

**CONSOLIDATED RULES**  
***Includes amendments up to Deed of Amendment dated 27 January 2016***

DATED \_\_\_\_\_ 2009

**THE ARQIVA DEFINED BENEFIT PENSION PLAN**

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**THE SECOND DEFINITIVE TRUST DEED  
AND RULES**

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*As amended by:*  
*Deed of Rectification dated 19 October 2010*  
*Deed of Amendment dated 9 March 2011*  
*Deed of Amendment dated 11 October 2011*  
*Deed of Amendment dated 16 April 2012*  
*Deed of Rectification dated 19 March 2013*  
*Deed of Amendment dated 19 March 2013*  
*Deed of Amendment dated 26 June 2014*  
*Deed of Amendment dated 7 October 2014*  
*Deed of Amendment dated 27 January 2016*

**Baker & McKenzie LLP**

**London**  
Ref: CDT/VEM

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## THE DEFINITIVE TRUST DEED

**Date:**

**Parties:**

- (1) **ARQIVA LIMITED** (registered number 02487597) whose registered office is at Crawley Court, Winchester, Hampshire SO21 2QA (the "**Principal Employer**")
- (2) **ARQIVA DEFINED BENEFIT PENSION PLAN TRUSTEES LIMITED** (registered number 5302685) whose registered office is at Crawley Court, Winchester, Hampshire SO21 2QA (the "**Trustees**")

### Introduction

- (A) This document relates to The Arqiva Defined Benefit Pension Plan (the "**Plan**").
- (B) The Trustees are the present trustees of the Plan.
- (C) The Principal Employer and the Trustees have certain powers under the Plan.
- (D) The documents currently governing the Plan are listed in Clause 4 of this Deed.

### Effect of this document

1. This Deed and the Rules and Schedules attached to it (the "**Definitive Trust Deed**" and the "**Rules**") is executed as a deed under the powers conferred on the Principal Employer and the Trustees by the Plan.
2. The Definitive Trust Deed and Rules shall replace all documents governing the Plan. The Rules shall apply with effect from the date of this Deed or from such other dates as are either specified in the Rules or required by law. However, they shall not change the benefits payable in respect of Members whose Pensionable Service ceased before that date unless otherwise specified in the Rules.
3. The Trustees shall hold the assets of the Plan on the trusts set out in the Definitive Trust Deed and Rules or:
  - (a) in order to permit an authorised member payment within the meaning of Section 164 of the FA 2004; or
  - (b) where payment of the benefit is disallowed under paragraph 1.3 of Part B of Schedule 8 (Overriding Benefit Provisions) to the extent that it would by Section 160 of the FA 2004 otherwise be an unauthorised payment; or
  - (c) in order to permit the maximum amount which such a Member may take as a lump sum on retirement to be as referred to in Rule 5.4;
  - (d) so that where a Member dies leaving a Surviving Civil Partner, Part A of Schedule 8 (Overriding Benefit Provisions) shall apply;
  - (e) in order to permit the Trustees to commute the pension of such a Member in accordance with Rules 12.1 and 12.2;
  - (f) so that paragraphs 3.1 to 3.7 of Part B of Schedule 8 (Overriding Benefit Provisions) shall apply to such a Member; and

(g) so that Schedule 10 (Pension Sharing on Divorce) shall apply in respect of such a Member or Ex-Spouse Participant.

4. List of earlier documents

4.1 An Interim Trust Deed dated 28 January 2005.

4.2 A Definitive Trust Deed and Rules dated 21 December 2005.

4.3 A Deed Altering Rules dated 12 April 2007.

5. If any amendment introduced by this Definitive Trust Deed and Rules shall infringe Section 67 of the PA 95 (as amended), such amendment shall be void and be given no effect and shall be deemed not to be included in this Definitive Trust Deed and Rules but without invalidating any of the remaining provisions of this Definitive Trust Deed and Rules. Any provision of this Definitive Trust Deed and Rules which shall infringe Section 67 only in part or degree shall remain in full force and effect to the extent that it does not infringe Section 67.

6. The Trustees have obtained an actuarial certificate in respect of the amendments set out in this Definitive Trust Deed and Rules which complies with Section 37 of the PSA 1993 and which is set out in the Appendix.

The following parties signed this Deed on the date appearing at the beginning of this Deed.

**EXECUTED** as a deed by  
**ARQIVA LIMITED**

.....  
Print name:  
Director

.....  
Print name:  
Director/Secretary

**EXECUTED** as a deed by  
**ARQIVA DEFINED BENEFIT PENSION  
PLAN TRUSTEES LIMITED**

.....  
Print name:  
Director

.....  
Print name:  
Director/Secretary

**APPENDIX**  
**Actuarial Certificate**

## **THE RULES**

### **1. CONSTITUTION**

Before 29 June 2014, the Plan was divided into three separate Sub-Funds: the NTL Broadcast Sub-Fund, the NGUK/ESPS Sub-Fund and the NGW Sub-Fund. The assets of each of the NTL Broadcast Sub-Fund, the NGUK/ESPS Sub-Fund and the NGW Sub-Fund were kept entirely separate from each other and were not be used for the purposes of any of the other Sub-Funds. The Plan is amended on and from 29 June 2014 so that it is no longer divided into the separate sub-funds. The Plan is further amended with effect from 31 January 2016 so that Pensionable Service under the Plan ceases on that date.

### **2. ELIGIBILITY AND TERMS OF MEMBERSHIP**

The conditions applicable to and the terms upon which a Member may join, leave, and re-join the Plan are as specified for the relevant Schedule for the Section to which the Member belongs. In the case of any doubt, the Principal Employer alone shall determine the relevant Schedule, and its determination shall be final and binding on the Trustees and the Member. Provided that, pursuant to the cessation of Pensionable Service on 31 January 2016, no Member shall be admitted to the Plan except where the Principal Employer exercises its discretion to admit a Member under the relevant Schedule.

### **3. MEMBERS' CONTRIBUTIONS**

#### **3.1 Mandatory contributions**

Each Member shall pay such contributions to the Plan as may be specified in the Schedule for the Section to which the Member belongs, and subject to such terms and conditions as may be specified in that Schedule. Provided that no Member contributions shall be due after 31 January 2016 following the cessation of Pensionable Service on that date.

#### **3.2 Additional Voluntary Contributions**

3.2.1 A Member may pay Additional Voluntary Contributions subject to the terms and conditions specified in the Schedule for the Section to which the Member belongs. Provided that no Member may pay Additional Voluntary Contributions after 31 January 2016 following the cessation of Pensionable Service on that date.

3.2.2 A Member may not pay Additional Voluntary Contributions to buy Added Years which, when aggregated with his contributions under Rule 3.1, would exceed 15% of his Pensionable Salary in any 12 month period ending the day before a Review Date.

3.2.3 A Member may not pay Additional Voluntary Contributions so that his total relievable contributions would exceed the annual limit for relief under Section 190 of the FA 2004 or would give rise to an annual allowance charge under Section 227 of the FA 2004.

3.2.4 A Member shall be entitled to such additional benefits in respect of his Additional Voluntary Contributions as may be specified in the provisions of the Schedule for the Section to which the Member belongs.

3.2.5 If so requested by the Company or otherwise at their discretion, the Trustees may require a Member to reduce or stop his Additional Voluntary Contributions.

3.2.6 A Member wishing to pay, reduce or stop Additional Voluntary Contributions must give advance written notice to the Trustees in such form as they may require.

- 3.2.7 All Additional Voluntary Contributions shall be held as a separate fund and shall not be available for the general purposes of the Plan on winding-up.

#### **4. EMPLOYERS' CONTRIBUTIONS**

##### **4.1 Ordinary annual contributions**

Each Employer must contribute to the Plan at the rate (if any) the Principal Employer thinks appropriate, after consulting the Scheme Actuary and the Trustees, with a view to making advance provision for the benefits accruing under the Plan and for any additional funding required for the Plan. The Employers' contributions must be paid by the Employers to the Trustees, or as the Trustees direct, at intervals arranged between the Trustees and the Employer, subject to Rule 4.4. The rate payable by one Employer may be different from the rate payable by another. The requirements of the statutory funding objective determined in accordance with Section 222 of the PA 2004, or such other relevant funding requirement as shall apply to the Plan from time to time, shall be observed.

##### **4.2 Additional special contributions**

An Employer may pay any sum to the Plan by way of special contribution for any purpose consistent with the purposes of the Plan.

##### **4.3 Termination of contributions**

An Employer may at any time, by writing to the Trustees, terminate its liability to contribute to the Plan and to pay expenses under Rule 24. Any notice of termination does not affect the obligation of the Employer to contribute and pay expenses to the Plan in respect of any period before the effective date of the notice.

##### **4.4 Schedule of contributions**

The Trustees must secure that, when required by Section 227 of the PA 2004, there is prepared and from time to time reviewed and if necessary revised a schedule of contributions for the Plan showing the rates of contributions payable by the Employers (and by the Members) and the dates for payment of those contributions.

##### **4.5 Statement of funding principles**

The Trustees shall secure that a written statement of funding principles, which satisfies the requirements of Section 223 of the PA 2004, is prepared for the Plan and from time to time reviewed and if necessary revised.

#### **5. BENEFITS ON RETIREMENT**

##### **5.1 Normal retirement pensions**

A Member who retires at Normal Retirement Date shall be entitled to an immediate annual pension payable in accordance with the Schedule for the Section to which the Member belongs.

##### **5.2 Early retirement**

- 5.2.1 If a Member retires from Pensionable Service, or a 2016 Deferred Member retires from Service, in either case before Normal Retirement Date on the conditions specified in the Schedule for the Section to which the Member belongs, the Trustees may pay an early retirement pension subject to the conditions and in accordance with the provisions of the relevant Schedule.



- 5.2.2 The Trustees must be reasonably satisfied that the value of the early retirement benefits is at least equal to the benefits accrued by the Member taking into account the requirements of the PSA.
- 5.2.3 If the calculation of the early retirement pension under Rule 5.2 (without reference to Schedule 9 (Contracting-Out)) would result in the pension payable at State Pensionable Age being less than the Guaranteed Minimum Pension, the Trustees shall at their discretion determine either not to pay an early retirement pension or to pay such reduced pension until State Pensionable Age as the Trustees shall determine upon Actuarial Advice in order to allow the Guaranteed Minimum Pension to be paid without increasing the overall liability of the Plan in respect to the Member.
- 5.3 Late retirement
- The provisions of the relevant Schedule for the Section to which the Member belongs shall apply where a Member (including, without limitation, any 2016 Deferred Member) remains employed by an Employer after Normal Retirement Date. On retirement before age 75, the Member shall become entitled to an immediate annual pension payable during his lifetime in accordance with the Schedule for the Section to which the Member belongs.
- 5.4 Lump sum benefits on retirement
- 5.4.1 If permitted by the Schedule for the Section to which the Member belongs, a Member may elect to receive a pension commencement lump sum. The amount of the lump sum shall be calculated in accordance with the provisions of the Schedule for the Section to which the Member belongs and, subject to the provisions of the relevant Schedule, may be in lieu of part of his pension.
- 5.4.2 The lump sum shall not exceed the permitted maximum as defined in paragraph 2 of Schedule 29 to the FA 2004, or such higher amount as may be permitted under FA 2004. The Trustees shall not pay a lump sum to the extent that payment would not constitute an Authorised Member Payment for the purposes of the FA 2004.
- 5.4.3 The pension payable to the Member shall be reduced by the Trustees on Actuarial Advice to take account of the lump sum.
- 5.5 Additional Dependants' pensions
- 5.5.1 Subject to the consent of the Trustees, a Member may by prior written notice surrender part of his pension, other than any Guaranteed Minimum Pension, to be paid as an annuity to such of his Dependants as he may select. The Trustees shall decide the amount of a Dependant's annuity on Actuarial Advice having regard to the amount of pension surrendered. The Trustees shall not be bound to accept any surrender.
- 5.5.2 The Dependant's annuity shall become payable on the death of the Member in retirement (and not in any other circumstances) and shall not exceed the pension to which the Member was entitled at that time.
- 5.5.3 An election shall be irrevocable except with the consent of the Trustees. If any intended recipient of the Dependant's annuity dies before the Member retires then the election by the Member shall be deemed not to have been made. If the intended recipient dies after the Member has retired but before the Member's death, the Dependant's annuity shall not be payable.

5.6 Other benefits on retirement

A Member shall be entitled to such other benefits as may be specified in the Schedule for the Section to which the Member belongs.

5.7 Part-time employment

Where during any part of his Pensionable Service a Member has been employed under a contract of employment which requires him to work fewer hours a week than a full-time employee, the provisions of the Schedule for the Section to which the Member belongs shall apply to calculate the benefits payable in respect of the Member.

**6. BENEFITS ON DEATH**

6.1 Benefits on death in Pensionable Service

Upon the death of a Member in Pensionable Service, there shall be paid such lump sums (if any) and such pensions for the Member's Spouse, Dependents and Eligible Children as may be specified in the Schedule for the Section to which the Member belongs. Provided that no benefits shall be payable in respect of a Member under this Rule following the cessation of Pensionable Service on 31 January 2016.

6.2 Benefits on death after retirement

If a Member dies while receiving a pension, there shall be paid such lump sums (if any) and such pensions as may be specified in the Schedule for the Section to which the Member belongs.

6.3 Benefits on death of a Member with preserved benefits in the Plan

On the death of a Member (including, without limitation, any 2016 Deferred Member) before Normal Retirement Date with an entitlement to preserved benefits in the Plan, there shall be paid such lump sums and such pensions as may be specified in the Schedule for the Section to which the Member or 2016 Deferred Member belongs.

6.4 Death Benefit Trusts

6.4.1 The Trustees shall have the power, exercisable within two years after the death of a Member, to pay or apply the whole or part of any lump sum benefit payable on his death to or for the benefit of any one or more of his Beneficiaries or to his legal personal representatives in such proportions and upon such trusts (if any) as the Trustees, in their absolute discretion, shall think fit. The Trustees are not obliged to identify all possible Beneficiaries before exercising their discretion.

6.4.2 The Trustees shall decide the terms of any trust as they think fit which may include wider powers than those granted by statute (including wider powers of investment, maintenance, advancement, appropriation and insurance) and terms about the appointment and remuneration of trustees. The Trustees may deduct from the lump sum benefit their costs and expenses in establishing such a trust.

6.4.3 If, after two years, any balance of the benefit remains unpaid or unapplied, it shall be paid to the Member's legal personal representatives, except that if the benefit would vest in the Crown, the Duchy of Lancaster or the Duke of Cornwall as bona vacantia, or would benefit the Member's creditors or any person who is not an individual or a charity, the Trustees shall hold the benefit for the general purposes of the Plan.

- 6.4.4 A Member may notify the Trustees of the Beneficiaries in whose favour he wishes the Trustees' powers under this Rule 6.4 to be exercised. A notice may be withdrawn at any time. A notice neither binds the Trustees nor fetters them in any way in the exercise of their power under this Rule 6.4, but may be taken into account by them.

## **7. SALARY SACRIFICE ARRANGEMENTS**

### **7.1 Notifications in respect of Salary Sacrifice Arrangements**

The relevant Employer will notify the Trustees as soon as reasonably practicable where a Member participates in or ceases to participate in a Salary Sacrifice Arrangement.

### **7.2 Salary Sacrifice Arrangement**

#### **7.2.1 General**

Where a Member participates in a Salary Sacrifice Arrangement, benefits payable to or in respect of him under the Plan and the rate of contributions payable by him to the Plan shall be calculated or determined in accordance with this Rule 7.2.

#### **7.2.2 Determination of benefits**

Where a Member participates in a Salary Sacrifice Arrangement and, as a consequence, his Pensionable Salary is not the same as that which would have applied had he not participated in the Salary Sacrifice Arrangement, benefits payable to or in respect of the Member will be calculated as if the Member had not participated in the Salary Sacrifice Arrangement. A refund of contributions will only be payable to the extent that it would be an authorised payment for the purposes of the FA 2004.

#### **7.2.3 Determination of mandatory contributions and Additional Voluntary Contributions paid to secure added years**

Where a Member participates in a Salary Sacrifice Arrangement so that his Pensionable Salary and, if applicable, Contribution Salary is reduced by his mandatory contributions and, if applicable, any Additional Voluntary Contributions paid to secure added years which he would otherwise have made, the Member shall not be required to make those contributions.

#### **7.2.4 Determination of Additional Voluntary Contributions paid on a money purchase basis**

Where a Member participates in a Salary Sacrifice Arrangement and the Principal Employer so determines, his Pensionable Salary and, if applicable, Contribution Salary shall be reduced by the amount of Additional Voluntary Contributions that he has agreed to pay on a money purchase basis and he shall not be required to contribute those Additional Voluntary Contributions and his Employer will make a contribution equal to the amount of that reduction.

#### **7.2.5 Determination of FA 2004 limits**

Where a Member participates in a Salary Sacrifice Arrangement and, as a consequence, the application of the limits on benefits and contributions set out in Rule 26 and Schedule 8 (Overriding Benefit Provisions) would serve to alter the application of the limits which would have applied had he not participated in the Salary Sacrifice Arrangement, those limits shall be calculated as if the Member had not participated in the Salary Sacrifice Arrangement.

In particular, but without limitation, any amount by which his basic pay is reduced pursuant to the Salary Sacrifice Arrangement shall be treated as his contributions for the purposes of Schedule 8 (Overriding Benefit Provisions).

7.3 Members participating in a Salary Sacrifice Arrangement

Where a Member participates in a Salary Sacrifice Arrangement the provisions of Rule 7.2 shall not apply, with respect to benefits, to confer on the Member greater benefits than he would have received had he not participated in those arrangements.

**8. TEMPORARY ABSENCE AND LEAVE FOR FAMILY REASONS**

This Rule 8 shall not apply to any period of absence or leave after 31 January 2016. Any Member who on that date was being treated as remaining as an active Member in accordance with Rule 8.1 or as continuing in Pensionable Service in accordance with Rule 8.2 shall be treated as ceasing to be an active Member or ceasing to be in Pensionable Service, as the case may be, on 31 January 2016.

8.1 Temporary absence

If a Member is temporarily absent from work for any reason approved by his Employer and for so long as there is, in the opinion of his Employer a definite expectation that he will return to work (unless the absence is because of sickness or incapacity), he may, subject to the consent of the Trustees, remain an active Member for a period not exceeding three years or such longer period as the Principal Employer may determine. If the Member pays mandatory contributions to the Plan or he remains in the Salary Sacrifice Arrangement during this period, his Pensionable Service will continue. If he does not, his Pensionable Service will continue only if the Principal Employer consents.

8.2 Maternity leave

Any period of absence through pregnancy or confinement during which a female Member receives contractual remuneration or statutory maternity pay from her Employer (or which is otherwise treated as ordinary maternity leave under Part VIII, Chapter I of the Employment Rights Act 1996) shall be treated as a period of Pensionable Service. While the Member receives contractual remuneration and/or statutory maternity pay from the Employer during the period of absence, the Member shall, if required to do so by the Principal Employer, make contributions to the Plan calculated by reference to her actual remuneration and/or statutory maternity pay, but she shall be treated for the purpose of calculating benefits and Employer contributions under the Plan as if she had received the Pensionable Salary which the Principal Employer determines as the Pensionable Salary which was likely to have been paid if she had worked normally.

8.3 Adoption leave

Rule 8.2 shall also apply to a Member in respect of any period of absence on:

8.3.1 ordinary adoption leave under Section 75A of the Employment Rights Act 1996; and

8.3.2 additional adoption leave under Section 75B of the Employment Rights Act 1996

during which the Employer pays him any contractual remuneration or statutory adoption pay.

#### 8.4 Paternity leave

Rule 8.2 shall also apply to a Member in respect of any period of absence on paternity leave under Section 80A (birth) or 80B (adoption) of the Employment Rights Act 1996 during which the Member receives contractual remuneration or statutory paternity pay.

#### 8.5 Parental leave

Rule 8.2 shall also apply to a Member in respect of any period of absence on parental leave under Section 76 of the Employment Rights Act 1996 or otherwise during which the Employer pays him any contractual remuneration, but the Member's benefits shall be calculated on the basis of his actual remuneration.

#### 8.6 Returning from leave

If the Member exercises his right to return to work under Part VIII of the Employment Rights Act 1996, his periods of Pensionable Service before and after his absence shall be deemed to be continuous insofar as they shall not otherwise be treated as part of a single continuous period of Pensionable Service.

#### 8.7 Death during absence

On the death of a Member during a period of absence to which this Rule 8 applies, the Trustees may provide benefits under Rule 6.1 (Death in Pensionable Service) subject to any conditions which they think fit to impose.

### **9. PAYMENT OF PENSIONS; PENSION INCREASES**

#### 9.1 Date of payment

Pensions shall be paid at such date, and at such intervals, as may be specified in the Schedule for the Section to which the Member belongs.

#### 9.2 Pension increases

Pensions shall increase in payment in accordance with the provisions of the Schedule for the Section to which the Member belongs.

### **10. TERMINATION OF PENSIONABLE SERVICE**

#### 10.1 Refunds of contributions, transfer payments, and preservation of benefits in the Plan

A Member who, on leaving Pensionable Service other than on death or retirement:

- 10.1.1 has not completed three months of Qualifying Service shall receive such payments as may be specified in the Schedule for the Section to which the Member belongs;
- 10.1.2 has completed three or more months of Qualifying Service but less than two years of Qualifying Service, shall be entitled to such payments or benefits as may be specified in the Schedule for the Section to which the Member belongs;
- 10.1.3 has completed two or more years of Qualifying Service shall be entitled to those benefits which are specified in the Schedule for the Section to which the Member belongs and subject to any special provisions that apply to a 2016 Deferred Member as specified in the relevant Schedule.

## 10.2 Transfers from the Plan

- 10.2.1 Where a Member has validly exercised a right to a cash equivalent under the PSA by requiring the Trustees to apply the cash equivalent to acquire benefits under another Registered Pension Scheme, the Trustees shall make a transfer payment to that plan in accordance with the PSA if the trustees of that plan agree to accept it.
- 10.2.2 If a Member does not have a right to a cash equivalent under the PSA or has not exercised it and becomes a member of another Registered Pension Scheme, the Trustees may pay a transfer payment to that Registered Pension Scheme in accordance with the PSA. The transfer payment will be calculated on a basis consistent with the calculation of a cash equivalent. At the direction of the Principal Employer the Trustees must increase the amount of the transfer payment.
- 10.2.3 The consent of the Member shall be required, unless the rights of a group of Members are being transferred from the Plan to the Registered Pension Scheme and the Scheme Actuary certifies to the Trustees in accordance with Regulation 12 of the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991 (SI 1991/167).
- 10.2.4 Subject to Rule 10.2.5, the transfer payment shall be equal to the value of the benefits (or the relevant part of the benefits) accrued in respect of the Member under the Plan as advised to the Trustees by the Scheme Actuary. The transfer payment may be increased (subject to the consent of the Principal Employer) or reduced by the Trustees in the light of any Actuarial Advice regarding the funding of the Plan. The transfer payment shall not be less than the cash equivalent calculated in accordance with the PSA.
- 10.2.5 If:
- 10.2.5.1 some (but not all) Members (and persons entitled through Members) become entitled at the same time to rights under another Registered Pension Scheme in which an Employer (or a successor to the whole or part of the undertaking of an Employer) participates:
- (a) at the direction of the Principal Employer the Trustees must, after consulting the Scheme Actuary, make a transfer payment in respect of all or some of the Members concerned as a group;
  - (b) the transfer payment will be calculated in a manner decided by the Principal Employer after consulting the Scheme Actuary.
- 10.2.5.2 all the Members (and persons entitled through Members) of the Plan become entitled at the same time to rights under one or more Registered Pension Schemes in which an Employer (or a successor to the whole or part of the undertaking of an Employer) participates:
- (a) at the direction of the Principal Employer the Trustees must transfer all the assets of the Plan to that Registered Pension Scheme; and
  - (b) if a transfer payment is made to more than one Registered Pension Scheme, the assets of the Plan will be apportioned between the Registered Pension Schemes as the Principal Employer decides after consulting the Scheme Actuary.

10.2.6 No transfer payment may be paid in respect of either rights to Guaranteed Minimum Pensions or periods of Contracted-out Employment under the PSA unless the requirements of the Contracting-out (Transfer and Transfer Payments) Regulations 1996 (SI 1996/1462) shall be met.

10.2.7 Subject to the consent of the Principal Employer, a Member may by giving written notice to the Trustees require them to pay a transfer payment of an amount equal to the value of his AVC Account (other than in respect of Additional Voluntary Contributions paid to buy Added Years) to another Registered Pension Scheme willing to accept the transfer payment.

### 10.3 Annuities

10.3.1 Subject to:

10.3.1.1 the consent of the Member (unless such consent is not required under the PSA); and

10.3.1.2 the Principal Employer's agreement in circumstances where this Rule 10.3 provides an alternative to providing benefits from the Plan for any Member or any other person who would receive a benefit in respect of the Member;

the Trustees may provide for some or all of the Member's benefits by the purchase of an annuity, assurance contract or policy (a "policy"). The policy shall be purchased with an Authorised Insurer in the name of the Member or his nominee. Subject to satisfying the requirements of the PSA, the policy may provide benefits or options which are alternative to the benefits payable under the Plan.

10.3.2 The sum which shall be paid to the Authorised Insurer shall be calculated in the same way as a cash equivalent transfer payment.

### 10.4 Discharge of the Plan from liability

After the making of a transfer payment or the issue of a policy under Rule 10.2 or 10.3, the Member and any other person who would receive a benefit in respect of the Member shall have no claim under the Plan in respect of the benefits to which the payment or policy relates and the Trustees and the Plan shall be discharged of all liability for payment of those benefits to the Member and any such person.

## 11. TRANSFERS INTO THE PLAN

### 11.1 Acceptance of transfer payment from the Arqiva Services Scheme

Subject to the terms of the Merger Agreement, at the direction of the Principal Employer the Trustees shall accept a transfer payment from the Arqiva Services Scheme, providing the transfer qualifies as a Recognised Transfer.

### 11.2 Benefits

The Trustees shall confer on the persons in respect of whom the transfer is made such rights as are determined by the Trustees on advice from the Scheme Actuary having regard to the amount of the transfer payment and to the terms of the Merger Agreement.

### 11.3 No other transfer payments

Subject to Rule 11.1 above, no other transfer payments shall be received into the Plan.

## **12. COMMUTATION: TRIVIAL PENSIONS AND SERIOUS ILL-HEALTH**

### **12.1 Total commutation - trivial pensions**

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

### **12.2 Total commutation - serious ill-health**

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

## **13. AUGMENTATION**

### **13.1 At the direction of the Principal Employer, but subject to the payment of any additional contributions which the Trustees require (after consulting the Principal Employer and taking Actuarial Advice), the Trustees must:**

13.1.1 increase any of the benefits under the Plan; and/or

13.1.2 provide a benefit for any person who is a current or former employee of an Employer or of an Employer's predecessor in business;

subject to such payments qualifying as Authorised Member Payments.

## **14. WINDING-UP**

### **14.1 Plan terminating events**

The Plan will terminate on (and only on):

14.1.1 the effective date of any termination by the Principal Employer, by giving notice to the Trustees under Rule 4.3 of its liability to contribute to the Plan in full; or

14.1.2 the date on which an order is made against the Principal Employer, or an effective resolution is passed, for its winding-up, unless a new Principal Employer has succeeded within six months.

On the termination of the Plan, no further contributions are payable (except for any outstanding contributions at the date of termination, and any contributions required to meet any funding obligation imposed by law and for any expenses which may be the responsibility of the Employers) and no further persons may become Members.

### **14.2 Continuation of the Plan as a closed scheme**

If any of the events in Rule 14.1 occurs, the Trustees will continue to operate the Plan as a closed scheme, subject to the following provisions:



- 14.2.1 the continuation of the Plan will be on such terms as the Principal Employer decides after consulting the Trustees;
- 14.2.2 no further benefits will accrue in respect of any period after any of the events specified in Rule 14.1;
- 14.2.3 the amount of any benefit payable under the Plan will be reduced as the Trustees consider appropriate and, if it is payable on the death of a person, may if the Trustees so decide, cease to be payable (unless it is a benefit based only on a Member's contributions);
- 14.2.4 the power to alter or replace the provisions of the Plan shall be exercisable by the Trustees alone if the Principal Employer is in liquidation;
- 14.2.5 at any time while the Trustees are operating the Plan as a closed scheme in accordance with this Rule 14.2, they may decide to wind it up if the Principal Employer agrees; and
- 14.2.6 the requirements in this Rule 14.2 to obtain the Principal Employer's agreement do not apply if the Principal Employer is in liquidation.

#### 14.3 Benefits of Members in Pensionable Service

On the winding-up of the Plan, active Members shall be treated as if they had left Pensionable Service upon the commencement of the winding-up.

#### 14.4 Application of the assets of the Plan on winding-up

- 14.4.1 Upon the winding-up of the Plan the Trustees shall pay any unpaid benefit due before the winding-up began, and pay or reserve for all expenses and liabilities incurred in relation to the Plan (including its termination and winding-up and any costs incurred by the Trustees in respect of any insurance) which are not met by the Employers.
- 14.4.2 The Trustees shall then apply the balance of the assets of the Plan in accordance with the requirements of Section 73 of the PA 1995 regarding the satisfaction of the Plan's liabilities, so that:
  - 14.4.2.1 all benefits in one priority are provided before any benefit in the next priority is provided;
  - 14.4.2.2 if all the benefits in a priority cannot be provided they must be reduced proportionately as decided by the Trustees after taking Actuarial Advice; and
  - 14.4.2.3 any benefit secured in one priority is automatically excluded from a later one.
- 14.4.3 If the assets of the Plan exceed the liabilities specified in Rule 14.4.2, the Trustees may subject to the consent of the Principal Employer (unless an order has been made against the Principal Employer, or it has passed a resolution, for its winding-up, or an administrator or administrative receiver has been appointed in relation to the Principal Employer), apply all or any part of the balance to augment the benefits specified in Rule 14.4.2 up to the Overriding Benefit Provisions in such proportion as they shall determine.
- 14.4.4 After applying the assets of the Plan in order to meet the liabilities and after any augmentation of benefits, the Trustees shall pay any balance of the assets to one or more of the Employers participating in the Plan on the termination date, in such proportions as the Trustees shall determine in their absolute discretion subject to the

prior written consent of HMRC and to the payment of any tax. No payment to any Employer may be made unless the requirements of Section 76 of the PA 1995 shall have been observed.

- 14.4.5 In satisfying the Plan's liabilities on winding up, the Trustees are entitled to assume that no person will be married or divorced or born after a date (which must not be earlier than the beginning of the winding up) selected by them.

14.5 Methods of providing benefits and making bulk transfers

- 14.5.1 The Trustees may take the following actions with regard to the provision of benefits under this Rule 14:

- 14.5.1.1 making a transfer payment in accordance with Rule 10.2;
- 14.5.1.2 purchasing an annuity, assurance contract or policy which satisfies the requirements of Section 74 of the PA 1995; or
- 14.5.1.3 purchasing an annuity, assurance contract or policy from an Authorised Insurer.

**15. PAYMENT TO EMPLOYERS**

This Rule applies if an Actuary certifies to the Trustees that there is an actuarial surplus in the Plan on the basis of Section 37 of the PA 1995. The Trustees, having consulted the Principal Employer, may reduce that actuarial surplus by making specified payments to the Employers but subject to compliance with the requirements of Section 37 of the PA 1995.

**16. THE TRUSTEES AND ADMINISTRATOR: APPOINTMENT, REMUNERATION AND DECISIONS**

16.1 Appointment of Trustees

Subject to the requirements of any arrangements for the appointment and removal of (as appropriate) member-nominated trustees or member-nominated directors (as those terms are used in Sections 241 and 242 respectively of the PA 2004), the Principal Employer may by deed:

- 16.1.1 remove any Trustee from office; or
- 16.1.2 appoint a new or additional Trustee.

16.2 Number of Trustees

The number of Trustees shall not be less than two unless a company acts as sole Trustee.

16.3 Remuneration of Trustees

A Trustee or any director or other officer of a corporate Trustee may be paid from the assets of the Plan any fees they agree from time to time with the Principal Employer. In addition, any firm of which a Trustee is a partner and any corporation in which he is in any way interested is entitled to receive remuneration and expenses for services performed by it in connection with the Plan.

#### 16.4 The Administrator

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

#### 16.5 Decision-making

If at any time there is a sole corporate Trustee, the Trustees' duties, powers and discretions are exercisable by resolutions of the directors of the Trustees or, where appropriate, of any committee which the directors have appointed either generally or for any particular purpose, or by any duly authorised officer appointed for any general or particular purpose by the directors.

### 17. THE TRUSTEES: EXCLUSIONS AND INDEMNITIES

#### 17.1 This Rule 17:

17.1.1 applies to the Trustees, any employee of the Trustees, any director or other officer of a corporate trustee, any member of any committee appointed by the directors of a corporate trustee, and any employee of an Employer who is engaged in administering or managing the Plan on behalf of the Trustees;

17.1.2 shall be overridden by any agreement entered into by a person to whom this Rule 17 applies, relating to the performance by him of his duties; and

17.1.3 shall continue to operate notwithstanding the termination of the Plan.

#### 17.2 Trustee insurance

The Trustees may insure themselves and any person to whom this Rule 17 applies for any amount against any liability incurred in relation to the Plan.

#### 17.3 Exclusion of liability

No person to whom this Rule 17 applies is liable for any act or omission except an act or omission of his own which was not done or omitted in good faith and which he knows is a breach of duty.

#### 17.4 Indemnities

17.4.1 Subject to Rule 17.4.2, the Employers hereby jointly and severally indemnify each person to whom this Rule 17 applies against any actions, proceedings, claims, costs and liabilities of any nature arising out of the management or administration of the Plan (including, but not limited to, any fines or penalties under any statutory provision which cannot be recovered out of the assets of the Plan).

17.4.2 This indemnity does not apply:

17.4.2.1 to the extent that any such liability for claims or costs is met by an insurance policy;

17.4.2.2 to anything resulting from that person's own act or omission which was not done or omitted in good faith and which he knows is a breach of duty;

- 17.4.2.3 in the event of negligence, if a person to whom this Rule applies is acting as a trustee in the course of a business;
- 17.4.2.4 to the extent that any such indemnity may be subject to the restrictions imposed by Section 256 of the PA 2004 regarding the reimbursement of fines and penalties; and
- 17.4.2.5 to the extent that it would otherwise be rendered void by virtue of not being a "qualifying pension scheme indemnity" under Section 235 of the Companies Act 2006.

#### 17.5 Former Trustees

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

### 18. GENERAL POWERS AND DUTIES OF THE TRUSTEES

#### 18.1 Powers of the Trustees

- 18.1.1 The Trustees shall have all powers required for the proper administration of the Plan. No decision of the Trustees shall be invalidated merely on the grounds that any Trustee or officer of a corporate Trustee had a direct or personal interest in the decision nor on the grounds that his role as a trustee gave rise to a conflict of duty with regard to any duty owed to his employer, nor shall any Trustee or officer of a corporate Trustee be liable to account for any benefits which he receives as a result of membership of the Plan.
- 18.1.2 The Trustees shall have the power to give such undertakings as may be necessary to HMRC or to the Pensions Regulator or its successor from time to time.
- 18.1.3 The Trustees may, after consulting the Principal Employer, obtain advice from any person or appoint or employ any agent or staff in connection with the Plan and may remunerate any of them from the Plan.
- 18.1.4 The Trustees may, after consulting the Principal Employer, delegate any of their powers and duties (other than powers of investment) to any one or more of the Trustees or to any person or company appointed or employed by the Trustees in connection with the Plan.
- 18.1.5 The Trustees may, after consulting the Principal Employer, delegate in writing their powers to draw cheques on any bank account or to endorse any cheques or to give receipts and discharges. Every such receipt and discharge shall be as valid as if it were given by the Trustees.
- 18.1.6 The Trustees may, after consulting the Principal Employer, employ custodians or other nominees for the purpose of holding Plan assets. No Trustee, agent, custodian or broker shall be accountable for any commission or brokerage received by it notwithstanding that it may be associated with a Trustee.
- 18.1.7 Subject to the restrictions imposed by Section 36A of the PA 1995, after consulting the Principal Employers the Trustees shall have the power to borrow money for any purpose including investment or to provide temporary liquidity.
- 18.1.8 The Trustees may, after consulting the Principal Employer, deal with and manage any land or buildings in any way and on any terms (including repairing, improving or

developing the land or buildings or in erecting, altering or demolishing or maintaining any buildings on the land) and insure any asset against any risk and for any amount.

- 18.1.9 If any benefit is payable to an infant or a person under any incapacity, the receipt of a parent, guardian or similar responsible person shall be a complete discharge to the Trustees.

## 18.2 Specific duties of the Trustees

- 18.2.1 The Trustees shall appoint an auditor and an Actuary for the Plan. The Trustees may also appoint or obtain the advice of other professional advisers. In the circumstances prescribed under Section 47 of the PA 1995, the Trustees may not rely upon the advice of professional advisers unless they have appointed them.
- 18.2.2 The Trustees shall cause proper accounts to be kept. Accounts shall be made up to the 30 June each year (or such other date as the Trustees with the Principal Employer may decide) for the Plan and the 12 months ending on that date shall be the Plan year for the purposes of statutory disclosure requirements.
- 18.2.3 The Trustees shall arrange for the keeping of records of their meetings and records of Members and all other persons receiving benefits or prospectively entitled to benefits.
- 18.2.4 The Trustees shall secure that arrangements are implemented which shall satisfy the requirements of Section 50 of the PA 1995 regarding the resolution of disagreements.
- 18.2.5 The Trustees shall secure that the statutory requirements for disclosing information to Members and others are observed.
- 18.2.6 The Trustees shall, at such intervals as they shall determine, obtain Actuarial Advice in the form of a report as to the value of the assets and liabilities of the Plan and its financial position. The Trustees shall secure that the statutory requirements in relation to actuarial valuations and reports are observed.

