into payment at Normal Pension Age and will therefore be subject to an increase in accordance with Rule 55.3; and
  - (c) benefits relating to any period of prospective Pensionable Service shall be calculated on the assumption that the Member did not pay additional contributions under Rule 45.6 {members' contributions} during that period.

## **62 Death of Pensioner or Postponed Pensioner**

- 62.1 On the death of a Pensioner benefits will be paid under Rules 62.2 - 62.6.
- 62.2 (a) If the Pensioner dies within five years after his pension began a lump sum will be payable equal in value to the pension payments which would have been

made during the remainder of the five year period, disregarding prospective increases under Rule 60.

(b) Rule 25 {discretionary trust of lump sums} applies.

62.3 A funeral grant of £2,500 or such greater amount as may be determined by the Trustee from time to time will be payable under Rule 25 {discretionary trust of lump sums}.

62.4 (a) If the Pensioner leaves a Spouse, the Spouse will be paid a pension for life (adjusted if appropriate under Rule 64 {reduction of spouse's pension}). The amount of the pension shall be the amount of pension which would have been payable at the date of his death if the pension had not been reduced under Rule 56 {surrender to provide survivors' benefits} or Rule 57 {lump sum on retirement} and further adjusted as follows:

(i) if the Pensioner joined the Scheme before 1 December 2009:

(A) the amount in respect of his Pensionable Service before 1 January 2013 shall be multiplied by two thirds but less any amount payable under Rule 62.4(b);

(B) the amount in respect of his Pensionable Service on and after 1 January 2013 (if any) shall be multiplied by three fourths; and

(ii) if the Pensioner joined the Scheme on or after 1 December 2009 the amount shall be multiplied by one half.

(b) The widow's or widower's Guaranteed Minimum Pension will always be paid to the person entitled to it under section 17, 1993 Act and a widow or widower for whom the Scheme would be required to provide a pension in order to be a reference scheme in accordance with the 1993 Act shall receive a pension, in addition to any Guaranteed Minimum Pension, of minimum level necessary for the Scheme to be a reference scheme.

(c) If on the death of the Pensioner more than one person is his Spouse, subject to Rule 62.4(b), the pension payable under Rule 62.4(a) will be payable to such one or more of such persons and in such shares and proportions as the Trustee shall in its absolute discretion determine and the death or remarriage of any such Spouse shall not affect the amount of pension payable to any other Spouse unless the Trustee in its absolute discretion determines to increase the pension of the surviving Spouse by an amount equal to the pension of the Spouse who had died or remarried.

62.5 If the Pensioner leaves an Eligible Child or Children, a Child's Allowance will be payable under Rule 65 {benefits for children}.

62.6 Any pension for a person nominated under Rule 56 {surrender to provide survivor's benefits} will be paid.

62.7 On the death of a Postponed Pensioner Rules 62.1 - 62.6 will apply on the footing that he had retired immediately before his death and if the Postponed Pensioner was entitled to a retirement lump sum under Rule 57.7 {lump sum on retirement} Rule 25 {discretionary trust of lump sums} applies.

62.8 If Rule 62.2(a) applies on the death of a Pensioner on or after age 75 the Trustee shall have a discretion to pay a lump sum pursuant to Rule 25 {discretionary trust of lump sums} subject to any charge to tax which may arise and/or to apply the instalments of pension which would otherwise have been paid to the Pensioner during the remainder of the five year period to or among the person or persons selected by the Trustee under Rule 25 as though each instalment was a lump sum.

### **63 Death of Deferred Pensioner**

63.1 On the death of a Deferred Pensioner benefits will be paid under Rules 63.2 - 63.4.

63.2 (a) A lump sum will be payable equal to

- (i) all the Member Contributions paid by the Deferred Pensioner, that part of any contributions received under Rule 29 {transfers to the scheme} which represents contributions paid by the Deferred Pensioner and a sum equal to the Member Contributions which the Deferred Pensioner would have paid had he not participated in a Salary Sacrifice Arrangement under Rule 57A together in each case with Interest, but excluding any contributions refunded to the Deferred Pensioner;
- (ii) The amount standing to the credit of the Deferred Pensioner's Additional Voluntary Contributions fund if he has paid such contributions under Rule 26.2 {additional voluntary contributions}; and
- (iii) the face value of any Additional Voluntary Contributions which the Deferred Pensioner has paid under Rule 26.3 {additional voluntary contributions} plus Interest.

(b) Rule 25 {discretionary trust of lump sums} applies.

63.3 (a) If the Deferred Pensioner leaves a Spouse, the Spouse will be paid a pension for life (adjusted if appropriate under Rule 64 {reduction of spouse's pension}). The amount of the pension shall be the Deferred Pensioner's deferred pension calculated at the date of his death disregarding any reduction under Rule 56 {surrender to provide survivors' benefits} and further adjusted as follows:

- (i) if the Deferred Pensioner joined the Scheme before 1 December 2009:
  - (A) the amount in respect of his Pensionable Service before 1 January 2013 will be multiplied by two thirds but less any amount payable under 63.3(b);
  - (B) the amount in respect of his Pensionable Service on and after 1 January 2013 shall be multiplied by three quarters; and
- (ii) if the Deferred Pensioner joined the Scheme on or after 1 December 2009 the amount shall be multiplied by one half.

(b) The widow's or widower's Guaranteed Minimum Pension will always be paid to the person entitled to it under section 17, 1993 Act and a widow or widower for whom the Scheme would be required to provide a pension in order to be a reference scheme in accordance with the 1993 Act shall receive a pension, in

addition to any Guaranteed Minimum Pension, of the minimum level necessary for the Scheme to be a reference scheme.

- (c) If on the death of the Deferred Pensioner more than one person is his Spouse, subject to Rule 63.3(b), the pension payable under Rule 63.3(a) will be payable to such one or more of such persons and in such shares and proportions as the Trustee shall in its absolute discretion determine and the death or remarriage of any such Spouse shall not affect the amount of pension payable to any other Spouse unless the Trustee in its absolute discretion determines to increase the pension of the surviving Spouse by an amount equal to the pension of the Spouse who has died or remarried.
- (d) In relation to a Deferred Pensioner who joined the Scheme on or after 1 December 2009 Rule 63.2(a)(i) is deemed to be deleted and a retirement lump sum is not payable.

63.4 If the Deferred Pensioner leaves an Eligible Child, or Eligible Children, a Child's Allowance will be payable under Rule 65 {benefits for children}.

#### **64 Reduction of Spouse's Pension**

64.1 A pension payable to a Spouse under Rules 61.3 {death of a member}, 62.4 {death of a pensioner or a postponed pensioner} and 63.3 {death of a deferred pensioner} will be adjusted under Rule 64.2.

64.2 A Spouse's pension will be reduced by the amount of the widow's or widower's Guaranteed Minimum Pension if another person is entitled to it under the Contracting-out Requirements.

#### **65 Benefits for Children**

65.1 The Child's Allowance is payable in accordance with Rules 65.2 - 65.6 to or for the benefit of the Eligible Children of the deceased Member, Pensioner, Postponed Pensioner or Deferred Pensioner.

65.2 If a Member, Pensioner, Postponed Pensioner or Deferred Pensioner dies:

- (a) leaving a Spouse the Child's Allowance is a quarter of the pension payable to the Spouse (including a sum equal to any widow's or widower's Guaranteed Minimum Pension) in respect of each Eligible Child with a maximum of two;
- (b) leaving no Spouse the Child's Allowance under Rule 65.2(a) is increased by the pension or pensions which would have been payable to the Spouse as directed by Rule 61.3 {death in service}, Rule 62.4 {death in retirement} or Rule 63.3 {death in deferment};
- (c) leaving a Spouse and the Spouse (or either of them if more than one) subsequently dies or remarries and there is an Eligible Child or Eligible Children and the pension of the Spouse who has died or remarried is not reallocated to the surviving Spouse the Child's Allowance under Rule 65.2(a) will be increased by an amount equal to the pension which was payable to the Spouse at the date of his death or remarriage (including an amount equal to any widow's or widower's Guaranteed Minimum Pension if the deceased Spouse was in receipt of that benefit).

- 65.3 The Child's Allowance will be payable to such one or more of the Eligible Children (if more than one) as the Trustee shall from time to time in its absolute discretion select and will cease when the last recipient ceases to be an Eligible Child.
- 65.4 Where there is only one Eligible Child the Child's Allowance shall be restricted if necessary in order to safeguard Approval.
- 65.5 The Trustee may pay the Child's Allowance:
- (a) for the benefit of the Eligible Child under Rule 37 {incapacity and minority}; or
  - (b) to the Eligible Child if he is aged 18 or over.
- 65.6 The receipt of an Eligible Child for money paid to him under Rule 65.5(b) shall be a good discharge to the Trustee unless the Child is under a legal disability in which case Rule 37 {incapacity and minority} applies.

### **Non-Participating Employment**

#### **66 Equivalent Pension Benefits**

- 66.1 Any Member who has been in non-participating employment (as defined in the 1965 Act) in respect of Membership of the Scheme or otherwise and who is entitled under the Scheme to the preservation of Equivalent Pension Benefits, shall be entitled to a pension from Normal Pension Age equal to the Equivalent Pension Benefits applicable under the provisions of the 1965 Act in respect of the period when the Member was in non-participating employment.
- 66.2 Such pension shall not be capable of being terminated, reduced, surrendered or assigned (and any such election shall be restricted so that such pension shall not be paid at a lower rate) except for a cause prescribed by the 1965 Act, but may be commuted.
- 66.3 The entitlement of a Member under this Rule 66 shall be inclusive of any entitlement under any other provision of the Scheme and no benefit shall be payable in respect of the Member which would not have been payable or made if this Rule had not applied to him.
- 66.4 On such a Member leaving Service and receiving a refund of contributions the Trustee may deduct from such refund a sum equal to one-half of the cost of providing the Equivalent Pension Benefits.
- 66.5 If a transfer is made under Rule 30 {transfers from the scheme} in respect of a Former Member who qualifies for benefits under this Rule 66, unless his Employer shall have made a payment in lieu of contributions to the National Insurance Fund or under the Other Scheme the Former Member will be assured of Equivalent Pension Benefits in respect of his benefits under this Rule 66 the transfer payment shall be reduced by such amount as the Trustee with the advice of the Actuary shall consider to be appropriate.

## **Pension Sharing and Family Friendly Rights**

### **67 Pension Sharing on Divorce**

67.1 The Trustee must make provision for the Pension Credit Benefits under the Scheme to be treated as provided separately from any benefits provided under the Scheme for the same individual as an employee or as the Dependant of an employee.

67.2 Participation in the Scheme is offered to an Ex-Spouse either where the requirement in Rule 67.1 is satisfied, or where the Ex-Spouse only has Pension Credit Benefits under the Scheme, unless the Trustee requires that the Pension Sharing Order, agreement or equivalent provision should be complied with by the Ex-Spouse's Pension Credit being transferred out of the Scheme to another pension scheme or arrangement.

67.3 The following options will be available to the Ex-Spouse Participant in relation to the Pension Credit Benefit, subject to compliance with Social Security legislation and the definitions in Schedule 1 apply:

- (a) A pension can be paid at the request of the Ex-Spouse Participant at any time between attaining age 50 and 75, or earlier on grounds of incapacity where he is simultaneously taking benefits on incapacity grounds arising from Service as an employee under the Scheme in which the Pension Credit Benefits are held. Additionally a pension not yet in payment may be fully commuted, at any age, on the grounds of exceptional circumstances of serious ill-health. The Ex-Spouse Participant cannot defer commencement of the pension beyond his 75th birthday. If he is aged 75 or over at the date the Pension Sharing Order is implemented, the pension must come into payment immediately. There is no limit on the amount of the pension. Such a pension should not be commuted, surrendered or assigned except in accordance with the Rules. Such a pension must be payable for life unless it is fully commuted under Rule 67.3(f) and may be guaranteed.
- (b) No lump sum may be paid to the Ex-Spouse Participant where the Member (who was formerly married to the Ex-Spouse Participant) has already received a Lump Sum Retirement Benefit from the Scheme before the date of the implementation by the Scheme of the Pension Sharing Order, agreement or equivalent provision.

No lump sum may be paid to the Ex-Spouse Participant where all the Pension Credit Rights under the Scheme have been transferred into the Scheme with a lump sum nil certificate.

Otherwise the Ex-Spouse Participant may choose to take a lump sum in commutation for part of the pension, at the time the pension first becomes payable. The lump sum is limited to a maximum of 2.25 x the initial annual pension. For this purpose, the initial annual pension should be calculated on the following bases:

- (i) if the pension payable for the year changes, the initial pension payable should be taken;
- (ii) it should be assumed that the Ex-Spouse Participant will survive for a year;

(iii) the effect of commutation should be ignored.

- (c) Where the Ex-Spouse Participant dies before benefits come into payment a lump sum death benefit may be paid. This lump sum can be paid to any person at the discretion of the Trustee. The lump sum is limited to 25% of what would have been the cash equivalent of the Pension Credit Rights at the Ex-Spouse Participant's date of death.

The balance of the said cash equivalent may be used to provide a non-commutable pension to a Dependant of the Ex-Spouse Participant. The amount of pension payable to a Dependant is limited to a maximum of  $\frac{2}{3}$ <sup>rds</sup> 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 should be assumed that he was aged 50 at the date of death, where he died at an earlier age. 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 Participant.

Such pensions must be payable for life, except that pensions paid to children must cease on the attainment of age 18 or, if later, on the cessation of full time education. Such pensions may, however, be fully commuted for a lump sum on the grounds of triviality at the time that such a pension becomes payable.

- (d) Where the Ex-Spouse Participant dies after his pension has come into payment, a non-commutable pension may be payable to a Dependant of the Ex-Spouse Participant.

The amount of pension payable to a Dependant is limited to a maximum of  $\frac{2}{3}$ <sup>rds</sup> of the initial annual pension which was paid to the Ex-Spouse Participant as increased by any rise in the Retail Prices 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 cannot exceed the amount of the initial annual pension which was paid to the Ex-Spouse Participant, as increased by any rise in the Retail Prices Index since the commencement of the Ex-Spouse Participant's pension. For these purposes initial annual pension should be calculated on the same basis as for Rule 67.3(b).

Such pensions must be payable for life, except that pensions paid to children must cease on the attainment of age 18, or, if later, on the cessation of full time education. Such pensions may, however, be fully commuted for a lump sum on the grounds of triviality at the time such a pension becomes payable.

Where the Ex-Spouse Participant selected a guarantee not exceeding 5 years and the guarantee period has not expired, the remaining balance of the pension instalments can be paid as a lump sum. This lump sum can be paid to any person at the discretion of the Trustee. Where the Ex-Spouse Participant selected a guarantee exceeding 5 years and the guarantee period has not expired, the remaining balance of the pension instalments must be paid in pension form to an individual or individuals at the discretion of the Trustee.

- (e) On the date 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 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 should not exceed the reduced pension that the Ex-Spouse Participant retains.
- (f) Full commutation of the Pension Credit Rights on the grounds of triviality or exceptional circumstances of serious ill-health is permitted when the pension first becomes payable. Where the Ex-Spouse Participant is also entitled to benefits under the Scheme arising from Service as an employee, for the purposes of determining the aggregate value of the total benefits payable to the Member under triviality Rule 57.5, benefits from Pension Credit Rights must be included. Where the Ex-Spouse Participant is also entitled to benefits under the Scheme arising from Service as an employee, full commutation of the Pension Credit Rights on the grounds of triviality will only be permitted where benefits arising from Service as an employee are simultaneously commuted.
- (g) The Ex-Spouse Participant may request that the Trustee arranges a transfer of his Pension Credit Rights to another scheme approved under Chapter I Part XIV of the 1988 Act if he is already a member of that scheme or an ex-spouse participant in that scheme or to a scheme approved under Chapter IV Part XIV of the 1988 Act. The Ex-Spouse Participant may request that the Trustee arranges a transfer of his Pension Credit Rights to any other scheme if the Inland Revenue's requirements are satisfied in relation to a transfer to that scheme. The Trustee must confirm to the receiving scheme or arrangement that the transfer value consists wholly or partly of Pension Credit Rights for the benefit of an Ex-Spouse Participant.
- (h) At the point the pension becomes payable, the Ex-Spouse Participant may request that the Trustee arranges for the purchase of an annuity from an Insurance Company of his choice.

67.4 Notwithstanding any other provisions of the Rules, the benefits for a Pension Debit Member are additionally subject to the following limits, subject to compliance with Social Security legislation, and the definitions in Schedule 1 apply:

- (a) The pension shall not exceed the Aggregate Retirement Benefit less the Negative Deferred Pension in the Scheme and the Negative Deferred Pension in any Associated Scheme and, furthermore, in the case of a Class A Member the Negative Deferred Pension in any Connected Scheme.
- (b) The lump sum from this and any Associated Scheme shall not exceed:
  - (i) for Pension Debit Members who are Class A Members or Class B Members, an amount determined by  $2.25 \times$  the initial annual pension payable;
  - (ii) for Pension Debit Members who are Class C Members, an amount of the greater of:
    - (A)  $2.25 \times$  the initial annual pension payable; **or**

- (B) an amount determined in accordance with Rule 57 {lump sum on retirement} as if there had been no Pension Debit, less 2.25 x the Negative Deferred Pension.