## 19. POWERS OF INVESTMENT

### 19.1 General powers of investment

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

### 19.2 Specific powers of investment

In particular, the Trustees shall have the power:

- 19.2.1 to allow cash to remain on deposit or current account in any currency with any deposit-taking institution in any part of the world and to retain any other assets in each case for so long as may think fit;
- 19.2.2 to invest in stocks, shares, debentures or interests in land;
- 19.2.3 to invest in units in unit trusts, exempt funds or mutual funds, other tax exempt trusts and funds, hedge funds or shares in open-ended investment companies;

- 19.2.4 to maintain with an Authorised Insurer any annuity, assurance, deposit administration, sinking fund or managed fund policies or contracts;
- 19.2.5 to make secured or unsecured loans upon such terms as the Trustees may determine;
- 19.2.6 subject to Section 36A of the PA 1995 to underwrite or guarantee the issue of any shares, securities or obligations of any kind;
- 19.2.7 subject to the consent of the Principal Employer, to give or provide an indemnity binding the Trustees and their successors as trustees of the Plan in such terms, in favour of such persons and upon such security (if any) as the Trustees may from time to time determine;
- 19.2.8 to deal in financial futures and traded options (as an investment); and
- 19.2.9 to enter into any contract or agreement binding the Plan.

### 19.3 Bank accounts

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

### 19.4 Powers of management

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

### 19.5 Common investment funds

The Trustees shall have the power to participate in any common investment fund or scheme for investment of trust funds exempt from tax under Chapter 4 of Part 4 of the FA 2004 and may, in this connection, enter into any agreement or arrangement as they think fit.

### 19.6 Delegation of powers and appointment of fund manager

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

### 19.7 Statement of investment principles

The Trustees shall secure the preparation and maintenance of a written statement of principles governing decisions about investments which shall satisfy the requirements of Section 35 of the PA 1995. The Trustees must consult the Principal Employer before making or revising a statement of investment principles.

## 20. ASSOCIATED EMPLOYERS

### 20.1 Admission of an Associated Employer

The Principal Employer may extend the benefits of the Plan to employees of any Associated Employer if the relevant Employer enters into a deed (which may have retrospective effect) by which it covenants with the Trustees to comply with the provisions of the Plan. The consent of the Trustees to participation by the Associated Employer is not required.

## 20.2 Termination of participation by an Associated Employer

The Principal Employer and the Trustees may by deed terminate an Associated Employer's participation in the Plan or, if agreed by the Principal Employer and the Trustees, by the Principal Employer giving notice to the Trustees that an Associated Employer has ceased to participate in the Plan. In this event, each Member employed or formerly employed by the Associated Employer who has deferred the start of his pension beyond Normal Retirement Date or the earlier date he is entitled to the payment of a deferred pension is deemed to have retired on immediate pension on the relevant date. He is entitled to benefits accordingly. Every other Member in the Associated Employer's employment leaves Pensionable Service on the relevant date and is entitled to benefits accordingly.

## 21. OVERSEAS EMPLOYEES

### 21.1 Cross-border membership

21.1.1 Where a person who is a qualifying person (as that term is used in the Occupational Pension Schemes (Cross-border Activities) Regulations 2005) is to be admitted to membership of the Plan, where applicable, the prior authorisation and approval of the Pensions Regulator under Sections 288 and 289 of the PA 2004 must be obtained in order for the Trustees to accept contributions from the relevant Employer in respect of that person.

21.1.2 Any Member who becomes a qualifying person whilst in Pensionable Service shall be treated as having left Pensionable Service with effect from the date on which he becomes a qualifying person.

### 21.2 Overseas Employment

If a Member is sent overseas for a period to work for a company in the same group of companies as the Principal Employer, he may remain an active Member (and his Pensionable Service can continue) if the Trustees agree. The Trustees may make any arrangements which they think fit about the payment of contributions by and in respect of the Member but they must take account of any direction by the Principal Employer that a notional UK salary is to be used to calculate benefits and contributions.

## 22. REPLACEMENT OF PRINCIPAL EMPLOYER

22.1 A company may assume the position of the Principal Employer in succession to it, if it succeeds to the business, or a substantial part of the business, of the Principal Employer, or is the holding company of the Principal Employer. The consent of the Principal Employer is required, but the consent of the Trustees is not.

22.2 A change of Principal Employer must be effected by a deed in which the new Principal Employer covenants with the Trustees and the current Principal Employer to undertake and assume the duties, liabilities, powers and position of the Principal Employer in succession to it.

## 23. AMENDMENT

23.1 The Principal Employer may from time to time alter the Definitive Trust Deed and the Rules. The Trustees' consent to an alteration is needed except to the extent that it affects any benefit which relates to employment after the date of alteration. An alteration to the Definitive Trust Deed or to the Rules except Schedules 2 to 7 must be made by deed executed by the Principal Employer and, if their consent is needed, by the Trustees.

- 23.2 An alteration to Schedules 2 to 7 may be made by a written notice by the Principal Employer and, if their consent is required, the Trustees to the Members in Pensionable Service (or those of them who are affected). Any such written notice shall have effect until confirmed by formal amendment by deed under Rule 23.1.
- 23.3 If the Principal Employer intends to make an alteration which does not need the consent of the Trustees, it shall give the Trustees reasonable notice of the alteration before it takes effect.
- 23.4 An alteration may have retrospective effect and may be made after the termination of the Plan. In this Rule alteration includes an addition or replacement.
- 23.5 The Principal Employer shall provide to the Trustees a copy of any deed made under Rule 23.1 or any written notice under Rule 23.2 as soon as reasonably practicable.

## **24. PAYMENT OF EXPENSES**

All administration and management expenses of the Plan (including winding up and investment) which an Employer does not meet are payable by the Trustees out of the assets of the Plan. The Trustees have the power to reimburse an Employer out of the assets of the Plan in respect of any expense of the Plan which has been met by that Employer. If they think it appropriate, the Trustees may charge any expense or reimbursement against the assets representing Members' Additional Voluntary Contributions which have been paid on a money purchase basis.

## **25. MISCELLANEOUS**

### **25.1 Unclaimed benefits**

25.1.1 Any payment which is not claimed within six years from the later of

25.1.1.1 the date on which it becomes payable; or

25.1.1.2 the date on which notice of entitlement is given to the individual concerned,

shall be forfeited (unless the Trustees direct otherwise in their discretion) and the proceeds shall revert to the general funds of the Plan.

25.1.2 The Crown, the Duchy of Lancaster, the Duchy of Cornwall, or any foreign country or state (or an agency or other authority of it) may be entitled directly or indirectly to the whole of a person's estate on his death. If that happens and, but for this paragraph, a benefit under the Plan would be payable to the estate, that benefit is forfeited.

### **25.2 Power to deduct from payments from the Plan**

25.2.1 The interest of any Member or any other person under the Plan shall stand charged with:

25.2.1.1 the payment of any debts or liabilities to an Employer arising out of any criminal, negligent or fraudulent act or omission of a Member; and

25.2.1.2 the payment of any monetary obligation due to the Plan arising out of a payment made in error in respect of the pension.

In respect of Rule 25.2.1.1, the relevant amount shall be deducted from the relevant interest and paid to the Employer. However, in the event of a dispute as to the amount to be recovered under this Rule 25.2.1, the Employer may not exercise the



charge unless the debt or liability has become enforceable under an order of a competent court or arbitrator. The Trustees may rely on a certificate from the Employer. The Employer may release its charge at any time.

25.2.2 Subject to Section 91 of the PA 1995, if a contribution payable by a Member is in arrears, the Trustees may deduct the amount concerned from any benefit payable to or in respect of him. Alternatively, they may, after taking Actuarial Advice, reduce the value of the benefits to and in respect of the Member.

25.2.3 Where any liability arises to pay any tax or other expense in respect of any benefit under the Plan, including any recovery charge under the FA 2004, the Trustees may deduct the amount payable from the benefit.

### 25.3 Benefits non-assignable

Any benefit under the Plan shall be strictly personal and non-assignable, except to the extent expressly permitted under the Rules. Subject to the powers to make deductions under Rule 25.2 and any requirement to continue to provide the Guaranteed Minimum Pension, any benefit falling due under the Plan shall continue to be payable until such time, if any, as an attempt is made to alienate it or it becomes payable to any person (other than either the person entitled to it under the Plan or the person's trustee in bankruptcy). If any benefit shall cease to be payable in accordance with this Rule, the Trustees in their discretion may decide to pay it in case of hardship to the Member or to his Spouse or Dependant. No payment shall be made to a purported assignee, mortgagee or chargee.

### 25.4 Limitation of claims

No person has any claim, right or interest under or in respect of the Plan except under or in accordance with the provisions of the Definitive Deed and the Rules.

### 25.5 Evidence and information

25.5.1 The Trustees may require that a recipient of benefits from the Plan must produce such evidence and information as may be required by the Trustees. The Trustees may rely on any evidence or information produced by or in respect of a Member to an Employer instead of obtaining it directly. Payment of any benefit may be deferred by the Trustees until the evidence or information required is produced.

25.5.2 If any mis-statement is made by a Member (or a Dependant) as to his or his Dependents' status or age the Trustees, if the Principal Employer requests, shall be entitled to make adjustments to the benefits payable to or in respect of the Member to the extent that they think appropriate after consulting the Scheme Actuary.

### 25.6 Confidentiality

The Trustees must not disclose to any person any information or document relating to the Plan and/or to the Employers in connection with the Plan which comes into their knowledge or possession in their capacities as trustees of the Plan and which might reasonably be regarded as confidential except as required by the Definitive Trust Deed and the Rules of the Plan, or by law.

### 25.7 Intestates

If a person dies when payment of a benefit was due and no grant of representation to his estate has been shown to the Trustees, payment may be made to the widow, widower or other Dependant as the Trustees think fit.

25.8 Contracts of employment

The provisions of the Definitive Trust Deed and Rules of the Plan do not affect any right which an Employer otherwise has to terminate the employment of any employee; nor do they give rise to, or increase, any liability of an Employer to an Member in respect of the termination of his employment.

25.9 Governing law and jurisdiction

The trusts of the Plan are governed by, and the provisions of the Definitive Trust Deed and Rules are to be construed in accordance with, the laws of England. The Employers and the Trustees agree that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Plan and submit to the jurisdiction of these courts.

25.10 Benefits non-commutable

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

**26. OVERRIDING BENEFIT PROVISIONS**

The benefits payable under the General Rules and Schedules shall in all cases be subject to the limits and overriding provisions set out in Schedule 8.

## SCHEDULE 1

### Definitions and Interpretations

The following expressions have the following meanings in the Definitive Trust Deed, the General Rules and the Schedules unless inconsistent with the context:

**2016 Deferred Member** means a Member who ceased to be in Pensionable Service on 31 January 2016, who remains in Service on 1 February 2016 and who became entitled to preserved benefits under the Plan in accordance with Rule 10 (Termination of Pensionable Service), modified where applicable and to the extent expressed in the Rules and the Schedules in relation to a 2016 Deferred Member. A 2016 Deferred Member shall be a 2016 Deferred Member for so long as he is a Member who remains in Service without commencing receipt of his pension under the Plan.

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

**Actuary** means a Fellow of the Institute of Actuaries or the Faculty of Actuaries.

**Added Years** means an additional period of Pensionable Service paid for by a Member under the applicable Additional Voluntary Contributions provisions in the Schedule for the Section to which the Member belongs.

**Additional Voluntary Contributions** means additional voluntary contributions made by a Member in accordance with Rule 3.2 and with the provisions in the Schedule for the relevant Section.

**Arqiva Group Personal Pension Plan** means the group personal pension arrangement operated by the Principal Employer in respect of its employees from time to time.

**Arqiva Services Scheme** means the Arqiva Services Limited Pension Scheme which was established by a Definitive Trust Deed and Rules dated 30 July 1997 and which was formerly called the Crown Castle UK Pension Scheme.

**Associated Employer** means any company, firm or person which is associated with the Principal Employer. For this purpose, an employer is associated with another employer where one is controlled (either directly or indirectly) by the other or both or all are controlled by a third party and the word "control" shall be construed in accordance with Section 840 of the Taxes Act or, in the case of a close company, Section 416.

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

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

**AVC Account** means the account maintained by the Trustees in respect of the Additional Voluntary Contributions paid (or treated as paid) by a Member to the Plan under Rule 3.2.

**Beneficiary** means in relation to a deceased Member:

- (1) the Member's Spouse or Surviving Civil Partner (including a person who in the Trustees' opinion was living with the Member as his spouse or partner immediately before his death);
- (2) the Member's grandparents, the descendants of those grandparents, and the spouses of any of them. A stepchild or adopted child of any person is treated as that person's child and a natural child of any person who has been adopted by another person is not excluded from this definition by reason of any statutory provision;

- (3) natural persons who, immediately before the Member's death, were in the Trustees' opinion completely or partly maintained or financially assisted by him or were financially interdependent with him;
- (4) any persons (including unincorporated associations and trusts) entitled to any interest in the Member's estate; and
- (5) any persons (including unincorporated associations and trusts) designated as a Beneficiary by the Member by written notice addressed to the Trustees.

**Commencement Date** means 31 January 2005.

**Contracted-out Employment** means the period during which a Member is in contracted-out employment under the PSA by reference to the Plan.

**Contribution Salary** has the meaning set out in the Schedule for the Section to which the Member belongs.

**Death Benefit Trusts** means the death benefit trusts described in Rule 6.4.

**Dependant** means in respect of a Member:

- (a) the Spouse of the Member;
- (b) any child of the Member who is an Eligible Child; or
- (c) any other individual who, in the opinion of the Trustees, is or was at the date of the Member's death financially dependent on the Member.

provided that the person(s) concerned also qualify as a dependant under paragraph 15 of Schedule 28 of the FA 2004.

**Earnings Cap** has the same meaning as in Part B of Schedule 8 (Overriding Benefit Provisions).

**Eligible Child** means:

- (1) a legitimate, illegitimate or adopted child of the Member who is either under the age of 18 years or is under the age of 23 years and is receiving full-time education or vocational training at any school, college university or full time (or substantially full time) training of at least two years' duration for a trade, profession or vocation; or
- (2) a step-child of the Member who in the opinion of the Trustees was at the date of the Member's death financially dependent on the Member, or was in a financial relationship of mutual dependence with the Member and in either case is under the age of 18 years or is under the age of 23 and is receiving full-time education or vocational training (or substantially full-time) training; or
- (3) a child who was an Eligible Child as at 5 April 2006 and who continues to be an Eligible Child by reason of the transitional provisions under the FA 2004.

A person continues to be an Eligible Child during any break in his full-time education or training if:

- (a) he is not in any full-time employment or, if he is, it is full-time employment from which he is not, in the opinion of the Trustees, financially self-supporting;
- (b) at the start of the break he is not, in the opinion of the Trustees, financially self-supporting;

- (c) he has not received a pension from the Plan during any previous break; and
- (d) the break, in the opinion of the Trustees, is unlikely to prove disruptive to his full-time education.

A person who continues to be an Eligible Child during a break in his full-time education or full-time training nevertheless ceases to be an Eligible Child on the earliest of the date:

- (i) of attaining age 21, unless the Trustees decide otherwise;
- (ii) expiring 12 months after the break commenced; and
- (iii) of entering into any full time employment other than, if the Trustees decide, full-time employment from which he is not, in the opinion of the Trustees, financially self-supporting.

The Trustees may continue to include as an Eligible Child, and for any period they decide, any person who in their opinion is incapable of self-support on account of physical or mental impairment.

**Employee** means a permanent employee or a director of an Employer. The decision of the Employer is final as to whether a person is an Employee.

**Employer** means such of the Employers as shall employ the Member for the time being.

**Employers** means the Principal Employer and the Associated Employers which are participating in the Plan. In relation to any employee or former employee or person claiming through him, Employer means the Employer by which, at the relevant time, he is or was last employed in relation to the Plan.

**Employment** means employment with an Employer. If a Member transfers from one Employer to another his Employment is regarded as continuous.

**Equivalent Pension Benefits** means a pension equal to the minimum rate of equivalent pension benefits applicable under the NIA 1965 in respect of any period during which a Member has been in non-participating employment (as defined in the NIA 1965) in relation to benefits under the Plan.

**ESPS Section** means the Section of the Plan described in Schedule 7.

**Ex-BT Section** means the Section of the Plan described in Schedule 4.

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

**Guaranteed Minimum Pension** means the guaranteed minimum pension (if any) of a Member, widow, widower or surviving Civil Partner under the PSA.

**HMRC** means Her Majesty's Revenue and Customs.

**Index** means the general index of retail prices (for all items) published by the Office of National Statistics, or if that index is not published for a month, any substituted index or figures published by that office or by any replacement body appointed by a governmental authority.

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

**Life Assurance Scheme** means the Arqiva Flexible Group Life Assurance Scheme established by the Principal Employer to provide death benefits to Members, or such other life assurance arrangement nominated by the Principal Employer to provide death benefits.

**Main Section** means the Section of the Plan described in Schedule 2.

**Member** means a person who has been admitted to membership of the Plan and in respect of whom the Trustees have a liability to pay or provide benefits. Where appropriate, Member includes a former employee or an Ex-Spouse Participant (as defined in Schedule 10) who is entitled to benefits.

**Merger Agreement** means the merger agreement dated 30 November 2009 entered into between the Principal Employer, the Trustees and the trustees of the Arqiva Services Scheme.

**Minimum Pension Age** means age 50 before 6 April 2010, and on or after that date age 55 or, if applicable, the Member's protected pension age under paragraph 21 of Schedule 36 of the FA 2004.

**MPS Section** means the Section of the Plan described in Schedule 3.

**NGUK Section** means the Section of the Plan described in Schedule 6.

**NGW Section** means the Section of the Plan described in Schedule 5.

**NIA 1965** means the National Insurance Act 1965.

**Normal Retirement Date** has the meaning set out in the Schedule for the Section to which the Member belongs.

**Overriding Benefit Provisions** means the benefit limits and flexibilities referred to in Rule 26 and set out at Schedule 8.

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

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

**Pensionable Salary** has the meaning set out in the Schedule for the Section to which the Member belongs. Provided that, in calculating a Member's Pensionable Salary, no account shall be taken of any salary or wages payable to the Member in respect of Service from 1 February 2016.

**Pensionable Service** has the meaning set out in the Schedule for the Section to which the Member belongs. Provided that Pensionable Service shall cease on 31 January 2016 and no Member shall be in Pensionable Service under the Plan after that date. Any Member who was in Pensionable Service on 31 January 2016 shall become entitled to benefits on termination of Pensionable Service in accordance with Rule 10 (Termination of Pensionable Service), modified where applicable and to the extent expressed in the Rules and the Schedules in relation to any Member who is a 2016 Deferred Member.

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

**Plan** means the pension plan governed by the Rules and Schedules and known as "The Arqiva Defined Benefit Pension Plan".

**Plan Year** means the period from 1 July to 30 June.

**Policy** means any contract or policy with an Authorised Insurer.

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

**Qualifying Service** (which is relevant to leaving Pensionable Service) means the aggregate of:

- (1) continuous Pensionable Service and consecutive pensionable service whilst a member of any Retirement Benefits Scheme or Registered Pension Scheme of an Employer;
- (2) additional prior periods of Pensionable Service in respect of which a Member remains entitled to benefits under the Plan;
- (3) additional periods of pensionable service in respect of which the Trustees have received a transfer payment; and
- (4) (in respect of a Member who has completed two or more years' Qualifying Service only) additional periods of broken service which are required to be counted for preservation purposes under Regulation 21 of the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991 (SI 1991/167).

**Recognised Transfer** has the meaning ascribed to it in Section 169 of the FA 2004.

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

**Retirement Benefits Scheme** means an arrangement that, prior to 6 April 2006, was an arrangement within the meaning of Section 611(1) of the Taxes Act prior to the repeal of that section, including any arrangement approved by the HMRC under Chapter IV of Part XIV of the Taxes Act.

**Review Date** means 1 July.

**Review Period** means, in relation to the relevant Review Date, the period of twelve months ending on the previous 31 March.

**Rules** means the Rules, as modified at any time, together with any Schedules attached to them. Any word used in the Definitive Trust Deed which is not defined in the Definitive Trust Deed but is defined in the Rules and Schedules has the meaning given to it in the Rules and Schedules.

**Salary Sacrifice Arrangement** means any arrangement whereby a Member takes a reduction in Pensionable Salary and, if applicable, Contribution Salary on the basis that the reduction is treated as pensionable for the purposes of the Plan.

**Schedule** means the schedules which accompany these Rules.

**Scheme Actuary** means the Actuary appointed by the Trustees for the purposes of Section 47 of the PA 1995.

**Section** means the different sections of members, each with their own Rules in relation to eligibility, contributions and benefits, as set out in the Schedules to the Rules.

**Service** means permanent continuous employment with any of the Employers and service shall be deemed to be continuous although broken by periods of one month or less or performed partly with one Employer and partly with another Employer.

For the purposes of paragraphs 5.2.2, 10.3.2 and 10.3.4 of Schedule 2 only, Service includes any period of permanent continuous service with an employer participating in the NTL Pension Plan which is continuous with and immediately precedes his Service.

**Spouse** means the widow, widower or Surviving Civil Partner of a Member. If a Member is survived by two or more widows or widowers who were financially dependent upon him both during the period of his Pensionable Service and at the date of his death (as to which the Trustees decide), the Trustees must decide which one of those widows or widowers is to be the recipient of a pension payable under the Rules to a Spouse. However, this power shall not be exercised in a manner which deprives a

widow, widower or Surviving Civil Partner of a Guaranteed Minimum Pension or, in respect of a Member's Pensionable Service after 5 April 1997, in a manner which is inconsistent with the provisions of Section 12B(4) of the PSA.

**State Pensionable Age** means a man's 65th birthday and a woman's 60th birthday or such other date as may be prescribed by law.

**State Second Pension Scheme** means the State pension scheme from which benefits are payable in addition to the basic State pension where an individual meets the prescribed qualifying conditions.

**Surviving Civil Partner** means a civil partner as defined in the Civil Partnerships Act 2004, who survives a Member.

**Surviving Same Sex Spouse** means a spouse of the marriage of a same sex couple (a "relevant marriage" as defined under the Marriage ("Same Sex Couples) Act 2013), who survives a Member.<sup>1</sup>

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

**Trustees** means the trustees for the time being of the Plan.

In the Rules and Schedules, unless inconsistent with the context, references to the masculine gender include the feminine, words implying the singular include the plural and vice versa, any reference to a statute or regulation includes any statute or regulation which it modifies, re-enacts or replaces and any subsequent modification, re-enactment or replacement of it, and any headings shall not affect the interpretation of the relevant Rule or paragraph.

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<sup>1</sup> Definition inserted by Deed of Amendment dated 17 October 2014



## **SCHEDULE 2**

### **Rules applicable to the Main Section**

This Schedule 2 (Main Section) applies to:

- (a) Main Section Members who joined this Main Section of the Plan on 31 January 2005, and who were active members of the NTL Pension Plan on 27 January 2005 and who completed the application form by 11 February 2005; and
- (b) such other persons as may be admitted in accordance with paragraph 2 of this Schedule 2.

#### **1. DEFINITIONS**

The definitions set out in Schedule 1 (Definitions and Interpretation) apply. In addition, the following expressions have the following meanings in this Schedule 2:

**AVC Added Years** means any period of additional Pensionable Service credited to a Main Section Member under paragraph 7.

**Contributions** means the sum of:

- (a) the contributions paid by the Main Section Member under paragraphs 3.1 and 3.2; and
- (b) interest on (a) at a rate of 2.5% per annum compound to the relevant date.

**Contribution Salary** means, in the case of a DTELS Member who is an Industrial Employee, his basic annual salary from his Employer plus all pensionable and permanent allowances specifically authorised by his Employer up to a maximum of 1/3 of his basic annual salary.

**DTELS Member** means a person who was a DTELS member of the NTL Pension Plan.

**Early Leaver** means a Main Section Member whose Pensionable Service has ended before Normal Retirement Date and who is entitled to a pension from the Plan which has not started to be paid. Unless stated otherwise, references to an Early Leaver shall include a Main Section Member who is a 2016 Deferred Member.

**Entitling Service** means in relation to a Main Section Member the sum of:

- (a) the last or only period of his contributory membership of the Plan;
- (b) any period of Pensionable Service credited to him by the Trustees in respect of any earlier period of membership of the Plan; and
- (c) any period of pensionable service under the NTL Pension Plan which is continuous with and immediately precedes the period in (a) above.

**IBA Plan** means the Independent Broadcasting Authority Staff Pension Plan.

**IBA Transferee** means a person who qualified as an IBA Transferee in the NTL Pension Plan.

**Industrial Employee** means a person who was designated as an Industrial Employee with DTELS Limited on 1 March 1994.

**Main Section Member** means a person who has been admitted to membership of the Plan under this Schedule 2 (Main Section), and in respect of whom the Trustees have a liability to pay or provide benefits and Main Section Member shall include a DTELS Member except where otherwise stated.

**Normal Pension** is equal to 1/60th of Pensionable Salary on the day before his Pensionable Service ends for each completed year of Pensionable Service (with a proportionate amount for each additional completed month).

**Normal Retirement Date** means the Main Section Member's 60th birthday, or such other date as the Principal Employer, in consultation with the Trustees, may agree with the Main Section Member.

**NTL Pension Plan** means the National Transcommunications Limited Pension Plan.

**Pensionable Salary**, at any date, means a Main Section Member's basic annual salary from his Employer plus any allowances or other emoluments (excluding overtime) specifically authorised by his Employer as pensionable for the purposes of the Plan and notified to the Trustees in writing, provided that:

- (1) in the case of a DTELS Member, Pensionable Salary shall be his basic annual salary or wages from his Employer plus standby on call payments and London weighting allowance plus such element of rostered shift working allowances deemed by his Employer to be pensionable; and
- (2) Pensionable Salary for the purposes of determining the pension payable to a DTELS Member under paragraph 6.1 (Benefits on death in Pensionable Service) shall be the highest average amount in any one year out of the last three years of Pensionable Service calculated on a basis determined by the Principal Employer from time to time.

The Earnings Cap applies to this definition where applicable.

**Pensionable Service** means Service which qualifies a Main Section Member (and persons in respect of him) for benefits under the Plan. It ends on the earliest date referred to in paragraph (a) below. In calculating benefits under the Plan, Pensionable Service means, in relation to a Main Section Member the sum of:

- (a) the last or only period of his contributory membership of the Plan up to and including the earliest of 31 January 2016 and the dates upon which:
  - (i) he retires from Service or an earlier date on which a pension (or cash sum instead of a pension) becomes payable to him;
  - (ii) he ceases to participate in the Plan under Rule 10;
  - (iii) his Employer ceases to participate in the Plan; and
  - (iv) he dies;
- (b) in the case of a member of the IBA Plan on 1 July 1983 whose normal date of retirement under the IBA Plan was, on 30 June 1983, his or her 65th birthday, a proportion of the additional potential period (if any) of contributory membership of the IBA Plan which he would have completed between Normal Retirement Date and his or her 65th birthday or the earlier date on which his or her pensionable service under the IBA Plan would have amounted to 40 years. The proportion of the additional potential period of contributory membership of the IBA Plan referred to in this paragraph (b) is the proportion that the potential Pensionable Service referred to in paragraph (a) bears to the aggregate of that potential Pensionable Service and the pensionable service completed in the NTL Pension Plan. A period under this paragraph (b) is credited only on retirement from Service at Normal Retirement Date. If a Main Section Member's contributory membership of the Plan ends before Normal Retirement Date, he is credited with a period calculated on a proportionate basis determined by the Trustees after consulting the Scheme Actuary;

- (c) in the case of a person to whom paragraph 2.4 applies, any period of Pensionable Service credited to him under that Rule in respect of a previous period of membership of the Plan; and
- (d) any AVC Added Years.

Pensionable Service excludes:

- (i) any period of Service with an Associated Employer before the date of its inclusion in the Plan (except in respect of any period credited to him in respect of that Service as referred to in paragraph (b) or (d) above);
- (ii) any period prior to 28 January 2005; and
- (iii) any period of Service after 31 January 2016.

In the case of a Main Section Member who joined the Plan with effect from the Commencement Date, Pensionable Service shall be deemed to have commenced on 28 January 2005.

Each of the periods at paragraphs (a) to (d) inclusive is calculated in complete days. The sum of each of those periods is then converted to years and complete months; each month counts as one-twelfth of a year but any incomplete month is ignored.

In all cases, the period of Pensionable Service to count in calculating benefits is limited to 40 years but each complete month of contributory membership after Normal Retirement Date counts towards increasing this limit, subject to a maximum of 45 years.

Any reference in the Rules to "completed Pensionable Service" in relation to a date other than that on which a person's contributory membership of the Plan ends, means the sum of: (a) the last or only period of his contributory membership of the Plan up to and including the relevant date, and (b) any of the periods to be credited in accordance with this definition (and calculated on a proportionate basis where appropriate or if the Trustees otherwise decide) up to and including that date.

**Pensioner** means a person who is a Main Section Member and is in receipt of a pension from the Plan.

**Qualified Member** means a Main Section Member who has completed at least two years' Qualifying Service.

**Spouse** means, in addition to the definition in Schedule 1 in the case of a Main Section Member who is not married, the adult person nominated by him, or in the event of him failing to make such a nomination, such person whom the Trustees after consulting the Principal Employer may decide (if any) to be the recipient of a pension which otherwise, if he were married, would be payable under the Rules to his Spouse. The nominated person must satisfy the conditions under paragraph 6.7 to receive that pension. However, the Trustees may at their discretion deem to be a Spouse or the only Spouse another person who on the death of a Member was in the opinion of the Trustees financially dependent upon him. The Trustees may at their discretion apportion any benefits payable to a Spouse amongst persons who qualify under this provision.

In this Schedule 2 (Main Section), any reference to a paragraph is to a paragraph under this Schedule 2 only.

## **2. ELIGIBILITY AND TERMS OF MEMBERSHIP**

### **2.1 Application**

This Main Section of the Plan applies to persons who were active members of the NTL Pension Plan on 27 January 2005 and who joined this Main Section with effect from 31

January 2005, after having completed the application form and having provided such information as the Principal Employer and the Trustees required by 11 February 2005.

## 2.2 Discretionary entry

This Main Section of the Plan is closed to new entrants, save that if so requested by the Principal Employer the Trustees may waive eligibility conditions or admit persons on the basis that reduced benefits are to be provided for them.

## 2.3 Opting-out

Before 1 February 2016 a Main Section Member still in Service may terminate his Pensionable Service by giving written notice to the Trustees in a form acceptable to them. Unless the Trustees agree otherwise, termination takes effect at the first expiry of a pay period to occur at least one month after the notice was given, or at the end of any later pay period which may be specified in the notice. Provided that Pensionable Service shall not continue after 31 January 2016.

## 2.4 Readmittance

If any person who has previously been an active Main Section Member applies to re-join the Main Section, he may be readmitted as an active Main Section Member subject to the consent of the Principal Employer and the Trustees and subject to there being no readmittance after 31 January 2016. His membership shall be subject to such terms as his Employer (with the consent of the Principal Employer and the Trustees after consulting the Scheme Actuary) decides are appropriate and notifies to the person concerned in writing. In the case of a person who has left Pensionable Service but stayed in Service, re-admission to membership of the Plan is not permitted more than once.

# 3. MEMBERS' CONTRIBUTIONS

## 3.1 Mandatory contributions

Each Main Section Member in Pensionable Service shall contribute to the Plan at the rate of 6.3% of his Pensionable Salary. On completion of 40 years' Pensionable Service (including any pensionable service completed under the NTL Pension Plan) before Normal Retirement Date the rate payable reduces to 3.3% of his Pensionable Salary. Contributions shall cease on leaving Pensionable Service.

However, an active DTELS Member who is not an Industrial Employee shall, for the period of his Pensionable Service, contribute to the Plan at the rate of 1.5% of his Pensionable Salary. A DTELS Member who is an Industrial Employee shall, for the period of his Pensionable Service, contribute to the Plan at the rate of 1.5% of his Contribution Salary. No contributions shall be payable by a Main Scheme Member following the cessation of Pensionable Service on 31 January 2016.

## 3.2 Additional Voluntary Contributions

The provisions of Rule 3.2 apply to Additional Voluntary Contributions paid by a Main Section Member in addition to the provisions below. Provided that no Main Scheme Member shall be permitted to pay Additional Voluntary Contributions following the cessation of Pensionable Service on 31 January 2016.

- 3.3 Additional Voluntary Contributions paid to secure additional benefits on an Added Years basis
- 3.3.1 This Rule applies to Additional Voluntary Contributions paid by a Main Section Member to the Plan to buy Added Years, where he commenced the purchase of such Added Years prior to 1 January 2008. A Main Section Member is not entitled to commence the purchase of any or any additional Added Years on or after that date.
- 3.3.2 In respect of Added Years where the Main Section Member commenced purchase prior to 1 January 2007, the amount of his Additional Voluntary Contributions must be in accordance with prescribed rates determined by the Trustees from time to time after consulting the Scheme Actuary. They may be increased or reduced on any anniversary of the date on which a Main Section Member first started to pay Additional Voluntary Contributions. A Main Section Member may stop making Additional Voluntary Contributions at any time.
- 3.3.3 In respect of Added Years where the Main Section Member commenced purchase on or after 1 January 2007, the amount of his Additional Voluntary Contributions must be in accordance with prescribed rates determined by the Principal Employer from time to time. They may be increased or reduced by the Principal Employer from time to time. A Main Section Member may stop paying Additional Voluntary Contributions at any time.
- 3.3.4 Additional Voluntary Contributions paid by a Main Section Member under this paragraph 3.3 shall be applied by the Trustees to secure the additional benefits set out in paragraph 7.
- 3.3.5 Following the cessation of Pensionable Service on 31 January 2016, no further Added Years may be purchased.
- 3.4 Additional Voluntary Contributions paid to secure additional benefits on a money purchase basis
- 3.4.1 This Rule applies to Additional Voluntary Contributions paid by a Main Section Member to the Plan to secure additional benefits on a money purchase basis. The Main Section Member shall be entitled to such additional benefits in respect of his Additional Voluntary Contributions as may be determined by the Trustees, acting on Actuarial Advice in accordance with paragraph 8.2. Any additional pension payable to the Main Section Member shall not affect the calculation of any pension increases or other benefits payable in respect of the Main Section Member, unless the Trustees decide otherwise as part of their determination. The value of the additional benefits must be reasonable, having regard to the amount of the Additional Voluntary Contributions and the value of other benefits to be provided under the Plan.
- 3.4.2 Subject to paragraph 5.4 (Lump sum benefits on retirement), the additional benefits secured by his Additional Voluntary Contributions must be provided in the form of an additional pension, a lump sum on the death of the Main Section Member, the escalation of a pension, or via annuity purchase with an Authorised Insurer. A Main Section Member may pay Additional Voluntary Contributions in accordance with this paragraph 3.4 on a regular or irregular basis, or as a single contribution. A Main Section Member may increase, reduce or stop his Additional Voluntary Contributions at any time.

#### **4. EMPLOYERS' MATCHING CONTRIBUTIONS**

Each of the Employers must pay additional contributions to the Plan of the same amount as each of its Employees who are active Main Section Members pay Additional Voluntary Contributions to the Plan under paragraph 3.3, subject to any evidence of good health required by an Employer in respect of any particular Main Section Member.

#### **5. BENEFITS ON RETIREMENT**

##### **5.1 Normal retirement**

5.1.1 A Main Section Member is entitled to immediate payment of his Normal Pension at Normal Retirement Date.

5.1.2 A Main Section Member whose Normal Retirement Date is later than his 60th birthday may, with the consent of his Employer, elect in writing to the Trustees on his 60th birthday for immediate payment of his Normal Pension from his 60th birthday.

##### **5.2 Early retirement**

5.2.1 This paragraph applies to an Main Section Member (other than a DTELS Member) who has completed not less than two years' Entitling Service and who either retires from Service at the request of his Employer or is dismissed from Service because of redundancy before, in either event, Normal Retirement Date.

If either of these events occurs on or after his Minimum Pension Age, the Main Section Member may elect (in writing to the Trustees) for (instead of the appropriate benefits under paragraph 10) immediate payment of his Normal Pension.

5.2.2 If a Main Section Member who has completed not less than five years' Entitling Service and not less than ten years' Service ceases to be in Pensionable Service less than five years before his Normal Retirement Date, with the consent of his Employer and following at least twelve months' notice (in writing to his Employer) of his intention to retire, he may elect (in writing to the Trustees) to receive (instead of the appropriate benefits under paragraph 10) immediate payment of his Normal Pension.

If the Main Section Member is under age 58 when he retires, his Normal Pension shall be reduced for each complete year (and pro rata for each complete month) of the difference between the age of the Main Section Member when he retires and Normal Retirement Date. The amount of this reduction is in accordance with the following table:

<u>Age attained at retirement</u>	<u>percentage reduction</u>
57	two
56	four
55	six

5.2.3 A pension payable under this paragraph 5.2.1 or paragraph 5.2.2 must, to the reasonable satisfaction of the Trustees after consulting the Scheme Actuary, be at least equal in value (on the date it starts to be paid) to the benefits which have accrued to and in respect of the Main Section Member under the Plan, taking into account the preservation, protection of pensions and revaluation requirements of the PSA and the PA 1995.