For the purposes of this Rule, the initial annual pension should be calculated on the following basis:

- (C) if the pension payable for the year changes, the initial pension payable should be taken;
  - (D) it should be assumed that the Pension Debit Member will survive for a year;
  - (E) the effect of commutation should be ignored.
- (c) On the death of the Pension Debit Member, any pension for a Dependant shall not exceed  $\frac{2}{3}$  x an amount determined in accordance with Rule 52 {normal retirement} as if there had been no Pension Debit, less the Negative Deferred Pension and the Negative Deferred Pension in any Associated Scheme and, furthermore, in the case of a Class A Member the Negative Deferred Pension in any Connected Scheme. Where more than one pension is to be paid the total of all the pensions cannot exceed 100% of an amount determined in accordance with Rule 52 as if there had been no Pension Debit, less the Negative Deferred Pension and the Negative Deferred Pension in any Associated Scheme and, furthermore, in the case of a Class A Member the Negative Deferred Pension in any Connected Scheme.

67.5 The Trustee must give full details of the Pension Debit and a lump sum certificate specifying the maximum permissible lump sum, to the receiving scheme or arrangement where the fund underlying the benefits for a Pension Debit Member is transferred to another scheme approved under Chapter I Part XIV of the 1988 Act or a scheme approved under Chapter IV Part XIV of that Act.

67.6 If the Ex-Spouse dies after a Pension Sharing Order, agreement or equivalent provision is made but before it is acted upon by the Trustee the following benefits may be paid:

- (a) A lump sum death benefit may be paid to any person at the discretion of the Trustee. The lump sum is limited to 25% of what would have been the cash equivalent of the fund which would have provided the Pension Credit Rights for the Ex-Spouse.
- (b) The balance of the fund may be used to provide a non-commutable pension to a Dependant of the Ex-Spouse. The amount of pension payable to a Dependant is limited to a maximum of  $\frac{2}{3}$ <sup>rd</sup>s 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. Such pensions must be payable for life, except that pensions paid to children must cease on the attainment of age 18 or, if later, on the cessation of full-time education. Such pensions may be fully

commuted, however, for a lump sum on the grounds of triviality at the time such a pension becomes payable.

- 67.7 Where the Trustee accepts a transfer payment and is informed by the transferor of the details of a Pension Debit relating to the transfer payment, the Trustee must take account of the Pension Debit, if appropriate, in the calculation of any limit on benefits for that Member or Former Member. If a transfer of the fund underlying the benefits for the Member or Former Member is made to a scheme approved under Chapter I Part XIV of the 1988 Act or a scheme approved under Chapter IV Part XIV of that Act, the Trustee must give full details of the Pension Debit to the receiving scheme or arrangement.
- 67.8 Where the Trustee accepts a transfer payment for an individual who is already a Member or Former Member of the Scheme and is informed by the transferor that the transfer value consists wholly or partly of Pension Credit Rights in the former scheme or arrangement, then the Trustee must separately identify the transfer payment relating to the Pension Credit Rights or the part of the transfer payment relating to the Pension Credit Rights from other funds held for the benefit of the Member or Former Member. Furthermore the Trustee must make provision for the Pension Credit Benefits deriving from the Pension Credit Rights to be treated as provided separately from any benefits provided under the Scheme for the same person as an employee or as the Dependant of an employee. Then the individual will acquire the status of an Ex-Spouse Participant in the Scheme in relation to his transferred-in Pension Credit Benefits. Such Pension Credit Benefits will not count towards any limit on benefits for that Member or Former Member.
- 67.9 The Trustee shall ensure that so much of a person's Pension Credit Rights under the Scheme as compromise safeguarded rights within the meaning of section 68A 1993 Act shall be treated in the manner required by section 68B of that Act.

## **68 Parental Leave**

- 68.1 A Member who is absent from work for his Employer during any period of parental leave as defined in section 76 1996 Act but is not in receipt of remuneration from his Employer will not earn further accrual of pension benefits and his Member Contributions will be suspended but he will remain entitled to benefits under Rule 61 {death of member} on the basis that the lump sum payable under Rule 61.2(a)(i) is a multiple of the annual rate of the Member's salary at the date of his death (excluding the value of commissions, overtime, bonuses and benefits in kind) which would have applied had he been working normally and in receipt of the remuneration likely to be paid for doing so.

A Member who is absent under this Rule 68.1 and in receipt of remuneration from his Employer may continue to accrue pension benefits and remain entitled to benefits under Rule 61 on such basis as the Employer and the Trustee may agree.

## **69 Paternity Leave**

- 69.1 A Member will not earn further accrual of pension benefits in respect of any period of paternity leave which is not a period of paid paternity leave but will remain entitled to benefits under Rule 61 {death of member} on the basis that the lump sum payable under Rule 61.2(a)(i) is a multiple of the annual rate of the Member's salary at the date of his death (excluding the value of any commissions, overtime, bonuses and benefits in kind) which would have applied had he been working normally and in

receipt of the remuneration likely to be paid for doing so. The Member's Contributions will be suspended from the time when the Member's period of paid paternity leave ends.

- 69.2 A Member who returns to work at the end of the period of absence under this Rule may within 12 months of returning to work or within such longer period (being not longer than the period of such suspension) as the Trustee may allow pay in one lump sum or by instalments in respect of any period of unpaid paternity leave an amount equal to the Member Contributions which he would have paid had he been in receipt of the Pensionable Salary from his Employer which he was receiving at the start of the period of absence and if he does so he shall be credited with Pensionable Service in respect of that period. If he does not do so his future Pensionable Service following his return to work shall be treated as continuous with the period of Pensionable Service which ended last before his return.

## **70 Adoption Leave**

- 70.1 A Member who is absent from work for his Employer during any period of paid adoption leave as defined in paragraph 5B(4) of Schedule 5 to the Social Security Act 1989 or for any period of additional adoption leave as defined in regulation 20 of the Paternity and Adoption Leave Regulations 2002 [SI 2002/2788] whether paid or unpaid shall be treated as continuing in Membership as though he were working normally and receiving the remuneration likely to be paid for doing so but he shall only be required to pay Member Contributions on the amount of contractual remuneration or statutory adoption pay actually paid to or for him in respect of that period.

- 70.2 A Member who returns to work at the end of the period of absence under this Rule may within 12 months of returning to work or within such longer period (being not longer than the period of such suspension) as the Trustee may allow pay in one lump sum or by instalments in respect of any period of unpaid adoption leave an amount equal to the Member Contributions which he would have paid had he been in receipt of the Pensionable Salary from his Employer which he was receiving at the start of the period of absence and if he does so he shall be credited with Pensionable Service in respect of that period. If he does not do so his future Pensionable Service following his return to work shall be treated as continuous with the period of Pensionable Service which ended last before his return.

## **71 All elements of pension to be drawn at the same time**

- 71.1 A Member, a Deferred Pensioner or a Postponed Pensioner who draws a pension under the Scheme under Rule 52 {normal retirement}, Rule 53 {incapacity}, Rule 54 {early retirement} or Rule 55 {late retirement} must draw all elements of his pension at the same time and the Trustee will make such adjustments to the pension and any retirement lump sum which are appropriate (if any) on account of different early retirement pivot ages applying to different periods of Pensionable Service.

## **72 Same sex marriages**

- 72.1 The Rules shall be read and construed as if following the death of a Member, Deferred Pensioner, Postponed Pensioner or Pensioner who does not leave a spouse entitled to benefits under the Scheme but instead leaves a person to whom he was married pursuant to the Marriage (Same Sex Couples) Act 2013 any benefit under the Scheme that would have been payable to a spouse of the said Member,

Deferred Pensioner, Postponed Pensioner or Pensioner will be paid to the same sex spouse provided that:

- (a) the same sex spouse must meet any requirements in the Rules which would have applied to the spouse before such benefit can be paid; and
- (b) any benefit which is reduced by reason of a benefit being payable to a spouse will be likewise reduced if the benefit is payable to a same sex spouse.

### **73 Shared Parental Leave**

73.1 A Member who is absent from work for his Employer during any period of paid shared parental leave as defined in paragraph 5C(4) of Schedule 5 to the Social Security Act 1989 will be treated as continuing in Membership as though he were working normally and receiving the remuneration likely to be paid for doing so but he shall only be required to pay Member Contributions on the amount of contractual remuneration or statutory shared parental pay actually paid to or for him in respect of that period. A Member will not earn further accrual of pension benefits in respect of any period of shared parental leave which is not a period of paid shared parental leave but will remain entitled to benefits under Rule 61 {death of member} on the basis that the lump sum payable under Rule 61.2(a)(i) is a multiple of the annual rate of the Member's salary at the date of his death (excluding the value of any commissions, overtime, bonuses and benefits in kind) which would have applied had he been working normally and in receipt of the remuneration likely to be paid for doing so.

73.2 A Member who returns to work at the end of the period of absence under this Rule may within 12 months of returning to work or within such longer period as the Trustee may allow pay in one lump sum or by instalments in respect of any period of unpaid shared parental leave an amount equal to the Member Contributions which he would have paid had he been in receipt of the Pensionable Salary from his Employer which he was receiving at the start of the period of absence and if he does so he shall be credited with Pensionable Service in respect of that period. If he does not do so his future Pensionable Service following his return to work shall be treated as continuous with the period of Pensionable Service which ended last before his return.

**Schedule 1**

**Inland Revenue Limits**

{Words in italics indicate variations from the Inland Revenue Model Rules}

**DEFINITIONS**

In these *model* rules the following expressions shall have the meanings ascribed to them:

- 1 “**ACT**” shall mean the Income and Corporation Taxes Act 1988 and any statutory amendment modification or re-enactment thereof.
- 2 “**ACTUARY**” *has the meaning in Rule 1.*
- 3 “**ADMINISTRATOR**” *shall mean the administrator of the Scheme for the purposes of Section 590(2)(c) of the Act.*
- 4 “**AGGREGATE RETIREMENT BENEFIT**” shall mean the aggregate of:
  - (i) the Member's pension under this Scheme and any Associated Scheme; and
  - (ii) the pension equivalent of the Member's Lump Sum Retirement Benefit.
- 5 “**APPROVAL**” shall mean approval of the Scheme by the Board of Inland Revenue under Chapter I Part XIV of the Act.
- 6 “**ASSOCIATED EMPLOYER**” an employer is associated with another employer if one is controlled by the other, or both are controlled by a third party. Control has the meaning in section 840 of the Act, or in the case of a close company, section 416 of the Act.
- 7 “**ASSOCIATED SCHEME**” shall mean any Relevant Scheme providing benefits in respect of Service.
- 8 “**CLASS A MEMBER**” shall be any Member who is not a Class B or Class C Member.
- 9 “**CLASS B MEMBER**” shall mean any Member:
  - (a) who, on or after 17 March 1987 and before 1 June 1989, joined the Scheme being a scheme which commenced before 14 March 1989, or
  - (b) who the Board of Inland Revenue have agreed in writing to be a Class B Member by virtue of previous membership of a Relevant Schemeand, in either case, has not opted to become a Class A Member.
- 10 “**CLASS C MEMBER**” shall mean any Member who joined the Scheme before 17 March 1987 or who joined subsequently and who the Board of Inland Revenue have

agreed in writing to be a Class C Member by virtue of previous membership of a Relevant Scheme and, in either case, has not opted to become a Class A Member.

- 11 **“CONNECTED SCHEME”** shall mean any Relevant Scheme which is connected with the Scheme in relation to the Member, i.e. if:
- (a) there is a period during which the Member has been the employee of 2 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.
- 12 **“CONTROLLING DIRECTOR”** shall mean a Member who, at any time on or after 17 March 1987 and in the last 10 years before the Relevant Date has, in relation to the Employer, been both within the definition of a director in section 612(1) of the Act and within paragraph (b) of section 417(5) of that Act.
- 13 **“DEPENDANT”** has the meaning in Rule 1.
- 14 **“EMPLOYER”** has the meaning in Rule 1.
- 15 **“FINAL REMUNERATION”** shall mean the greater of:
- (a) the highest remuneration upon which tax liability has been determined for any one of the 5 years preceding the Relevant Date being the aggregate of:
    - (i) the basic pay for the year in question, and
    - (ii) the yearly average over 3 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 Retail Prices 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 3 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 Case I or II of Schedule E and upon which tax liability has been determined for any 3 or more consecutive years 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 3 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 Schedule E had been acquired before 17 March 1987) or anything in respect of which tax is chargeable by virtue of section 148;
- (ii) in relation to a Controlling Director, final remuneration shall be the amount ascertained in accordance with (b) and (a) above shall not apply;
- (iii) 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 (b) above and (a) above shall not apply, unless the individual chooses to adopt £100,000 (or such other figure as may be prescribed by the Treasury);
- (iv) 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 Retail Prices 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 of (a)(ii) above and then only to the same proportionate extent;
- (v) for Class A Members final remuneration shall not exceed the Permitted Maximum;
- (vi) 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);
- (vii) an employee who remains, or is treated as remaining, in service but by reason of Incapacity is in receipt of a much reduced remuneration i.e. under a sick pay or permanent health insurance scheme, for more than 10 years up to the Relevant Date, may calculate final remuneration under (a) or (b) above with the final remuneration calculated at the cessation of normal pay and increased in accordance with the Retail Prices Index;
- (viii) 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;

- (ix) an early retirement pension in payment from the Employer may not be included in final remuneration.

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 Schedule E, 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 Pension Schemes Office.

For the purposes of providing immediate benefits at the Relevant Date it will be permitted to calculate final remuneration on the appropriate basis above using remuneration assessable to tax under Case I or II of Schedule E and upon which tax liability has not been determined. On determination of this liability final remuneration must be recalculated. Should this result in a lower final remuneration then benefits in payment should be reduced if this is necessary to ensure that they do not exceed the maximum approvable based on the lower final remuneration. Where final remuneration is greater it will be possible to augment benefits in payment but such augmentation must take the form of a non-commutable pension.

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 Case I or II of Schedule E and upon which tax liability has been determined.

- 16 **“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 Case I or II Schedule E and profit related pay (see proviso (viii) to definition of Final Remuneration). Directors' fees may rank as fluctuating emoluments according to the basis on which they are voted.
- 17 **“INCAPACITY”** has the meaning in Rule 53.1.
- 18 **“LUMP SUM RETIREMENT BENEFIT”** shall mean the total value of all retirement benefits payable in any form other than non-commutable pension under this and any Associated Scheme.
- 19 **“MEMBER”** shall mean a Member or Former Member (as defined in Rule 1) who has benefits immediately or prospectively payable under the Scheme.
- 20 **“NORMAL RETIREMENT DATE”** has the meaning given to “Normal Pension Age” in Rule 1.
- 21 **“PENSIONABLE SERVICE”** shall have the meaning ascribing to it by paragraph 3 Schedule 16 Social Security Act 1973.
- 22 **“PERMITTED MAXIMUM”** is to be construed as defined in section 590C(2) of the Act.

- 23     **“RELEVANT DATE”** shall mean the date of retirement, leaving Pensionable Service or death as the case may be.
- 24     **“RELEVANT SCHEME”** shall mean any other scheme approved or seeking approval under Chapter 1 Part XIV of the Act and in respect of a Class A Member who is a Controlling Director also any retirement annuity contract or trust scheme approved under Chapter III Part XIV or any personal pension scheme as approved under Chapter IV Part XIV of the Act insofar as it provides benefits secured by contributions in respect of Service.
- 25     **“REMUNERATION”** in relation to any year shall mean the aggregate of the total emoluments for the year in question from the Employer and which are assessable to Income Tax under Schedule E 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 section 148 of the Act. Provided that for a Class A Member there shall be disregarded any emoluments in excess of the Permitted Maximum.
- 26     **“RETAIL PRICES INDEX”** shall mean the Government's Index of Retail Prices.
- 27     **“RETAINED DEATH BENEFITS”** shall mean any lump sum benefits payable on the Member's death from;
- (a)     retirement benefits schemes approved or seeking approval under Chapter I Part XIV of the Act or relevant statutory schemes as defined in section 611A thereof,
  - (b)     funds to which section 608 of the Act applies,
  - (c)     retirement benefits schemes which have been accepted by the Inland Revenue as “corresponding” in respect of a claim made on behalf of the Member for the purposes of section 596(2)(b) of the Act,
  - (d)     retirement annuity contracts approved under Chapter III Part XIV of the Act, or
  - (e)     term life provisions under personal pension schemes approved under Chapter IV Part XIV of the Act,
  - (f)     transfer payments from overseas schemes held in a type of arrangement defined in (a), (d) or (e) above
- 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 is not a Controlling Director and his or her 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 classed as Retained Death Benefits.
- 28     **“RULE”** and **“RULES”**, except in cases of references expressly to these model rules, are references to the Rules to which these model rules are scheduled.

- 29     “**SCHEME**” has the meaning in Rule 1.
- 30     “**SERVICE**” shall mean service with the Employer or an Associated Employer or, except in relation to a Class A Member who is a Controlling Director of either employer, an employer who is associated with the Employer only by virtue of a permanent community of interest.
- 31     “**TRUSTEE**” has the meaning in Rule 1.