- 5.2.4 As an alternative to an early retirement pension payable under paragraph 5.2.1 or 5.2.2, if a Main Section Member retires from Pensionable Service before Normal Retirement Date and either on or after his Minimum Pension Age, subject to the consent of his Employer, he shall be entitled at the time of retirement to elect (in writing to the Trustees) to receive (instead of the appropriate benefits under paragraph 10) immediate payment of his Normal Pension, which shall be reduced by an amount determined by the Principal Employer to take account of early payment.

### 5.3 Late retirement

Subject to paragraph 5.3.3 a Main Section Member who remains employed by an Employer after Normal Retirement Date may elect:

- 5.3.1 to continue to contribute after Normal Retirement Date up to his 65th birthday or such later date as the Principal Employer permits, in which case the Member shall continue in Pensionable Service. On retirement, the Member shall become entitled to immediate payment of his Normal Pension; or
- 5.3.2 to cease contributing at Normal Retirement Date, in which case he shall be entitled, at his election, either:
- 5.3.2.1 to immediate payment of his Normal Pension; or
- 5.3.2.2 to a pension upon retirement from Service at any time before his 75th birthday calculated as his Normal Pension at Normal Retirement Date, increased by the Trustees after consulting the Scheme Actuary having regard to the period between the Member's Normal Retirement Date and the date of commencement of pension.
- 5.3.3 No Main Section Member may continue to contribute after 31 January 2016.

### 5.4 Lump sum benefits on retirement

- 5.4.1 A Main Section Member may elect in writing not more than six months before the date on which his first instalment of pension is due and not earlier than the exercise of the Dependant's pension option under Rule 5.5 to receive a lump sum in exchange for part of his pension. The amount of the lump sum shall not exceed the permitted maximum, as defined in paragraph 2 of Schedule 29 to the FA 2004 or such higher amount as may be permitted under FA 2004.
- 5.4.2 The cash sum for which each £1 per annum pension is exchanged under this paragraph 5.4 is, with effect from 26 February 2007, £15. This basis applies only in respect of pensions exchanged for cash which does not exceed 25% of the pension. Any greater cash sum is determined by the Trustees on a basis certified by the Scheme Actuary as reasonable.
- 5.4.3 If a Main Section Member has paid Additional Voluntary Contributions to the Plan on a money purchase basis in accordance with paragraph 3.4, only a proportion of the Additional Voluntary Contributions may be paid as a pension commencement lump sum. That proportion must be no greater than the proportion that the value of the Main Section Member's pension exchanged for a lump sum bears to the value of his pension before exchange for a lump sum, unless the Trustees with the consent of the Principal Employer agree otherwise.

## 5.5 Part-time employment

Where, during part of his Pensionable Service, a Main Section Member has been employed under a contract of employment which requires him to work fewer hours a week than a full-time employee, his benefits (other than the lump sum death in Service benefit) shall be calculated as follows:

- 5.5.1 if, when a Main Section Member's Pensionable Service ends, he is classified by his Employer as a part-time employee, his Pensionable Salary shall be increased by the proportion that the total number of standard hours of work, as determined by his Employer, which applies to a full-time employee performing the same job, bears to the total number of hours which he is contracted to work; and
- 5.5.2 if a Main Section Member was classified by his Employer as a part-time employee at any time during the period of his contributory membership of the Plan, each period of part-time Service shall be reduced by the proportion that the total number of hours which he is contracted to work during that period bears to the total number of standard hours of work, as determined by his Employer, which applies during the same period to a full-time employee performing the same job.

Paragraph 5.5.2 above also applies in calculating any enhancement to Pensionable Service under Rule 13 (Augmentation) or under paragraph 7 (AVCs paid to buy Added Years).

## 6. BENEFITS ON DEATH

### 6.1 Benefits on death in Pensionable Service

- 6.1.1 The following sums shall be held on the Death Benefit Trusts upon the death of an Main Section Member in Pensionable Service in circumstances where no person becomes entitled to a Spouse's or Eligible Child's pension:

- 6.1.1.1 his Contributions calculated by reference to the date of his death; and
  - 6.1.1.2 his AVC Account to the extent which it is not used to provide benefits for his Dependants.

- 6.1.2 Where a Spouse's or Eligible Child's pension is payable on the death of an Main Section Member in Pensionable Service in accordance with this paragraph 6, to the extent that the AVC Account is not used to provide benefits for the Spouse, Eligible Children or other Dependants, the Trustees shall hold his AVC Account on the Death Benefit Trusts.

- 6.1.3 The surviving Spouse of an Main Section Member who has completed not less than two years' Entitling Service and who dies in Pensionable Service shall receive an annual lifetime pension equal to one half of the pension which would have been payable to the Main Section Member had he retired on pension at the date of his death. In calculating the Main Section Member's pension under this paragraph (except in the case of an Main Section Member who dies in Pensionable Service on or after Normal Retirement Date) his Pensionable Service (but excluding any AVC Added Years) shall be increased to:

- 6.1.3.1 25 years less the period of pensionable service in the NTL Pension Plan; or

- 6.1.3.2 increased by ten years

(whichever gives the greater pension).



The increase in a Main Section Member's Pensionable Service under this paragraph 6.1.3 shall be limited so that the increased period of Pensionable Service, when aggregated with the period of his pensionable service in the NTL Pension Plan, shall not exceed the lesser of:

- (a) 40 years; and
- (b) the aggregate of the period of pensionable service in the NTL Pension Plan and the period of Pensionable Service which would otherwise have applied to the Main Section Member if he had remained in Pensionable Service until Normal Retirement Date.

## 6.2 Benefits on death after retirement

- 6.2.1 If a Pensioner dies leaving a Spouse, the Spouse is entitled to an immediate annual pension equal to one half of the Pensioner's full pension.

For the purpose of this paragraph, the expression "full pension" means the amount of annual pension in payment to the Pensioner at the date of his death or which would have been in payment to him had he not exchanged any part of it for a cash sum under paragraph 5.4 or surrendered any part of it to provide a pension for a Dependant under Rule 5.5.

In calculating a Pensioner's full pension, the following is ignored:

- (a) any part of it which derives from his AVC Account except to the extent which the Pensioner had agreed with the Trustees (or if the Trustees had otherwise decided) that it is to be included for the purpose of the Spouse's pension under this paragraph; and
- (b) any part of it which arises under Rule 13 (Augmentation) except to the extent which the Employer, with the consent of the Principal Employer, had decided that it is to be included for the purpose of the Spouse's pension under that Rule.

## 6.3 Benefits on death in Pensionable Service after Normal Retirement Date

On the death of Main Section Member in Pensionable Service on or after Normal Retirement Date, benefits shall be paid in accordance with paragraph 6.1.

## 6.4 Benefits on death after Normal Retirement Date before commencement of pension

On the death of a Main Section Member on or after Normal Pension Date who has ceased to be in Pensionable Service but whose pension has not yet commenced, benefits will be paid in accordance with paragraph 6.2 as if he had retired on the day before he died.

## 6.5 Eligible Children's pension

- 6.5.1 If, in the circumstances where on the death of a Main Section Member, a Spouse's pension is payable, or would be payable if he were married, one or more Eligible Children survive the Main Section Member, each Eligible Child is entitled to an immediate annual pension.

Where there is one surviving Eligible Child, the pension payable to that Eligible Child is equal to:

- 6.5.1.1 if a person becomes entitled to a Spouse's pension on the Main Section Member's death, one half of the total pension payable under the appropriate part of this paragraph 6 to the surviving Spouse; or
- 6.5.1.2 if no person becomes entitled to a Spouse's pension under the Plan on the Main Section Member's death, two thirds of the total pension which would have been payable under the appropriate part of this paragraph 6 to a surviving Spouse.
- 6.5.2 Where there are two or more surviving Eligible Children, the total amount of the pensions payable to all of them, as from the date of the Main Section Member's death, is equal to the full amount of the pension payable under the appropriate part of this paragraph 6 to a surviving Spouse.
- 6.5.3 Where a pension is payable to two or more Eligible Children, the total amount of the pension shall be apportioned equally between all of them. The Trustees may, however, apportion the total pension in such other manner as they may decide.
- 6.5.4 In calculating the amounts of Eligible Children's pensions under this paragraph, any reduction of the Spouse's pension which results from an age disparity is ignored.
- 6.6 Death of Spouse or Eligible Child
- If, on the death of a Spouse of a Main Section Member, there is no person to whom an Eligible Child's pension is continuing in payment or if, on the death of the sole or last Eligible Child, there is no person to whom a Spouse's pension is continuing in payment, a lump sum shall be held on the Death Benefit Trusts. The lump sum is equal to the excess (if any) of:
- 6.6.1 the Main Section Member's Contributions calculated by reference to the date of his death; over
- 6.6.2 the total of the instalments of pension paid to or in respect of the Spouse and Eligible Children of the Main Section Member.
- 6.7 Nomination of person to receive Spouse's pension
- 6.7.1 A Main Section Member who is not married may, at any time while in Service, nominate (in writing to the Trustees in the form they require) any adult person to be the recipient of a pension which otherwise, if he was married, would be payable under the appropriate part of this paragraph 6 to his Spouse.
- 6.7.2 Only one person may be nominated by a Main Section Member and he may (but need not) give his reasons for the nomination. The Main Section Member may withdraw a nomination made by him at any time, whether or not another is made.
- 6.7.3 If, after making a nomination, the Main Section Member marries or if, on or before his death, the person nominated by him dies, the nomination is cancelled automatically and deemed not to have been made.
- 6.7.4 If, at the date of the Main Section Member's death, a valid nomination made by him is in force, the nominated person (if other than a child or a person who has received an Eligible Child's pension under the Plan) becomes entitled to the pension which otherwise, if the Main Section Member was married, would be payable under the Rules to his Spouse.

6.7.5 However, no pension is payable to a nominated person unless, both during the period of the Main Section Member's Service and at the date of his death or, if appropriate, the date of termination or partial termination of the Plan, the nominated person was, in the opinion of the Trustees financially dependent on the Main Section Member.

6.8 Adjustment of Spouse's pension for younger Spouses

If a Spouse is more than ten years younger than the Main Section Member, the pension payable to that Spouse is reduced by 1% for each complete year (and in proportion for each complete month) by which the Spouse is more than ten years younger than the Main Section Member.

**7. BENEFITS FROM ADDITIONAL VOLUNTARY CONTRIBUTIONS PAID TO BUY ADDED YEARS OF PENSIONABLE SERVICE**

7.1 This paragraph applies to the Additional Voluntary Contributions paid by a Main Section Member under paragraph 3.2 and to the corresponding matching contributions paid by an Employer under paragraph 4.

7.2 The contributions referred to in paragraph 7.1 shall be applied by the Trustees to provide additional benefits for and in respect of the Main Section Member by reference to a period of additional Pensionable Service credited to the Main Section Member. In respect of Added Years where the Main Section Member commenced purchase prior to 1 January 2007, the period of additional Pensionable Service to be credited to the Main Section Member is determined by the Trustees after consulting the Scheme Actuary. In respect of Added Years where the Main Section Member commenced purchase on or after 1 January 2007, the period of additional Pensionable Service is determined by the Principal Employer.

7.3 Contributions paid at prescribed rates (as determined from time to time by the Trustees after taking Actuarial Advice) shall secure, subject to paragraph 7.4, a credit at Normal Retirement Date of the full period of additional Pensionable Service to which those contributions relate.

7.4 At Normal Retirement Date, the full period of additional Pensionable Service to which the contributions relate is, subject to the provisions of this Rule, credited to the Main Section Member only if:

7.4.1 contributions at the prescribed rates were paid for the duration of the term between the date the Main Section Member first started to pay them and Normal Retirement Date;

7.4.2 during the term referred to in paragraph 7.4.1, Service was wholly full-time Service; and

7.4.3 at Normal Retirement Date, the Main Section Member has completed at least two years' Entitling Service.

7.5 Where the conditions set out in paragraph 7.4 are not satisfied, a Main Section Member is credited with an additional period of Pensionable Service calculated on a proportionate basis determined by the Trustees after taking Actuarial Advice.

7.6 Additional periods of Pensionable Service under this Rule are calculated in multiples of half a year or, if paragraph 7.5 applies, on a proportionate basis, subject to an overall maximum of five years (which, for the avoidance of doubt, shall include the sum of added years purchased before and after 1 January 2007). Any period of additional Pensionable Service to be credited is subject to restriction to ensure a pension from the Plan does not exceed the Overriding Benefit Provisions.

- 7.7 If, on retirement from Service at Normal Retirement Date, a Main Section Member satisfies the conditions set out in paragraph 7.4, the Main Section Member shall be credited with the full period of additional Pensionable Service to which the contributions paid by and in respect of him relate.

However, in the case of a Main Section Member who is an IBA Transferee and whose contributions were, on 1 July 1983, linked to a Normal Retirement Date of age 65 and whose normal date of retirement under the IBA Plan was changed at that date to a date earlier than his 65th birthday, the Main Section Member shall be credited with a period of additional Pensionable Service calculated on a proportionate basis determined by the Trustees after consulting the Scheme Actuary.

- 7.8 If Pensionable Service ends before Normal Retirement Date in circumstances where a Main Section Member becomes entitled to an immediate pension under the terms of paragraph 5.2 or a deferred pension under the terms of paragraph 10, the Main Section Member shall be credited with a period of additional Pensionable Service calculated on a proportionate basis determined by the Trustees after consulting the Scheme Actuary.
- 7.9 If a Main Section Member (excluding a DTELS Member) dies in Pensionable Service and has completed, at the date of his death, at least two years' Entitling Service, the Main Section Member shall (for the purposes of calculating any pension payable to his Spouse or Eligible Children) be credited with a period of additional Pensionable Service equal to the period which would have been credited to him at Normal Retirement Date had payment of the contributions at the level in force on his death continued unaltered until that date.
- 7.10 If, at the date on which a pension from the Plan starts to be paid to a Main Section Member or on his earlier death or on the termination or partial termination of the Plan, the contributions referred to in paragraph 7.1 cannot be fully applied for the purposes intended because the benefits payable to and in respect of him from the Plan exceed the Overriding Benefit Provisions the Trustees must apply the unused Additional Voluntary Contributions paid by the Main Section Member (but not those paid by his Employer which are applied for the general purposes of the Plan) either:
- 7.10.1 by paying them, together with interest at a rate of 2.5% per annum compound over a period deemed appropriate by the Trustees, to the Main Section Member (or to his personal representatives) less, unless the Trustees otherwise decide, any tax for which they are liable; or
- 7.10.2 in some other way which qualifies as an Authorised Member Payment.

## **8. BENEFITS FROM ADDITIONAL VOLUNTARY CONTRIBUTIONS PAID ON A MONEY PURCHASE BASIS**

- 8.1 The Trustees must maintain an AVC Account for each Main Section Member who pays Additional Voluntary Contributions to the Fund under paragraph 3.4. To each AVC Account the Trustees must credit:
- 8.1.1 the Additional Voluntary Contributions paid by a Main Section Member under paragraph 3.4; and
- 8.1.2 interest or other accretions awarded by the Trustees from time to time in respect of the contributions referred to in paragraph 8.1.1.
- 8.2 A Main Section Member's AVC Account must be applied by the Trustees, at the time when the Main Section Member's pension becomes payable or on his earlier death, in any one or

more of the following ways, as agreed in writing by the Main Section Member and the Trustees (or, in the absence of agreement, as the Trustees decide):

- 8.2.1 in paying or increasing pension payable to the Main Section Member;
- 8.2.2 in paying a pension commencement lump sum to the Main Section Member which, where the Main Section Member's main pension comes into payment at the same time, will be subject to the provisions of paragraph 5.4;
- 8.2.3 in increasing a pension payable to the Main Section Member's Spouse or Eligible Child;
- 8.2.4 in providing a pension (with or without increases) payable on the Main Section Member's death for any Dependant of the Main Section Member who is not otherwise entitled to a pension under the Plan and subject to terms and conditions agreed between the Main Section Member and the Trustees (or, in the absence of agreement as the Trustees decide).

8.3 If a Main Section Member's Pensionable Service ends before Normal Retirement Date, other than because of retirement from Service, or death, or the termination of the Plan, his Member's Account shall, if he is a Qualified Member, be applied in accordance with paragraph 8.2 at Normal Retirement Date (or another date on which a deferred pension becomes payable to him) or on his earlier death.

8.4 This Rule applies if the Plan is terminated or partially terminated. Each Main Section Member who is a Qualified Member may elect in writing to the Trustees (within the period allowed by the Trustees for this purpose) for his AVC Account to be applied and in such proportions the Trustees approve, in increasing the benefits to be secured for or in respect of him or in providing other relevant benefits for or in respect of him.

If a Main Section Member does not make an election within the period allowed by the Trustees, the Trustees must apply his AVC Account in the manner they think fit.

In the case of a Main Section Member who is not a Qualified Member on the date of termination or partial termination, an immediate cash payment equal to his AVC Account (less, unless the Trustees otherwise decide, any tax for which they are liable) shall be paid to him.

8.5 The Trustees may (and must on termination or partial termination of the Plan) secure any pension benefits to be provided for or in respect of a Main Section Member by the application of his Member's Account by purchasing one or more annuities.

8.6 The amount or value of the benefits provided from a Main Section Member's Additional Voluntary Contributions shall, subject to the requirements referred to in the PSA, be determined by the Trustees after consulting the Scheme Actuary.

8.7 If a Main Section Member's AVC Account cannot be fully applied at the time when his pension under other Rules becomes payable or on his earlier death or on the termination or partial termination of the Plan (because the benefits payable to and in respect of him from the Plan exceed the limits set out in Schedule 8 (Overriding Benefit Provisions)), the Trustees must apply the unused part of the Main Section Member's AVC Account either:

- 8.7.1 by paying it to the Main Section Member (or to his personal representatives) as a cash sum less, unless the Trustees otherwise decide, any tax for which they are liable; or

- 8.7.2 in some other way which qualifies as an Authorised Member Payment.

- 8.8 If the Main Section Member so requests, the Trustees will and in any case if they think fit, instead of the provision from the Plan of a pension, secure an annuity with an Authorised Insurer. The amount of the pension provided by the annuity will depend on the rates quoted by the Authorised Insurer. The pension will be paid in accordance with the terms of the contract. An annuity contract will be bought in the name of the Main Section Member, or other person entitled to the benefit, unless the Trustees decide otherwise. If a contract is bought in the Trustees' name, the Trustees may transfer it to the Main Section Member or other person at any time.

## **9. PAYMENT OF PENSIONS; PENSION INCREASES**

### **9.1 Payment frequency**

Pensions shall be paid monthly.

### **9.2 Pension increases**

All pensions payable in respect of Main Section Members shall be increased on the Review Date in every year or such other date as the Principal Employer shall determine except for:

- 9.2.1 that part of a pension deriving from a Main Section Member's AVC Account except as required by law or to the extent the Main Section Member has agreed with the Trustees that it is to be subject to increases; and

- 9.2.2 a pension (or that part of it) arising under Rule 13 (Augmentation) except to the extent which the Employer with the consent of the Principal Employer has decided that it is to be subject to increases under this paragraph.

### **9.3 Rate of increase**

The rate of increase is the percentage increase in the Index (or any replacement or other official cost-of-living index selected by the Trustees) over the last completed Review Period immediately prior to the Review Date, subject to a minimum rate of increase of 3% and a maximum rate of increase of 5%, or such other minimum and maximum rates, determined by the Trustees after consulting the Scheme Actuary, as shall be applied to the total amount of pension ranking for pension increases.

- 9.4 If at any Review Date a pension has been in payment for less than a year, it will be increased at a rate calculated on a proportionate basis by reference to the number of complete months for which payments of the pension have been made and the rate of increase applicable to pensions which have been in payment for a year.

- 9.5 Pensions attributable to Pensionable Service after 5 April 1997 shall increase in payment to the extent required by Section 51 of the PA 1995.

- 9.6 The Principal Employer must regularly review the level of pensions payable under the Plan and of entitlements to contingent pensions in the light of the value of the assets and liabilities of the Plan.

## **10. TERMINATION OF PENSIONABLE SERVICE**

### **10.1 Refunds of contributions**

- 10.1.1 A Main Section Member who, on leaving Pensionable Service other than on death or retirement, has not completed three months of Qualifying Service shall receive a refund of his own contributions but shall receive no other benefit under the Plan

(except for any benefits which represent a transfer payment received from another scheme).

10.1.2 A Main Section Member who, on leaving Pensionable Service other than on death or retirement, has completed three or more months of Qualifying Service but less than two years of Qualifying Service, shall be entitled to elect to receive:

10.1.2.1 a refund of his own Contributions and the amount standing to the credit of his AVC Account but shall receive no other benefit under the Plan (except for any benefits which represent a transfer payment received from another scheme). No refund may be paid to a Main Section Member in respect of whom a transfer payment has been received from a Personal Pension Scheme and the Main Section Member will be entitled to preserved benefits instead. The refund is subject to a deduction (unless the Trustees otherwise decide) equal to any tax for which they are liable;

10.1.2.2 if the Main Section Member so elects by notifying the Trustees in writing, a transfer payment or the purchase of one or more annuities in accordance with Rule 10; or

10.1.2.3 a deferred pension payable from Normal Retirement Date of an amount determined under paragraph 10.2.

## 10.2 Preservation of benefits in the Plan

A Qualified Member, on leaving Pensionable Service other than on death or retirement, shall be entitled to those benefits which are required to be preserved under the PSA, calculated by reference to Pensionable Salary and Pensionable Service at the date of leaving. The Early Leaver's deferred pension is increased on each anniversary of the date on which his Pensionable Service ends during the period between the date his Pensionable Service ends and Normal Retirement Date in accordance with the revaluation requirements of the PSA; provided that the pension of an Early Leaver who is a DTELS Member who was under the age of 40 on 1 March 1994 shall be increased by the fixed annual rate of 5% in accordance with this paragraph.

## 10.3 Early payment options

The following options apply in respect of the early payment of pensions in respect of Early Leavers:

10.3.1 This option applies to an Early Leaver (but not an Early Leaver who was a DTELS Member) whose Pensionable Service ends before his Service ends and who has completed not less than two years' Entitling Service. If the Early Leaver either retires from Service on or after his Minimum Pension Age at the request of his Employer or is dismissed from Service on or after his Minimum Pension Age because of redundancy, he may elect in writing to the Trustees (either at the date his Service ends or at a later date before Normal Retirement Date) to receive (instead of his deferred pension) an immediate annual pension. The pension is equal to his pension calculated under paragraph 5.1 (Normal retirement) but by reference to his completed Pensionable Service, subject to paragraph 10.5.

10.3.2 This option applies to an Early Leaver whose Pensionable Service ends before his Service ends and who has completed not less than five years' Entitling Service and ten years' Service. If, at a later date, he retires from Service during the period which is less than five years before Normal Retirement Date with the consent of his Employer and following at least twelve months' notice (in writing to his Employer) of

his intention to retire, he may elect in writing to the Trustees (either at the date his Service ends or at a later date before Normal Retirement Date) to receive (instead of his deferred pension) an immediate annual pension. The pension is equal to his pension calculated under paragraph 5.1 (Normal retirement) and as reduced in the same manner as applies under paragraph 5.2.2, subject to paragraph 10.5.

- 10.3.3 This option applies to an Early Leaver whose Pensionable Service and Service end at the same time and who would have qualified for an immediate annual pension had he made the appropriate election. At a later date he may elect in writing to the Trustees to receive (instead of his deferred pension) an immediate annual pension. The pension is equal to his pension calculated under paragraph 5.1 (Normal retirement) and as reduced in the same manner as applies under paragraph 5.2.2, subject to paragraph 10.5.
- 10.3.4 This option applies to an Early Leaver (but not an Early Leaver who was a DTELS Member) whose Pensionable Service and Service end at the same time on account of either retirement from Service at the request of his Employer, or dismissal from Service because of redundancy and who, in either case, has completed not less than ten years' Service and has not attained his Minimum Pension Age. On attaining his Minimum Pension Age or at a later date before Normal Retirement Date, he may elect in writing to the Trustees to receive (instead of his deferred pension) an immediate annual pension. The pension is equal to his pension calculated under paragraph 5.1 (Normal retirement) but by reference to his completed Pensionable Service, subject to paragraph 10.5.
- 10.3.5 This option applies to an Early Leaver who, at a later date, retires from Service or from another employment before, in either case, Normal Retirement Date because the ill-health condition prescribed under paragraph 1 of Schedule 28 of the FA 2004 is met in respect of him. He may elect in writing to the Trustees to receive (instead of his deferred pension) an immediate annual pension. The pension is equal to his pension calculated under paragraph 5.1 (Normal retirement pensions) and reduced for the period between the date payment starts and Normal Retirement Date on a basis determined by the Trustees after consulting the Scheme Actuary, subject to paragraph 10.5.
- 10.3.6 This option applies to an Early Leaver who is not entitled to a pension under the previous paragraphs of this paragraph 10.3. An Early Leaver who has reached his Minimum Pension Age may apply in writing to the Trustees to receive (instead of his deferred pension) an immediate annual pension. Subject to the consent of the Principal Employer, an immediate annual pension shall be payable by the Trustees. The pension shall be reduced by an amount determined by the Principal Employer to take account of early payment.
- 10.3.7 This option applies to an Early Leaver who is a 2016 Deferred Member whose Normal Retirement Date is later than his 60th birthday. The Early Leaver may, with the consent of his Employer, elect in writing to the Trustees on his 60th birthday for immediate payment of his Normal Pension from his 60th birthday.

#### 10.4 Late payment option

This option applies to an Early Leaver who continued in Service or another employment after Normal Retirement Date. He may elect in writing to the Trustees to postpone the payment of his deferred pension until the date of his actual retirement from Service or from that other employment. Alternatively, he may request payment at another date after Normal Retirement Date and before his retirement from Service or the other employment. His pension may not, however, be postponed beyond his 75th birthday in the case of an Early Leaver who is a 2016



Deferred Member, and the fifth anniversary of his Normal Retirement Date in the case of any other Early Leaver. His deferred pension will be increased for the period between Normal Retirement Date and the date upon which payment starts on a basis determined by the Trustees after consulting the Scheme Actuary, subject to paragraph 10.5.

10.5 Value of early or late pensions

A pension starting to be paid before or after Normal Retirement Date under this paragraph must, to the reasonable satisfaction of the Trustees after consulting the Actuary, be at least equal in value, on the date upon which it starts to be paid, to the benefits which have accrued to and in respect of the Early Leaver under the Plan, taking into account the preservation requirements and the protection of pensions and revaluation requirements of the PSA.

10.6 Certain specific benefits payable on the death of an Early Leaver

10.6.1 If an Early Leaver dies before his deferred pension starts to be paid and a person becomes entitled to a Spouse's or Eligible Child's pension under the Plan on his death, a lump sum shall be held on the Death Benefit Trusts which is equal to his AVC Account to the extent to which it is not applied to provide additional benefits for his Spouse, Eligible Children or other Dependants under paragraph 6.

10.6.2 If an Early Leaver dies before his deferred pension starts to be paid and no person becomes entitled to a Spouse's or Eligible Child's pension under the Plan on his death, a lump sum shall be held on the Death Benefit Trusts which is equal to the sum of:

10.6.2.1 his Contributions calculated by reference to the date of his death; and

10.6.2.2 his AVC Account to the extent which it is not applied to provide benefits for his Dependants under Rule 6.5.

10.6.3 If the Early Leaver who is entitled to a deferred pension under paragraph 10.2 dies leaving a Spouse, the Spouse is entitled to an immediate annual pension. The pension is equal to 50% of the Early Leaver's pension referred to in paragraph 10.2 and increased, in respect of the period between the date on which the Early Leaver's Pensionable Service ended and the date of his death, in the same manner described in paragraph 10.2.

If the Early Leaver had postponed payment of his deferred pension after Normal Retirement Date, the Spouse's pension is equal to 50% of the Early Leaver's pension referred to in paragraph 10.2 and increased in respect of the period between the date on which the Early Leaver's Pensionable Service ended and his Normal Retirement Date in the same manner described in paragraph 10.2 and further increased in respect of the period between his Normal Retirement Date and the date of his death in the same manner as applies under paragraph 10.4.

10.6.4 Where specified, the provisions of paragraph 6 also apply to pensions payable after the death of an Early Leaver.

## **SCHEDULE 3**

### **Rules applicable to the MPS Section**

This Schedule 3 (MPS Section) applies to:

- (a) MPS Members who joined this MPS Section of the Plan on 31 January 2005, and who were active members of the NTL 1999 Scheme on 27 January 2005 and who completed the application form by 11 February 2005; and
- (b) such other persons as may be admitted in accordance with paragraph 2 of this Schedule 3.

#### **1. DEFINITIONS**

The definitions set out in Schedule 1 (Definitions and Interpretations) apply. In addition, the following expressions have the following meanings in this Schedule 3:

**Contribution Salary** means, in relation to an MPS Member during a period, his annual basic salary plus London weighting allowance, London cash allowance, regular shift allowance, deputising allowance and any other allowance as was notified to him as being part of, and was part of at the date he joined the Plan, his contribution salary under the NTL 1999 Scheme.

**Dependant** means a person who, in the Trustees' opinion, was financially dependent to a substantial degree on the Member at the date of the Member's death or was dependent on the Member, because of disability or who was cohabiting with the Member and there was financial independence between them.

**Final Pensionable Salary** is calculated at the date Pensionable Service ends. It is the MPS Member's highest average of Pensionable Salary in any consecutive 12 months during the last three years of Pensionable Service, calculated on a basis determined by the Principal Employer from time to time.

**MPS Member** means a person admitted to membership of the Plan in accordance with this Schedule 3, and in respect of whom the Trustees have a liability to pay or provide benefits.

**Normal Pension** is equal to 1/60th of Final Pensionable Salary for each complete year of Pensionable Service (with an additional proportionate amount for each additional complete month).

**Normal Retirement Date** means the last day of the month in which an MPS Member's 60th birthday falls.

**NTL 1999 Scheme** means the NTL 1999 Pension Scheme.

**Pensionable Salary** means, in relation to an MPS Member during a period, his Contribution Salary plus such additional allowances as were notified to the MPS Member as being pensionable under the NTL 1999 Scheme and were pensionable immediately before he joined the Plan.

If, in the opinion of the Trustees, an MPS Member's basic salary has been reduced or suspended because of ill-health, disability or absence from work at any time during his Employment, the Trustees may increase Pensionable Salary for the purposes and to the amount which they think fit, but it shall not exceed the Pensionable Salary which, in the opinion of the Employer, the MPS Member would have had but for the reduction or suspension.

Pensionable Salary which is not in pounds sterling shall be converted into sterling at rates agreed between the Principal Employer and the MPS Member or, failing agreement, at rates decided by the Trustees.

Paragraph 4.5 contains special provisions for part-time employees.

The Earnings Cap applies to this definition where applicable.

**Pensionable Service** means Service as an MPS Member of the Plan, plus any other period credited under Rule 13 (Augmentation), subject to any restrictions or qualifications that may have been imposed. Pensionable Service shall be calculated in years and complete months (each month being 1/12th of a year). Pensionable Service shall end on the earliest of 31 January 2016 and the date the MPS Member leaves Service, the MPS Member's death, the effective date of an opt-out under paragraph 2.3 and Normal Retirement Date unless paragraph 4.3.1 applies.

In the case of an MPS Member who joined the Plan with effect from the Commencement Date, Pensionable Service shall be deemed to have commenced on 28 January 2005.

**Qualifying Service** means Pensionable Service plus any period of pensionable service under the NTL 1999 Scheme which is continuous with and immediately precedes Service as an MPS Member of the Plan.

In this Schedule 3 (MPS Section), any reference to a paragraph is to a paragraph under this Schedule 3 only.

## **2. ELIGIBILITY AND TERMS OF MEMBERSHIP**

### **2.1 Application**

This MPS Section of the Plan applies to persons who were active members of the NTL 1999 Scheme on 27 January 2005 and who joined this MPS Section on 31 January 2005 having completed the application form and having provided such information as the Principal Employer and the Trustees required by 11 February 2005.

### **2.2 Discretionary entry**

This MPS Section of the Plan is closed to new entrants, save that if so requested by the Principal Employer the Trustees may waive eligibility conditions or admit persons on the basis that reduced benefits are to be provided for them.

### **2.3 Opting-out**

Before 1 February 2016 an MPS Member still in Service may terminate his Pensionable Service by giving written notice to the Trustees in a form acceptable to them. Unless the Trustees agree otherwise, termination takes effect at the first expiry of a pay period to occur at least one month after the notice was given, or at the end of any later pay period which may be specified in the notice. Provided that Pensionable Service shall not continue after 31 January 2016.

## **3. MEMBERS' CONTRIBUTIONS**

### **3.1 Mandatory contributions**

Each MPS Member in Pensionable Service shall contribute to the Plan at the rate of 1.5% of his Contribution Salary. Contributions shall cease on leaving Pensionable Service. No contributions shall be payable by an MPS Member following the cessation of Pensionable Service on 31 January 2016.

### **3.2 Additional Voluntary Contributions**

An MPS Member may pay Additional Voluntary Contributions to the Plan in accordance with Rule 3.2. The provisions of Rule 3.2 apply to Additional Voluntary Contributions paid by an MPS Member in addition to the provisions below. Provided that no MPS Member shall be

permitted to pay Additional Voluntary Contributions following the cessation of Pensionable Service on 31 January 2016.

### 3.3 Payment of contributions

An MPS Member's contributions shall be deducted from his remuneration and paid by the Employer to the Plan on or before the 19th day of the month following the end of the month in which the deduction is made. However, the Trustees and the MPS Member may agree a different method of payment which has been notified to the Employer.

## 4. BENEFITS ON RETIREMENT

### 4.1 Normal retirement pensions

An MPS Member is entitled to immediate payment of his Normal Pension at Normal Retirement Date.

### 4.2 Early retirement

4.2.1 An MPS Member who retires from Service on or after his Minimum Pension Age but before Normal Retirement Date is entitled on request, subject to the Employer's consent if the MPS Member was under age 45 on joining the NTL 1999 Scheme, to immediate payment of his Normal Pension. This is then reduced (on a basis certified as reasonable by the Scheme Actuary) to take account of early payment. The MPS Member must give 12 months' notice to the Employer and the Trustees if he wishes to take an early retirement pension under this paragraph 4.2, unless the MPS Member requests to retire in the first six months after he joins the Plan, or unless the Employer exercises its discretion to waive such notice period.

4.2.2 The Trustees must be reasonably satisfied that the value of the early retirement benefits is at least equal in value to the benefits which have accrued for the MPS Member taking into account the preservation, revaluation and contracting-out requirements of the PSA.

### 4.3 Late retirement

Subject to paragraph 4.3.4 a MPS Member who remains employed by an Employer after Normal Retirement Date may elect:

4.3.1 to continue to contribute after Normal Retirement Date up to his 65th birthday or such later date as the Principal Employer permits, in which case the Member shall continue in Pensionable Service. On retirement, the Member shall become entitled to an immediate annual pension payable during his lifetime as calculated under paragraph 4.1 but without any increase to reflect the deferral of payment; or

4.3.2 to cease contributing at Normal Retirement Date, in which case he shall be entitled, at his election, either:

4.3.2.1 to immediate payment of his Normal Pension; or

4.3.2.2 to a pension upon retirement from Service at any time before his 75th birthday calculated as his Normal Pension at Normal Retirement Date, increased by the Trustees upon Actuarial Advice having regard to the period between the Member's Normal Retirement Date and the date of commencement of pension.

4.3.3 The Trustees must be reasonably satisfied that the value of the late retirement benefits is at least equal in value to the benefits which have accrued for the MPS Member taking into account the preservation, revaluation and contracting-out requirements of the PSA.

4.3.4 No MPS Member may continue to contribute after 31 January 2016.

#### 4.4 Lump sum benefits on retirement

4.4.1 A MPS Member may elect to receive a lump sum in lieu of part of his pension. The amount of the lump sum shall not exceed the permitted maximum, as defined in paragraph 2 of Schedule 29 to the FA 2004 or such higher amount as may be permitted under FA 2004. The cash sum for which each £1 per annum pension is exchanged under this paragraph 4.4 is £12.

4.4.2 Where a Member exercises the option under paragraph 4.4.1 at Normal Retirement Date, in calculating the lump sum, the Member shall be entitled to not less than £12 for each £1 of pension that he exchanges. Where a Member exercises the option under paragraph 4.4.1 at any time other than Normal Retirement Date, the terms on which the pension is exchanged shall not be less generous to the Member than the terms available at Normal Retirement Date, as advised by the Scheme Actuary and taking into account the difference in age.

4.4.3 If an MPS Member has paid Additional Voluntary Contributions on a money purchase basis in accordance with Rule 3.2, only a proportion of the Additional Voluntary Contributions may be paid as a pension commencement lump sum. That proportion must be no greater than the proportion that the value of the MPS Member's pension exchanged for a lump sum bears to the value of his pension before exchange for a lump sum, unless the Trustees with the consent of the Principal Employer agree otherwise.

#### 4.5 Part-time Employment

Where, during part of his Pensionable Service, an MPS Member has been employed under a contract of employment which requires him to work fewer hours a week than a full-time employee, his benefits (other than the lump sum death in Service benefit) shall be calculated as follows:

4.5.1 if, when a MPS Member's Pensionable Service ends, he is classified by his Employer as a part-time employee, his Pensionable Salary shall be increased by the proportion that the total number of standard hours of work, as determined by his Employer, which applies to a full-time employee performing the same job, bears to the total number of hours which he is contracted to work; and

4.5.2 if a MPS Member was classified by his Employer as a part-time employee at any time during the period of his contributory membership of the Plan, each period of part-time Service shall be reduced by the proportion that the total number of hours which he is contracted to work during that period bears to the total number of standard hours of work, as determined by his Employer, which applies during the same period to a full-time employee performing the same job.