## PART 1

### INLAND REVENUE LIMITS RULE

#### CLASS A MEMBERS

Notwithstanding anything to the contrary in the Scheme provisions the benefits payable to a Class A 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:

- 1 The Member's Aggregate Retirement Benefit shall not exceed:
  - (a) on retirement at any time between attaining age 50 and attaining age 75, except before Normal Retirement Date on grounds of Incapacity, a pension of  $1/60^{\text{th}}$  of Final Remuneration for each year of Service (not exceeding 40 years) or such greater amount as will not prejudice Approval;
  - (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 (a) above, Final Remuneration being computed as at the actual date of retirement;
  - (c) on leaving Pensionable Service before attaining age 75, a pension of  $1/60^{\text{th}}$  of Final Remuneration for each year of Service prior to leaving Pensionable Service (not exceeding 40 years) or such greater amount as will not prejudice Approval. The amount computed may be increased by 5% for each complete year or if greater, in proportion to any increase in the Retail Prices 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 Social Security legislation is also allowable.
  - (d) Benefits for a Class A Member are further restricted to ensure that his total retirement benefit from this scheme and from any Associated Scheme or Connected Scheme does not exceed a pension of  $1/30^{\text{th}}$  of the Permitted Maximum for each year of service, subject to a maximum of  $20/30^{\text{ths}}$ . 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 (a) to (d) above, the pension equivalent of any Lump Sum Retirement Benefit is one twelfth of its total cash value.
- 2 The Member's Lump Sum Retirement Benefit shall not exceed:
  - (a) on retirement at any time between attaining age 50 and attaining age 75, except before Normal Retirement Date on grounds of Incapacity,  $3/80^{\text{ths}}$  of Final Remuneration for each year of Service (not exceeding 40 years) or such greater amount as will not prejudice Approval;

- (b) on retirement at any time before Normal Retirement Date on grounds of Incapacity the amount which could have been provided at Normal Retirement Date in accordance with paragraph (a) above; Final Remuneration being computed as at the actual date of retirement;
- (c) on leaving Pensionable Service before attaining age 75, a lump sum of  $\frac{3}{80}$ <sup>ths</sup> of Final Remuneration for each year of Service prior to leaving Pensionable Service (not exceeding 40 years) or such greater amount as will not prejudice Approval. The amount computed may be increased in proportion to any increase in the Retail Prices Index which has occurred between the date of termination of Pensionable Service and the date on which the benefit is first paid.

## CLASS B OR C MEMBERS

Notwithstanding anything to the contrary in the Scheme provisions, the benefits payable to a Class B or a Class C Member or to 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.

3 The Member's Aggregate Retirement Benefit shall not exceed:-

- (a) on retirement at or before Normal Retirement Date, a pension of  $1/60^{\text{th}}$  of Final Remuneration for each year of Service (not exceeding 40 years) or such greater amount as will not prejudice Approval;
- (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.(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 greatest of:-
  - (i) the amount calculated in accordance with paragraph 1.(a) above on the basis that the actual date of retirement was the Member's Normal Retirement Date;
  - (ii) the amount which could have been provided at Normal Retirement Date in accordance with paragraph 1.(a) above increased either actuarially in respect of the period of deferment or in proportion to any increase in the Retail Prices Index during that period, and
  - (iii) where the Member's total Service has exceeded 40 years, the aggregate of  $1/60^{\text{th}}$  of Final Remuneration for each year of Service before Normal Retirement Date (not exceeding 40 such years) and of a further  $1/60^{\text{th}}$  of Final Remuneration for each year of Service after Normal Retirement Date, with an overall maximum of 45 reckonable years.

Final Remuneration being computed in respect of (i) and (iii) above as at the actual date of retirement, but subject always to paragraph 4 below;

- (d) on leaving Pensionable Service before Normal Retirement Date, a pension of  $1/60^{\text{th}}$  of Final Remuneration for each year of Service prior to leaving Pensionable Service (not exceeding 40 years) or such greater amount as will not prejudice Approval. The amount computed may be increased by 5% for each complete year or if greater, in proportion to any increase in the Retail Prices 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 Social Security legislation is also allowable.

- 4 The Member's Lump Sum Retirement Benefit shall not exceed:-
- (a) on retirement at or before Normal Retirement Date,  $3/80^{\text{ths}}$  of Final Remuneration for each year of Service (not exceeding 40 years) or such greater amount as will not prejudice Approval;
  - (b) on retirement at any time before Normal Retirement Date on grounds of Incapacity the amount calculated in accordance with paragraph 2.(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, the greatest of:-
    - (i) the amount calculated in accordance with paragraph 2.(a) above on the basis that the actual date of retirement was the Member's Normal Retirement Date,
    - (ii) the amount which could have been provided at Normal Retirement Date in accordance with paragraph 2.(a) above together with an amount representing interest thereon, and
    - (iii) where the Member's total Service has exceeded 40 years, the aggregate of  $3/80^{\text{ths}}$  of Final Remuneration for each year of Service before Normal Retirement Date (not exceeding 40 such years) and of a further  $3/80^{\text{ths}}$  of Final Remuneration for each year of Service after Normal Retirement Date, with an overall maximum of 45 reckonable years.
- Final Remuneration being computed in respect of (i) and (iii) above as at the actual date of retirement, but subject always to paragraph 4 below;
- (d) on leaving Pensionable Service before Normal Retirement Date, a lump sum of  $3/80^{\text{ths}}$  of Final Remuneration for each year of Service prior to leaving Pensionable Service (not exceeding 40 years) or such greater amount as will not prejudice Approval. The amount computed as aforesaid may be increased in proportion to any increase in the Retail Prices Index which has occurred between the date of termination of Pensionable Service and the date on which the benefit is first paid.
- 5 If a Member elects under Rule 55 to take any part of his benefits under this Scheme in advance of actual retirement, the limits set out in paragraphs 1 and 2 above shall apply as if he had retired at the date of the election as aforesaid, no account being taken of subsequent Service, save that the maximum amount of any uncommuted pension not commencing immediately may be increased either actuarially in respect of the period of deferment or in proportion to any increase in the Retail Prices Index during that period.
- 6 The preceding provisions of this model Rule shall be modified in their application to a Member who is a Controlling Director as follows:-
- (a) the amount of the maximum Aggregate Retirement Benefit in paragraph 1 and of the maximum Lump Sum Retirement Benefit in paragraph 2 shall be reduced, where necessary for Approval, to take account of any corresponding benefits under retirement annuity contracts or trust schemes approved under

Chapter III Part XIV of the Act or under personal pension schemes approved under Chapter IV Part XIV of the Act;

- (b) where retirement takes place after Normal Retirement Date but not later than the Member's 70th birthday, paragraph 1.(c)(ii) and (iii) and paragraph 2.(c)(ii) and (iii) shall not apply, and if retirement is later than the attainment of that age, the said paragraphs shall apply as if the Member's 70th birthday had been specified in the Rules as his Normal Retirement Date, so as not to treat as Service after Normal Retirement Date any Service before the Member reaches the age of 70;
- (c) where paragraph 3 applies to him, the rate of the actuarial increase referred to therein in relation to any period of deferment prior to his attaining the age of 70, shall not exceed the percentage increase in the Retail Prices Index during that period.

## **PART 2**

### **OTHER CONDITIONS RELATING TO CLASS A MEMBERS**

#### **A. MEMBER'S CONTRIBUTIONS (Contributory Scheme)**

- (a) Each Member is required to contribute under Rule 45. No rate of contribution determined under this *model* sub-rule may be altered before the expiry of a period of 12 months from the date on which the first payment at the current rate became due without the specific agreement of the Board of Inland Revenue.
- (b) In addition the Member may make voluntary contributions to the Scheme to secure additional benefits for himself and/or his Dependents. Any retirement benefits so secured must be in the form of non-commutable pension except to the extent to which the provisions of the Scheme allow commutation of trivial pensions or on the grounds of serious ill health.
- (c) The contributions paid to the Scheme by a Member in a year of assessment shall not exceed either:
  - (i) when aggregated with the Member's contributions to any other exempt approved schemes, 15 per cent of the Member's Remuneration, or
  - (ii) when aggregated with the Member's contributions to any schemes which are Associated or Connected Schemes, 15 per cent of the Permitted Maximum.

#### **B. CONTINUED LIFE COVER**

Any provision in the rules to provide a lump sum benefit on the death of a Member occurring after retirement on pension (other than a payment under a guarantee of pension provision) shall be restricted in respect of a Member who joined the Scheme on or after 1<sup>st</sup> October 1991 to exclude any provision other than on death occurring before the Normal Retirement Date and after retirement on grounds of Incapacity. The amount of the benefit shall not exceed the amount payable had the Member died immediately before retirement increased in proportion to any increase in the Retail Prices Index between the date of the Member's retirement and the date of death.

#### **C. PAYMENT OF RETIREMENT BENEFITS**

- 1. The payment of a Member's retirement benefits shall not commence earlier than the Member attaining age 50, except on retirement on grounds of Incapacity, nor later than attaining age 75.
- 2. No part of the Member's retirement benefits is to be paid in advance of actual retirement except as necessary to comply with paragraph C.1 above or to the extent necessary to comply with the requirements of the Social Security Pensions Act 1975.

## **PART 3**

### **OTHER CONDITIONS RELATING TO CLASS B OR C MEMBERS**

#### **A. MEMBER'S CONTRIBUTIONS (Contributory Scheme)**

- (a) Each Member is required to contribute under Rule 45. No rate of contribution determined under this *model* sub-rule may be altered before the expiry of a period of 12 months from the date on which the first payment at the current rate became due without specific agreement of the Board of Inland Revenue.
- (b) In addition the Member may make voluntary contributions to the Scheme to secure additional benefits for himself and/or his Dependants. Where such contributions commence on or after 8<sup>th</sup> April 1987 any retirement benefits so secured must be in the form of non-commutable pension except to the extent to which the provisions of the Scheme allow commutation of trivial pensions or on the grounds of serious ill health.
- (c) The total contributions paid by the Member in year of assessment to this and any Associated Scheme shall not exceed 15% of his Remuneration for that year.

#### **B. TRANSFERS**

- 1. Any retirement benefits arising by virtue of the receipt by the Scheme of a transfer value (other than from another scheme providing benefits in respect of Service) shall not be capable of commutation unless and then only to the extent that a certificate has been obtained from the administrator of the transferring scheme showing the maximum lump sum payable from the transfer value. The amount so certified may be increased in proportion to any increase in the Retail Prices Index since the date the transfer payment was received.
- 2. When, on or after a transfer having been made to another occupational pension scheme, the administrator of that scheme requests such a certificate as is referred to in paragraph B.1 above, the Administrator shall calculate as at the date of the transfer the maximum lump sum payable on retirement from the transfer value and certify that amount to the receiving scheme.

## **PART 4**

### **OTHER CONDITIONS RELATING TO ALL MEMBERS**

#### **1 LUMP SUM DEATH BENEFIT**

The lump sum benefit (exclusive of any refund of the Member's own contributions not applied specifically to secure the payment of benefits on the Member's death and any interest thereon) payable on the death of a Member while in Service or, (having left Pensionable Service with a deferred pension) before the commencement of his pension, shall not, when aggregated with all benefits of a like nature under all Associated Schemes, exceed the greater of:

- (a) £5,000, and
- (b) 4 times the greatest of:
  - (i) the annual rate (subject, for a Class A Member, to the Permitted Maximum) of the Member's basic salary or wages at the date of death or leaving Pensionable Service together with the yearly average of Fluctuating Emoluments received in the 3 years (or the whole period of Service if less) up to the date of death or leaving Pensionable Service, and
  - (ii) the Member's total emoluments (subject, for a Class A Member, to the Permitted Maximum) of any selected period of 12 months ending not earlier than 36 months before the date of death.
  - (iii) Final Remuneration disregarding provisos (i), (ii) and (iii) of that definition less Retained Death Benefits.

#### **2 DEPENDANTS' PENSIONS**

Any pension for a Dependant, when aggregated with the pensions, other than those provided by surrender or allocation of the Member's own pension, payable to that Dependant under all Associated Schemes, shall not exceed an amount equal to  $\frac{2}{3}$ <sup>rds</sup> of the maximum Aggregate Retirement Benefit payable to the Member immediately before death under Part 1 above. Where the death of the Member occurs whilst in Service before the Normal Retirement Date the maximum is that appropriate had the Member retired on grounds of Incapacity on the date of death entitled to no retained benefits from previous employments.

If pensions are payable to more than one Dependant of a Member, the aggregate of all Dependants' pensions payable in respect of him under this and all Associated Schemes shall not exceed the full amount of the maximum Aggregate Retirement Benefit described in the previous paragraph of this *model* rule.

#### **3 INCREASES OF PENSIONS IN PAYMENT**

The maximum amount of a pension ascertained in accordance with Part 1 and Part 4 of this *model* Rule less any pension which has been commuted for a lump sum or the pension equivalent of any benefits in lump sum form and any pension surrendered to provide a Dependant's pension may be increased by 3% for each complete year or if

greater, in proportion to any increase in the Retail Prices Index since the pension commenced.

#### **4 SURPLUS AVCS**

Where the application of the limits in this *model* Rule requires the quantum of the Aggregate Retirement Benefit to be restricted and the Member has paid additional voluntary contributions to supplement scheme benefits, that restriction shall first be effected on those supplementary benefits so as to permit the repayment of the surplus additional voluntary contributions subject to section 599A of the Act.

The Administrator of the Scheme shall comply with the requirements of Regulation 5 of The Retirement Benefits Schemes (Restriction on Discretion to Approve) (Additional Voluntary Contributions) Regulations 1993 [S1 1993 No 3016] and where the Scheme is the “leading scheme” in relation to a member, with the requirements of Regulation 6 of those Regulations so far as they concern “main schemes”. If these Regulations are amended or replaced by any other Regulations then this *model* Rule will have effect as if it had been amended or replaced accordingly.

#### **5 TRANSFERS**

- (a) The benefits arising on retirement from a transfer value shall not be capable of commutation nor shall they be paid in lump sum form if the transfer is accompanied by a certificate from the administrator of the transferring scheme to the effect that the transfer value is not to be used to provide benefits in lump sum form.
- (b) When making a transfer to an approved personal pension scheme the Administrator shall provide a certificate of the maximum lump sum payable on retirement from the transfer value if the transferring member:
  - (i) was aged 45 or more at the time that the transfer payment was made, or
  - (ii) has at any time within the 10 years preceding the date on which the right to the cash equivalent being transferred arose, been, in respect of any employment to which the transfer payment or any part of its relates, either
    - (i) a Controlling Director, or
    - (ii) in receipt of annual remuneration in excess of £60,000 or, if greater, the allowable maximum (i.e. the equivalent for personal pension schemes of the Permitted Maximum) for the year of assessment in which the date of transfer falls, or
  - (iii) is entitled to benefits included in the transfer payment which arise from an occupational pension scheme under which the normal retirement age is 45 or less.

Schedule 2

Contracting-out

**CONTRACTED-OUT SALARY RELATED SCHEMES**

**GMP MODEL RULES**

**Interpretation: References to any legislation or any provision includes references to any previous legislation or provision relating to the same subject matter and to any modification or re-enactment for the time being in force**

**1 DEFINITIONS**

In these GMP Model Rules the following words have the following meanings:

**"The Act"** means the Pension Schemes Act 1993.

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

**"Contracted-out Employment"** means a Member's contracted-out employment by reference to the Scheme (as in section 8(1)(a)(i) and 8(1)(b) of the Act).

**"Fixed Rate Revaluation"** means the method of revaluing a GMP before State Pensionable Age described in Rule 6.1 (C) below.

**"GMP"** means the guaranteed minimum pension of a Member, Widow or Widower as defined in the Act.

**"Insurer"** means an insurance company, an EC company or a friendly society as defined in section 32A(2)(a) of the Act.

**"Limited Rate Revaluation"** means the method of revaluing a GMP before State Pensionable Age described in Rule 6.1 (B) below.

**"Member"** means a member of the Scheme (including a person who is not in the pensionable service of any employer participating in the Scheme but to whom, or in respect of whom, benefits are still immediately or prospectively payable under the Scheme in respect of previous membership of the Scheme or another scheme).

**"Normal Retiring Date"** means the day on which a Member attains normal pension age (within the meaning of the Act) under the Scheme.

**"Protected Rights"** has the same meaning as in section 10 of the Act.

**"Qualifying Service"** has the same meaning as in section 71(7) of the Act.

**"Rule"** (followed by a number) means the Rule (with that number) in this schedule.

**"Scheme"** means this occupational pension scheme.

**"Section 53 money purchase scheme"** means a scheme which was a contracted-out scheme, providing protected rights pensions and satisfying section 9(3) of the Act, and to which the Secretary of State may give directions under section 53 of the Act.

**"Section 53 salary related scheme"** means a scheme which was a contracted-out scheme, providing guaranteed minimum pensions and satisfying section 9(2) of the Act, and to which the Secretary of State may give directions under section 53 of the Act.

**"Section 148 Revaluation"** means the method of revaluing a GMP before State Pensionable Age described in Rule 6.1 (A) below.

**"Short Service Benefit"** means the benefit to which an early leaver who satisfies the qualifying conditions must be entitled under the preservation requirements.

**"State Pensionable Age"** means a man's 65<sup>th</sup> birthday and in the case of a woman is determined in accordance with the rules contained in Paragraph 1 of Schedule 4 to the Pensions Act 1995.