Paragraph 4.5.2 above also applies in calculating any enhancement to Pensionable Service under Rule 13 (Augmentation).

## **5. BENEFITS ON DEATH**

Any lump sum benefits payable in accordance with this paragraph 5 shall be paid on the Death Benefit Trusts in accordance with Rule 6.4.

### **5.1 Benefits on death in Pensionable Service**

If an MPS Member dies in Pensionable Service before Normal Retirement Date, there shall be paid:

5.1.1 an immediate pension payable to the MPS Member's Spouse equal to half of the MPS Member's Normal Pension, calculated using Pensionable Service which is enhanced in the following way:

5.1.1.1 if the MPS Member's Qualifying Service is at least five years but less than ten years, Pensionable Service is enhanced by the MPS Member's period of Qualifying Service subject to a maximum enhancement equal to the period between the MPS Member's 65th birthday and the date Pensionable Service ends; and

5.1.1.2 if the MPS Member's Qualifying Service is more than ten years, Pensionable Service is enhanced by the greater of:

(a) 6 2/3rds years subject to a maximum enhancement equal to the period between the MPS Member's 60th birthday and the date Pensionable Service ends; and

(b) 20 years less the period of Qualifying Service (subject to a maximum enhancement equal to the period between the MPS Member's 65th birthday and the date Pensionable Service ends); and

5.1.2 if there is an Eligible Child, a pension under paragraph 5.6.

### **5.2 Benefits on death after retirement**

5.2.1 If an MPS Member dies while receiving a pension from the Plan and before his 75th birthday, there shall be paid:

5.2.1.1 if the MPS Member dies within five years of commencement of his pension, a lump sum equal to the sum of the remaining unpaid instalments of pension that would have been paid to him had he survived until the end of the five year period (ignoring any increased pension due to Additional Voluntary Contributions) and had the pension continued to be paid at the same rate as at the date of the MPS Member's death;

5.2.1.2 an immediate pension payable to the MPS Member's Spouse equal to half of the pension which the MPS Member was receiving at the date of his death (or which he would have been receiving but for any option under paragraph 4.4 or Rule 5.5 and ignoring any increased pension due to Additional Voluntary Contributions); and

5.2.1.3 if there is an Eligible Child, a pension under paragraph 5.6.

5.2.2 If an MPS Member dies after his pension has been wholly commuted under Rule 12 (Commutation) and after the pension would otherwise have come into payment, the benefits under paragraph 5.2.1 shall be payable unless they too have already been commuted under Rule 12.

5.3 Benefits on death in Pensionable Service after Normal Retirement Date

On the death of an MPS Member in Pensionable Service on or after Normal Retirement Date, benefits shall be paid in accordance with paragraph 5.1.

5.4 Benefits on death after Normal Retirement Date before commencement of pension

On the death of an MPS Member on or after Normal Pension Date who has ceased to be in Pensionable Service but whose pension has not yet commenced, benefits will be paid in accordance with paragraph 5.2 as if he had retired on the day before he died.

5.5 Benefits on death of an MPS Member with preserved benefits under paragraph 7

On the death of an MPS Member with an entitlement to preserved benefits under paragraph 7 before commencement of pension, there shall be paid an immediate pension payable to the MPS Member's Spouse equal to one half of the MPS Member's deferred pension to which the MPS Member was entitled at the date of his death

5.6 Children's pensions

If an MPS Member dies leaving one or more Eligible Children, there shall be payable to or for the benefit of each Eligible Child (subject to a maximum of two Eligible Children), a pension for so long as the Eligible Child remains an Eligible Child. The pension shall be equal to one half of the Spouse's pension payable under paragraph 5.1.1 or paragraph 5.2.1.2 or paragraph 5.5, as applicable. If there are more than two Eligible Children, the total pension benefit shall be divided equally (or in such other manner as the Trustees shall determine) between the Eligible Children who qualify for the time being for an Eligible Child's pension.

5.7 Dependant's pension

If an MPS Member dies and is not survived by a Spouse, one or more of the MPS Member's Dependants may receive an immediate pension at the absolute discretion of the Trustees as follows:

5.7.1 the Trustees shall in their absolute discretion decide the amount of the pension (subject to the Overriding Benefit Provisions);

5.7.2 a Dependant's pension shall cease on the Dependant's death or on any earlier date or event which the Trustees may specify; and

5.7.3 the total value of the Dependant's pensions must not exceed the overall value of the Spouse's pension which would have been payable if the MPS Member had been survived by a Spouse of his own age.

**6. PAYMENT OF PENSIONS; PENSION INCREASES**

6.1 Payment frequency

Pensions shall be paid monthly.

6.2 Pension increases

6.2.1 On each Review Date, pensions in payment shall be increased by the lower of 5% and the percentage increase in the Index. For these purposes, the Index shall be measured over a year ending in the previous March.

- 6.2.2 In calculating an increase, any pension which is, in the Trustees' opinion, derived from Additional Voluntary Contributions or from an augmentation is excluded unless the Trustees decide otherwise or unless this is required by law.
- 6.2.3 Pension increases shall be pro-rated to the extent permitted by the PA 1995 in respect of an MPS Member who has been in receipt of a pension for less than one year at the relevant date of increase. For this purpose a pension in payment to a Member's Spouse, Eligible Child or Dependant is deemed to have come into payment when the Member's own pension came into payment.

## **7. TERMINATION OF PENSIONABLE SERVICE**

### **7.1 Refunds of contributions**

- 7.1.1 An MPS Member who, on leaving Pensionable Service other than on death or retirement, has not completed three months of Qualifying Service shall receive a refund of his own contributions but shall receive no other benefit under the Plan (except for any benefits which represent a transfer payment received from another scheme).
- 7.1.2 The Trustees may withhold from any refund any tax payable, and the certified amount (as determined under the PSA), relating to the cost of reinstatement into the State Second Pension Scheme, as calculated upon Actuarial Advice.

### **7.2 Right to refund of contributions or transfer payment**

- 7.2.1 An MPS Member who, on leaving Pensionable Service other than on death or retirement, has completed three or more months of Qualifying Service but less than two years of Qualifying Service, shall be entitled to:
- 7.2.1.1 a refund of contributions (in accordance with and subject to paragraph 7.1);  
or
- 7.2.1.2 if the MPS Member so elects by notifying the Trustees in writing, a transfer payment or the purchase of one or more annuities.

### **7.3 Preservation of benefits in the Plan**

- 7.3.1 An MPS Member who leaves Pensionable Service before Normal Retirement Date with more than two years of Qualifying Service shall be entitled to those benefits which are required to be preserved under the PSA (such benefits to be revalued to the extent required by the PSA, calculated by reference to Final Pensionable Salary and Pensionable Service at the date of leaving).
- 7.3.2 An MPS Member who is entitled to a preserved pension from Normal Retirement Date may, with the consent of the Trustees, elect instead to receive a pension from an earlier date which may not be before his Minimum Pension Age. Provided that no consent shall be required in relation to an MPS Member who is a 2016 Deferred Member (unless he was under 45 on joining the NTL 1999 Scheme) and who gives 12 months' notice to the Employer and the Trustees of his wish to take an early retirement pension. The pension shall be reduced to take account of its early payment on a basis certified as reasonable by the Actuary.
- 7.3.3 An MPS Member who is entitled to a preserved pension from Normal Retirement Date may, with the consent of the Trustees, elect instead to receive an increased pension from a later date not later than the MPS Member's 75th birthday. Provided



that no consent shall be required in relation to an MPS Member who is a 2016 Deferred Member. In this case, the Trustees must be reasonably satisfied that the value of the late retirement benefits is at least equal in value to the benefits which have accrued for the MPS Member taking into account the preservation, revaluation and contracting-out requirements of the PSA.

## **8. TOTAL TERMINATION**

If the Plan terminates in accordance with Rule 14, the Trustees shall increase the benefits of the MPS Members in Pensionable Service at the date of termination to make allowance for such future salary increases as the Scheme Actuary certifies to be reasonable.

## **SCHEDULE 4**

### **Rules applicable to the Ex-BT Section**

This Schedule 4 (Ex-BT Section) applies to:

- (a) Ex-BT Scheme Members who joined this Ex-BT Section of the Plan with effect from 1 April 2007 when their employment was transferred to Arqiva Limited; and
- (b) such other persons as may be admitted in accordance with paragraph 2 of Part I of this Schedule 4.

### **Part I - General**

#### **1. DEFINITIONS GENERALLY APPLICABLE TO THE EX-BT SECTION**

The definitions set out in Schedule 1 (Definitions and Interpretations) apply. In addition, the following expressions have the following meanings in all parts of this Schedule 4:

**BT Scheme** means the BT Pension Scheme.

**Ex-BT Member** means a person who was formerly a member of the BT Scheme and who was admitted to membership of this Section of the Plan with effect from 1 April 2007 and in respect of whom the Trustees have a liability to pay or provide benefits. An Ex-BT Member can be a Section A Member, a Section B Member or a Section C Member.

**Ex-BT Member Beneficiaries** means a Spouse, Nominated Dependant, other adult Dependant or Eligible Child of an Ex-BT Member.

**Nominated Dependant** means an adult person nominated by a Member to the Trustees in writing. A person will not be a Nominated Dependant unless at the date of the Member's death the Member was unmarried and both at the date of the nomination by the Member and the date of the Member's death the Trustees are satisfied the Nominated Dependant was wholly or partly financially dependent on the Member. A person who is physically or mentally incapable of self-support and who would be an Eligible Child but for the age limits may be nominated. If such a person is a Nominated Dependant he or she is entitled to the Nominated Dependant's pension payable under the Rules, or the children's pension under the Rules, whichever is the greater.

A nomination may be revoked by written notice to the Trustees and will be revoked if the Member subsequently marries.

**Normal Retirement Date** means an Ex-BT Member's 65th birthday provided that he may elect to retire from age 60 without reduction for early payment.

**Pensionable Service** means the Member's Service after joining the Plan. It excludes any Service after opting out of the Plan under paragraph 2.4 and before 1 February 2016.

**Qualifying Service** means Pensionable Service plus any period of pensionable service under the BT Scheme which is continuous with and immediately precedes Pensionable Service as an Ex-BT Member of the Plan.

**Section A** means Section A of the Ex-BT Section of the Plan.

**Section A Member** means an Ex-BT Member who was a member of Section A of the BT Scheme immediately before joining the Plan. A Section A Member may elect to become a Section B Member, subject to paragraph 2 of Part II of this Schedule 4.

**Section A/B Member** means a Section A Member or a Section B Member, as applicable.

**Section B** means Section B of the Ex-BT Section of the Plan.

**Section B Member** means an Ex-BT Member who was a member of Section B of the BT Scheme immediately before joining the Plan.

**Section C** means Section C of the Ex-BT Section of the Plan.

**Section C Member** means an Ex-BT Member who was a member of Section C of the BT Scheme immediately before joining the Plan.

In this Schedule 4 (Ex-BT Section) any reference to a paragraph is to a paragraph under the relevant part of this Schedule 4 only.

## **2. ELIGIBILITY AND TERMS OF MEMBERSHIP**

### **2.1 Application**

This Ex-BT Section applies to persons who were active members of the BT Scheme on 31 March 2007 and who joined the Ex-BT Section with effect from 1 April 2007 when their employment was transferred to Arqiva Limited, after having completed the application form and having provided such information as the Principal Employer and the Trustees required.

### **2.2 Categories of membership of the Ex-BT Section**

2.2.1 Section A Members of the Ex-BT Section were active members of Section A of the BT Scheme immediately before joining the Plan.

2.2.2 Section B Members of the Ex-BT Section were active members of Section B of the BT Scheme immediately before joining the Plan.

2.2.3 Section C Members of the Ex-BT Section were active members of Section C of the BT Scheme immediately before joining the Plan.

### **2.3 Discretionary entry**

This Ex-BT Section of the Plan is closed to new entrants, save that if so requested by the Principal Employer the Trustees may waive eligibility conditions or admit persons on the basis that reduced benefits are to be provided for them.

### **2.4 Opting-out**

Before 1 February 2016 an Ex-BT Section Member still in Service may terminate his Pensionable Service by giving written notice to the Trustees in a form acceptable to them. Unless the Trustees agree otherwise, termination takes effect at the first expiry of a pay period to occur at least one month after the notice was given, or at the end of any later pay period which may be specified in the notice. Provided that Pensionable Service shall not continue after 31 January 2016.

## Part II

### Rules applicable to Section A Members and Section B Members of the Ex-BT Section

#### 1. DEFINITIONS

The definitions set out in Schedule 1 (Definitions and Interpretation) and in Part I of this Schedule apply. In addition, the following expressions have the following meanings in this Part II of Schedule 4 (Section B of the Ex-BT Section):

**Final Pensionable Salary** means the greater of the Section A/B Member's:

- (i) highest Pensionable Salary payable in any continuous twelve calendar month period in the last three years of Pensionable Service; or
- (ii) average Pensionable Salary over the best three consecutive tax years in the last ten years of Pensionable Service.

Where Pensionable Salary has been reduced in the national interest, the full rate will count as Pensionable Salary.

**Lump Sum Benefit** is equal to 3/80ths of Final Pensionable Salary for each complete year of Pensionable Service, with an additional proportionate amount for each additional complete day.

**Normal Pension** is equal to 1/80th of Final Pensionable Salary for each complete year of Pensionable Service (with an additional proportionate amount for each additional complete day), subject to a maximum of 40 years.

**Pensionable Salary** means the annual basic salary of a Section A or Section B Member excluding overtime, but including London weighting and those other pensionable emoluments which are set out in the appropriate section of the Employee terms and conditions, or which are determined by the Employer. The Earnings Cap applies to this definition where applicable.

**PCSPS** means the Principal Civil Service Pension Scheme.

#### 2. CHOICE AND BASIS OF BENEFITS FROM SECTION A OF THE EX-BT SECTION

2.1 Where a Section A Member has the choice between:

- 2.1.1 the benefits payable in line with those under the PCSPS; and
- 2.1.2 the benefits payable in line with those under the PCSPS as adjusted by the provisions of this Part II of Schedule 4 of the Plan

the Section A Member shall make that choice in accordance with this paragraph 2 of Part II of Schedule 4 at any time before the earlier of the date the Member leaves Service and the date a benefit is payable to or in respect of that Section A Member. The Section A Member must give the Trustees notice of his choice. If a Section A Member does not notify the Trustees of his choice, the Trustees will treat the Member as if he had chosen the greater of the two alternatives.

2.2 In calculating benefits under this paragraph 2 of Part II of Schedule 4, Pensionable Salary in any year will be reduced by 6%.

2.3 For the avoidance of doubt, Rules 4.9 to 4.19 of the PCSPS do not apply.

- 2.4 A Section A Member may choose to become a Section B Member by giving notice in writing to the Trustees in the form, if any, required at any time before he reaches age 59 and 9 months (or within six months of leaving Service if earlier). The Trustees may, with consent of the Principal Employer, extend the period in which the choice may be made in any particular case. A Section A Member's choice under this paragraph will be irrevocable, and will have effect from the earlier of the date of leaving Service or the date on which the notice is received. If a Section A Member who chooses to join Section B in accordance with this paragraph 2.4 has already received a Lump Sum Benefit under Section A, any Lump Sum Benefit payable under Section B will be reduced by that amount.
- 2.5 If a Section A Member could have chosen to become a Section B Member but dies or loses mental capacity before choosing, the Trustees will provide benefits in respect of the Member from either Section A or Section B, whichever is more favourable in respect of the Member.

### **3. MEMBER CONTRIBUTIONS**

#### **3.1 Mandatory Contributions**

Each Section A/B Member in Pensionable Service shall contribute to the Plan at the rate of 6% of his Pensionable Salary. Contributions shall cease on the earlier of leaving Pensionable Service and completion of 40 years' Qualifying Service (Pensionable Service if a Section B Member) by age 60.

#### **3.2 Additional Voluntary Contributions**

A Section A/B Member may pay Additional Voluntary Contributions to the Plan in accordance with Rule 3.2.

#### **3.3 Cessation of Pensionable Service**

Following the cessation of Pensionable Service on 31 January 2016, no mandatory contributions shall be payable by a Section A/B Member and no Section A/B Member shall be permitted to pay Additional Voluntary Contributions.

### **4. SPECIAL EMPLOYERS' CONTRIBUTIONS ON REDUNDANCY**

- 4.1 The Principal Employer will make an annual contribution to the Plan to meet the benefits payable to Section A/B Members who leave Service by reason of redundancy under paragraph 5.2.5 (Early retirement). The amount of the annual contribution will be determined by the Scheme Actuary having regard to the level of funding in the Plan, and the extent to which employer contributions under Rule 4 are adequate to meet benefits payable to Section A/B Members on redundancy under paragraph 5.2.7.
- 4.2 The Principal Employer may require that a full actuarial valuation be carried out before making any contribution under this paragraph 4.

### **5. BENEFITS ON RETIREMENT**

#### **5.1 Normal retirement benefits**

A Section A/B Member who retires at Normal Retirement Date is entitled to immediate payment of his Normal Pension and Lump Sum Benefit provided that the Member's Pensionable Service shall not exceed 40 years for the purpose of calculating these benefits.

## 5.2 Early retirement

5.2.1 A Section A/B Member who has at least two years' Qualifying Service may retire from Pensionable Service from age 60 and elect for immediate payment of his Normal Pension and Lump Sum Benefit subject to paragraphs 5.2.3 to 5.2.7 below.

5.2.2 A Section A/B Member who has at least two years' Qualifying Service may retire from Pensionable Service at or after Minimum Pension Age but before age 60 with the consent of the Trustees and the Principal Employer and elect for immediate payment of his Normal Pension and Lump Sum Benefit, subject to paragraphs 5.2.3 to 5.2.7 below.

5.2.3 The pension payable to a Section A/B Member who retires in accordance with paragraph 5.2.1 or 5.2.2 above shall be his Normal Pension calculated by reference to the Member's Pensionable Service and Final Pensionable Salary at the date of his actual retirement.

5.2.4 A Section A/B Member who leaves Service with an entitlement to a preserved pension under Rule 10 (Termination of Pensionable Service) after reaching Minimum Pension Age and before Normal Retirement Date may elect for immediate payment of his Normal Pension and Lump Sum Benefit, subject to paragraph 5.2.5.

5.2.5 Except if the Section A/B Member has reached age 60, the Section A/B Member's Normal Pension will be reduced on a basis determined by the Trustees after consulting the Scheme Actuary. The reduction described above will not apply if the Section A/B Member leaves Service:

5.2.5.1 at the request of the Principal Employer and after reaching Minimum Pension Age and after completing at least five years' Qualifying Service; or

5.2.5.2 after reaching Minimum Pension Age and after completing at least five years' Qualifying Service if he is leaving by reason of redundancy (as defined in Section 139 of the Employment Rights Act 1996); or

5.2.5.3 after reaching age Minimum Pension Age and the Principal Employer has expressly agreed to the reduction being waived.

5.2.6 The Trustees must be reasonably satisfied that the value of the early retirement benefits (including death in retirement benefits) is at least equal in value to the benefits which have accrued for the Section A/B Member taking into account the preservation, revaluation and contracting-out requirements of the PSA.

### 5.2.7 Enhancement on redundancy for Section A/B Members

If a Section A/B Member who has at least five years' Qualifying Service retires at or after Minimum Pension Age at the request of his Employer or is made redundant, his Pensionable Service will be enhanced by the lesser of:

(a) increasing it to the Pensionable Service which the Section A/B Member would have completed if he had remained in Pensionable Service until Normal Retirement Date; or

(b) adding 6 2/3rds years.

This enhancement may not do more than double the length of Pensionable Service.

### 5.3 Late retirement

Subject to paragraph 5.3.3 a Section A/B Member who remains employed by an Employer after Normal Retirement Date may elect:

- 5.3.1 to continue to contribute until such later date as the Principal Employer permits, in which case the Member shall continue in Pensionable Service. On retirement, the Member shall become entitled to immediate payment of his Normal Pension and Lump Sum Benefit but without any increase to reflect the deferral of payment; or
- 5.3.2 to cease contributing at Normal Retirement Date, in which case he shall be entitled, at his election, either:
  - 5.3.2.1 to immediate payment of his Normal Pension and Lump Sum Benefit; or
  - 5.3.2.2 to a pension upon retirement from Service at any time before his 75th birthday calculated as his Normal Pension and Lump Sum Benefit at Normal Retirement Date, increased by the Trustees upon Actuarial Advice having regard to the period between the Member's Normal Retirement Date and the date of commencement of pension.
- 5.3.3 No Section A/B Member may continue to contribute after 31 January 2016.

### 5.4 Additional lump sum benefits

A Section A/B Member may elect to receive a lump sum in lieu of part of his pension. The amount of the lump sum shall not exceed the permitted maximum, as defined in paragraph 2 of Schedule 29 of the FA 2004 after taking account of his Lump Sum Benefit, or such higher amount as may be permitted under the FA 2004. The cash sum for which each £1 per annum pension is exchanged under this paragraph is £15.

### 5.5 Additional Dependants' pensions

A Section A/B Member who is unmarried when his pension starts, and who marries before reaching age 70, may exercise the option to surrender part of his pension under Rule 5.5 within three months of marrying, if he is medically fit to the satisfaction of the Trustees.

### 5.6 Part-time employment

- 5.6.1 If a Section A/B Member's Pensionable Service includes part-time employment, it will be reduced by the ratio of actual hours per week to full-time hours per week.
- 5.6.2 For the purpose of calculating benefits for a Section A/B Member who has worked part-time in the three years immediately before leaving Service, Pensionable Salary will be based on the full-time rate of pay for that employment. If no full-time rate is specified for that employment, the full-time equivalent will be calculated by multiplying actual Pensionable Salary by the proportion which the equivalent number of full-time hours appropriate to that employment bears to the number of part-time hours contracted to be worked.
- 5.6.3 For the purposes of calculating benefits under paragraph 6.2 (Death in Service), it will be assumed that the Section A/B Member had continued to work until Normal Retirement Date at the same number of hours per week as at the date he or she left Service or died, unless the Trustees determine otherwise.

## **6. BENEFITS ON DEATH**

### **6.1 For the purposes of this paragraph 6:**

6.1.1 No lump sum death benefit will be paid under this paragraph 6, if there are no living Ex-BT Member Beneficiaries at the date of the Section A/B Member's death. If any person has paid funeral expenses in respect of a deceased Section A/B Member, the Trustees may deduct from any lump sum payable on the Section A/B Member's death, and pay to that person, an amount up to but not exceeding those funeral expenses.

6.1.2 If there is no Spouse or Nominated Dependant, but the Trustees are satisfied, in accordance with procedures agreed from time to time between the Principal Employer and the Trustees, that the Section A/B Member left an adult Dependant, the Trustees may at their discretion treat that Dependant as a Nominated Dependant for the purpose of these Rules.

### **6.2 Benefits on death in Pensionable Service**

#### **6.2.1 Survivors' pensions**

6.2.1.1 If a Section A/B Member dies in Pensionable Service leaving a surviving Spouse, the Spouse will receive a pension for life. If a Section A/B Member dies leaving a Nominated Dependant, the Nominated Dependant may at the absolute discretion of the Trustees receive a pension for life.

6.2.1.2 Where a Section A/B Member dies in Pensionable Service and a Spouse's or Nominated Dependant's pension is payable, that pension will be equal to one-half of the Normal Pension which would have been payable to the Section A/B Member if he had retired on pension under paragraph 5.1 (Normal retirement benefits) at the date of his death.

6.2.1.3 If a Section A/B Member dies in Pensionable Service leaving an Eligible Child or Children, pension(s) will be paid in accordance with paragraph 6.7.

### **6.3 Benefits on death after retirement**

6.3.1 If a Section A/B Member dies while receiving a pension from the Plan, there shall be paid:

6.3.1.1 if the Section A/B Member dies within five years of commencement of his pension, a lump sum equal to the sum of the remaining unpaid instalments of pension that would have been paid to him had he survived until the end of the five year period (ignoring any increased pension due to Additional Voluntary Contributions) and had the pension continued to be paid at the same rate as at the date of the Section A/B Member's death;

6.3.1.2 an immediate pension payable to the Section A/B Member's Spouse equal to one-half of the pension which the Section A/B Member was receiving at the date of his death (or which he would have been receiving but for any option under paragraph 5.5 or Rule 5.5 and ignoring any increased pension due to Additional Voluntary Contributions); and

6.3.1.3 if there is an Eligible Child, pension(s) in accordance with paragraph 6.7.



- 6.3.2 If no lump sum is payable under paragraph 6.3.1.1, the Spouse's or Nominated Dependant's pension will, for the first 91 days, be equal to the pension the Section A/B Member was receiving immediately before death. If a Section A/B Member dies within 91 days before the fifth anniversary of his pension starting, the Spouse's or Nominated Dependant's pension will continue at the rate payable to the Section A/B Member immediately before he died, until the total lump sum and Spouse's or Nominated Dependant's pension paid has equalled 91 days' payment of pension at that rate.

6.4 Benefits on death in Pensionable Service after Normal Retirement Date

On the death of a Section A/B Member in Pensionable Service on or after Normal Retirement Date but before the commencement of pension, benefits shall be paid in accordance with paragraph 6.2.

6.5 Benefits on death after Normal Retirement Date before commencement of pension

On the death of a Section A/B Member on or after Normal Pension Date who has ceased to be in Pensionable Service but whose pension has not yet commenced, benefits will be paid in accordance with paragraph 6.3 as if he had retired on the day before he died.

6.6 Benefits on death of a Section A/B Member with preserved benefits under Rule 10.

- 6.6.1 If a Section A/B Member dies with a preserved pension under Rule 10 (Termination of Pensionable Service) which has not yet come into payment, a lump sum will be held on the Death Benefit Trusts, except where a transfer-out payment has been made in respect of the Section A/B Member under Rule 10. The amount to be held on the Death Benefit Trusts will be the highest of:

- 6.6.1.1 1.25 x Final Pensionable Salary;

- 6.6.1.2 3/80ths of Final Pensionable Salary for each year of Pensionable Service up to a maximum of 45 years of which no more than 40 may have been served before Normal Pension Date;

- 6.6.1.3 five times the preserved pension that would have been payable under Rule 10 (calculated without any enhancement of Pensionable Service) had the Section A/B Member become entitled to immediate payment of such a pension on the date of his death; and

- 6.6.1.4 a refund of the Section A/B Member's contributions (except those calculated by the Actuary to be attributable to pensions to survivors under paragraph 6.6.2) with interest at 3% per year compound.

- 6.6.2 If the Section A/B Member dies with preserved benefits in the Plan in accordance with Rule 10 and leaves a surviving Spouse, the Spouse will receive a pension for life. If a Section A/B Member dies leaving a Nominated Dependant, the Nominated Dependant may at the absolute discretion of the Trustees receive a pension for life. The Spouse's or Nominated Dependant's pension will be one-half of the preserved pension (including increases under paragraph 8.3.1 up to the date of death).

6.7 Eligible Children's pensions

- 6.7.1 If a Section A/B Member dies leaving an Eligible Child or Children, a children's pension will be paid. If there is only one Eligible Child, the children's pension will be one-quarter of the Section A/B Member's pension. If there are two or more Eligible

Children, the children's pension will be one-half of the Section A/B Member's Pension.

6.7.2 If there is no Spouse or Nominated Dependant or that person dies (or where a Spouse's pension is being paid to more than one Spouse, the last surviving Spouse receiving such payment dies), the children's pension will be one-third of the Section A/B Member's Pension for one Eligible Child, and two-thirds for two or more Eligible Children.

6.7.3 For the purposes of this paragraph 6.7:

6.7.3.1 "Section A/B Member's Pension" means the actual or notional pension on which the Spouse's pension is based or would have been based had there been a spouse.

6.7.3.2 A person who is not entitled to the children's pension because he or she is entitled to a pension as a Nominated Dependant will count as an Eligible Child and will not count as a Nominated Dependant for the purposes of calculating the amount of the children's pension available to other children.

6.7.4 The children's pension will be paid to one or more of the Eligible Children, or used for their benefit, in such shares as the Trustees decide from time to time. The children's pension will stop when there is no remaining Eligible Child.

6.7.5 If, at the date of death of a Section A/B Member, a person who would but for the age limits be an Eligible Child is physically or mentally incapable of self-support, the age limit applicable for payment of an Eligible Child's pension will not apply automatically and the Trustees will have discretion to pay or continue to pay a children's pension in respect of that person for as long as they may determine.

## 6.8 Family benefits refund

6.8.1 If at the time a Section A/B Member dies or becomes entitled to benefits:

6.8.1.1 there is no Spouse or Nominated Dependant to whom benefits are or could become payable, and

6.8.1.2 there are no Eligible Children to whom benefits are or could become payable;

that Section A/B Member (or another person on behalf of a deceased Section A/B Member) may request a "family benefits refund" by notice in writing to the Trustees. Upon receipt of the request, the Trustees will pay a family benefits refund on the Death Benefit Trusts.

6.8.2 The family benefits refund will be equal to the amount of contributions (excluding contributions in respect of Contracted-out Employment by reference to the Plan) paid by the Section A/B Member that are determined by the Scheme Actuary as referable to pensions for survivors together with compound interest at 3% per annum.

6.8.3 In the case of a Section A/B Member who has been married or has children, the relevant contributions are those paid after the later of the end of the Section A/B Member's last marriage or the date on which the last of his or her children ceased to be eligible for benefits.

- 6.8.4 If a Section A/B Member is judicially separated from his or her Spouse on terms that do not require him or her to provide support, the Section A/B Member's marriage will be treated as having ended by the judicial separation.

6.9 Adjustments

- 6.9.1 In calculating Spouse's or Nominated Dependants' pensions under this paragraph 6, any surrender of pension under Rule 5.5 will be ignored.
- 6.9.2 Except in calculating pensions under this paragraph, where a Section A/B Member dies in Service before pension starts, in calculating Spouse's or Nominated Dependant's pensions no account will be taken of any Pensionable Service in respect of which the Section A/B Member has received a family benefits refund.
- 6.9.3 If the Section A/B Member dies after leaving Pensionable Service having completed at least 40 years' Pensionable Service after 5 April 1978, Spouse's and Nominated Dependant's pensions except those payable to a Section A/B Member's male Spouse where that Spouse is not permanently incapacitated and dependent on the Section B Member at the Section B Member's death will be calculated without regard to the maximum periods of Pensionable Service referred to in paragraph 5.1.
- 6.9.4 The Spouse's pension payable to a female Spouse who was judicially separated from the Section A/B Member at the time of his death on terms that did not require him to provide support will be calculated only on Pensionable Service on and after 6 April 1978.

**7. PAYMENT OF PENSIONS; PENSIONS INCREASES**

7.1 Payment of frequency

Pensions are payable monthly in arrears.

7.2 Pension increases

- 7.2.1 Any pension in payment will be increased from time to time in accordance with:

- 7.2.1.1 the Pensions (Increase) Act 1971; and

- 7.2.1.2 Sections 59 and 59A of the Social Security Pensions Act 1975.

as if the pension was payable under the PCSPPS. "Pension" has the same meaning in this paragraph as in the Pensions (Increases) Act 1971.

- 7.2.2 For the purposes of the Plan, any age condition in Section 3 of the Pensions (Increase) Act 1971 will apply as if it were an age condition of 50.

**8. TERMINATION OF PENSIONABLE SERVICE**

8.1 Refunds of contributions

A Section A/B Member who, on leaving Pensionable Service other than on death or retirement, has not completed three months of Qualifying Service shall receive a refund of his own contributions but shall receive no other benefit under the Plan (except for any benefits which represent a transfer payment received from another scheme).

## 8.2 Right to refund of contributions or transfer payment

A Section A/B Member who, on leaving Pensionable Service other than on death or retirement, has completed three or more months of Qualifying Service but less than two years of Qualifying Service, shall be entitled to:

- 8.2.1 a refund of contributions (in accordance with and subject to paragraph 8.1); or
- 8.2.2 if the Section A/B Member so elects by notifying the Trustees in writing, a transfer payment or the purchase of one or more annuities.

## 8.3 Preservation of benefits in the Plan

8.3.1 A Section A/B Member who leaves Pensionable Service before Normal Retirement Date without becoming entitled to an immediate pension will be entitled to his Normal Pension at Normal Retirement Date. The pension shall be increased by the percentage required by the PSA, and may be increased by a higher percentage in respect of any period if the Trustees and the Principal Employer agree.

8.3.2 A Section A/B Member entitled to a preserved pension may elect to start receiving it before Normal Retirement Date (but not before Minimum Pension Age). It will be reduced for early payment on a basis determined by the Trustees after consulting the Scheme Actuary.

8.3.3 If the Trustees are satisfied that the ill-health condition prescribed under paragraph 1 of Schedule 28 of the FA 2004 is met in respect of a Section A/B Member, the reduction may be waived and the pension can start if the Section A/B Member consents even if he or she has not reached Minimum Pension Age.

8.3.4 The Trustees may also waive the reduction and pay the pension but not before Minimum Pension Age if they are satisfied that compassionate grounds exist and the Section A/B Member consents.

8.3.5 A Section A/B Member who is a 2016 Deferred Member entitled to a preserved pension and who has reached Minimum Pension Age but who has not reached age 60 and:

- 8.3.5.1 is retiring at the request of the Principal Employer;
- 8.3.5.2 is leaving Service by reason of redundancy (as defined in Section 139 of the Employment Rights Act 1996); or
- 8.3.5.3 in respect of whom the Principal Employer has expressly agreed to the reduction being waived

may elect to start receiving his preserved pension before Normal Retirement Date subject to the following :

- (a) no reduction for early payment shall apply to his preserved pension;
- (b) his preserved pension shall be calculated using the greater of (1) his Final Pensionable Salary as at 31 January 2016 and (2) the salary being used at the date of his retirement or redundancy (as appropriate) to calculate contributions paid by or in respect of him to the Arqiva Group Personal Pension Plan (or such salary as would be used if contributions were being paid by or in respect of him to the Arqiva Group Personal Pension Plan); and

- (c) his Pensionable Service for the purposes of calculating his preserved pension will be enhanced by the lower of:
  - (aa) the additional Pensionable Service that the Section A/B Member would have completed if he had remained in Pensionable Service until Normal Retirement Date (ignoring for these purposes that Pensionable Service ceased on 31 January 2016); and
  - (bb) 6 2/3rds (six and two-thirds) years

Subject to a maximum enhancement equal to the period of his actual Pensionable Service.

8.3.6 A Section A/B Member who is a 2016 Deferred Member entitled to a preserved pension and who remains in Service after Normal Retirement Date may elect to receive his preserved pension upon retirement from Service at any time before his 75th birthday, increased by the Trustees upon Actuarial Advice having regard to the period between the Member's Normal Retirement Date and the date of commencement of pension.

## **Part III**

### **Rules applicable to Section C of the Ex-BT Section**

#### **1. DEFINITIONS**

The definitions set out in Schedule 1 (Definitions and Interpretation) and in Part I of this Schedule apply. In addition, the following expressions have the following meanings in this Part III of Schedule 4 (Section C of Ex-BT Section):

**Final Pensionable Salary** means a Section C Member's highest level of Pensionable Salary payable in any continuous twelve calendar month period in the last three years of Pensionable Service. If the Section C Member was not in Service for 12 calendar months, the Trustees will calculate Final Pensionable Salary by reference to the proportion one year bears to the actual length of Service.

Where Final Pensionable Salary has been reduced in the national interest, the full rate will count as Final Pensionable Salary.

**Normal Pension** is equal to 1/60th of Final Pensionable Salary for each complete year of Pensionable Service (with an additional proportionate amount for each additional complete day), subject to a maximum of 40 years.

**Pensionable Salary** means the annual basic salary of a Section C Member excluding overtime, but including London weighting and those other pensionable emoluments which are set out in the appropriate section of the Employee terms and conditions, or which are determined by the Employer. The Earnings Cap applies to this definition where applicable.

#### **2. SECTION C MEMBERS' CONTRIBUTIONS**

##### **2.1 Mandatory contributions**

Each Section C Member in Pensionable Service shall contribute to the Plan at the rate of 6% of his Pensionable Salary. Contributions shall cease on the earlier of leaving Pensionable Service and completion of 40 years' Pensionable Service.

##### **2.2 Additional Voluntary Contributions**

A Section C Member may pay Additional Voluntary Contributions in accordance with Rule 3.2.

##### **2.3 No mandatory contributions shall be payable by a Section C Member and no Section C Member shall be permitted to pay Additional Voluntary Contributions following the cessation of Pensionable Service on 31 January 2016.**

#### **3. BENEFITS ON RETIREMENT**

##### **3.1 Normal retirement pensions**

A Section C Member is entitled to immediate payment of his Normal Pension at Normal Retirement Date.