**"Trustees"** means the trustees or administrators of the Scheme.

**"Widow"** and **"Widower"** means respectively the widow and the widower of a Member. If a Member has married under a law which allows polygamy and, on the day of the Member's death, has more than one spouse, the Trustees must decide which, if any, survivor is the Widow or Widower. In reaching that decision, the Trustees must have regard to the practice of the Department of Social Security and any relevant provisions of existing Social Security legislation, in particular section 17(5) of the Act and regulation 2 of the Social Security and Family Allowance (Polygamous Marriages) Regulations 1975 (SI 1975/561).

## **2 OVERRIDING EFFECT OF THESE GMP MODEL RULES**

These Rules shall apply if any Member's employment becomes Contracted-out Employment by reference to the Scheme and the Scheme is not contracted-out on a money purchase basis. These Rules will only apply for so long as anyone has a GMP or a prospective right to receive a GMP under the Scheme which subjects the Scheme to the continuing supervision of the Secretary of State.

These Rules override any inconsistent provisions elsewhere in the Scheme except provisions which are necessary in order that Inland Revenue approval for the purposes of Chapter I of Part XIV of the Income and Corporation Taxes Act 1988 is not prejudiced.

### 3 ALTERATIONS TO THESE GMP MODEL RULES

- 3.1 **Power to alter GMP Model Rules.** The persons or bodies having the power of alteration in relation to the rest of the Scheme may at any time in writing make any alteration to these GMP Model Rules necessary to comply with the contracting-out requirements of the Act applicable to salary related contracted-out schemes and Section 53 salary related schemes. This power of alteration may be exercised by them without any condition except the one in 3.2 below. It is additional to, and independent of, any other power of alteration in relation to the Scheme.
- 3.2 **Statutory Conditions.** No alteration to these GMP Model Rules may be made unless the alteration will not affect any of the matters dealt with in Part III of the Act and sections 87 to 92 (protection of increases in guaranteed minimum pensions) and 109 and 110 of the Act (annual increases of guaranteed minimum pensions) and any regulations made under these provisions which relate to guaranteed minimum pensions and the alteration will not otherwise prevent the Scheme from satisfying the conditions of section 9(2) of the Act.

### 4 MEMBERSHIP OF THE SCHEME

Membership of the Scheme must be open to persons who enter employment to which the Scheme relates more than 6 years before Normal Retiring Date. If the Scheme has an annual entry date, this 6 year period may be increased to a period of 6 years plus the part of a year until the next entry date. Where the Scheme and one or more other contracted-out schemes relate to employment with the same employer, those schemes may be treated as if they were a single scheme in deciding whether the requirements of this Rule are satisfied.

### 5 ENTITLEMENT TO GMP

- 5.1 **Guaranteed Minimum.** This Rule 5 applies to a Member, Widow or Widower where the Member has a guaranteed minimum in relation to the pension provided for the Member under the Scheme in accordance with section 14 of the Act.
- 5.2 **Member's GMP.** The Member shall be entitled to a pension for life paid at a rate equivalent to a weekly rate of not less than that guaranteed minimum. The pension will be paid from State Pensionable Age but commencement of the pension may be postponed for any period during which the Member remains in employment after State Pensionable Age:
- (1) if the employment is employment to which the Scheme relates and the postponement is not for more than 5 years after State Pensionable Age; or
  - (2) if the Member consents to the postponement.
- 5.3 **Widow's GMP.** Where the Member is a man and dies at any time leaving a Widow, she shall be entitled, subject to 5.4 below, to receive a pension from the Scheme paid at a rate equivalent to a weekly rate of not less than half that guaranteed minimum.
- 5.4 **Payment of Widow's GMP.** The pension shall be paid for life to any Widow.

5.5 **Widower's GMP.** Where the Member is a woman and dies at any time on or after 6 April 1989 leaving a Widower, he shall be entitled, subject to 5.6 below, to receive a pension from the Scheme paid at a rate equivalent to a weekly rate of not less than half of that part of the guaranteed minimum which is attributable to earnings for the tax year 1988/1989 and subsequent tax years up to and including the tax year 1996/1997.

5.6 **Payment of Widower's GMP.** The pension shall be paid for life to any Widower.

5.7 **Offsetting pension against GMP.** Any pension payable to the Member, Widow or Widower under any other provision of the Scheme may be offset against the pension entitlement under this Rule 5 except to the extent that:

- (1) any part of the pension is an equivalent pension benefit within the meaning of the National Insurance Act 1965; or
- (2) any part of the other pension is an increase, calculated in accordance with Schedule 3 of the Act and added to the amount that would be payable but for Chapter II of Part IV of the Act or regulations made under it; or
- (3) offsetting would contravene the anti-franking legislation (see Rule 8 below).

## 6 REVALUATION OF GMP

6.1 **Revaluation before State Pensionable Age.** Where a Member ceases to be in Contracted-out Employment before State Pensionable Age, the Member's GMP at State Pensionable Age or at the Member's earlier death will be calculated by increasing the accrued rights to GMP at cessation of Contracted-out Employment under one of the options (A), (B) or (C) below.

### (A) Section 148 Revaluation

The increase will be by the percentage by which earnings factors for the tax year in which Contracted-Out Employment ceases are increased by the last order under section 148 of the Social Security Administration Act 1992 to come into force before the tax year in which the Member reaches State Pensionable Age (or dies, if earlier).

### (B) Limited Revaluation.

The increase will be by the lesser of:

- (1) 5 per cent (5%) compound for each tax year after that in which Contracted-out Employment ceases up to and including the last complete tax year before the Member reaches State Pensionable Age (or dies, if earlier); and
- (2) the percentage by which earnings factors for the tax year in which Contracted-Out Employment ceases are increased by the last order under section 148 of the Social Security Administration Act 1992 to come into force before the tax year in which the Member reaches State Pensionable Age (or dies, if earlier).

The Trustees must pay a limited revaluation premium in respect of the Member to the Secretary of State for Social Security. This option is not available where a member ceases to be in Contracted-out Employment on or after 6 April 1997.

(C) **Fixed Rate Revaluation.**

The increase will be by such rate as regulations made under section 55(5) of the Act specify as being relevant at the date Contracted-out Employment ceases, for each complete tax year after the tax year containing that date up to and including the last complete tax year before the Member reaches State Pensionable Age (or dies, if earlier).

The Trustees and the principal employer participating in the Scheme shall decide which of the options (A) or (C) applies to the Scheme. They may at any time decide that the other method shall be used, instead of the method currently being used, for all Members ceasing to be in Contracted-out Employment after a specified date.

- 6.2 **Transfers in.** Where a transfer payment is received in respect of a Member from another scheme ("the transferring scheme") which includes accrued rights of the Member to a GMP (or includes protected rights in respect of which the receiving scheme will provide a GMP) the earnings factors used in calculating that GMP will normally be revalued using Section 148 Revaluation during the Member's Contracted-Out Employment, and 6.1 above will apply if that Contracted-out Employment ceases before State Pensionable Age. The Trustees may, however, decide, if the provisions of the transferring scheme so allow, to use Fixed Rate Revaluation from the date on which the Member ceased to be in contracted-out employment by reference to the transferring scheme until the Member attains State Pensionable Age (or dies, if earlier) but the Trustees may not make that decision if, on becoming a Member, the Member's contracted-out employment in relation to a previous scheme is treated as continuing for the purposes of the Act.

Where the Scheme accepts the proceeds of, or the assignment of, an insurance policy which consists of, or includes, accrued rights to GMP, the Trustees may use either Section 148 Revaluation or the method of revaluation that was in use under the policy.

- 6.3 **Transfers out.** Where a Member's accrued rights to GMP are transferred to another contracted-out salary related scheme or to a Section 53 salary related scheme, the Trustees may agree with the administrator of that scheme that the member's GMP shall, instead of being revalued using the method currently being adopted under 6.1 above, be revalued using another method which would be permitted if that scheme contained a rule in the same terms as 6.2 above.

## 7 INCREASE OF GMP

- 7.1 **Increase after State Pensionable Age.** If the commencement of any Member's GMP is postponed for any period after State Pensionable Age, that GMP shall be increased to the extent, if any, specified in section 15 of the Act.
- 7.2 **Increase after State Pensionable Age or Member's death.** Any GMP to which a Member, Widow or Widower is entitled under Rule 5 above shall, insofar as it is attributable to earnings in the tax years 1988/1989 and subsequent tax years up to and including the tax year 1996/1997, be increased in accordance with the requirements of section 109 of the Act.

## 8 ANTI-FRANKING

Except as provided in sections 87-92 and 110 of the Act, no part of a Member's, Widow's or Widower's pension under the Scheme may be used to frank an increase in the Member's, Widow's or Widower's GMP under Rule 6 or Rule 7 above.