##### **3.2 Early retirement**

##### **3.2.1 A Section C Member who has at least two years' Qualifying Service may retire from Pensionable Service from age 60 and elect for immediate payment of his Normal Pension.**

- 3.2.2 A Section C Member who has at least two years' Qualifying Service may retire from Pensionable Service at or after Minimum Pension Age but before age 60 with the consent of the Trustees and the Principal Employer and elect for immediate payment of his Normal Pension, subject to paragraphs 3.2.3 to 3.2.7 below.
- 3.2.3 The pension payable to a Section C Member who retires in accordance with paragraph 3.2.1 or 3.2.2 above shall be his Normal Pension calculated by reference to the Member's Pensionable Service and Final Pensionable Salary at the date of his actual retirement.
- 3.2.4 A Section C Member who leaves Service with an entitlement to a preserved pension under Rule 10 (Termination of Pensionable Service) after reaching Minimum Pension Age and before Normal Retirement Date may elect for immediate payment of his Normal Pension, subject to paragraph 3.2.5.
- 3.2.5 Except if the Section C Member has reached age 60, the Section C Member's Normal Pension will be reduced on a basis determined by the Trustees after consulting the Scheme Actuary to take account of early payment. The reduction described above will not apply if the Section C Member leaves Service:
- 3.2.5.1 at the request of the Principal Employer and after reaching Minimum Pension Age and after completing at least five years' Qualifying Service; or
  - 3.2.5.2 after reaching Minimum Pension Age and after completing at least five years' Qualifying Service if he is leaving by reason of redundancy (as defined in Section 139 of the Employment Rights Act 1996); or
  - 3.2.5.3 after reaching Minimum Pension Age and the Principal Employer has expressly agreed to the reduction being waived.
- 3.2.6 The Trustees must be reasonably satisfied that the value of the early retirement benefits (including death in retirement benefits) is at least equal in value to the benefits which have accrued for the Section C Member taking into account the preservation, revaluation and contracting-out requirements of the PSA.
- 3.3 Late retirement
- Subject to paragraph 3.3.3 a Section C Member who remains employed by an Employer after Normal Retirement Date may elect:
- 3.3.1 to continue to contribute until such later date as the Principal Employer permits, in which case the Member shall continue in Pensionable Service. On retirement, the Member shall become entitled to immediate payment of his Normal Pension but without any increase to reflect the deferral of payment; or
  - 3.3.2 to cease contributing at Normal Retirement Date, in which case he shall be entitled, at his election, either:
    - 3.3.2.1 to immediate payment of his Normal Pension; or
    - 3.3.2.2 to a pension upon retirement from Service at any time before his 75th birthday calculated as his Normal Pension at Normal Retirement Date, increased by the Trustees upon Actuarial Advice having regard to the period between the Member's Normal Retirement Date and the date of commencement of pension.

3.3.3 No Section C Member shall continue to contribute after 31 January 2016.

### 3.4 Lump sum benefits on retirement

3.4.1 A Section C Member may elect, by notice in writing to the Trustees not more than six months before the first instalment of pension is due, to receive a lump sum in exchange for part of his pension. The amount of the lump sum shall not exceed the permitted maximum, as defined in paragraph 2 of Schedule 29 to the FA 2004 or such higher amount as may be permitted under FA 2004.

3.4.2 The cash sum for which each £1 per annum pension is exchanged under this paragraph 3.4 is £15. This basis applies only in respect of pension exchanged for cash which does not exceed 25% of the value of Section C Member's pension. Any greater cash sum is determined by the Trustees on a basis certified by the Scheme Actuary as reasonable.

3.4.3 Where a Member exercises the option under paragraph 3.4.1 at Normal Retirement Date, in calculating the lump sum, the Member shall be entitled to not less than £15 for each £1 of pension that he exchanges. Where a Member exercises the option under paragraph 3.4.1 at any time other than Normal Retirement Date, the terms on which the pension is exchanged shall not be less generous to the Member than the terms available at Normal Retirement Date, as advised by the Actuary and taking into account the difference in age.

3.4.4 If a Section C Member has paid Additional Voluntary Contributions to the Plan on a money purchase basis in accordance with Rule 3.2, only a proportion of the Additional Voluntary Contributions may be paid as a pension commencement lump sum. That proportion must be the same proportion as the value of the Section C Member's pension exchanged for a lump sum bears to his pension before exchange for a lump sum, unless the Trustees with the consent of the Principal Employer agree otherwise.

### 3.5 Part-time employment

If a Section C Member's Pensionable Service includes part-time employment, it will be adjusted as follows:

3.5.1 any period of part-time Pensionable Service will be reduced in the ratio of actual hours per week to full-time hours per week (subject to a maximum reduction of one half if the part-time employment is 16 hours or more a week); and

3.5.2 for a Section C Member who has worked part-time in the three years immediately before leaving Service, Final Pensionable Salary will be based on the full-time rate of pay for that employment. If no full-time rate is specified for that employment, the full-time equivalent will be calculated by multiplying actual Pensionable Salary by the proportion which the equivalent number of full-time hours appropriate to that employment bears to the number of part-time hours contracted to be worked.

For the purpose of calculating benefits under paragraph 4.2 (Death in Pensionable Service), it will be assumed that the Section C Member had continued to work until Normal Retirement Date for the same number of hours per week as at the date he or she left Service or died, unless the Trustees determine otherwise.



#### **4. BENEFITS ON DEATH**

##### **4.1 General Provisions**

For the purposes of this paragraph 4:

- 4.1.1 No lump sum death benefit will be paid under this paragraph 4 if there are no living Ex BT-Member Beneficiaries at the date of the Section C Member's death. If any person has paid funeral expenses in respect of a deceased Section C Member, the Trustees may deduct from any lump sum payable on the Section C Member's death, and pay to that person, an amount up to but not exceeding those funeral expenses.
- 4.1.2 If there is no Spouse or Nominated Dependant, but the Trustees are satisfied, in accordance with procedures agreed from time to time between the Principal Employer and the Trustees, that the Section C Member left an adult Dependant, the Trustees may at their discretion treat that Dependant as a Nominated Dependant for the purpose of these Rules.

##### **4.2 Benefits on death in Pensionable Service**

- 4.2.1 If a Section C Member dies in Pensionable Service leaving a surviving Spouse, the Spouse will receive a pension for life. If a Section C Member dies leaving a Nominated Dependant, the Nominated Dependant may at the absolute discretion of the Trustees receive a pension for life.
- 4.2.2 Where the Section C Member dies in Pensionable Service and a Spouse's or Nominated Dependant's pension is payable, that pension will be equal to one-half of the Normal Pension which would have been payable to the Section C Member if he had remained in Pensionable Service until Normal Retirement Date.
- 4.2.3 If a Section C Member dies in Pensionable Service leaving an Eligible Child or Children, benefits will be paid in accordance with paragraph 4.8.
- 4.2.4 In each case, an additional pro rata amount will be given for additional complete days.

##### **4.3 Benefits on death after retirement**

- 4.3.1 If a Section C Member dies while receiving a pension from the Plan, benefits may be paid, subject to paragraphs 4.3.2 to 4.3.6 below, to a surviving Spouse, Nominated Dependant or Eligible Child.
- 4.3.2 If the Section C Member dies after commencement of pension leaving a surviving Spouse, the Spouse will receive a pension for life. If a Section C Member dies leaving a Nominated Dependant, the Nominated Dependant may at the absolute discretion of the Trustees receive a pension for life.
- 4.3.3 Where the Section C Member dies after commencement of pension and a Spouse's or Nominated Dependant's pension is payable, that pension will subject to paragraph 4.3.4 below be equal to one-half of the Section C Member's pension at date of death, discounting any reduction arising from commutation for a lump sum at retirement and including pension increases to date.
- 4.3.4 For the first 91 days after the Section C Member's death, or, if later, until the fifth anniversary of the commencement of the Section C Member's pension, the Spouse's or Nominated Dependant's pension will be equal to, if greater, the whole of the

pension that was or would have been payable to the Section C Member as described above.

- 4.3.5 If a Section C Member dies within five years of commencement his pension and leaves no Spouse or Nominated Dependant, or if the Spouse or Nominated Dependant dies within five years of commencement of the Section C Member's pension, the Trustees may if they so determine pay a lump sum on the Death Benefit Trusts equal to the further instalments of pension (excluding increases) that would have been paid if the Section C Member had survived until the end of the five-year period.

- 4.3.6 Benefits will be paid to Eligible Children in accordance with paragraph 4.8.

#### 4.4 Benefits on death in Pensionable Service after Normal Retirement Date

On the death of a Section C Member in Pensionable Service on or after Normal Retirement Date but before the commencement of pension, benefits shall be paid in accordance with paragraph 4.2.

#### 4.5 Benefits on death after Normal Retirement Date before commencement of pension

On the death of a Section C Member on or after Normal Pension Date who has ceased to be in Pensionable Service but whose pension has not yet commenced, benefits will be paid in accordance with paragraph 4.3 as if he had retired on the day before he died.

#### 4.6 Benefits on death of a Section C Member with preserved benefits under Rule 10

On the death of a Section C Member with an entitlement to preserved benefits under Rule 10 (Termination of Pensionable Service) before commencement of pension, there shall be paid:

- 4.6.1 If the Section C Member leaves a surviving Spouse, the Spouse will receive a pension for life. If a Section C Member dies leaving a Nominated Dependant, the Nominated Dependant may at the absolute discretion of the Trustees receive a pension for life.

- 4.6.2 The Spouse's or Nominated Dependant's immediate pension will be one-half of the preserved pension (including increases under paragraph 5 at the date of death).

#### 4.7 Young Spouse or Nominated Dependant

If the Spouse or Nominated Dependant is more than ten years younger than the Section C Member, the Trustees may, on Actuarial Advice, reduce the Spouse's or Nominated Dependant's pension by up to 2.5% for each complete year of age difference greater than ten years.

#### 4.8 Children's pensions

- 4.8.1 If a Section C Member dies leaving Eligible Children, children's pensions will be paid. If there is only one Eligible Child, the children's pension will be one-half of the Spouse's or Nominated Dependant's pension. If there are two or more Eligible Children, the children's pension will be equal to the Spouse's or Nominated Dependant's pension.

- 4.8.2 If there is no Spouse or Nominated Dependant or that person dies (or where a Spouse's pension is being paid to more than one Spouse, the last surviving Spouse receiving such payment dies), the children's pension will be doubled.

- 4.8.3 In using the Spouse's or Nominated Dependant's pension to calculate children's pension, no account will be taken of the increase in Spouse's or Nominated Dependant's pension under paragraph 5.
- 4.8.4 A person who is not entitled to the children's pension because he or she is entitled to a pension as a Nominated Dependant will count as an Eligible Child and will not count as a Nominated Dependant for the purposes of calculating the amount of the children's pension available to other children.
- 4.8.5 The children's pension will be paid to one or more of the Eligible Children, or used for their benefit, in such shares as the Trustees decide from time to time. The children's pension will stop when there is no remaining Eligible Child.
- 4.8.6 If, at the date of death of a Section C Member, a person who would but for the age limits be an Eligible Child is physically or mentally incapable of self-support, the age limit applicable for payment of a Child's pension will not apply automatically and the Trustees will have discretion to pay or continue to pay a children's pension in respect of that person for as long as they may determine.

## **5. PAYMENT OF PENSIONS; PENSION INCREASES**

### **5.1 Payment frequency**

Pensions are payable monthly.

### **5.2 Pension increases**

All pensions payable in respect of Section C Members shall be increased on the Renewal Date in every year or such other date as the Principal Employer shall determine except for:

- 5.2.1 that part of a pension deriving from a Section C Member's AVC Account except as required by law or to the extent the Section C Member has agreed with the Trustees that it is to be subject to increases; and
- 5.2.2 a pension (or that part of it) arising under Rule 13 (Augmentation) except to the extent which the Employer with the consent of the Principal Employer has decided that it is to be subject to increases under this Rule.

### **5.3 Rate of increase**

The rate of increase is the percentage increase in the Index (or any replacement or other official cost-of-living index selected by the Trustees) over the last completed Review Period immediately prior to the Review Date, subject to a maximum rate of increase of 5%, or such other maximum rate, determined by the Trustees after consulting the Scheme Actuary, as shall be applied to the total amount of pension ranking for pension increases.

## **6. TERMINATION OF PENSIONABLE SERVICE**

### **6.1 Refunds of contributions**

- 6.1.1 A Section C Member who, on leaving Pensionable Service other than on death or retirement, has not completed three months of Qualifying Service shall receive a refund of his own contributions but shall receive no other benefit under the Plan (except for any benefits which represent a transfer payment received from another scheme).

- 6.1.2 The Trustees may withhold from any refund any tax payable, and the certified amount (as determined under the PSA), relating to the cost of reinstatement into the State Second Pension Scheme, as calculated upon Actuarial Advice.
- 6.2 Right to refund of contributions or transfer payment
- 6.2.1 A Section C Member who, on leaving Pensionable Service other than on death or retirement, has completed three or more months of Qualifying Service but less than two years' Qualifying Service, shall be entitled to:
- 6.2.1.1 a refund of contributions (in accordance with and subject to paragraph 6.1); or
- 6.2.1.2 if the Section C Member so elects by notifying the Trustees in writing, a transfer payment or the purchase of one or more annuities.
- 6.3 Preservation of benefits in the Plan
- 6.3.1 Subject to paragraph 6.3.5 a Section C Member who leaves Pensionable Service before Normal Retirement Date without becoming entitled to an immediate pension will be entitled to his Normal Pension at Normal Retirement Date. The pension shall be increased by the percentage required by the PSA, and may be increased by a higher percentage in respect of any period if the Trustees and the Principal Employer agree.
- 6.3.2 Subject to paragraph 6.3.5 a Section C Member entitled to a preserved pension may elect to start receiving it before Normal Retirement Date (but not before Minimum Pension Age). It will be reduced for early payment on a basis determined by the Trustees after consulting the Scheme Actuary.
- 6.3.3 If the Trustees are satisfied that the ill-health condition prescribed under paragraph 1 of Schedule 28 of the FA 2004 is met in respect of a Section C Member, the reduction may be waived and the pension can start if the Section C Member consents even if he or she has not reached Minimum Pension Age.
- 6.3.4 The Trustees may also waive the reduction and pay the pension (but not before Minimum Pension Age) if they are satisfied that compassionate grounds exist and the Section C Member consents.
- 6.3.5 A Section C Member who is a 2016 Deferred Member entitled to a preserved pension and who has reached Minimum Pension Age but who has not reached age 60 and:
- 6.3.5.1 is retiring at the request of the Principal Employer;
- 6.3.5.2 is leaving Service by reason of redundancy (as defined in Section 139 of the Employment Rights Act 1996); or
- 6.3.5.3 in respect of whom the Principal Employer has expressly agreed to the reduction being waived
- may elect to start receiving his preserved pension before Normal Retirement Date. No reduction for early payment shall apply to his preserved pension.
- 6.3.6 A Section C Member who is a 2016 Deferred Member entitled to a preserved pension and who remains in Service after Normal Retirement Date may elect to receive his preserved pension upon retirement from Service at any time before his 75th birthday,

increased by the Trustees upon Actuarial Advice having regard to the period between the Member's Normal Retirement Date and the date of commencement of pension.

## SCHEDULE 5

### Rules applicable to the National Grid Wireless Section

This Schedule 5 (National Grid Wireless Section) applies to NGW Members who joined this NGW Section of the Plan with effect from 1 January 2010 following the merger of the Plan with the Arqiva Services Scheme. References to Pensionable Service prior to 1 January 2010 are to pensionable service in the Arqiva Services Scheme.

#### 1. DEFINITIONS

The definitions set out in Schedule 1 (Definitions and Interpretation) apply. In addition, the following expressions have the following meanings in this Schedule 5:

**Active Member** means an NGW Member (whether before or after his Normal Retirement Date) who has not yet:

- (a) left Pensionable Service (or opted out or been treated as having left Pensionable Service); or
- (b) become a Pensioner.

**Active Member's Prospective Pension** means the following amount if the Active Member dies in Service before Normal Retirement Date:

- (a) in respect of Pensionable Service up to and including 30 June 2003, 1/60th of the Active Member's Final Pensionable Salary for each Year (not exceeding 45) of Pensionable Service increased in accordance with the Index from 1 July 2003 until the date of death. (In the case of a Transferring BBC Scheme Member, the Scale Pension is reduced by £1.33 for each Year of Pensionable Service before 1 August 1991 that the Active Member elected to pay reduced contributions (known as "Rate A") under the BBC Scheme on the first £400 of salary. Odd days excluding 29 February, each count as 1/365th of a Year); and
- (b) in respect of Pensionable Service on and after 1 July 2003:
  - (i) 1/60 of Pensionable Salary for each Year of Pensionable Service up to the date of death; plus
  - (ii) 1/60 of Pensionable Salary (calculated for the purposes of this definition as at the date of death, without any future increases) for each Year of Pensionable Service which he could have completed from the date of death up to Normal Retirement Date.

For the purposes of paragraph (b) of this definition:

- (aa) the number of Years to count under (a) and (b) shall not exceed 45 in total;
- (bb) proportionate parts of a Year shall count; and
- (cc) Pensionable Salary for each Year of Pensionable Service shall be calculated as at the following 31 March. It shall be revalued each April in accordance with the Index published for the previous calendar year ended 31 December, and shall be revalued annually in like manner thereafter.

For the avoidance of doubt if the Active Member dies in Service on or after Normal Retirement Date, the pension to be paid shall be that which he or she would have been entitled on leaving Service immediately before he or she died.

**AVC Added Years** means any period of additional Pensionable Service credited to the NGW Member under paragraph 3.2.

**Class A Member** has the same meaning as in Part B of Schedule 8 (Overriding Benefit Provisions).

**Contracting-out Requirements** means the requirements to be met for the purpose of obtaining and maintaining a contracting-out certificate under Chapter I of Part III of the PSA by reference to the Plan and includes the provisions of Schedule 9 (Contracting-Out).

**Deferred Pensioner** means an NGW Member whose Pensionable Service has ended before Normal Retirement Date and who is entitled to a pension from the Plan which has not started to be paid. Unless stated otherwise, references to a Deferred Pensioner shall include an NGW Member who is a 2016 Deferred Member.

**Deferred Pensioner's Prospective Pension** means the initial annual amount of the pension to which a Deferred Pensioner would have been entitled under paragraph 7.3.1 if it had started immediately before he or she died, but ignoring the Early Retirement Discount.

**Dependant** means an individual who, in the opinion of the Trustees, was at the date of the NGW Member's death financially dependent or otherwise qualifies as a "dependant" under paragraph 15 of Schedule 28 of the FA 2004.

**Early Retirement Discount** means the rate of reduction of the Scale Pension as set out in paragraphs 4.2.2 to 4.2.4.

**Final Pensionable Salary** means an NGW Member's Pensionable Salary at the earlier of 1 July 2003 or the date of termination of his or her Pensionable Service calculated at a daily rate provided that:

- (a) if an NGW Member's Pensionable Salary was reduced during the last ten years of Pensionable Service up to 30 June 2003, Final Pensionable Salary will be determined by the Principal Employer but will not be less than the NGW Member's Pensionable Salary paid in the last Year of Pensionable Service, nor more than the greater of:
  - (i) the annual equivalent of his or her highest Pensionable Salary during the last ten Years of Pensionable Service up to 30 June 2003; and
  - (ii) the highest average annual equivalent of Pensionable Salary paid in any three consecutive Years ending in the last ten Years of Pensionable Service up to 30 June 2003;
- (b) if an NGW Member's Pensionable Service includes employment which the Employer notifies the Trustees is part-time employment, (a) above will not apply and the definition is modified as set out in paragraph 4.6.1; and
- (c) in calculating the Final Pensionable Salary of an NGW Member who is a Class A Member, his Pensionable Salary in respect of each day during a Year must not exceed the Earnings Cap on that day.

**Former BBC Scheme Member** means an NGW Member who was in pensionable service under the BBC Pension Scheme on 31 July 1997 and became an Active Member of the Arqiva Services Scheme on 1 August 1997 pursuant to the invitation letter from Crown Castle (UK) Limited dated 21 April 1997.

**Incapacity** means deterioration in health or injury which the Principal Employer is satisfied, on the evidence of a medical practitioner appointed by it, is likely to permanently and substantially impair an

Active Member's earning capacity provided also that the ill-health condition under Part 1 of Schedule 28 of the FA04 is met.

**Interest** means interest at such rate and calculated in such manner as the Principal Employer from time to time determines.

**New Benefits Member** means any Member other than a Former BBC Scheme Member who was last admitted as an active member under the BBC Pension Scheme before 1st October 1996.

**NGW Member** means a person admitted to membership of the Plan in accordance with Schedule 5, and in respect of whom the Trustees have a liability to pay or provide benefits.

**Nominated Dependant** means the person who is nominated by an NGW Member in accordance with and satisfies the following provisions:

- (a) an NGW Member may nominate any one person to be his or her Nominated Dependant;
- (b) the form of nomination and supporting information will be as prescribed from time to time by the Trustees; and
- (c) only one nomination may be in force at a time.

The Trustees will receive and accept a nomination not less than six months before the NGW Member's death. The Trustees may decide to waive this condition in individual cases and it may reject a nomination without giving any reason. The nomination is only effective if:

- (i) the NGW Member dies without leaving a Spouse;
- (ii) the person nominated is not under age 18 when the NGW Member dies;
- (iii) the person nominated was financially dependent on the NGW Member either when the NGW Member died or when the NGW Member's pension started; and
- (iv) the nomination remains in force when the NGW Member dies. A nomination can be revoked by the NGW Member at any time by written notice to the Trustees.

**Normal Retirement Date** means the NGW Member's 60th birthday.

**Pension** means the current yearly amount of a pension as it would have been but for any levelling adjustment or (in relation to Former BBC Scheme Members who joined the BBC Pension Scheme before 1 April 1992) any reduction for partial commutation under paragraph 4.5 or any voluntary allocation for a Dependant under Rule 5.5.

**Pensionable Salary** means an NGW Member's basic salary or wages from the Employer. It includes London weighting and such other regular additions to basic salary as the Principal Employer may determine from time to time and inform the Trustees. It does not include any other allowance, bonus, overtime earnings or temporary or fluctuating emoluments not specifically recognised by the Principal Employer as being included in Pensionable Salary. The Pensionable Salary of an NGW Member who is a Class A Member must not exceed the Earnings Cap.

**Pensionable Service** means Service falling within an NGW Member's last or only period as an Active Member of the Arqiva Services Scheme (including for a Transferring BBC Scheme Member, pensionable service under the BBC Pension Scheme) and the Plan (including Service after Normal Retirement Date (where relevant)) together with any AVC Added Years. Pensionable Service shall end upon the earlier of 31 January 2016 and the NGW Member ceasing to be an Employee, opting-out in accordance with paragraph 2.3, or the Principal Employer excluding an NGW Member from continuing in Pensionable Service.



Provided that in the case of a Transferring BBC Scheme Member, Pensionable Service includes his last or only period of pensionable service under the BBC Pension Scheme.

**Pensioner** means a person who is an NGW Member other than a Postponed Pensioner and is in receipt of or entitled to be receiving a pension from the Plan.

**Pensioner's Full Pension** means the annual amount of the Pensioner's pension immediately before death, as it would have been but for any commutation under paragraph 4.5 or levelling adjustment under paragraph 4.7.

**Postponed Pensioner** means an NGW Member who is in Service and has reached Normal Retirement Date, but is not an Active Member or in receipt of a pension from the Plan. Unless otherwise stated, reference to a Postponed Pensioner shall include an NGW Member who is a 2016 Deferred Member.

**Qualifying Service** shall have the meaning set out in Schedule 1 (Definitions and Interpretations). For the avoidance of doubt, for the purpose of calculating two years' Qualifying Service if an NGW Member leaves and later rejoins Pensionable Service, Qualifying Service will be treated as continuous if the break is:

- (a) not more than one month;
- (b) due to Ordinary Maternity Leave or Additional Maternity Leave where the NGW Member exercises her right to return to work under Part VIII of the Employment Rights Act 1996 and returns to Pensionable Service no later than one month after returning to work; or
- (c) due to the NGW Member's absence from work in furtherance of a trade dispute.

The period of the break itself does not count as Qualifying Service.

**Rate** means, in relation to any 1 April, the smaller of:

- (a) 10%; and
- (b) the percentage increase in the Index published for the previous calendar year ending 31 December. The percentage will be taken as zero if it would otherwise be negative. If the Index is not published in respect of the relevant period, the Principal Employer may substitute such percentage as it considers to be a reasonably likely figure on the basis of information available to it.

**Scale Pension** means

- (a) in respect of Pensionable Service up to and including 30 June 2003 a pension for life at an initial annual amount of 1/60th of the NGW Member's Final Pensionable Salary for each Year (not exceeding 45) of his or her Pensionable Service (as increased in accordance with paragraph 6.2). (In the case of a Transferring BBC Scheme Member, the Scale Pension is reduced by £1.33 for each Year of pensionable service before 1 August 1991 under the BBC Pension Scheme that the NGW Member elected to pay reduced contributions (known as "Rate A") on the first £400 of salary. Odd days, excluding 29 February, each count as 1/365th of the Year); plus
- (b) in respect of Pensionable Service on and after 1 July 2003 1/60th Pensionable Salary for each Year calculated as at 31 March in each year (not exceeding 45) (and proportionally for part of a year) of such Pensionable Service. The 1/60th Pensionable Salary for each Year will be revalued as at the following April and each April thereafter whilst the NGW Member is in Pensionable Service in accordance with the Index published for the previous calendar year

ending 31 December. The aggregate of such revalued Pensionable Salaries as calculated above shall comprise the Scale Pension in respect of post 1 July 2003 Pensionable Service.

**Service** means Service as defined in Schedule 1 (Definitions and Interpretations) and includes any other period that the Principal Employer at any time, with the approval of the NGW Member, determines to be Service.

**Spouse** means the person who was the only spouse of and ordinarily resident with an NGW Member when he or she died, except that in relation to the death of an NGW Member with an entitlement to preserved benefits under paragraph 7.3 or an NGW Member entitled to be receiving a pension under the Plan, a spouse will not be treated as the Spouse if their marriage took place after the NGW Member left Service and less than six months before the NGW Member died.

Provided that the Trustees may decide:

- (a) to waive the above exception in individual cases;
- (b) to treat a non-resident spouse as being ordinarily resident with the NGW Member.

Any such determination may be subject to any terms or conditions.

**Transferring BBC Scheme Member** means a Former BBC Scheme Member who transferred his past service benefits from the then BBC Pension Scheme to the Arqiva Services Scheme pursuant to an invitation letter from then principal employer dated 27 June 1997.

**Year** means a period of 365 days, excluding 29 February.

## **2. ELIGIBILITY AND TERMS OF MEMBERSHIP**

### **2.1 Application**

This NGW Section of the Plan applies to persons who were members of the National Grid Wireless Section of the Arqiva Services Scheme on 31 December 2009 and became Members of the Plan pursuant to the Merger Agreement with effect from 1 January 2010.

### **2.2 Membership upon special terms**

- 2.2.1 This National Grid Wireless Section of the Plan is closed to new entrants, save that if so requested by the Principal Employer the Trustees may waive eligibility conditions, admit persons on the basis that reduced benefits are to be provided for them, or permit a person to remain an Active Member upon such special terms as the Principal Employer determines.
- 2.2.2 The Trustees may restrict or impose special terms in respect of any benefit under the Plan to reflect any restrictions or special terms which apply under any Policy held by the Trustees.

### **2.3 Opting-out**

Before 1 February 2016 an NGW Member still in Service may terminate his Pensionable Service by giving not less than two months' written notice to the Principal Employer and the Trustees. Provided that Pensionable Service shall not continue after 31 January 2016.

## **3. MEMBERS' CONTRIBUTIONS**

### **3.1 Mandatory contributions**

Each Active Member shall contribute to the Plan at the rate of:

- 3.1.1 in respect of Pensionable Service up to and including 30 June 2003, 4.5% of his Pensionable Salary;
- 3.1.2 in respect of Pensionable Service from 1 July 2003 up to and including 30 June 2004, 6.5% of Pensionable Salary;
- 3.1.3 in respect of Pensionable Service from 1 July 2004 up to and including 30 September 2007, 7.5% of Pensionable Salary; and
- 3.1.4 in respect of Pensionable Service on and after 1 October 2007, 9% of his Pensionable Salary.

Contributions shall cease on leaving Pensionable Service.

### 3.2 Additional Voluntary Contributions

- 3.2.1 An Active Member may pay Additional Voluntary Contributions to the Plan in accordance with Rule 3.2 to secure additional benefits on a money purchase basis under arrangements made by the Trustees with the prior written consent of the Principal Employer, except that Rule 3.2.5 applies only if the Trustees are of the opinion that a breach of any of the requirements of Rule 3.2 would or might occur. An Active Member may have AVC Added Years benefits in the Plan due to the payment of additional contributions to secure added years benefits while a member of the Arqiva Services Scheme prior to 1 January 2010.
- 3.2.2 The Trustees will (subject to the novation or assignment of the relevant policies) maintain any policy or other arrangement in respect of any Additional Voluntary Contributions transferred from the Arqiva Services Scheme to the Plan under the Merger Agreement, but they may determine to close any such policy or arrangement to further contributions and/or transfer part or all of the accumulated value of the Additional Voluntary Contributions to a new arrangement under and within the Plan.
- 3.2.3 An NGW Member may receive as a lump sum such amount of his Additional Voluntary Contributions as qualifies as a pension commencement lump sum under the FA 2004. The lump sum shall not exceed the permitted maximum as defined in paragraph 2 of Schedule 29 to the FA 2004, but calculated by reference to the NGW Member's money purchase Additional Voluntary Contributions and not any other benefits under the Plan.

### 3.3 Cessation of Pensionable Service

No mandatory contributions shall be payable by an NGW Member and no NGW Member shall be permitted to pay Additional Voluntary Contributions following the cessation of Pensionable Service on 31 January 2016.

## 4. BENEFITS ON RETIREMENT

### 4.1 Normal retirement pensions

An NGW Member who leaves Service at Normal Retirement Date will receive his Scale Pension, payable with effect from the next day.

## 4.2 Early retirement other than due to Incapacity

4.2.1 An Active Member who leaves Service on or after his Minimum Pension Age and before Normal Retirement Date other than due to Incapacity, and who makes a written request in the form prescribed by the Trustees, will, if the Principal Employer consents, receive the Scale Pension with effect from the next day. The Scale Pension is reduced in accordance with paragraphs 4.2.2 to 4.2.5 below.

4.2.2 In respect of an NGW Member who is not a New Benefits Member, for Pensionable Service up to and including 30 June 2003, the Scale Pension will be reduced by reference to the table below:

Leaving Service age	50	51	52	53	54	55	56	57	58	59	60
Percentage reduction	25	20	15	10	5	4	3	2	1	0	0

4.2.3 In respect of all other benefits, the Scale Pension will be reduced by such amount as the Principal Employer shall determine from time to time, and for the avoidance of doubt, different percentage reductions may apply in different circumstances.

4.2.4 The Trustees will apply the reduction proportionately for days, excluding 29 February, between birthdays. All of the above is subject to the requirements of the PSA and, in particular, the Trustees must be reasonably satisfied that the reduced pension's capital value is at least equal to what the unreduced pension's capital value would have been had the latter started on the day after Normal Retirement Date.

4.2.5 As an alternative to a reduction as set out under paragraphs 4.2.2 to 4.2.4, an Active Member may elect that, in respect of all his benefits (including, for the avoidance of doubt, all the benefits of an NGW Member who is not a New Benefits Member), the Scale Pension will be reduced by such amount as the Principal Employer shall determine from time to time, and for the avoidance of doubt, different percentage reductions may apply in different circumstances.

## 4.3 Early retirement due to Incapacity

4.3.1 An Active Member who leaves Service before Normal Retirement Date due to Incapacity shall, if the Principal Employer so decides, receive the Scale Pension payable with effect from the next day.

4.3.2 If the Trustees so determine, the Scale Pension may be increased by changing the formula in the definition of paragraph (b) of the definition of Scale Pension so that the period of Pensionable Service is treated as being what it would have been had the Member stayed in Pensionable Service until Normal Retirement Date.

4.3.3 Unless:

4.3.3.1 the Trustees, with the Principal Employer's consent, otherwise determine; or

- 4.3.3.2 the terms of re-entry to Pensionable Service are inconsistent with this provision;

the Incapacity pension will stop if the Pensioner re-enters Pensionable Service before Normal Retirement Date. Thereafter, in lieu of the Incapacity pension, the same benefits (in particular a deferred pension, payable from Normal Retirement Date) will be payable at the same time as if he had originally left Service, and remained throughout, in normal health, except that the Trustees may vary these benefits as they decide to be appropriate (having regard to any pension instalment or cash sum previously paid to the Pensioner and any voluntary allocation of his or her pension for a Dependant).

- 4.3.4 If the Pensioner has not re-entered Pensionable Service but has, in the Trustees' opinion recovered from Incapacity to any extent, the Trustees may reduce, suspend or terminate the Member's pension on such terms (including terms relating to survivors' benefits and pension increases) as they think fit. The Trustees may review and vary their decisions (including reducing further, increasing or restarting a pension) at any time.

- 4.3.5 The Trustees or the Principal Employer may require any Pensioner in receipt of an Incapacity pension to undergo an examination by a qualified medical practitioner appointed by the Principal Employer or the Trustees. The Trustees may accept a certificate by this practitioner that the Pensioner has recovered from Incapacity to any extent as conclusive evidence of such recovery. If the Pensioner refuses or neglects to undergo the examination within one month after being required to do so by the Trustees or the Principal Employer (or within such longer period as they may allow), the Trustees may exercise any discretion conferred on them by this paragraph 4.3 on such assumption as to the Pensioner's recovery from Incapacity as they think fit.

- 4.3.6 The provisions of this paragraph 4.3 are subject to the preservation and contracting-out requirements of the PSA, and the Overriding Benefit Provisions.

#### 4.4 Late retirement

Subject to paragraph 4.4.3 an NGW Member who remains employed by an Employer after Normal Retirement Date may elect:

- 4.4.1 to continue to contribute after Normal Retirement Date, in which case the Member shall continue in Pensionable Service up to a maximum of 45 Years' Pensionable Service. On retirement, the Member will receive the Scale Pension starting with effect from the day he leaves Service, or if he is a Former BBC Scheme Member whose last or only period as an active member of the BBC Pension Scheme started before 1 April 1992 and who remained an Active Member up to Normal Retirement Date, on such earlier date as the Member selects in a written notice to the Trustees; or

- 4.4.2 to cease contributing at Normal Retirement Date, in which case he shall be entitled, at his election, either:

- 4.4.2.1 to payment of his Scale Pension with effect from the next day; or

- 4.4.2.2 to become a Postponed Pensioner and to receive a pension upon retirement from Service at any time before his 75th birthday calculated as his Scale Pension at Normal Retirement Date, increased by such amount as the Principal Employer determines to take account of late payment having considered the advice of the Scheme Actuary.

- 4.4.3 No NGW Member may continue to contribute after 31 January 2016.
- 4.5 Lump sum benefits on retirement
- 4.5.1 An NGW Member may elect by giving written notice in the form prescribed by the Trustees before the pension starts to receive a lump sum in lieu of part of his pension. The amount of the lump sum shall not exceed the permitted maximum, as defined in paragraph 2 of Schedule 29 to the FA 2004 or such higher amount as may be permitted under the FA 2004.
- 4.5.2 The pension payable to the NGW Member shall be reduced as follows:
- 4.5.2.1 if the NGW Member retires at Normal Retirement Date, for each £10 lump sum (£12 in the case of a Former BBC Scheme Member whose last or only period of pensionable service under the BBC Pension Scheme started on or after 1 April 1992) by £1, or by such other amount as the Trustees may determine from time to time using commutation tables provided by the Scheme Actuary; or
- 4.5.2.2 if the NGW Member retires otherwise than at Normal Retirement Date, the commutation rate will be as the Trustees may determine from time to time using commutation tables provided by the Scheme Actuary.
- 4.5.2.3 Commutation does not affect the entitlement to or amount of any pension payable under paragraph 5.2.
- 4.6 Part-time employment
- 4.6.1 Where, during part of his Pensionable Service prior to 1 July 2003, an NGW Member has been employed under a contract of employment which requires him to work fewer hours a week than a full-time employee, his benefits shall be calculated as follows:
- 4.6.1.1 if, when an NGW Member's Pensionable Service ends, he is classified by his Employer as a part-time employee during any part of the Year before he leaves Pensionable Service, his Final Pensionable Salary will be determined by reference to his Pensionable Salary increased by the proportion that the total number of standard hours of work, as determined by the Principal Employer, which applies to a full-time employee performing the same job, bears to the total number of hours which he is contracted to work; and
- 4.6.1.2 if an NGW Member was classified by his Employer as a part-time employee at any time during the period of his contributory membership of the Plan prior to 1 July 2003, each period of part-time Service shall be reduced by the proportion that the total number of hours which he is contracted to work during that period bears to the total number of standard hours of work, as determined by the Principal Employer, which applies during the same period to a full-time employee performing the same job.
- 4.6.2 Where, during part of his Pensionable Service on or after 1 July 2003, an NGW Member has been employed under a contract of employment which requires him to work fewer hours a week than a full-time employee, his Pensionable Salary shall not be adjusted when calculating his Scale Pension in respect of Pensionable Service on or after 1 July 2003.

#### 4.7 Levelling adjustment

- 4.7.1 At the NGW Member's request the Trustees may increase his pension from when it starts until State Pensionable Age and then reduce it until the NGW Member's 75th birthday. After that birthday the pension's amount then reverts to what it would have been but for the levelling adjustment.
- 4.7.2 The amount of the increase and reduction will be decided by the Trustees, on the Scheme Actuary's advice, to the intent that, when the pension that the NGW Member is entitled to receive from the Plan and the single person's State basic pension are aggregated, his total income from those two pensions (taking their amounts at the time the NGW Member's pension from the Plan starts) remains approximately level up to age 75. The Trustees must not reduce the pension below that required under the Contracting-out Requirements.
- 4.7.3 The levelling adjustment under paragraph 4.7.1 does not affect the amount of any pension payable under paragraph 5 following the NGW Member's death or of any pension increase under paragraph 6.3.

### 5. BENEFITS ON DEATH

#### 5.1 Benefits on death in Pensionable Service

- 5.1.1 The following sums shall be held on the Death Benefit Trusts upon the death of an Active Member:
- 5.1.1.1 his contributions paid under paragraph 3.1, including any Member's mandatory contributions comprised in any transfer payment into the Plan with Interest; and
- 5.1.1.2 his AVC Account to the extent which it is not used to provide benefits for his Dependants.
- 5.1.2 If an Active Member dies his Spouse will be entitled to a pension, payable in accordance with paragraph 6. Its initial annual amount will be equal to two-thirds of the Active Member's Prospective Pension (inclusive of any pension payable in accordance with the Contracting-out requirements).
- 5.1.3 If an Active Member dies and does not leave a Spouse, his Nominated Dependant will be entitled to a pension, payable in accordance with paragraph 6. Its initial annual amount will be equal to the pension that would be payable to a Spouse under paragraph 5.1.2, except that it shall be:
- (a) halved whilst an Eligible Child's pension is payable; and
- (b) reduced by the amount of any widow's or widower's pension payable under the Contracting-out Requirements.
- 5.1.4 If an Active Member dies leaving an Eligible Child, a pension will be payable under paragraph 5.5.

#### 5.2 Benefits on death after retirement

- 5.2.1 If a Pensioner dies within five Years of commencement of pension and no lump sum is payable under paragraph 5.2.2 (or would be payable under paragraph 5.2.2 but for a payment being made under the Life Assurance Scheme), a lump sum equal to the sum of the remaining unpaid instalments of pension that would have been paid to the

Pensioner during the balance of the five Years, at the rate payable immediately before death as it would have been but for any levelling adjustment under paragraph 4.7 shall be held on the Death Benefit Trusts.

- 5.2.2 If a Pensioner dies before Normal Retirement Date (irrespective of whether death occurs within five Years of the pension starting) whilst receiving an Incapacity pension from the Plan under paragraph 4.3, instead of the sum payable under paragraph 5.2.1 a sum equal to four times the Pensioner's Pensionable Salary when Service ceased less any commutation lump sum paid under paragraph 4.5 (unless the death benefit lump sum is payable from the Life Assurance Scheme).
- 5.2.3 If a Pensioner dies, his Spouse will be entitled to a pension, payable in accordance with paragraph 6. Its initial annual amount will be equal to two-thirds of the Pensioner's Full Pension.
- 5.2.4 If a Pensioner dies and does not leave a Spouse, the Pensioner's Nominated Dependant will be entitled to a pension, payable in accordance with paragraph 6. Its initial annual amount will be equal to the pension that would be payable to a Spouse under paragraph 5.2.3, except that it shall be:
  - (a) halved whilst an Eligible Child's pension is payable; and
  - (b) reduced by the amount of any widow's or widower's pension payable under the Contracting-out Requirements; and
- 5.2.5 If a Pensioner dies leaving an Eligible Child, a pension will be payable under paragraph 5.5.
- 5.3 Benefits on death of a Postponed Pensioner after Normal Retirement Date before commencement of pension

On the death of a Postponed Pensioner on or after Normal Retirement Date, benefits will be paid in accordance with paragraph 5.2 as if he had retired on the day before he died.
- 5.4 Benefits on death of a Deferred Pensioner
  - 5.4.1 On the death of a Deferred Pensioner before Normal Retirement Date, the following sums shall be held on the Death Benefit Trusts:
    - 5.4.1.1 if no pension is payable under paragraph 5.4.2, 5.4.3, 5.4.4 or paragraph 5.6, a sum equal to five times the Deferred Pensioner's Prospective Pension; and
    - 5.4.1.2 his AVC Account to the extent which it is not used to provide benefits for his Dependants.
  - 5.4.2 If a Deferred Pensioner dies before Normal Retirement Date, his Spouse will be entitled to a pension, payable in accordance with paragraph 6. Its initial annual amount will be two-thirds of the Deferred Pensioner's Prospective Pension (inclusive of any pension payable under the Contracting-out Requirements).
  - 5.4.3 If a Deferred Pensioner dies before Normal Retirement Date and does not leave a Spouse, his Nominated Dependant will be entitled to a pension payable in accordance with paragraph 6 equal to the pension that would be payable to a Spouse under paragraph 5.4.2, except that it shall be:
    - (a) halved whilst an Eligible Child's pension is payable; and



- (b) reduced by the amount of any widow's or widower's pension payable under the Contracting-out Requirements.
- 5.4.4 If a Deferred Pensioner dies leaving an Eligible Child, a pension will be payable under paragraph 5.5.
- 5.4.5 A Deferred Pensioner's Spouse may opt to receive a cash sum instead of the pension under paragraph 5.4.2. This option may only be exercised by written notice to the Trustees given within 90 days after the Deferred Pensioner's death (unless the Trustees allow a longer period). The cash sum will be equal to:
  - 5.4.5.1 the Deferred Pensioner's contributions made to the Plan (including any contributions comprised in any transfer payment into the Plan), but excluding any Additional Voluntary Contributions, together with Interest to date of death less any tax payable in connection with the payment; less
  - 5.4.5.2 such amount as the Trustees decide (after consulting the Scheme Actuary), having regard to the cost of providing any pension payable under the Contracting-out Requirements if there is a widow or widower.
- 5.5 Children's pensions
  - 5.5.1 If an NGW Member dies leaving one or more Eligible Children, there shall be payable to or for the benefit of each Eligible Child, a pension for so long as the Eligible Child remains an Eligible Child. Where a pension is payable to two or more Eligible Children, the total amount of the pension shall be apportioned equally between all of them. The total initial amount shall be equal to:
    - 5.5.1.1 whilst a Spouse's pension is being paid, one third of the Active Member's Prospective Pension, Pensioner's Full Pension or Deferred Pensioner's Prospective Pension (as applicable); or
    - 5.5.1.2 if no Spouse's pension is being paid, the lesser of:
      - (a) two-thirds of the Active Member's Prospective Pension, Pensioner's Full Pension or Deferred Pensioner's Prospective Pension (as applicable); or
      - (b) the Active Member's Prospective Pension, Pensioner's Full Pension or Deferred Pensioner's Prospective Pension (as applicable) less the amount of any pension payable under the Contracting-out Requirements if there is a widow or widower.
  - 5.5.2 In calculating the amounts of Eligible Children's pensions under this paragraph 5.5:
    - (a) any reduction of the Spouse's pension which results from an age disparity is ignored; and
    - (b) if a Deferred Pensioner's Spouse opts to receive a cash sum under paragraph 5.4.5 instead of a pension under paragraph 5.4.2, the Eligible Children's pensions shall be calculated on the basis that the Deferred Pensioner's Spouse had not chosen to receive a cash sum.
- 5.6 Discretionary pension
  - 5.6.1 If an NGW Member dies and is not survived by a Spouse or Nominated Dependant, the Trustees may pay a pension to one or more of the NGW Member's Dependents.

The Trustees will decide the amount, duration and terms of each Dependant's pension.

- 5.6.2 The initial annual amount of all Dependents' pensions must not exceed an amount of equivalent capital value (as determined by the Scheme Actuary) to the Spouse's pension which would have been payable if the NGW Member had been survived by a Spouse of his own age less the initial annual amount of any pension payable under the Contracting-out Requirement if there is a widow or widower.

5.7 Adjustment of Spouse's or Nominated Dependant's pension

Where:

- 5.7.1 an NGW Member's marriage to his Spouse took place after he left Service and such Spouse is more than ten years younger than the NGW Member, or
- 5.7.2 his Nominated Dependant is more than ten years younger than the NGW Member

the Trustees (after consulting the Scheme Actuary) will decide the amount of any reduction to the pension payable to the Spouse or Nominated Dependant, which will not be more than 2.5% of the pension for each complete Year by which the Spouse or Nominated Dependant is more than ten years younger than the NGW Member.

5.8 Payment of contracted-out benefits

Where a widow or widower is entitled to a pension under the Contracting-out Requirements it will be paid as part of the Spouse's pension under the Plan, or as a separate entitlement if there is no Spouse's pension payable under the Plan.

**6. PAYMENT OF PENSIONS; PENSIONS INCREASES**

6.1 Payment of benefits

- 6.1.1 Pensions payable under paragraph 5 following the death of an NGW Member will be payable with effect from the day after the NGW Member's death, except that on the death of a Pensioner any pensions payable under paragraph 5 will be payable with effect from the day after the period to which the Pensioner's last pension payment relates.
- 6.1.2 Unless the Trustees decide otherwise, pensions are payable monthly in advance. The first instalment will be paid when the pension starts for the period from then to the first available regular payment date. The last instalment will be paid in full and not apportioned.
- 6.1.3 The Trustees may make what arrangements they think fit to facilitate the calculation or payment of benefits and may round instalments of pension or other benefits to avoid fractional amounts.
- 6.1.4 The Trustees may make whatever arrangements they think fit for the payment of benefits. Any payment sent by post will be at the risk of the person entitled to benefits from the Plan. The Trustees will not be responsible for, or be bound to take any steps to recover, any loss which may arise from the method of payment.
- 6.1.5 If a person entitled to benefits is ordinarily resident overseas, the Trustees shall not be obliged to make payment overseas. Any additional costs incurred by the Trustees in arranging payment shall, if the Trustees so decide, be deducted from the payment made to the person.

## 6.2 Pensions increases before payment

The proportion of an NGW Member's Scale Pension which relates to Pensionable Service prior to 1 July 2003 will increase on 1 April each year whilst the Member is in Pensionable Service by the smaller of the Index and 1/12th of the Index published for the previous calendar year ending 31 December multiplied by the number of complete months during which the Member was in Pensionable Service.

## 6.3 Pension increases

6.3.1 Each pension in payment, including pension given up under paragraph 4.5 by a Former BBC Scheme Member whose last or only period of pensionable service under the BBC Pension Scheme started on or after 1 April 1992, will increase on 1 April each year by the smaller of the Rate and 1/12th of the Rate multiplied by the number of complete months since:

6.3.1.1 in the case of a Pensioner who was not formerly a Deferred Pensioner, the date the pension began;

6.3.1.2 in the case of a Pensioner who was formerly a Deferred Pensioner, the date the Pensioner left Pensionable Service; or

6.3.1.3 in the case of any pension arising on a Member's death, the earlier of the date the Member died or left Pensionable Service;

subject, as a minimum, to such increase required by Section 51(2) of the PA 1995.

## 7. TERMINATION OF PENSIONABLE SERVICE

### 7.1 Refunds of contributions

7.1.1 An NGW Member who, on leaving Pensionable Service other than on death or retirement, has not completed three months of Qualifying Service may elect to receive a refund of his own contributions (other than Additional Voluntary Contributions) plus interest (at such rate and calculated in such manner as the Principal Employer determines) but shall receive no other benefit under the Plan (except for any benefits which represent a transfer payment received from another scheme).

7.1.2 No refund may be paid to an NGW Member in respect of whom a transfer payment has been received from a Personal Pension Scheme and the NGW Member will be entitled to preserved benefits instead.

7.1.3 The Trustees may withhold from any refund the certified amount (as determined under the PSA), relating to the cost of reinstatement into the State Second Pension Scheme, as calculated upon Actuarial Advice.

7.1.4 The NGW Member may only exercise the option in paragraph 7.1.1 within 90 days of leaving Pensionable Service by giving written notice to the Trustees (although the Trustees may allow a longer period). The notice will not take effect where, under the preservation or the contracting-out requirements under the PSA, Pensionable Service is treated as not terminated.

## 7.2 Right to refund of contributions or transfer payment

An NGW Member who, on leaving Pensionable Service other than on death or retirement, has completed three or more months of Qualifying Service but less than two years of Qualifying Service, shall be entitled to:

- 7.2.1 a refund of contributions (in accordance with and subject to paragraph 7.1); or
- 7.2.2 if the NGW Member so elects by notifying the Trustees in writing, a transfer payment or the purchase of one or more annuities.

## 7.3 Preservation of benefits in the Plan

- 7.3.1 An NGW Member who leaves Pensionable Service before Normal Retirement Date without becoming entitled to an immediate pension under paragraph 4.2 or 4.3 will receive the Scale Pension, payable with effect from the day after Normal Retirement Date. The pension shall be revalued during the period of deferment (that is, from the date the Deferred Pensioner leaves Pensionable Service up to the earlier of the date the deferred benefits become payable and the date of the Deferred Pensioner's death) on 1 April each year by the smaller of the Rate and 1/12th of the Rate multiplied by the number of complete months since the Deferred Pensioner left Pensionable Service, subject (as a minimum) to such revaluation as required by the PSA.

- 7.3.2 On receiving a written request from a Deferred Pensioner, and with the consent of the Principal Employer in writing, the Trustees may start paying the Deferred Pensioner's pension before his Normal Retirement Date, but not before his Minimum Pension Age unless the Trustees are satisfied that the ill-health condition prescribed under paragraph 1 of Schedule 28 of the FA 2004 is met. The Scale Pension will be reduced by such amount as the Principal Employer determines having considered the advice of the Scheme Actuary to take account of early payment. In the case of a person becoming a Deferred Pensioner on or after age 50 or at any age if the person is an NGW Member who is a 2016 Deferred Member, the reduction will be the same as the Early Retirement Discount unless the Deferred Pensioner elects that the Scale Pension will be reduced by such amount as the Principal Employer determines having considered the advice of the Scheme Actuary to take account of early payment.

- 7.3.3 An NGW Member who is a 2016 Deferred Member who leaves Service before Normal Retirement Date due to Incapacity shall, if the Principal Employer so decides, receive the Scale Pension. If the Trustees so determine, the Scale Pension may be increased so that the period of Pensionable Service used to calculate the pension is the Pensionable Service that the 2016 Deferred Member would have completed if he had stayed in Pensionable Service until Normal Retirement Date (ignoring for these purposes the cessation of Pensionable Service on 31 January 2016) less any period of Service after 31 January 2016 during which the 2016 Deferred Member was a contributing member of the Arqiva Group Personal Pension Plan.

- 7.3.4 An NGW Member entitled to a preserved pension who is a 2016 Deferred Member who remains in Service after Normal Retirement Date may elect, to receive his pension upon retirement from Service at any time before his 75th birthday, increased by such amount as the Principal Employer determines to take account of late payment having considered the advice of the Scheme Actuary.

## 8. NON-PARTICIPATING EMPLOYMENT

- 8.1 Any NGW Member who has been in non-participating employment (as defined in the NIA 1965) in relation to benefits under the Plan and who is entitled under the Plan to the

preservation of Equivalent Pension Benefits, shall be entitled to a pension from Normal Retirement Date equal to the Equivalent Pension Benefits applicable under the provisions of the NIA 1965 in respect of the period when the NGW Member was in non-participating employment in relation to benefits under the Plan.

- 8.2 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 NIA 1965, but may be commuted.
- 8.3 The entitlement of an NGW Member under paragraph 8.1 shall be inclusive of any entitlement under any other provision of the Plan.
- 8.4 On such an NGW Member referred to in paragraph 8.1 leaving Service and receiving a refund of contributions the Trustees may deduct from such refund a sum equal to one-half of the cost of providing the Equivalent Pension Benefits.

## **9. TEMPORARY ABSENCE**

The restriction in Rule 8.1 that a Member may, subject to the consent of the Trustees, remain an active Member for a period not exceeding three years or such longer period as the Principal Employer may determine, shall not apply to an NGW Member.

## SCHEDULE 6

### Rules applicable to the NGUK Section

This Schedule 6 (NGUK Section) applies to NGUK Members who joined this NGUK Section of the Plan with effect from 1 January 2010 following the merger of the Plan with the Arqiva Services Scheme. References to Pensionable Service prior to 1 January 2010 are to Pensionable Service in the Arqiva Services Scheme and, where applicable, in the National Grid Scheme. There were no Active Members of the NGUK Section or persons eligible to become so as at 31 January 2016.

#### 1. DEFINITIONS GENERALLY APPLICABLE TO THE NGUK SECTION

The definitions set out in Schedule 1 (Definitions and Interpretations) apply. In addition, the following expressions have the following meanings in this Schedule 6:

**Active Member** means an NGUK Member who has not yet:

- (a) left Pensionable Service (or opted out or been treated as having left Pensionable Service); or
- (b) become a Pensioner.

**Class A Member** has the same meaning as in Part B of Schedule 8 (Overriding Benefit Provisions).

**Dependant** means the Spouse of the NGUK Member or, if the NGUK Member is not survived by a Spouse, such person (if any) (other than an Eligible Child unless that Eligible Child is permanently incapable of self support by reason of bodily or mental injury or disability) as the Trustees in their discretion may decide to treat as the Dependant being a person who was at the time of the NGUK Member's death (or, in the case of Rule 6.2 of the NGUK Trust Deed, immediately before the NGUK Member left Service or, in the case of a NGUK Member who has left Service and is entitled to a deferred pension under Rule 4 of the NGUK Trust Deed, on the day prior to that on which the pension comes into payment) financially dependent on or inter-dependent with the NGUK Member.

For the purposes of paragraph 5 of this Schedule 6:

- (1) only one person may be treated as the Dependant of a NGUK Member. If a NGUK Member is survived by more than one widow or widower or Surviving Civil Partner, the Trustees will decide which is to benefit, except that a widow or widower or Surviving Civil Partner recognised by the Department for Work and Pensions as entitled to the widow's or widower's or Surviving Civil Partner's Guaranteed Minimum Pension will always be treated as the Dependant;
- (2) where the NGUK Member is not survived by a widow or widower or Surviving Civil Partner, the Trustees may resolve that a person may be treated as a Dependant only if such other conditions as they think fit are also satisfied at the time of the NGUK Member's death.

The opinion of the Trustees will be final as to whether or not a person is a Dependant and the Trustees may require and rely upon such statements made by such person or the NGUK Member and such other evidence as they may consider appropriate.

An NGUK Member may indicate in writing to the Trustees the manner in which he would like the Trustees to exercise their discretion, but the Trustees shall not be bound by those wishes.

**Deferred Pensioner** means an NGUK Member whose Pensionable Service has ended before Normal Retirement Date and who is entitled to a pension from the Plan which has not started to be paid.

**Incapacity** means deterioration in health or injury which the Principal Employer is satisfied, on the evidence of a medical practitioner appointed by it, is likely to permanently and substantially impair an

Active Member's earning capacity provided also that the ill-health condition under Part 1 of Schedule 28 of the FA04 is met.

**National Grid Scheme** means the National Grid UK Pension Scheme (established 1 April 1982).

**NGUK Trust Deed** means the Trust Deed and Rules of the National Grid Scheme as at 6 April 2006 as amended in relation to age discrimination by deed dated 5 July 2007. For the avoidance of doubt, no other amendments to the NGUK Trust Deed and Rules after 6 April 2006 shall apply to the NGUK Members.

**NGUK Member** means a person admitted to membership of the Plan in accordance with this Schedule 6, and in respect of whom the Trustees have a liability to pay or provide benefits in accordance with this Schedule 6.

**NGUK Section** means the section of the Plan set out and governed in accordance with the provisions of this Schedule 6.

**Normal Retirement Date** means an NGUK Member's 65th birthday.

**Part-time Employment** means, in relation to an NGUK Member, employment by the Employer which is notified to the Trustees by the Employer as part-time employment.

**Pensioner** means a person who is an NGUK Member and is in receipt of a pension from the Plan.

**Pensionable Salary** of an NGUK Member means the higher of:

- (1) the highest Salary received by the NGUK Member for any one of the five years ending before the earliest of the Member's retiring, leaving Service or death (or which, but for his absence on leave, would in the opinion of the Employer have been received by the NGUK Member for the year in question); and
- (2) the annual average of Salary received by the NGUK Member during that period of three consecutive years when it was highest within the ten years immediately before the earliest of the Member's retiring, leaving Service or death (or which, but for his absence on leave, would in the opinion of the Employer have been received by the NGUK Member for the year in question).

PROVIDED THAT:

- (a) in the case of a Class A Member, his Pensionable Salary will not exceed the Earnings Cap;
- (b) where any part of the NGUK Member's Salary consists of fluctuating payments, then for the purposes of sub-paragraph (1) above the NGUK Member's Pensionable Salary at the date he retires, leaves Service or dies will be the highest aggregate of the amount of fixed Salary received by him for any one of the five years immediately before the earliest of his retirement, leaving Pensionable Service or death, and the average of the fluctuating part of his Salary for the three years ending with that year;
- (c) if the NGUK Member is in Part-time Employment, his Pensionable Salary will for the purposes of calculating the lump sum payable on death under NGUK paragraph 5.1 be his actual Pensionable Salary; and
- (d) if the NGUK Member participates in a profit related pay scheme registered by the Principal Employer under former Chapter III of Part V of the Taxes Act, no pension or other benefit calculated by reference to the NGUK Member's Pensionable Salary will be less than the pension or benefit which would otherwise have been payable had the NGUK Member not participated in such scheme.

**Pensionable Service** in respect of an Active Member means the aggregate of:

- (1) his Service since becoming a contributing NGUK Member of the Arqiva Services Scheme; and
- (2) in respect of any NGUK Member who transferred their accrued benefits under the National Grid Scheme to the New Section of the Arqiva Services Scheme, any period granted as 'pensionable service' under the DB section of the National Grid Scheme.

PROVIDED THAT:

- (a) no period of Service will be counted more than once;
- (b) Pensionable Service does not include any period in respect of which contributions have been refunded to the NGUK Member and not returned by him;
- (c) if the NGUK Member retires early in accordance with paragraphs 4.2 or 4.4, or takes a pension under paragraphs 7.3.1 or 7.3.2, any periods referred to in (1) and (2), will be reduced in accordance with the terms notified to him at the time of grant or conversion, unless the NGUK Member has paid such lump sum as, in the opinion of the Scheme Actuary, is appropriate; and
- (d) no period of Service after 31 January 2016 shall count as Pensionable Service.

**Postponed Pensioner** means a person who is an NGUK Member who is in Service and has reached Normal Retirement Date, but is not an Active Member or in receipt of a pension from the Plan.

**Salary** means, in relation to an NGUK Member, his Salary and wages paid by the Employer but not payments for special duties nor payments for overtime (including bonuses earned in respect of overtime) nor any emoluments in kind plus in relation to Salary paid in respect of the period from 1 April 2000, such regular fixed or other payments as may be determined by the Principal Employer. However:

- (1) the Salary of an NGUK Member with a fluctuating remuneration (whether or not consisting of or including commission) may be deemed to be such level amount as is in the opinion of the Principal Employer equivalent to his fluctuating remuneration;
- (2) the Salary of a director of an Employer will, unless the Principal Employer otherwise decides, include his director's fees;
- (3) for a Class A Member, Salary will not exceed the Earnings Cap;
- (4) if the Salary of an NGUK Member is reduced (other than upon a general reduction of salaries or by reason of his misconduct), he may within three months elect that his Salary will be treated as not having been so reduced, except for the purposes of Part B of Schedule 8 (Overriding Benefit Provisions);
- (5) if an NGUK Member is on sick leave and in receipt of sick pay from his Employer then the NGUK Member's Salary will be deemed to be:
  - (a) the Salary which he would have been paid if he was not on sick leave, for any period when the amount of sick pay from his Employer together with the amount of any statutory benefits to which he is entitled as a result of being on sick leave is at least equal to the Salary that he would have been paid if he was not on sick leave; or
  - (b) the amount of his sick pay, or



- (c) if no sick pay is paid the nominal sum of five pence per annum;
- (6) if the NGUK Member is temporarily absent from work under Rule 8.1 then his Salary for the period of his absence under that paragraph will be such amount as the Principal Employer prescribes being not more than his Salary immediately prior to the commencement of absence nor less than five pence per annum;
- (7) the Salary of an NGUK Member on national service compulsory by legislation will be deemed to include so much of his remuneration for such national service as does not produce a total Salary in excess of that which in the opinion of the Principal Employer would have been currently applicable to the NGUK Member were he not on such national service;
- (8) the Salary of an NGUK Member will, unless otherwise agreed prior to 1 October 2007 between the NGUK Member and his Employer under the NGUK Trust Deed, exclude any payment made to the NGUK Member under the Short Term Incentive Scheme.

**Scale Pension** means a pension equal to 1/60th of Pensionable Salary for each completed year of Pensionable Service (with a proportionate amount for each additional day of such Pensionable Service).

**Separation Date** means the date from which the Principal Employer notifies the Trustees that it will discontinue the application of paragraph 6.3.1 (pension increases).

**Service** has the meaning set out in Schedule 1. Where appropriate, in respect of an NGUK Member, Service shall include any "service" granted to an NGUK Member when a "member" of the National Grid Scheme or the Arqiva Services Scheme.

**Short Term Incentive Scheme** means the short term incentive scheme operated by Lattice Group plc in existence at 1 October 2007.

## **2. ELIGIBILITY AND TERMS OF MEMBERSHIP**

### **2.1 Application**

This NGUK Section of the Plan applies to persons who were members of the New Section of the Arqiva Services Scheme on 31 December 2009 and who became NGUK Members with effect from 1 January 2010 pursuant to the Merger Agreement.

### **2.2 Membership on special terms**

Subject to paragraph 2.1 above, this NGUK Section of the Plan is closed to new entrants, save that if so requested by the Principal Employer the Trustees may waive eligibility conditions or admit persons on the basis that reduced benefits are to be provided for them.

### **2.3 Opting-out**

An NGUK Member still in Service may terminate his Pensionable Service by giving not less than two months' written notice to the Principal Employer and the Trustees.

## **3. CONTRIBUTIONS**

### **3.1 Mandatory contributions**

Each Active Member shall contribute to the Plan at the rate of 3% of his Salary. Contributions shall cease on leaving Pensionable Service.

### **3.2 Additional Voluntary Contributions**

- 3.2.1 An Active Member may pay Additional Voluntary Contributions in accordance with Rule 3.2 except that Rule 3.2.5 applies only if the Trustees are of the opinion that a breach of any of the requirements of Rule 3.2 would or might occur. The rate or amounts, the frequency and the duration of the Additional Voluntary Contributions must satisfy such conditions as the Trustees may from time to time prescribe.
- 3.2.2 The Trustees will (subject to the novation or assignment of the relevant policies) maintain any policy or other arrangement in respect of any Additional Voluntary Contributions transferred from the Arqiva Services Scheme to the Plan under the Merger Agreement, but they may determine to close any such policy or arrangement to further contributions and/or transfer part or all of the accumulated value of the Additional Voluntary Contributions to a new arrangement under and within the Plan.
- 3.2.3 An NGUK Member shall be entitled to such additional benefits in respect of his Additional Voluntary Contributions as the Trustees shall determine after consulting the Scheme Actuary, which may, if the NGUK Member was permitted to do so under the rules of the National Grid Scheme, be expressed as additional periods of Pensionable Service (by a number of added years). Any additional benefits awarded in accordance with this paragraph 3.2 need not be in accordance with the other provisions of this Schedule 6, but shall be subject to the provisions of Part B of Schedule 8 (Overriding Benefit Provisions).
- 3.2.4 In this paragraph 3.2.4, terms in inverted commas have the same meaning as in the FA 2004.
- If the voluntary contributions are paid into a "money purchase arrangement" under the Plan, the Trustees must give the NGUK Member (or in the case of a "dependant's scheme pension" either the NGUK Member or the recipient) the opportunity to select a "lifetime annuity" (or as the case may be a "dependant's annuity") instead of a "scheme pension" or a "dependant's scheme pension".

### 3.3 Payment of contributions

The Employer will collect the contributions payable by an NGUK Member on behalf of the Trustees by deduction from the NGUK Member's gross pay and will pay them to the Plan in accordance with the Trustees' instructions unless the Trustees and the NGUK Member have agreed a different method of payment which has been notified to the Employer. The Employer will comply with all relevant requirements of the PA 1995.

### 3.4 Employer's contributions

The Employer will contribute to the Plan in accordance with Rule 4.

## 4. BENEFITS ON RETIREMENT

### 4.1 Normal retirement pensions

An NGUK Member who retires from Service at Normal Retirement Date is entitled to immediate payment of his Scale Pension in accordance with paragraph 6.

### 4.2 Early retirement (other than due to Incapacity or compulsory retirement)

#### 4.2.1 Subject to paragraph 4.2.2, an Active Member who retires from Service before Normal Retirement Date and:

##### 4.2.1.1 has reached age 60; or

- 4.2.1.2                    has reached age 55, completed five years' Service and is retiring from Service with the consent of his Employer
- is entitled to immediate payment of his Scale Pension, in accordance with paragraph 6.
- 4.2.2                    An Active Member who has reached age 60 and retires from Service before Normal Retirement Date may, instead of receiving a pension under paragraph 4.2.1, elect to receive a pension payable from a later date (being a date on or before he reaches age 65). The amount of pension payable under this paragraph 4.2.2 shall be increased in accordance with paragraph 6.3 up to the date on which payment of the pension commences. If the NGUK Member dies before the pension comes into payment, benefits will be paid in respect of the NGUK Member in accordance with paragraph 5.2 (Death in Retirement) as if the NGUK Member's pension had come into payment immediately before his death.
- 4.2.3                    An Active Member who retires from Service either on or after his Minimum Pension Age and is not eligible for a pension under paragraph 4.2.1 shall, subject to the consent of his Employer, be entitled to immediate payment of his Scale Pension, in accordance with paragraph 6. The Scale Pension will be reduced by such amount as the Principal Employer determines to take account of early payment.
- 4.3                    Early retirement due to Incapacity
- 4.3.1                    An Active Member who is dismissed by his Employer before Normal Retirement Date due to Incapacity is entitled to immediate payment of his Scale Pension. The Scale Pension shall be calculated in accordance with paragraphs 4.3.1.1 or 4.3.1.2 below:
- 4.3.1.1                    if paragraph 4.3.1.2 does not apply, the Scale Pension will be enhanced by taking into account one half of the additional Pensionable Service which the NGUK Member would have completed had he remained in Pensionable Service until Normal Retirement Date with no change in his Salary from the date he left Service ("Category A pension");
- 4.3.1.2                    if the Incapacity is likely in the opinion of the Trustees to render the NGUK Member permanently incapable of any work, the Scale Pension will be enhanced by taking into account the additional Pensionable Service which the NGUK Member would have completed had he remained in Pensionable Service until Normal Retirement Date with no change in his Salary from the date he left Service ("Category B pension").
- 4.3.2                    The Trustees may suspend, revoke or reduce any pension paid under this paragraph 4.3, in the case of a "Category A pension" at any time before the NGUK Member reaches age 55, and in the case of a "Category B pension" at any time before the NGUK Member reaches Normal Retirement Date, unless the NGUK Member satisfies the Trustees of his continued inability to carry out any remunerated work. Any "Category A pension" suspended, revoked or reduced under this paragraph 4.3 will be reinstated when the NGUK Member reaches age 55. In the case of a reduction of a "Category B pension" under this paragraph 4.3, the NGUK Member's pension may be reduced to the level to which he would have been entitled had his pension been calculated as a "Category A pension" and such pension will, from the date of the reduction, be deemed for the purposes of this paragraph 4.3 and paragraph 7.4 below (Leaving Service benefits: re-organisation or redundancy) to be a "Category A pension".

4.3.3 The Trustees may commute an NGUK Member's Incapacity pension in accordance with Rule 12.2.

#### 4.4 Compulsory retirement

4.4.1 An NGUK Member who has not less than ten years' Service and who, after he reaches age 50, is required by his Employer to leave employment on re-organisation or for redundancy, is entitled to immediate payment of his Scale Pension upon reaching his Minimum Pension Age. The Scale Pension payable shall be not less than one half of the Scale Pension to which he would have been entitled had he remained in Pensionable Service until Normal Retirement Date, with no change in his Salary after his actual date of leaving Service.

4.4.2 An NGUK Member who has less than ten years' Service but not less than two years' Service, and who after he reaches age 50 is required by his Employer to leave employment on reorganisation or for redundancy, is entitled to immediate payment of his Scale Pension upon reaching his Minimum Pension Age.

4.4.3 An NGUK Member entitled to immediate payment of the Scale Pension under paragraph 4.4.1 or 4.4.2 above may, at any time before payment of the pension has commenced, elect:

4.4.3.1 to take the pension from a later date on or before he reaches age 60, in which case it will be increased in accordance with paragraph 6.3 up to the date on which payment of the pension commences. If, having made such an election, the NGUK Member dies before the date selected for payment of the pension, benefits will be payable under paragraph 5.2 as if he had elected to take his pension from the date immediately before the day he died; or

4.4.3.2 to take a transfer payment to another Registered Pension Scheme. The Trustees may pay a transfer payment to another Registered Pension Scheme in accordance with the provisions of Rule 10.2.

#### 4.5 Late retirement

An NGUK Member who remains employed by an Employer after Normal Retirement Date may, with the consent of the Principal Employer, elect:

4.5.1 to continue to contribute after Normal Retirement Date, in which case the NGUK Member shall continue in Pensionable Service. On retirement the NGUK Member will receive his Scale Pension starting with effect from the day he leaves Service, but without any increase to reflect the deferral of payment; or

4.5.2 to cease contributing at Normal Retirement Date, in which case he shall be entitled, at his election, either:

4.5.2.1 to payment of his Scale Pension with effect from the next day; or

4.5.2.2 to become a Postponed Pensioner and to receive a pension upon retirement from Service at any time before his 75th birthday calculated as his Scale Pension at Normal Retirement Date, increased by such amount as the Principal Employer determines to take account of late payment having considered the advice of the Scheme Actuary.

#### 4.6 Lump sum benefits on retirement

- 4.6.1 An NGUK Member may elect to receive a lump sum in lieu of part of his pension. The amount of pension to be given up in exchange for the lump sum must be set by the Trustees on Actuarial Advice. Any changes to these rates of exchange must be agreed by the Principal Employer. The remaining pension must not be less than the NGUK Member's Guaranteed Minimum Pension at State Pensionable Age.
- 4.6.2 Any lump sum payable under paragraph 4.6.1 must (unless the Trustees and the Principal Employer agree otherwise) be of an amount which is consistent with, and payable on terms which are consistent with, its being a pension commencement lump sum as defined in the FA 2004.

#### 4.7 Extra pension for dependants

- 4.7.1 An NGUK Member has the option, exercisable before the date on which he retires from Service (or, in the case of a NGUK Member who has left Service and is entitled to a deferred pension under paragraph 7.3.1 before the day prior to that on which the pension comes into payment), to surrender a portion of such pension in order to provide a deferred pension or pensions payable from the date of the NGUK Member's death to one or more of the NGUK Member's Dependants nominated by him.
- 4.7.2 The deferred pensions will be of such amount as the Scheme Actuary certifies as being equal in value to the portion surrendered and will be payable in the case of a Dependant under a specified age (who is not incapable of earning his own living by reason of disability) until that specified age or, in any other case, until the death of the recipient. However:
- 4.7.2.1 the aggregate amount of the deferred pensions (together with any pension to which the NGUK Member's Dependant might become entitled under the Plan on the death of the NGUK Member) must not exceed the NGUK Member's pension after surrender but before commutation under NGUK paragraph 4.6;
- 4.7.2.2 the NGUK Member may cancel the exercise of the option at any time before his pension comes into payment;
- 4.7.2.3 if either the NGUK Member or the person in whose favour the surrender is made dies before midnight on the day on which the NGUK Member ceases to be in Service (or, in the case of a NGUK Member who has left Service and is entitled to a deferred pension under paragraph 7.3.1 before midnight on the day prior to that on which the pension comes into payment), the option will be cancelled;
- 4.7.2.4 the NGUK Member's pension will not be restored to its pre-surrender level if a prospective recipient of the deferred pension dies before the NGUK Member but after the NGUK Member's pension has come into payment; and
- 4.7.2.5 the NGUK Member may not exercise the option so as to reduce the pension remaining to him after exercising the option to less than his Guaranteed Minimum Pension at State Pensionable Age.

#### 4.8 Part-time Employment

Where, during part of his Pensionable Service, an NGUK Member has been in Part-time Employment, his benefits shall be calculated as follows:

- 4.8.1 if, when an NGUK Member's Pensionable Service ends he has been in Part-time Employment during any part of the year before he leaves Pensionable Service, his Pensionable Salary will be determined by reference to his Salary increased by the proportion that the total number of standard hours of work as determined by the Principal Employer, which applies to a full-time employee performing the same job, bears the total number of hours which he is contracted to work; and
- 4.8.2 if an NGUK Member was in Part-time Employment at any time while he was an Active Member of the Plan, each period of Part-time Employment shall be reduced by the period that the total number of hours which he was contracted to work during that period bears the total number of standard hours of work, as determined by the Principal Employer, which applied during the same period to a full-time employee performing the same job.

## **5. BENEFITS ON DEATH**

Any lump sum benefits payable in accordance with this paragraph 5 shall be paid on the Death Benefit Trusts in accordance with Rule 6.4.