## 9 TRANSFERS INTO THE SCHEME

- 9.1 **Acceptance of transfers.** The Trustees may accept:
- (1) a transfer payment in respect of the Member's accrued rights to GMPs under a contracted-out salary related scheme, a Section 53 salary related scheme or a policy of insurance or an annuity contract of the type described in section 19 of the Act;
  - (2) a transfer of the liability for the payment of GMPs to, or in respect of, any person who has become entitled to them;
  - (3) a transfer of Protected Rights
    - (a) in respect of the Member or a former Member from another scheme which is, or was, an appropriate personal pension scheme;
    - (b) in respect of the Member or a former Member from another scheme which is, or was, a scheme contracted-out on a money purchase basis or a Section 53 money purchase scheme.

Transfers may be accepted only as provided in the appropriate regulations.

- 9.2 **Effect of transfers.** Where a transfer is accepted under 9.1(1) above, the Member's accrued rights to GMPs under the Scheme will be increased accordingly.

Where a transfer is accepted under 9.1(3) above, the Member's, Widow's and Widower's GMPs under the Scheme will be increased by amounts equal to the GMPs to which they would have been treated as entitled by reason of the Member's membership of the transferring scheme if the transfer payment had not been made.

## 10 TRANSFERS OUT OF THE SCHEME

10.1 **Conditions for transfer of GMPs.** A transfer payment made out of the Scheme may include a Member's accrued rights to GMPs or the liability for the payment of GMPs to, or in respect of, any person who has become entitled to them only if the following conditions are fulfilled. These conditions depend on the type of scheme, policy or contract to which the transfer is being made.

### (1) **All schemes and arrangements**

The Member must consent to the transfer unless:

- (a) it is a connected employer transfer payment which is applied to provide rights for the person concerned which, had they accrued in the receiving scheme, would be provided in accordance with the rules of the receiving scheme related to Members who are or have been in Contracted-out Employment in relation to the receiving scheme. The transfer must be made in accordance with the appropriate regulations (SI 1991/167) which involve an actuarial certificate;
- (b) it is to allow benefits to be bought out where the Member has less than 5 years Qualifying Service, or to allow the Trustees to buy out the benefits of the Widow or Widower of such a Member.

The transfer will be subject to any requirements of the Inland Revenue.

The receiving scheme, policy or contract must be an appropriate personal pension scheme, a contracted-out occupational pension scheme, a Section 53 money purchase scheme, a Section 53 salary related scheme, an overseas occupational pension scheme if the conditions set out in regulation 6 of the Contracting-out (Transfer and Transfer Payment) Regulations 1996 (SI 1996/1462) are satisfied, or an insurance policy or annuity contract of the type described in section 19 of the Act.

### (2) **Contracted-out salary related schemes and section 19 insurance policies or annuity contracts**

The receiving scheme, policy or contract must provide the Member and the Member's Widow or Widower with GMPs equal to their accrued GMPs under the Scheme up to the date of transfer, together with revaluation until the Member reaches State Pensionable Age (or dies, if earlier). In the case of GMPs already in payment, the receiving scheme must provide for the pensions to commence from the date from which liability for payment has been assumed by it, and for the conditions of payment relating to its own GMPs to apply equally to such pensions.

### (3) **All occupational pension schemes (except overseas schemes covered by (5))**

The Member must have entered employment with an employer which is (or, in the case of a Section 53 scheme, is or was) a contributor to the receiving scheme.

(4) **Appropriate personal pension schemes and occupational pension schemes which are or were contracted-out by the money purchase test**

That part of the transfer payment which relates to the Member's accrued rights to GMPs must be of an amount at least equal to the cash value of those accrued rights and applied by the receiving scheme in providing money purchase benefits for, or in respect of, the Member.

(5) **Overseas occupational pension schemes not covered by (2) or (4) above**

The Member must have entered employment outside the United Kingdom to which the receiving scheme applies and the conditions set out in regulation 6 of the Contracting-out (Transfer and Transfer Payment) Regulations 1996 (SI 1996/1462) are satisfied.

10.2 **Effect of such transfers.** Where the Member's accrued rights to GMPs or liability for GMPs already in payment are transferred in accordance with 10.1 above, the Member and the Member's Widow or Widower will cease to have any entitlement to a GMP under the Scheme. If the transfer does not relate to the whole of the Member's rights to benefits under the Scheme, the Member's remaining benefits under the Scheme may be reduced to allow for the fact that the Member's GMP rights have been transferred.

## 11 **COMMUTATION OF GMP**

### 11.1 **Circumstances in which GMP may be commuted.**

(1) **Member's GMP.** The Member's GMP may be commuted if the Commutation Condition is satisfied and all the Member's other benefits under the Scheme are being commuted, and

(a) the benefits have become payable; or

(b) the Scheme is being wound-up.

(2) **Widow's or Widower's GMP.** The Widow's or Widower's GMP may be commuted if the Commutation Condition is satisfied and all the Widow's or Widower's other benefits under the Scheme are being commuted, and

(a) the benefits have become payable; or

(b) the Member's benefits are being commuted on grounds of triviality.

(3) **More than one retirement benefit scheme relating to same employment.** If the Member is a member of more than one retirement benefit scheme relating to the same employment the requirements of this Rule must be satisfied by all of the schemes.

11.2 **Commutation Condition.** The Commutation Condition is that the aggregate of the pensions and the pension equivalent of any lump sum benefits to which the person is entitled under the Scheme, and under all other retirement benefit schemes relating to employment with the same employer as the employment in respect of which the benefits are payable, does not exceed £260 per annum (or such greater amount as may be prescribed by

regulations made under section 21 of the Act and is permitted by the Inland Revenue). In addition:

- (1) Where commutation is taking place before State Pensionable Age, other than on the death of the Member, Fixed Rate Revaluation must be applied to any GMP included in the aggregate pension, and such GMP must be revalued to State Pensionable Age for the purposes of calculating that aggregate.
- (2) Where the Member's pension, being an alternative to Short Service Benefit, becomes payable before or after Normal Retiring Date, the value of that pension must, to the reasonable satisfaction of the Trustees, be at least equal to the value of the Short Service Benefit, plus the revaluation to Normal Retiring Date that the deferred pension would have attracted in accordance with Chapter II of Part IV of the Act had it been provided by the Scheme at Normal Retiring Date, and the revaluation of GMP referred to in (1) above.
- (3) Where commutation of the whole of a Member's deferred pension is taking place at Normal Retiring Date (or on the winding-up of the Scheme if earlier), the Member's pension in excess of GMP must be revalued up to Normal Retiring Date in accordance with Chapter II of Part IV of the Act, and the GMP revalued in accordance with (1) above.
- (4) In any event, the Trustees must be satisfied that the basis of commutation is reasonable. The basis must be certified as reasonable by an Actuary or be in accordance with commutation factors agreed with the PSO as suitable for the Scheme.

## **12 SECURING GMPs**

GMPs may be secured through the Scheme provided it has been established under an irrevocable trust subject to the laws of any part of the United Kingdom. Otherwise, a GMP must be secured by means of an insurance policy or annuity contract with an insurer.

### **13 SCHEME CEASES TO BE A CONTRACTED-OUT SALARY RELATED SCHEME**

If the Scheme ceases to be a contracted-out salary related scheme, the Trustees must seek the approval of the Secretary of State to any proposed arrangement for securing GMPs.

### **14 SUSPENSION AND FORFEITURE OF GMP**

Suspension and forfeiture of a GMP is permitted in the circumstances set out in regulation 61 of the Occupational Pension Schemes (Contracting-out) Regulations 1996 (SI 1996/1172).

### **15 CONTRIBUTIONS EQUIVALENT PREMIUMS**

15.1 A contribution equivalent premium shall be paid, subject to 15.2 below, in respect of a Member who ceases to be in Contracted-out Employment before whichever is the earlier of the Member's Normal Retiring Date and the end of the tax year preceding that in which the Member will reach State Pensionable Age with less than 2 years' Qualifying Service and less than 2 years' Contracted-out Employment. A contributions equivalent premium shall not be paid where the Member's accrued rights include rights transferred from a personal pension, nor where the Member is a woman who dies in contracted-out employment in respect of Widower's GMP.

Payment of the contributions equivalent premium extinguishes the Member's accrued rights to GMPs under the Scheme. Therefore, where the premium is paid, any refund of contributions to the Member or any transfer payment from the Scheme in respect of a Member shall be reduced by the certified amount (as defined in the Act) in relation to that premium and any pension benefit under the Scheme for the Member or the Member's Widow or Widower shall be reduced so as to allow the fact that their accrued rights to GMPs have been extinguished.

15.2 The premium shall not be payable if:

its amount is less than £17 (or such greater amount as is specified in regulations made under the Act); or

the Member's accrued rights to GMPs are transferred to another scheme, policy or contract in accordance with Rule 10 above; or

the Member has become entitled to an immediate or a deferred pension under the Scheme on ceasing to be in Contracted-out Employment.