### **5.1 Benefits on death in Pensionable Service before Normal Retirement Date**

If an Active Member dies in Pensionable Service before Normal Retirement Date, there shall be paid:

- 5.1.1 a lump sum equal to the amount by which (if any) the aggregate of the amounts which would have been payable if, instead of dying in Pensionable Service, the NGUK Member had retired entitled to an immediate pension under paragraph 4.3.1 (Incapacity pension) having elected under paragraph 4.6 (Lump sum benefits on retirement) to receive the maximum lump sum permitted and had then died (such retirement and death coinciding with the date of actual death) namely:

- (a) the lump sum payable on retirement under paragraph 4.6 (Lump sum benefits on retirement); and
- (b) the lump sum payable under paragraph 5.2.1 on death within five years' of retirement;

exceeds four times the NGUK Member's Pensionable Salary;

- 5.1.2 an immediate pension payable to the NGUK Member's Dependant equal to 1/90th of the NGUK Member's Pensionable Salary for each completed year of Pensionable Service (with a proportionate amount for each additional day of such Pensionable Service). The pension will not be less than the pension to which the Dependant would have been entitled if the NGUK Member had remained in Service until Normal Retirement Date and had then retired and the NGUK Member's Pensionable Salary (and, if in Part-time Employment immediately prior to his death, his contracted hours) had remained unaltered; and

- 5.1.3 an amount of:

- 5.1.3.1 £4,070.40 per annum in respect of each Eligible Child; and

- 5.1.3.2 a further amount of £2,035.20 per annum in respect of each Eligible Child if both parents are dead and no benefit is payable under paragraph 5.1.2 above.

The amounts payable under this paragraph 5.1.3 shall be increased in accordance with paragraph 6.3 on each occasion after 31 March 2007 that pensions payable under the NGUK Section are increased in accordance with paragraph 6.3, and from such date and by the same percentage as is applied under paragraph 6.3.

## 5.2 Death in retirement

If an NGUK Member dies whilst in receipt of pension from the NGUK Section, there will be paid:

- 5.2.1 subject to paragraph 8.3 (Levelling option), if the death occurs within five years of the pension coming into payment, a lump sum equal to the sum of the further instalments of pension which would have been payable to the NGUK Member over the remainder of that five year period, including pension increases under paragraph 6.3 up to the date of death.

For the purpose of the FA 2004, this lump sum is treated as a defined benefits lump sum death benefit unless the NGUK Member has, before his or her death, elected that it should be treated as a pension protection lump sum death benefit;

- 5.2.2 an immediate pension to his Dependant equal to 1/90th of the NGUK Member's Pensionable Salary for each completed year of the NGUK Member's Pensionable Service (with a proportionate amount for each additional day of such pensionable Service) increased in accordance with paragraph 6 to the date of the NGUK Member's death

In the case of an NGUK Member whose pension comes into payment at or after age 70, the NGUK Member will be given the option when or before the pension enters payment to elect that the further instalments of pension, payable under paragraph 5.2.1, can be paid as additional Dependant's pension(s) instead of the lump sum referred to in paragraph 5.2.1.

Where:

- 5.2.2.1 the NGUK Member retired on or after 1 April 2000 with a "Category A pension" under paragraph 4.3.1 (or its predecessor provisions in the Arqiva Services Scheme or the National Grid Scheme), the pension will not be less than the pension to which the Spouse would have been entitled if the NGUK Member had remained in Pensionable Service until Normal Retirement Date and had then retired and the NGUK Member's Salary (and, if in Part-time Employment immediately prior to his leaving Service, his contracted hours) had remained unaltered, but counting as Pensionable Service his actual Pensionable Service plus one half of the additional Pensionable Service which the NGUK Member would have completed had he remained in Service until Normal Retirement Date; and
- 5.2.2.2 the NGUK Member retired on or after 1 April 2000 with a "Category B pension" under paragraph 4.3.1, the pension will not be less than the pension to which the Spouse would have been entitled if the NGUK Member had remained in Pensionable Service until Normal Retirement Date and had then retired and the NGUK Member's Salary (and, if in Part-time Employment immediately prior to his leaving Service, his contracted hours) had remained unaltered.
- 5.2.3 in respect of each Eligible Child, and as applicable, the amount or amounts referred to in paragraph 5.1.3; and

- 5.2.4 a lump sum of £1,000, except where the only pension payable to the NGUK Member is either his equivalent pension benefit or Guaranteed Minimum Pension payable in accordance with requirements relating to contracting out under Schedule 9 (Contracting-out). The Trustees may only pay one lump sum and either to or at the direction of the person who they consider has paid or will be paying any of the funeral expenses in respect of the NGUK Member or otherwise at the Trustees' discretion.
- 5.3 Benefits on death in Pensionable Service on or after Normal Retirement Date
- If an Active Member dies in Pensionable Service on or after Normal Retirement Date, benefits will be payable under paragraph 5.1 as if he had died before Normal Retirement Date.
- 5.4 Benefits on death after Normal Retirement Date before commencement of pension
- On the death of a Postponed Pensioner on or after Normal Retirement Date, benefits will be paid in accordance with paragraph 5.2 as if he had retired on the day before he died.
- 5.5 Benefits on death of a Deferred Pensioner
- On the death of a Deferred Pensioner, there will be paid:
- 5.5.1 a lump sum equal to the greater of:
- 5.5.1.1 five times the annual amount of his deferred pension at the date of his death (including any increases made prior to that date under paragraph 6.3); and
- 5.5.1.2 a lump sum equal to his contributions to the Plan, the Arqiva Services Scheme and the National Grid Scheme;
- 5.5.2 an immediate pension to his Dependant equal to 1/90th of the NGUK Member's Pensionable Salary for each completed year of the NGUK Member's Pensionable Service (with a proportionate amount for each additional day of such Pensionable Service) increased in accordance with paragraph 6.3 to the date of the NGUK Member's death; and
- 5.5.3 as applicable, the amount or amounts referred to in paragraph 5.1.3 above in respect of each Eligible Child born before the NGUK Member left Service.
- 5.6 Option to commute Death Benefits
- 5.6.1 Where the Dependant so chooses, the Trustees may (subject to any conditions they may impose) at their discretion allow a Dependant to commute where permitted by the PSA, (that is, exchange) all or part of his or her pension payable under any of paragraphs 5.1, 5.3 and 5.5 for a cash sum, provided that (unless the Trustees and the Principal Employer agree otherwise) this does not exceed the limits relevant to the payment of a "defined benefits lump sum death benefit" or an "uncrystallised funds lump sum death benefit" (in each case as defined in the FA 2004).
- 5.6.2 The cash sum must be of an amount certified as reasonable by the Scheme Actuary, and must be paid (unless the Trustees and the Principal Employer agree otherwise) on terms consistent with its being a defined benefits lump sum death benefit (defined as above), an uncrystallised funds lump sum death benefit (defined as above) or a combination of both.



- 5.6.3 Where the Dependant is the NGUK Member's surviving Spouse, the amount of pension remaining after the commutation must be at least equal to the total of:
- 5.6.3.1 any pension which may have been payable to that surviving Spouse under DB rule 10.2 of the NGUK Trust Deed; and
  - 5.6.3.2 the pension which would have been payable to that surviving Spouse in respect of the NGUK Member's Pensionable Service after 5 April 1997 (if any) if the scheme were a "reference scheme" as defined in section 12B of the PSA.
- 5.7 Lump sums in excess of the lifetime allowance
- 5.7.1 This paragraph applies where a NGUK Member and the Trustees agree that any lump sums payable from the Plan on his or her death (when aggregated with any lump sums payable from other registered pension schemes on death) would or might exceed the NGUK Member's lifetime allowance (as defined in section 218 of the FA 2004).
  - 5.7.2 The NGUK Member may indicate to the Trustees that the NGUK Member would wish them, instead of paying from the Plan any part of the lump sum which would be taxable under section 214 of the FA 2004 to pay a pension or additional pension to one or more of the NGUK Member's Dependents; if the NGUK Member has so indicated, the Trustees may where permitted by the PSA (but only if they so decide, at their absolute discretion, after the NGUK Member's death) pay such pensions or additional pensions. The pension(s) will be equal in value to the amount by which the lump sum is reduced.
  - 5.7.3 Alternatively, the NGUK Member may agree with the Trustees that no part of the lump sum which would be taxable under section 214 of the FA 2004 is to be paid from the Plan.

## **6. PAYMENT OF PENSIONS; THE LIFETIME ALLOWANCE; PENSION INCREASES**

### **6.1 Payment of pension to a Dependant**

Any pension payable to a Dependant under this Schedule 6 will be payable from the NGUK Member's death and be paid until the death of that Dependant.

### **6.2 Notional splitting of pensions**

- 6.2.1 Save in respect of any benefits payable to an Eligible Child under paragraphs 5.1.3, 5.2.3 or 5.5.3 of this NGUK Section, the Trustees will, on such dates as they may determine (but in any event not more than twelve months after the immediately preceding increase) and after consulting the Scheme Actuary, notionally split each benefit then in payment or deferment into two parts:

- (a) that part ("the earlier part") of the benefit which relates to Pensionable Service completed or credited on or before the Separation Date; and
- (b) that part ("the later part") of the benefit which relates to Pensionable Service completed or credited after the Separation Date.

Any benefits payable to or in respect of a Eligible Child under paragraphs 5.1.3, 5.2.3 or 5.5.3 of this NGUK Section, arising from a death on or after the Separation Date, will increase in accordance with paragraph 6.3.2.2 below.

### 6.3 Pension increases

6.3.1 If the Separation Date has not occurred, pensions in payment, deferred pensions and pensions contingently payable under the NGUK Rules to a Dependant or Eligible Child of a NGUK Member will, subject to the requirements of section 51 of the PA 1995, be increased as the Trustees think appropriate on the dates determined by the Trustees (normally in each calendar year but in any event not more than two years after the immediately preceding increase) by an amount which reasonably equates to the percentage increase in the Index over the period since the date of the last increase.

6.3.2 If the Separation Date has occurred:

6.3.2.1 the annual amount of the earlier part of a pension in payment or deferred pension will increase in accordance with paragraph 6.3.1 above (as if the Separation Date had not occurred) or in such other manner as the Trustees, after consulting the Scheme Actuary, think fit having regard to:

- (a) the provisions of clause 13.4 of the NGUK Deed (previous service fund);
- (b) the opinion of the Scheme Actuary as to the ability of the previous Service fund (as defined in the NGUK Deed) to meet the liability; and
- (c) any failure previously to meet the requirements of paragraph 6.3.1.

6.3.2.2 the annual amount of the later part of a pension in payment, and any benefits arising from a death on or after the Separation Date payable under paragraphs 5.1.3, 5.2.3 or 5.5.3, will increase in April each year by five per cent or, if less, the percentage increase in the Index over the 12 month period ending the previous September and, in the case of a deferred pension, in accordance with the requirements of the PSA but, if the Trustees after consulting the Scheme Actuary thinks fit having regard to:

- (a) the percentage increase in the Index since the last day of Pensionable Service by reference to which the pension is payable; and
- (b) any increases already applied to the pension;

it will be increased by such higher amount (if any) as the Trustees, having consulted the Scheme Actuary, decide.

6.3.2.3 The Trustees will not exercise this power to increase by a higher amount unless the Scheme Actuary has confirmed that in his opinion the part of the Plan attributable to the NGUK Section (excluding the previous service fund) will be sufficient to meet the increased liability (having regard to such matters and on such assumptions as the Scheme Actuary thinks fit and without obliging the Employers to pay contributions to meet such increased liability).

- 6.3.3 Where Pensionable Service terminates after the date on which pensions were last increased under this paragraph 6.3, the Trustees may reduce the increase first applied to that NGUK Member's pension by such amount as they think fit.
- 6.3.4 Such increases as are provided under this paragraph 6.3 of the NGUK Section will not apply to the Guaranteed Minimum Pension or any equivalent pension benefit payable under Schedule 9 (Contracting-out).

## **7. LEAVING SERVICE BENEFITS**

### **7.1 Refunds of contributions**

- 7.1.1 An NGUK Member who, on leaving Pensionable Service other than on death or retirement, has not completed three months' Qualifying Service shall receive a refund of his own contributions but shall receive no other benefit under the Plan (except for any benefits which represent a transfer payment received from another Registered Pension Scheme).
- 7.1.2 The Trustees may withhold from any refund any tax payable, and the certified amount (as determined under the PSA), relating to the cost of reinstatement into the State Second Pension Scheme, as calculated upon Actuarial Advice.

### **7.2 Right to refund of contributions or transfer payment**

- 7.2.1 An NGUK Member who, on leaving Pensionable Service other than on death or retirement, has completed three or more months of Qualifying Service but less than two years' Qualifying Service, shall be entitled to:
- 7.2.1.1 a refund of contributions (in accordance with and subject to paragraph 7.1 above); or
- 7.2.1.2 if the NGUK Member so elects by notifying the Trustees in writing, a transfer payment or the purchase of one or more annuities.

### **7.3 Preservation of benefits in the Plan**

- 7.3.1 An NGUK Member who leaves Pensionable Service before Normal Retirement Date with more than two years' Qualifying Service shall be entitled to those benefits (payable from the day after the NGUK Member's 60th birthday) which are required to be preserved under the PSA. Preserved pension benefits payable in accordance with this paragraph 7.3.1, shall be revalued subject to the requirements set out in the PSA (and calculated by reference to Pensionable Salary and Pensionable Service at the date of leaving).
- 7.3.2 Early retirement of a Deferred Pensioner
- 7.3.2.1 A Deferred Pensioner who has completed at least five years' Service, may elect instead to receive a reduced pension from an earlier date which may not be before his 55th birthday. The pension will be the Scale Pension (with pension increases granted before such date) reduced by such amount as the Scheme Actuary certifies to take account of early payment, having regard to the value of the deferred pension otherwise payable from age 60 under paragraph 7.3.1 of this Schedule 6.
- 7.3.2.2 If a Deferred Pensioner suffers from ill-health or infirmity and the Trustees (who must first obtain the evidence from the medical adviser to the Plan as

set out in paragraph 1 of Schedule 28 of the FA 2004 unless the Trustees and the Principal Employer decide otherwise) decide that the ill-health or infirmity would, had he still been an NGUK Member in Service, have resulted in benefits being payable under paragraph 4.3 above, then the NGUK Member may take immediate payment of his deferred pension with pension increases up to the date on which payment of the pension commences.

7.3.2.3 The Trustees may suspend, revoke or reduce any pension paid under this paragraph 7.3.2.3 at any time before the NGUK Member reaches age 55, unless the NGUK Member satisfies the Trustees of his continued inability to carry out any remunerated work. Any pension suspended, revoked or reduced under this paragraph 7.3.2.3 will be reinstated when the NGUK Member reaches age 55 except that, where a person in receipt of pension again becomes a contributing NGUK Member, the Trustees may in their discretion determine that the pension will not be reinstated.

7.3.3 The Trustees may commute, in accordance with Rule 12.2, any pension payable under paragraph 7.3.2.2.

7.3.4 Late retirement of a Deferred Pensioner

7.3.4.1 A Deferred Pensioner may, at any time before he reaches age 60, elect to take the pension from a later date on or before he reaches age 65 in which case the pension (revalued in accordance with paragraph 7.3.1) will be increased in accordance with paragraph 6.3 up to the date on which the pension enters payment.

7.3.4.2 If, having made such an election, an NGUK Member then dies after age 60 but before the date selected for payment of the pension, the lump sum benefit payable will be calculated in accordance with paragraph 5.5.1.1 and not paragraph 5.5.1.2 even though the NGUK Member had not then received any payment of pension.

7.4 Re-organisation or redundancy

7.4.1 If a Deferred Pensioner ceased to be in Service:

7.4.1.1 after he had reached age 45 but before he had reached age 50;

7.4.1.2 having been required by his Employer to leave employment on re-organisation or for redundancy; and

7.4.1.3 with not less than two years' Service;

the NGUK Member may elect to receive his pension from such future date as he may select being a date before he reaches age 60 but on or after his Minimum Pension Age, in which event the pension will be of the amount of the preserved pension that would have been payable to him from the Plan from age 60, with pension increases granted before that future date.

7.4.2 Subject to the provisions of paragraph 7.3.2, if an NGUK Member who is entitled to a deferred pension ceased to be in Service:

7.4.2.1 after he reached age 40 but before he had reached age 45;

- 7.4.2.2                    having been required by his Employer to leave employment for redundancy;  
and
- 7.4.2.3                    with not less than two years' Service;

the NGUK Member may elect to receive his pension from such future date as he may select, being a date before he reaches age 55 but on or after he reaches Minimum Pension Age, in which event the pension will be of the amount of the deferred pension that would have been payable from age 60 (subject to a 0.5 per cent. reduction for each month that the age at redundancy is less than 45) with pension increases granted before that future date.

## **8. OTHER BENEFIT RULES**

### **8.1 Conversion of Service into Pensionable Service**

- 8.1.1                    An NGUK Member who would have had a right under rule 43 of the rules of the National Grid Scheme in force on 31 March 2000 to convert all or part of any excess of "service" into "pensionable service" (both as defined in the NGUK Trust Deed) will have a similar right under this Schedule 6 as if that rule (in that form) had been set out in this Schedule.
- 8.1.2                    An NGUK Member who would have had a right under rule 46 of the Rules of the BG Corporation Pension Scheme in force on 31 March 2000 (Former Gas Service) will have a similar right under this Schedule 6 as if that rule (in that form) had been set out in this Schedule.
- 8.1.3                    Any conversion made under paragraph 8.1.1 or 8.1.2 above will be made subject to compliance with such conditions as the Principal Employer may require upon the NGUK Member paying or agreeing to pay such a sum as the Scheme Actuary may determine either as:
  - 8.1.3.1                    a lump sum; or
  - 8.1.3.2                    an annual rate of contribution payable throughout the NGUK Member's future Service to Normal Retirement Date; or
  - 8.1.3.3                    an annual rate of contribution payable for a period of not less than five years ending five years before Normal Retirement Date.

However, no such conversion will be made which would increase the annual rate of the NGUK Member's contributions under this Scheme above 15% of his Salary (or where the NGUK Member is contributing to any other retirement benefits scheme of the Employer, above 15% of his total emoluments).

A conversion will not apply to any Service which is not Pensionable Service because it is Service after the NGUK Member had made an election under DB rule 1.3 of the NGUK Trust Deed and, in the case of an NGUK Member to whom paragraph 8.1.1 above applies, will also not apply to any Service after 19 July 1989.

### **8.2 Retirement refunds**

An NGUK Member who would have had a right under rule 45 (or 32(15)) or rule 46 (or 32(16)) of the rules of the National Grid Scheme in force on 31 March 2000 (Bachelor's/Widower's refunds) will have a similar right under this Schedule 6 as if that rule (in that form) had been set out in this Schedule.

### 8.3 Levelling option

- 8.3.1 If the date on which an NGUK Member's pension comes into payment under paragraph 4.2 (Early retirement other than due to Incapacity or compulsory retirement) or 4.4 (Compulsory retirement) is before the NGUK Member's State Pensionable Age, then the NGUK Member may, before his pension comes into payment, elect in writing to receive a pension which is initially greater than his Scale Pension but does not exceed the expected initial annual amount (as determined by the Scheme Actuary) of the basic component of the category A retirement pension which the NGUK Member would be entitled to (assuming married status and full satisfaction of the contribution conditions) at State Pensionable Age.
- 8.3.2 This increased pension will then be reduced from the NGUK Member's State Pensionable Age by such annual amount as is agreed between the NGUK Member and the Trustees when the NGUK Member makes his election under paragraph 8.3.1 above.
- 8.3.3 The initial increase to the Scale Pension and the subsequent reduction will be such that the pension is, in the opinion of the Scheme Actuary at the time that the pension comes into payment, equal in value to the Scale Pension.
- 8.3.4 For the purpose of calculating benefits payable on the death of an NGUK Member, any election made under this paragraph 8.3 will be ignored.
- 8.3.5 No election may be made under this paragraph 8.3 if, in the opinion of the Scheme Actuary, the pension immediately after the NGUK Member's State Pensionable Age would be less than the Guaranteed Minimum Pension which the NGUK Member will have in relation to the pension on the NGUK Member's State Pensionable Age.

### 8.4 Pension reductions at State Pensionable Age

- 8.4.1 This paragraph 8.4 applies where previous Pensionable Service has been brought into account (whether in the Plan, the Arqiva Services Scheme or the National Grid Scheme) or a contributions equivalent premium has been paid under the provisions of the 1993 Act. If the Guaranteed Minimum Pension entitlement or that contributions equivalent premium is not subsequently cancelled, any pension in respect of such previous Pensionable Service to which the NGUK Member may become entitled under this Schedule will be reduced from State Pensionable Age by the amount of the Guaranteed Minimum Pension which would have been provided as an alternative to the contributions equivalent premium.
- 8.4.2 If in respect of previous Pensionable Service brought into account under this Schedule 6:
- 8.4.2.1 a payment in lieu of contributions has been made to the National Insurance Fund under the NIA 1965; or
- 8.4.2.2 an NGUK Member has participated in the graduated part of the National Insurance Scheme established by the National Insurance Act 1959;
- then the annual pension to which he may become entitled under this Schedule 6 shall be reduced from State Pensionable Age:
- (a) by an amount equal to the annual equivalent of the graduated weekly pension appropriate to the said payment in lieu; or

- (b) by an amount equal to the pension payable under paragraph 8.4.1 above.

## 8.5 Benefit calculations

### 8.5.1 Payable for life

Unless the contrary is expressly stated, a pension is payable for life and its amount described in this Schedule 6 is its annual amount.

### 8.5.2 Determination of value

Unless expressly left to be decided by the Principal Employer or the Scheme Actuary, it is for the Trustees, after consulting the Scheme Actuary, to decide:

8.5.2.1 the value of any pension or other benefit;

8.5.2.2 the amount by which a pension or other benefit is to be increased or reduced as required by this Schedule 6; and

8.5.2.3 whether a pension or other benefit is equal in value to any other pension or other benefit.

In making such decisions, the Trustees, the Principal Employer and the Scheme Actuary may make such assumptions and take account of such matters as they think appropriate, and may treat a person as enjoying normal health for their age and sex.

## **SCHEDULE 7**

### **Rules applicable to the ESPS Section**

This Schedule 7 (ESPS Section) applies to:

- (a) ESPS Members who joined this ESPS Section of the Plan on 1 January 2010 and who were members of Schedule 4 (Rules relating to the contributions and benefits in relation to the ESPS Members) of the Arqiva Services Scheme on 31 December 2009; and
- (b) such other persons as may be admitted in accordance with paragraph 2.2 of this Schedule 7.

#### **1. DEFINITIONS**

The definitions set out in Schedule 1 (Definitions and Interpretation) apply. In addition, the following expressions have the following meanings in this Schedule 7:

**Active Member** means an ESPS Member who has not yet:

- (a) left Pensionable Service (or opted out or been treated as having left Pensionable Service); or
- (b) become a Pensioner.

**Added Contributions** means contributions made to the Plan by ESPS Members in payment for or as a condition of the grant of Added Years.

**Added Years** means the period, whether or not a whole number of years, which an ESPS Member purchases or is granted under this ESPS Section for the purpose of being reckoned as Pensionable Service .

**Approved National Service** means:

- (a) whole-time service during a national emergency in:
  - (i) the Armed Forces of the Crown; or
  - (ii) the merchant navy or mercantile marine; or
  - (iii) such of the Women's Services as the Principal Employer may determine; or
  - (iv) such other service as the Principal Employer may determine as being of national importance; or
- (b) compulsory service in the Armed Forces of the Crown; or
- (c) any other compulsory national service.

**AVC Account** means a notional account in respect of an ESPS Member who elects to pay additional voluntary contributions pursuant to paragraph 3.5.

**AVC Investment Fund** means an investment fund option offered by the Trustees to ESPS Members who elect to pay Additional Voluntary Contributions pursuant to paragraph 3.5.

**Back Service Credit** means the period which an ESPS Member has been granted under the ESPS Deed for the purpose of being reckoned as Pensionable Service.

**Benefit** means any of the following:



- (a) a Scale Pension or Retirement Lump Sum payable to an ESPS Member; or
- (b) a Scale Pension, annuity or Retirement Lump Sum payable, in respect of an ESPS Member; or
- (c) an allowance payable in respect of an Eligible Child of an ESPS Member; or
- (d) a repayment from the Plan with or without interest of the contributions paid to the Plan by an ESPS Member.

**Cash Transfer Sum** means a sum calculated in accordance with regulations made under chapter 5 of the Pension Schemes Act 1993

**Child** means, in relation to an ESPS Member or former ESPS Member, his step-child, a child whom he has legally adopted and a child to whom in the opinion of the Trustees he stands in loco parentis, provided that, in relation to a step-child and a child to whom in the opinion of the Trustees the ESPS Member stood in loco parentis, the child at the date of the ESPS Member's death was, in the opinion of the Trustees, either (i) wholly or partly financially dependant on the ESPS Member or (ii) dependant because of physical or mental impairment.

**Continuous Employment** means employment with any one or more of the employers (who, prior to the Transaction, participated in the ESPS Scheme), and (except for the purposes of Rule 17B of the ESPS Deed) the South of Scotland Electricity Board, the North of Scotland Hydro-Electric Board and the companies succeeding thereto on 31 March 1990 which is treated as continuous for the purposes of Part XIV of the Employment Rights Act 1996 as varied or extended from time to time by any statutory or contractual provision binding on such employer by which the ESPS Member concerned is then employed.

**Contributor** means an ESPS Member who is an Active Member or who, having ceased to make such contributions, remains for the time being in Service.

**ESPS** means the Electricity Supply Pension Scheme established by the Electricity Council, under the original authority of the Electricity Act 1957.

**ESPS Deed** means the Clauses and Rules of the ESPS as of 30 March 2006 (including amendments made by Deed up to 26 June 2007) adopted by resolution of the Electricity Council on 20 January 1983, and as amended in their application to the National Grid Electricity Group.

**ESPS Member** means a person admitted to membership of the Plan in accordance with this Schedule 7, and in respect of whom the Trustees have a liability to pay or provide benefits.

**Former Schemes** means the Staff Scheme and the Industrial Staff Scheme.

**Frozen Benefits** means the benefits specified in paragraph 7.3 and shall include "frozen benefits" as defined in the Former Schemes.

**Full-Time Education** means the receipt of full-time instruction at any university, college, school or other educational establishment or the undergoing of full-time training in such circumstances and subject to such conditions as the Trustees may from time to time determine.

**Group Trustees** has the same meaning as in the ESPS Deed

**Incapacity** means deterioration in health or injury which the Principal Employer is satisfied, on the evidence of a medical practitioner appointed by it, is likely to permanently and substantially impair an Active Member's earning capacity, provided also that the ill-health condition under Part 1 of Schedule 28 of the FA04 is met.

**Industrial Employee** means a person in Service whose duties are not wholly or mainly administrative, professional, technical, commercial or clerical.

**Industrial Staff Scheme** means the Electricity Supply (Industrial Staff) Superannuation Scheme established with effect from 1 April 1948 and references to provisions of that scheme are, unless otherwise stated, to clauses, rules and appendices to the rules of that scheme as constituted on 31 March 1983.

**New Tax Regime Member** means an ESPS Member who has elected to become a New Tax Regime Member at any time prior to whichever shall first occur of the commencement of payment of Benefits to the ESPS Member and the surrendering by the ESPS Member of his entitlement (if any) to Frozen Benefits under paragraphs 7.3 or 7.5 (but not later than his 75th birthday) by serving written notice on the Trustees in such form as it shall from time to time prescribe.

**Normal Retirement Date** means an ESPS Member's 63rd birthday.

provided that:

- (a) in the case of:
  - (i) a male ESPS Member who was in Continuous Employment on 31 March 1988 and who remained in Continuous Employment on 17 May 1990; and
  - (ii) a female ESPS Member who was in Continuous Employment on 31 March 1988;it shall mean age 60 in respect of such period of Continuous Employment;
- (b) in the case of:
  - (i) a male ESPS Member who was in Continuous Employment on 31 March 1988 and who became entitled to Benefits under paragraph (1) of Rule 4 of the ESPS Deed on or after 17 May 1990; and
  - (ii) a female Member who before 1 April 1988 became entitled to Benefits under Rule 17 of the ESPS Deed as applied by paragraph (2) of Rule 3 of the ESPS Deed as it then was (or to Benefits granted under the corresponding rule of the Former Schemes);it shall mean age 60 in respect of such Benefits; and
- (c) in the case of a Member who became entitled to Benefits granted under paragraph 7.3 (or the corresponding rule of the Former Schemes) on or before 31 March 1988 and was not in Continuous Employment on that date it shall mean age 65 for a male ESPS Member and age 60 for a female ESPS Member in respect of such Benefits.

**Part-Time Employment** means employment under a contract of employment which requires the Employee to work on average less than 34½ hours in every working week.

**Pensionable Salary** means whichever is the higher of:

- (a) the Salary adjusted as hereinafter provided paid or payable to an ESPS Member in the highest paid year in the last five years of his Service as a Contributor, or if he has been a Contributor for a shorter period, in respect of such shorter period; or
- (b) the average Salary adjusted as hereinafter provided paid or payable to an ESPS Member in the three highest paid consecutive years in the last ten years of his Service as a Contributor, or if he has been a Contributor for a shorter period, in respect of such shorter period.

The Salary paid or payable to an ESPS Member in any year in the last ten years of his Service as a Contributor shall be deemed to be increased by the percentage increase (if any) by which the Index at the date of his retirement or death or ceasing to be an ESPS Member exceeds the Index at the end of each of those years provided that the increases will not be unauthorised payments under the Finance Act 2004.

For the purposes of this definition, the Salary of an ESPS Member whose Salary has been reduced or suspended by reason of absence from duty owing to illness or injury shall be deemed to be the Salary he would have received but for the reduction or suspension; provided that in arriving at the Pensionable Salary of any such ESPS Member on or after 6 April 2006, the references to a "New Tax Regime Member" or a "Class A Member/post-1989 Member" and the "Permitted Maximum" shall be construed as if the terms had not been deleted and the limitations effective on 5 April 2006 as set out in Appendix M of the ESPS Deed continued to apply.

**Pensionable Service** means, subject to the provisions of the ESPS Deed and paragraph 4.4, the aggregate of:

- (a) the total number of years of an ESPS Member's Service on full Salary in respect of which he has contributed to the Plan and the Arqiva Services Scheme; provided that in the case of Service in Part-Time Employment the number of years of such Service shall be adjusted in accordance with the provisions of Appendix G of the ESPS Deed;
- (b) the total number of years of an ESPS Member's Service as a Member of the ESPS on full Salary in respect of which he has contributed to the Fund (terms as defined in the ESPS Deed); provided that in the case of Service in Part-Time Employment the number of years of such Service shall be adjusted in accordance with the provisions of Appendix G of the ESPS Deed;
- (c) the number of years of an ESPS Member's Service after Normal Retirement Date but in respect of which he was not required to contribute; provided that in the case of Service in Part-Time Employment the number of years of such Service shall be adjusted in accordance with the provisions of Appendix G of the ESPS Deed;
- (d) any Back Service Credit;
- (e) any Added Years;
- (f) any Scheme Service Credit.

Provided that no Service after 31 January 2016 shall count towards the aggregate of an ESPS Member's Pensionable Service.

**Protected Pension Age Member** means a person who becomes an ESPS Member on or after 6 April 2006 and who falls within paragraph 22 or 23 of Schedule 36 to the Finance Act 2004

**Protected Rights** has the meaning set out in Appendix J of the ESPS Deed.

**Protected Rights Assets** in respect of an ESPS Member means the assets of the Plan representing his Protected Rights.

**Protected Rights Commencement Date** means the later of:

- (i) the date of the Retirement of the Protected Rights Member or the date on which Benefits under paragraph 7.3.1 or 7.5.1 become payable to him, as the case may be; and
- (ii) his 60th birthday;

provided that pursuant to section 29(1) of the PSA the Protected Rights Commencement Date, if he is then still in Service, shall be the Protected Rights Member's 65th birthday, unless he has given written notice to the Trustees at least five weeks before his 65th birthday that he would like the Protected Rights Pension to commence on the date of his Retirement in which case it shall be the date of his Retirement or his 75th birthday, whichever is the earlier.

**"Protected Rights Employment"** means contracted-out employment in relation to the Scheme by reference to section 9(3) of the PSA.

**"Protected Rights Member"** means a Member who is in Protected Rights Employment, or a Member who has Protected Rights Assets in the Scheme in respect of previous membership of the Plan or of a Retirement Benefits Scheme.

**"Protected Rights Pension"** has the meaning set out in Appendix J of the ESPS Deed.

**Retirement** means the termination of employment with the Employers on or after attaining Normal Retirement Date or through Incapacity or in a case in which Benefits are paid under the provisions of paragraph 4.2; and "retires" and "retired" have corresponding meanings.

**Retirement Lump Sum** means a lump sum of 3/80ths of the ESPS Member's Pensionable Salary multiplied by his Pensionable Service at the date of calculation subject to a maximum of 135/80ths.

**Salary** means in relation to an ESPS Member the annual amount of his salary or wages payable by his Employer in respect of the number of hours worked in a normal working week stipulated in the ESPS Member's contract of employment, including the money value of apartments appertaining to his employment (as determined by the Trustees after consultation with the Principal Employer), cost of living bonus and productivity bonus but excluding, except in any case where the Principal Employer otherwise determines, any other bonus, allowance, payments for overtime or emoluments in kind appertaining to his employment,

provided that:

- (a) On arriving at the Salary of a New Tax Regime Member or a Class A Member in any year of assessment (except for the purposes of the definition of "Pensionable Salary"), any excess of what would be his annual rate of Salary from time to time during the year of assessment (apart from this proviso) over the Earnings Cap for the year of assessment shall be disregarded unless the Principal Employer in respect of any ESPS Member, with his consent, directs otherwise;
- (b) in the case of a Member in Part-Time Employment:
  - (i) references to Salary in the definition of "Pensionable Salary" other than for the purposes of paragraphs 5.1.1, 5.1.2 and 4.3.11,
  - (ii) references to Salary in paragraph 3.2.1, and
  - (iii) the reference in paragraph 4.4.2 to Salary in the case of such an ESPS Member as at the day immediately preceding the day of his Retirement or death in Service in any application of that Rule in his case shall be construed as references to such sum as bears to Salary the same ratio as the undermentioned figure for the appropriate period of Service bears to the number of hours worked on average in a normal working week specified in the ESPS Member's contract of employment:
    - (A) for a period of Service between 1 October 1980 and 30 September 1981 (both dates inclusive), 38 in the case of an ESPS Member who was a Staff Employee

during such period and 40 in the case of an ESPS Member who was an Industrial Employee during such period;

(B) for a period of Service after 30 September 1981, 37;

- (c) where the ESPS Member's salary or wages have been reduced in consequence of the ESPS Member participating in a profit-related pay scheme operated by his Employer, the ESPS Member's salary shall be deemed to be the amount it would have been, were it not for the reduction, if notice to that effect is given by the Principal Employer to the Trustees.

**Satisfactory Evidence of Health** means such evidence thereof as is in the opinion of the Trustees satisfactory, including, where the Trustees in their discretion think fit, evidence based on a qualified medical practitioner nominated by the Trustees.

**Scale Pension** means an annual pension equal to  $1/80^{\text{th}}$  of the ESPS Member's Pensionable Salary for each year of Pensionable Service subject to a maximum of  $45/80^{\text{ths}}$ .

**Scheme Service Credit** means the period which an ESPS Member has been granted under Rule 17B of the ESPS Deed for the purpose of being reckoned as Pensionable Service.

**Section 32 Policy** means an insurance policy or annuity contract which satisfies the requirements of section 153(8) of the FA 2004.

**Service** means service as an Employee, and any other period that the Principal Employer at any time, with the approval of the ESPS Member, determines to be Service, and includes where appropriate for the calculation of Benefits 'Service' (as defined in the ESPS Deed) granted to an ESPS Member when a 'Member' of the ESPS.

**Staff Employee** means a person in Service whose duties are wholly or mainly administrative, professional, technical, commercial or clerical and the decision of the Principal Employer as to whether or not any person is a Staff Employee shall be final.

**Staff Scheme** means the Electricity Supply (Staff) Superannuation Scheme established with effect from 15 August 1947 and references to provisions of that scheme are, unless otherwise stated, to clauses, rules and appendices to the rules of that scheme as constituted on 31 March 1983.

**Transaction** means the transaction whereby (amongst other things) the entire issued share capital of National Grid Wireless Limited was sold under a share purchase agreement dated 3 April 2007.

**Transfer Value Payment** means:

- (a) in the case of a person who prior to the Transaction had entered Service under the ESPS Deed and has become an ESPS Member:
- (i) if reciprocal arrangements agreed by the then principal employer with the consent of the Group Trustees apply to him, such sum as is provided by and calculated in accordance with the said arrangements;
  - (ii) if he is not a person to whom sub-paragraph (i) applies, such sum as is paid to the Group Trustees out of the Retirement Benefits Scheme, Personal Pension Scheme or Section 32 Policy of which he was a member or beneficiary or to which he was subject before becoming a Member of the ESPS whether such sum represents only a repayment (with or without interest) of contributions paid to such scheme or policy by that person or is calculated on any other basis;
- (b) in the case of a person who left Service under the ESPS Deed and has become an ESPS Member:

- (i) if reciprocal arrangements agreed by the then principal employer with the consent of the Trustees apply to him, such sum as is provided by and calculated in accordance with the said arrangements;
- (ii) if sub-paragraph (i) does not apply to him, an amount equal to the value, as certified by the Scheme Actuary, of the Benefits which would otherwise have been or become payable to or in respect of him under the ESPS; save that in the case of a Member of the ESPS who was not entitled to Frozen Benefits, the transfer value so paid is calculated as if in paragraph 7.3.1 the words "one year's Qualifying Service" had been replaced by the words "one day's Qualifying Service" and that with respect to any application for such a payment notice of which is given on or after 1 April 1989, subject to sub-paragraphs (a) and (b) below the transfer value so paid shall not be less than the Underlying Minimum Guarantee (as defined in the ESPS Deed); so, however, that in any case the said amount shall be reduced as appropriate having regard to:
  - (A) any Equivalent Pension Benefits preserved under paragraph 8; and
  - (B) any payment of a Contributions Equivalent Premium or such amount as in the opinion of the Scheme Actuary is required to meet the Scheme's liability to provide a Guaranteed Minimum Pension.

**Underlying Minimum Guarantee**, in respect of the period of an ESPS Member's Pensionable Service (including Service under the ESPS Deed) relevant to the transfer payment in question, means the total of:

- (a) the ESPS Member's own contributions to the Plan (including any contributions comprised in any transfer payment to the Plan) in respect of such period, and
- (b) the difference between (i) the secondary Class 1 Contributions (as referred to in section 41 of the 1993 Act) that would have been paid by the Employer of such ESPS Member in respect of such period or (if shorter) that part of such period commencing on or after 6 April 1978 had that employment not been contracted-out employment, and (ii) the secondary Class 1 Contributions actually paid by the Employer,

both increased at such rate of interest as may be determined by the Trustees, acting on the advice of the Scheme Actuary.

**Whole-Time Employment** means employment under a contract of employment which requires the employee to work on average not less than 34.5 hours a week.

**Withdrawal Date** means the date of expiry of a Withdrawal Notice.

**Withdrawal Notice** means a written notice of withdrawal as an Active Member whilst remaining in Service which satisfies the requirements of Rule 3(2) of the ESPS Deed.

**Withdrawing Employee** means an ESPS Member who has served a Withdrawal Notice and has not revoked such notice prior to its Withdrawal Date.

## **2. ELIGIBILITY AND TERMS OF MEMBERSHIP**

### **2.1 Application**

This ESPS Section of the Plan applies to persons who were members of Schedule 4 of the New Section of the Arqiva Services Scheme on 31 December 2009 and who became ESPS Members with effect from 1 January 2010 pursuant to the Merger Agreement.

## 2.2 Membership on Special Terms

Subject to paragraph 2.1 above, this ESPS Section of the Plan is closed to new entrants, save that if so requested by the Principal Employer the Trustees may waive eligibility conditions or admit persons on the basis that reduced benefits are to be provided for them.

## 2.3 Opting-Out

Before 1 February 2016 an ESPS Member still in Service may terminate his Pensionable Service by serving a Withdrawal Notice. Provided that Pensionable Service shall not continue after 31 January 2016.

# 3. MEMBERS' CONTRIBUTIONS

## 3.1 Mandatory contributions

3.1.1 Each Active Member shall contribute to the Plan at the rate of 6% of his Salary. Subject to paragraph 3.1.2, contributions shall cease on the earlier of leaving Pensionable Service and such period as is equivalent to 40 years' Pensionable Service reduced by the combined period of any Back Service Credit and of any Added Years or becoming an Enhanced Protection ESPS Member.

3.1.2 An ESPS Member who was in Continuous Employment on 31 March 1988 and who remained in Continuous Employment on 17 May 1990 shall not be required to pay contributions in respect of Pensionable Service which he accrues after he attains age 60.

3.1.3 No contributions shall be payable by an ESPS Member following the cessation of Pensionable Service on 31 January 2016.

## 3.2 Reduction in Salary

3.2.1 Subject to paragraph 3.2.2 if an ESPS Member's Salary is reduced, such ESPS Member may, within three months from the date of such reduction, exercise an option to continue to have his Salary treated for the purposes of the Plan as if it had not been reduced, and thereupon his contributions and those of the Employer concerned and the Benefits payable under the ESPS Section shall be calculated as if his Salary had continued without reduction.

3.2.2 Paragraph 3.2.1 shall not apply to a reduction of Salary in the following circumstances:

3.2.2.1 as a result of part of a plan to bring the ESPS Member's Salary into line with a general reduction in salary;

3.2.2.2 as a result of the ESPS Member's misconduct; or

3.2.2.3 if the ESPS Member on transferring from Whole-Time Employment to Part-Time Employment is entitled to Benefits equivalent to Frozen Benefits under Rule 4(1) of the ESPS Deed in respect of his previous Service.

## 3.3 Extra contributions

3.3.1 In any case where a reduction would otherwise fall to be made to the lump sum payable to an ESPS Member under paragraph 4.1.1 pursuant to paragraph 4.1.3 or under paragraph 5.1.1 pursuant to paragraph 5.1.6 then, subject to paragraph 3.3.3,

such ESPS Member may opt to abate the amount of such reduction, in whole or in part, by paying extra contributions in accordance with paragraph 3.3.2.

- 3.3.2 Such extra contributions shall be payable by monthly deductions from the ESPS Member's Salary for such period and such an annual rate (being equal to ½% of the ESPS Member's Salary or a multiple thereof) as the ESPS Member shall elect. The abatement to which the ESPS Member shall be entitled in respect of such extra contributions shall be calculated in accordance with the following formula:

$$A = R \times P$$

where:

- A is the amount of the abatement expressed as a percentage of the ESPS Member's Pensionable Salary;
- R is the said annual rate expressed as a percentage of the ESPS Member's Salary; and
- P is the said period expressed in years.

- 3.3.3 The total contributions payable by a Contributor in a year of assessment (including additional voluntary contributions) shall not exceed 15% of his remuneration paid by his Employer in that year; provided that in arriving at the remuneration of a New Tax Regime Member or a Class A Member/post-1989 Member for that year, any excess over the Permitted Maximum for that year shall be disregarded, provided that in arriving at the remuneration of any such ESPS Member on or after 6 April 2006, the references to a "New Tax Regime Member", a "Class A Member/post-1989 Member" and the "Permitted Maximum" shall be construed as if the terms had not been deleted and the limitations effective on 5 April 2006 as set out in Appendix M of the ESPS Deed continued to apply.

- 3.3.4 No contributions shall be payable by an ESPS Member following the cessation of Pensionable Service on 31 January 2016.

#### 3.4 Additional Voluntary Contributions: Added Years

- 3.4.1 Any ESPS Member who was entitled to do so whilst a member of the ESPS under the ESPS Deed may apply to the Trustees to purchase a period of Added Years. The Trustees may give their consent to such application for such period of Added Years as they may think fit and upon and subject to such terms and conditions as they may determine; provided that the said period shall not be such as will cause the total of the ESPS Member's period of Pensionable Service to exceed 40 years by the date on which he attains Normal Retirement Date.

- 3.4.2 An ESPS Member who exercises an option under paragraph 3.4.1 shall pay Added Contributions at such rate as may be in force at the time when the option is exercised, being the appropriate rate of Salary specified in tables to be from time to time prepared by the Scheme Actuary and approved by the Trustees; provided that, in the case of an ESPS Member in Part-Time Employment or who transfers from Whole-Time Employment to Part-Time Employment, the rate payable shall be such multiple of the rate payable by an ESPS Member in Whole-Time Employment as "W" as defined in Appendix G of the ESPS Deed bears to the average hours worked per week by the ESPS Member under his contract of employment, such multiple to be recalculated as from the date on which the hours specified under his contract of employment are changed or from the first day of the calendar month following the



date of such change, where that date is other than the first day of a calendar month; and further provided that the ESPS Member may elect, by giving notice no later than three months of the date of such change in hours, that the existing multiple remain unchanged in which case the period of Added Years being purchased shall be adjusted accordingly by an amount advised by the Scheme Actuary and the Trustees shall notify the member of such adjustment.

3.4.3 Added Contributions payable under paragraph 3.4.2 shall cease on the date on which the ESPS Member concerned attains such age as shall apply to such ESPS Member pursuant to the provisions of Appendix H of the ESPS Deed or on the date when he ceases to be a Contributor, whichever is the sooner.

3.4.4 Where Benefits are:

3.4.4.1 paid under paragraphs 4.2.5 or 4.2.6 on Retirement; or

3.4.4.2 granted under paragraphs 7.3.1 or 7.5.1;

to an ESPS Member who ceases to be a Contributor before attaining such age as shall apply to such ESPS Member pursuant to the provisions of Appendix H of the ESPS Deed, then the number of Added Years purchased shall be reduced by the proportion that any Added Contributions which he has not paid bears to the total Added Contributions he would have paid if he had continued in Service until such age as shall apply to such ESPS Member pursuant to the provisions of Appendix H of the ESPS Deed.

3.4.5 Where the age applying to an ESPS Member pursuant to the provisions of Appendix H of the ESPS Deed is age 63 and the ESPS Member retires earlier than age 63 under paragraph 4.1.1, then the number of Added Years purchased shall be reduced by the proportion that any Added Contributions which he has not paid between Retirement and his attaining age 63 bears to the total Added Contributions he would have paid if he had continued in Service until age 63.

3.4.6 The Trustees may require Satisfactory Evidence of Health of the ESPS Member before permitting him to exercise an option under this paragraph.

3.4.7 Added Years shall not count for qualifying periods for Benefits, except as provided in paragraph 4.2.5.

3.4.8 An ESPS Member who has been paying Added Contributions for the purchase of Added Years may elect to cease to pay such Added Contributions by giving one month's notice in writing and in that event the number of Added Years which he was purchasing shall be reduced by the proportion that any Added Contributions which he has not paid bears to the total Added Contributions he would have paid if he had continued payment of Added Contributions until such age as shall apply to such ESPS Member pursuant to the provisions of Appendix H of the ESPS Deed.

3.4.9 If the level of Added Contributions which an ESPS Member is paying for the purchase of Added Years will, or is likely to, contravene the provisions of paragraph 3.3.3, the Employer shall suspend the Added Contributions payable by the ESPS Member in respect of one or more of the Added Years being purchased for so long as is necessary to ensure that such provisions shall not be contravened thereby. In such case, subject to the provisions of paragraph 3.4.10, the number of Added Years which he was purchasing shall be reduced by the proportion that any Added Contributions which he has not paid bears to the total Added Contributions he would have paid if he had not been required to suspend such contributions.

- 3.4.10 Where the payment of Added Contributions by an ESPS Member has at any time been suspended in accordance with paragraph 3.4.9, the ESPS Member shall, on reaching such age as shall apply to him pursuant to the provisions of Appendix H of the ESPS Deed, continue to pay Added Contributions in respect of the Added Years concerned for a further period equal to the total period or periods during which such suspension occurred, and in such event no reduction in the number of Added Years being purchased shall be made; provided that where the ESPS Member does not complete payment of Added Contributions for a period equal to the total period or periods during which such suspension occurred (whether as a result of Retirement under paragraphs 4.1.1, 4.2.5 or 4.2.6, being granted Benefits under paragraphs 7.3.1 or 7.5.1 or ceasing to pay Added Contributions on giving one month's notice in writing), the number of Added Years which he was purchasing shall be reduced by the proportion that any Added Contributions which he has not paid bears to the total Added Contributions he would have paid if he had continued to pay Added Contributions for such further period.
- 3.4.11 Added Years shall, in the opinion of the Trustees, be of reasonable value for the Added Contributions paid.
- 3.4.12 Notwithstanding paragraphs 3.4.3, 3.4.4 and 3.4.5, where a Scheme Service Credit was granted under Rule 17B(4) of the ESPS Deed to an ESPS Member who in respect of the same Added Years was paying Added Contributions immediately prior to 31 March 1990 and on the date that his last period of Service ceased, such ESPS Member shall be entitled to elect to continue paying Added Contributions at the rate which applied to him under paragraph 3.4.2, subject to such adjustment in the number of Added Years purchased thereby as the Scheme Actuary advises will confer an entitlement to Benefits for and in respect of such ESPS Member which are actuarially equivalent in value to the Benefits which would have become payable to and in respect of him under paragraph 3.4.1 had paragraph 3.4.3 not applied, after account has been taken of the Added Years included in the calculation of the ESPS Member's Scheme Service Credit pursuant to Rule 17B(1) of the ESPS Deed.
- 3.4.13 Without prejudice to the foregoing provisions of this paragraph 3.4, an ESPS Member may by notice to the Trustees elect to pay Added Contributions equal to the contributions payable by him during the period from 1 April 1999 to 31 March 2002 inclusive pursuant to Rule 7A or Rule 8(1A) of the ESPS Deed, as the case may be. In such event he shall be granted a period of 182 days by way of Added Years in respect of such Added Contributions. The Trustees may adopt rules with regard to the giving of such notices and for dealing with circumstances in which an ESPS Member commences or ceases to be a Contributor during such period, subject to the provisions of the Pension Schemes (Voluntary Contributions Requirements and Voluntary and Compulsory Membership) Regulations 1987. Subject as set out in this paragraph 3.4.13, the foregoing provisions of this paragraph 3.4 shall apply in respect of the application of this paragraph, to the extent that the context permits.
- 3.4.14 Following the cessation of Pensionable Service on 31 January 2016, no further Added Years may be purchased.
- 3.5 Additional Voluntary Contributions: money purchase
- 3.5.1 An ESPS Member may by notice elect to make an arrangement to pay Additional Voluntary Contributions (calculated as a percentage of Salary) to the Plan during the period that he is in Service to secure additional Benefits for himself on Retirement or at such later date as he shall elect under this paragraph 3.5 and for his Dependants on his death after that event or such later date.

- 3.5.2 An ESPS Member who is paying additional voluntary contributions may at any time:
- 3.5.2.1 increase the rate of such contributions;
  - 3.5.2.2 stop the payment of such contributions;
  - 3.5.2.3 reduce the amount of such contributions;
- by giving one month's notice to the Trustees.
- 3.5.3 If the level of Additional Voluntary Contributions which an ESPS Member elects to pay or is paying will, or is likely to, contravene the provisions of paragraph 3.3.3, the ESPS Member shall either reduce the rate at which he is paying such contributions or, for so long as is necessary, suspend such contributions to ensure that such provisions shall not be contravened thereby or such requirement shall be complied with (as the case may be).
- 3.5.4 If a person paying Additional Voluntary Contributions ceases to be an ESPS Member but remains in Service the payment of Additional Voluntary Contributions shall cease and the amount standing to the credit of such a person's AVC Account shall be retained in the Plan and shall remain invested in one of the AVC Investment Funds until he retires or otherwise ceases to be in Service, whichever shall first occur, when such amount shall be applied as provided by paragraphs 3.5.5, 3.5.6 or 3.5.7 as may be appropriate, as if he were an ESPS Member.
- 3.5.5 An ESPS Member who retires shall have the amount standing to the credit of his AVC Account in respect of Additional Voluntary Contributions applied in securing such additional Benefits specified in paragraph 3.5.1 as he selects, but so that:
- 3.5.5.1 in the case where any additional pension is purchased it shall be:
    - (a) purchased by an immediate or reversionary annuity in the name of the Trustees from an Authorised Insurer; or
    - (b) secured by the grant of such additional Benefits, whether in favour of the Member or a Dependant or any combination thereof, under the Scheme as the Trustees determine on the advice of the Scheme Actuary to be actuarially equivalent to the amount standing to his credit in respect of Additional Voluntary Contributions; and
  - 3.5.5.2 in the case of a pension in favour of a Dependant under age 18 at the time the pension becomes payable shall cease when the Dependant attains age 18.
- 3.5.6 An ESPS Member shall make an election under paragraph 3.5.5.1 within one month prior to the date of his Retirement or to the date on which Frozen Benefits commence to be paid to him pursuant to paragraph 7.3.2, as the case may be. If the ESPS Member fails to make an election in accordance with this paragraph, the alternative set out in sub-paragraph 3.5.5.1(a) shall apply.
- 3.5.7 If an ESPS Member dies before the amount standing to the credit of his AVC Account is applied in accordance with paragraph 3.5.5 such amount shall be payable by the Trustees to his estate.
- 3.5.8 If an ESPS Member who is paying Additional Voluntary Contributions leaves Service otherwise than on Retirement or death and:

- 3.5.8.1 becomes a person entitled to Frozen Benefits, then the amount of his Additional Voluntary Contributions shall be retained in the Plan and shall remain invested in one of the AVC Investment Funds and when the Frozen Benefits become payable the amount standing to the credit of his AVC Account shall be applied as provided paragraphs 3.5.5 or 3.5.6 as may be appropriate; or
- 3.5.8.2 becomes a person to whom a repayment of contributions will be made then the amount of such repayment shall be increased by the amount standing to the credit of his AVC Account at the time the repayment is made so however that an amount equivalent to any sum payable by the Trustees to HM Revenue and Customs in respect of income tax on the amount standing to the credit of his AVC Account shall be deducted from the repayment; or
- 3.5.8.3 becomes a person who requests a Transfer Value Payment or Cash Transfer Sum and surrenders his entitlement to any Benefits he has received under paragraph 7.3.1 and this paragraph then the Transfer Value Payment or the Cash Transfer Sum shall be increased by the amount standing to the credit of his AVC Account in respect of additional voluntary contributions at the time the Transfer Value Payment or Cash Transfer Sum is made.
- 3.5.9 Where an additional pension is being paid to an ESPS Member under paragraph 3.5.5, if he dies within five years after his Retirement or the date on which Frozen Benefits to which he is entitled become payable there shall be paid to his estate an amount at least equivalent in value to any additional pension secured by the payment of Additional Voluntary Contributions which he would have received from the date of his death to the expiration of a period of five years from the date of his Retirement or the date on which his Frozen Benefits became payable.
- 3.5.10 The Trustees may from time to time make any changes which they consider to be necessary to regulate the operation of any of the provisions relating to Additional Voluntary Contributions: provided that such changes shall not affect the ESPS Member's right to make such contributions, and the benefits provided in respect of such contributions shall be of reasonable value for the moneys paid.
- 3.5.11 Except as provided by this paragraph 3.5, the Benefits received under this paragraph 3.5 shall not be taken into account in calculating the Benefits which are payable or which may be obtained under any other provision and this paragraph 3.5 shall not be taken into account when applying the provisions of the other paragraphs except for paragraphs 3.3.3, 5.5 and 6.2 and Part VI of the ESPS Deed (Miscellaneous and General (other than Rules 33 and 37(2) of the ESPS Deed). For the avoidance of doubt it is expressly declared that any Benefits payable under this paragraph 3.5 (other than under paragraph 3.5.5.1(b)) shall not be subject to paragraph 6.1.
- 3.5.12 Notwithstanding paragraph 3.5, an ESPS Member may by prior written notice to the Trustees of at least one month (or such shorter period as they may agree) and in such form as they may specify elect to defer the date on which the amount standing to the credit of the ESPS Member's AVC Account is applied in accordance with paragraph 3.5. The period of deferment may continue until such date as the ESPS Member may specify in his original election notice or may subsequently specify by like notice to the Trustees subject to a maximum period of deferment up to the date on which the ESPS Member attains age 75 (or such later date as may be permitted by the HM Revenue and Customs) and to the deferment being in accordance with the arrangements made by the Trustees with the provider of the ESPS Member's selected AVC Investment Fund(s). Where an ESPS Member has deferred the application of

his AVC Account, the ESPS Member may continue to revise his instructions to the Trustees as to his selected AVC Investment Fund(s) from time to time, subject to any switch being in accordance with the arrangements made by the Trustees with the provider of the relevant AVC Investment Fund(s).

Provided that:

- 3.5.12.1 no election under this paragraph shall entitle any ESPS Member or Dependant to receive income from or in respect of the amount standing to the credit of the ESPS Member's AVC Account prior to the date on which the amount standing to the credit of the ESPS Member's AVC Account is applied in accordance with paragraph 3.5;
- 3.5.12.2 any election or specification under this paragraph shall be made entirely at the risk of the ESPS Member making such election or specification and neither the Trustees nor their delegates, agents or advisers shall under any circumstances be responsible for any loss incurred by or in respect of the ESPS Member as a result of having made such election or specification.
- 3.5.13 No ESPS Member shall be permitted to pay Additional Voluntary Contributions following the cessation of Pensionable Service on 31 January 2016.

#### **4. BENEFITS ON RETIREMENT**

##### **4.1 Normal or late retirement pensions**

- 4.1.1 An ESPS Member who retires at or after Normal Retirement Date shall be immediately entitled to:
  - 4.1.1.1 a Scale Pension payable during his lifetime; and
  - 4.1.1.2 a Retirement Lump Sum;

provided that:

- (a) an ESPS Member shall not be entitled to accrue more than 40 years' Pensionable Service except in respect of Service after Normal Retirement Date; save that a male ESPS Member who was in Continuous Employment on 31 March 1988 and who had both accrued more than 40 years' Pensionable Service and attained age 60 before 17 May 1990 was not entitled to accrue more than 40 years' Pensionable Service until after 16 May 1990;
- (b) save for the purposes of paragraphs 4.2.5 and 4.2.6 and the purposes of paragraphs 7.3.2.2 and 7.3.2.3, in relation to Pensionable Service prior to 17 May 1990 the Benefits payable to and in respect of a male ESPS Member who was in Continuous Employment on 31 March 1988 and remained in Continuous Employment on 17 May 1990 shall, if he retires before attaining age 63, be adjusted so as to take account of their commencement earlier than that age by a factor determined by the Scheme Actuary so that the Benefits in respect of such Pensionable Service are equivalent in value to the Benefits which would have been payable to and in respect of him if his Normal Retirement Date had remained age 63, making allowance for projected increases in Salary from the date his Benefits commence to that age.

- 4.1.2 An ESPS Member may within one month immediately prior to the date of his Retirement, or the date on which Frozen Benefits commence to be paid to him pursuant to paragraph 7.3.2, exercise the following options:
- 4.1.2.1 he may convert the whole or a part of his Retirement Lump Sum into additional pension, on the basis of conversion rates approved from time to time by the Trustees, on the advice of the Scheme Actuary, so, however, that the total pension attributable to Pensionable Service as at the date on which the ESPS Member or such a person attains Normal Retirement Date (including the actuarial pension value of the unconverted part of the Retirement Lump Sum) shall not exceed, in any case where such option has been exercised, two-thirds of his Pensionable Salary, and that any reduction falling to be made from the lump sum shall be made prior to the conversion;
- 4.1.2.2 he may convert the annual pension for such number of years of Pensionable Service attributable to Added Years purchased under paragraph 3.4 or for any part of such years of Pensionable Service as he may decide into a lump sum payment actuarially equivalent to the amount of the annual pension foregone:
- 4.1.3 Subject to the consent of the Principal Employer, an ESPS Member may during the two months immediately before the date of his Retirement or the date on which Frozen Benefits commence to be paid convert, on the basis of conversion rates approved from time to time by the Principal Employer, a part of his pension into a lump sum. This lump sum shall not, when combined with any other lump sum received under this paragraph 4.1 or under any other pension or arrangement, exceed the ESPS Member's maximum Pension Commencement Lump Sum. This paragraph is subject to the provisions of Schedule 9 (Contracting-out).
- 4.1.4 Subject to paragraph 3.3.1, the Retirement Lump Sum payable to an ESPS Member who has paid reduced contributions under paragraph 3.1 shall be reduced by 3% of his Pensionable Salary for each complete year of Pensionable Service in respect of which he shall have paid such reduced contributions and by a proportionate reduction in respect of any fraction of a year.
- 4.1.5 A male ESPS Member who retires on or after attaining age 63 but prior to attaining age 65 may opt by notice given to the Trustees within one month immediately preceding his Retirement to increase his pension with effect from the date of his Retirement up to his attaining age 65 by such amount as he may nominate, but not exceeding an amount equivalent to the basic rate of State pension as at the date of his Retirement appropriate to his marital status at such date.
- 4.1.6 The additional cost, as determined by the Trustees on the advice of the Scheme Actuary, arising from the operation of paragraph 4.1.4 shall be borne by the ESPS Member by way of level monthly deductions from his Plan pension commencing with effect from the date of his Retirement and terminating on his death.
- 4.1.7 The provisions of paragraph 4.1.5 shall cease to apply if and with effect from the date on which State Pensionable Age for males ceases to be age 65; provided that ESPS Members who have then commenced to receive such an increased pension shall continue to do so as therein provided.
- 4.1.8 The provisions of this paragraph 4.1 are subject to the provisions of Schedule 10 (Pension Sharing on Divorce).
- 4.2 Early retirement other than due to Incapacity

- 4.2.1 Without prejudice to the application of paragraphs 4.2.5 and 4.2.6 but subject to paragraph 4.2.2, if within two months immediately prior to the date of his leaving Service on or after attaining age 55 an ESPS Member by notice so requests, he shall be treated as having retired and the Benefits specified in and calculated as provided by paragraph 4.1 shall be paid to him, reduced by a factor determined by the Trustees on the advice of the Scheme Actuary to take account of the commencement of payment of those Benefits at a date earlier than his Normal Retirement Date. Provided that the said Benefits shall not be reduced below such amount as would be payable to the ESPS Member on his ceasing to be in Service in accordance with paragraph 7.3.2.4.
- 4.2.2 Notwithstanding the provisions of paragraph 4.2.1, the ESPS Member's Scale Pension shall not be less than the Guaranteed Minimum Pension; provided that if the reduction applicable under paragraph 4.2.1 would, were it not for this paragraph 4.2, result in the pension part of the said Benefits at Pensionable Age being less than such Guaranteed Minimum Pension at that age, such amount of the lump sum that would otherwise have been paid to the ESPS Member as the Trustees acting on the advice of the Scheme Actuary shall determine shall be converted into pension sufficient to prevent the amount of the pension part of the said Benefits at such age from being less than such Guaranteed Minimum Pension. For these purposes the Trustees shall make such assumptions on the advice of the Scheme Actuary regarding the level of pensions increases to be applied to such reduced pension at Pensionable Age and regarding the amount by which the Guaranteed Minimum Pension shall have been revalued by that age as they think fit.
- 4.2.3 If a request by the ESPS Member under paragraph 4.2.1 would result in a conversion of lump sum under the proviso to paragraph 4.2.2, the Trustees shall notify the ESPS Member accordingly and give him the opportunity to withdraw the said request.
- 4.2.4 If a request by the ESPS Member under paragraph 4.2.1 would, were it not for this paragraph 4.2.4, have the effect that even if the whole of the lump sum were converted as aforesaid the pension part of the said Benefits at Pensionable Age would nevertheless be less than the Guaranteed Minimum Pension at that age, the ESPS Member shall be notified accordingly and the request by the ESPS Member shall be of no effect.
- 4.2.5 The Benefits specified in and calculated as provided by paragraph 4.1 shall, if the Employer employing the ESPS Member concerned so requests, be paid to any ESPS Member who retires on or after attaining age 55, provided that either he has at least five years' Pensionable Service (including Added Years purchased to the date of Retirement as reduced in accordance with paragraph 3.4.4) or he has been in Continuous Employment for a period of not less than five years terminating immediately prior to the date of his Retirement.
- 4.2.6 The Benefits specified in and calculated as provided by paragraph 4.1 shall, in the case of an ESPS Member (other than a Protected Pension Age Member) who is retired compulsorily by the Employer employing him on or after attaining age 50 or, in the case of any person who became a Member of the ESPS under the ESPS Deed on or after 6 April 2006, age 55, be paid to him if such Retirement is consequent on reorganisation or redundancy and may, in the discretion of such Employer, be paid to him if such Retirement is for any other cause.
- 4.2.7 Any additional cost as determined by the Principal Employer on the advice of the Scheme Actuary arising from the operation of this paragraph 4.2 shall be borne by the Employer who last employed the ESPS Member.

- 4.2.8 Paragraphs 4.2.5 and 4.2.6 apply in relation to any ESPS Member who has not yet attained Normal Retirement Date or, in the case of an ESPS Member who was in Continuous Employment on 31 March 1988 and remained in Continuous Employment on 17 May 1990, has not yet attained age 63.
- 4.3 Early retirement due to Incapacity
- 4.3.1 An ESPS Member who enters into membership of the ESPS on 1 April 1983 and who, on or after that date, retires through Incapacity before Normal Retirement Date shall be entitled to the Benefits specified in paragraph 4.3.4.
- 4.3.2 Subject to paragraph 4.3.3, an ESPS Member in Whole-Time Employment or Part-Time Employment who:
- 4.3.2.1 enters into membership of the Plan on or after 2 April 1983,
- 4.3.2.2 has not less than five years' Continuous Employment, or
- 4.3.2.3 retires through Incapacity before Normal Retirement Date;
- shall be entitled to the Benefits specified in paragraph 4.3.4.
- 4.3.3 The requirement under paragraph 4.3.2.2 for an ESPS Member in Whole-Time Employment or Part-Time Employment to have not less than five years' Continuous Employment or Pensionable Service, as the case may be, shall not apply where:
- 4.3.3.1 (a) the Incapacity of the ESPS Member is due to an accident or illness associated with his employment, or
- 4.3.3.2 (b) the Trustees so determine in the case of an ESPS Member.
- 4.3.4 Subject to paragraphs 4.3.1, 4.3.2, 4.3.3 and 4.3.12, an ESPS Member who retires through Incapacity before attaining Normal Retirement Date shall receive the Benefits specified in and calculated as provided by paragraph 4.1 on the basis that:
- 4.3.4.1 his Pensionable Salary is assessed at the date of his actual Retirement, and
- 4.3.4.2 his Pensionable Service (both for the purpose of paragraph 4.1 and in applying paragraph 4.4 shall mean the total number of years which that ESPS Member would be entitled to reckon (including any Back Service Credit, Scheme Service Credit and Added Years but see paragraph 3.4.4.1), if he had remained in Service until Normal Retirement Date.
- 4.3.5 Where an ESPS Member is in receipt of a pension under this paragraph 4.3, the Trustees shall make such arrangements as they consider necessary for monitoring the state of health and earnings of that ESPS Member until he attains Normal Retirement Date.
- 4.3.6 Whenever the Trustees consider it necessary to assess whether an ESPS Member should continue to receive a pension under this paragraph, they may require him:
- 4.3.6.1 to submit himself for examination by a qualified medical practitioner named by the Trustees, and
- 4.3.6.2 to give to the Trustees such information about his earnings as the Trustees may require and if the ESPS Member refuses or fails to submit himself for examination, or in any way obstructs the same, or if he refuses to give



information about his earnings, or gives incomplete, misleading or false information, then he shall not be entitled to receive that pension until the examination has taken place or the information required about his earnings has been given.

- 4.3.7 Subject to paragraph 4.3.11, the Trustees may, whenever they so determine, reduce, suspend or terminate a pension being paid under this paragraph on account of the improved state of health of that ESPS Member or his earnings or both:

provided that:

- 4.3.7.1 the Trustees shall give the ESPS Member an opportunity to submit in writing any information which he wants the Trustees to take into account when making their determination; and

- 4.3.7.2 no such determination shall be made after an ESPS Member attains his Normal Retirement Date.

- 4.3.8 Subject to paragraph 4.3.10, when the Trustees suspend or terminate a pension under paragraph 4.3.7 then they shall determine the basis on which Benefits shall be calculated in the event of Benefits again becoming payable to or in respect of the ESPS Member and in making such a determination the Trustees shall have regard to the Benefits which the ESPS Member would be entitled to receive:

- 4.3.8.1 if he had remained in Service until the date that the pension was suspended or terminated and had then become entitled to Frozen Benefits under paragraph 7.3.1; and

- 4.3.8.2 if his Pensionable Salary at that date was not less than his Pensionable Salary at the date of Retirement increased at the rate by which his Salary would have increased in the period from the date of retirement to the date his pension was suspended or terminated;

provided that any lump sum payable shall be reduced to take account of any lump sum previously paid.

- 4.3.9 Subject to paragraph 4.3.10, when the Trustees reduce a pension under paragraph 4.3.7 they shall determine the basis on which that pension or Benefits payable in respect of that ESPS Member shall be calculated when the reduction ceases to apply, or such Benefits become payable, and in making such a determination the Trustees shall have regard to the provisions of paragraph 4.3.8: provided that if the pension payable immediately before the reduction ceases to apply is greater than the pension calculated on the basis determined by the Trustees then it shall continue to be paid at that higher rate.

- 4.3.10 Where the Trustees make a determination:

- 4.3.10.1 under paragraph 4.3.8 in respect of an ESPS Member, they shall provide that the pension shall recommence not later than the Normal Retirement Date of that ESPS Member;

- 4.3.10.2 under paragraphs 4.3.8, 4.3.8 or 4.3.9 in respect of an ESPS Member, they shall provide that the amount of the pension payable from the Normal Retirement Date of that ESPS Member shall not be less than the pension the ESPS Member would have received as Frozen Benefits calculated under paragraph 7.3.1.

- 4.3.11 The Benefits payable under paragraph 4.3.4 shall, in the case of an ESPS Member who is in Part-Time Employment, be the equivalent of the Benefits accruing to the ESPS Member up to the date of actual Retirement and such further Benefits as would have accrued had the ESPS Member remained in Part-Time Employment until Normal Retirement Date for the hours specified in his contract of employment at the date of Retirement.
- 4.3.12 Subject to the provisions of Schedule 8 (Overriding Benefit Provisions), for the purpose of the application of and the calculation of Benefits under this paragraph 4.3 (other than paragraphs 4.3.5, 4.3.7 and 4.3.10), the Normal Retirement Date of an ESPS Member who was in Continuous Employment on 31 March 1988, who remained in Continuous Employment on 17 May 1990 and who remains in Continuous Employment until Retirement shall be deemed to be age 65.
- 4.3.13 The Trustees shall, at the request of an ESPS Member who retires due to Incapacity, commute his Benefits in accordance with paragraph 4.3.
- 4.4 Pensionable Service, Part-Time Employment and Temporary Absences
- 4.4.1 Any Pensionable Service whether consisting of periods in Whole-Time Employment or Part-Time Employment or both not exceeding nine years shall be counted in years and fractions of a year so that each completed day after a whole number of years shall count as 1/365th of a further year; save that in the case of a period of Pensionable Service in Part-Time Employment, in determining the length of a ESPS Member's Pensionable Service for the purposes of this paragraph 4.4.1 and paragraph 4.4.2.1 the provisos to paragraphs (a) and (b) of the definition of "Pensionable Service" shall be deemed not to apply.
- 4.4.2 in the case of an ESPS Member who has more than nine years' Continuous Employment whether consisting of periods in Whole-Time Employment or Part-Time Employment (determined in respect of a period of Pensionable Service in Part-Time Employment as described in paragraph 4.4.1) or both, a fraction of a year's Pensionable Service in any such period shall count as a complete year; and in the case of an ESPS Member to whom paragraph 4.4.2.1 applies, in respect of any period by which fractions of a year are rounded up to a complete year under that sub-paragraph, any Benefit payable shall be reduced by a sum equal to five per cent or six per cent (according to his rate of contribution) of the Relevant Salary of the ESPS Member concerned, such sum being calculated as if the Relevant Salary had continued to be paid or attributed to him in respect of any period of rounding up;

provided that:

- 4.4.2.1 where this sub-paragraph applies in respect of a period of Pensionable Service in Part-Time Employment:
- (a) in the application of Appendix G of the ESPS Deed pursuant to the provisos to paragraphs (a) and (b) of the definition of "Pensionable Service" to the period by which a fraction of a year is rounded up to a complete year pursuant to paragraph 4.4.2.1, "H" shall be deemed to have remained the same number of hours specified in the ESPS Member's contract of employment immediately before the cessation of that period of Pensionable Service in Part-Time Employment; and
  - (b) the reduction of Benefits under paragraph 4.4.2.1 shall be calculated as if the Relevant Salary had continued to be paid or attributed to the ESPS Member for the fraction of a year by which such period of

Part-Time Employment is rounded up after the application of Appendix G of the ESPS Deed to that fraction of a year;

4.4.2.2 in the case of an ESPS Member whose Pensionable Service comprises periods in both Whole-Time Employment and Part-Time Employment paragraph 4.4.2.1 shall apply to fractions of a year's Pensionable Service in whichever of those two periods gives rise to the greater period of rounding up to a complete year and for that purpose the fraction of a year which forms part of the period in Part-Time Employment shall be rounded up to a complete year and then Appendix G of the ESPS Deed applied to that period of rounding up before ascertaining whether applying paragraph 4.4.2.1 to the fraction of a year forming part of the period in Whole-Time Employment or the period in Part-Time Employment gives rise to the greater period of rounding up; and

4.4.2.3 Paragraph 4.4.2.1 shall not apply where it would not result in an increase in the actuarial value of the Benefit that would otherwise be received in which event Pensionable Service shall be counted in years and fractions of a year so that each completed day after a whole number of years shall count as 1/365th of a further year;

4.4.3 if:

4.4.3.1 an ESPS Member's Pensionable Service comprises periods in both Whole-Time Employment and Part-Time Employment; and

4.4.3.2 the fraction of a year's Pensionable Service to be rounded-up under paragraph 4.4.2.1 relates to a period or periods in Part-Time Employment; and

4.4.3.3 at the date on which Pensionable Service ceases the ESPS Member is in Whole-Time Employment;

then the reduction of Benefits under paragraph 4.4.2.2 shall be calculated as if the Relevant Salary had continued to be paid or attributed to the ESPS Member for the fraction of a year by which such period or periods of Part-Time Employment is (or are) rounded up after the application of Appendix G of the ESPS Deed to that fraction of a year; and

4.4.4 for the purposes of this paragraph 4.4:

4.4.4.1 where a period of Added Years purchased under paragraph 3.4.1 and or 3.4.13 is not an integral number of years or where any period of Added Years has been apportioned in accordance with paragraph 3.4.4 or 3.4.8 or Rules 9(7A) or 9(7B) of the ESPS Deed, any part or fraction of a year so purchased or apportioned shall be disregarded in calculating Pensionable Service; and

4.4.4.2 the expression "Relevant Salary" shall mean Pensionable Salary: provided that in respect of any ESPS Member in Service under the ESPS Deed at 1 January 1988 it shall mean whichever of:

(a) Pensionable Salary; and

(b) Salary (being the Salary that would have been payable if it had continued to be paid to him at the rate applicable as at the day immediately preceding the day of Retirement or death in Service, as

the case may be, or in the case of a person entitled to Benefits under paragraphs 7.3.1 or 7.5.1 the rate applicable on the day immediately preceding the day on which he became entitled to those Benefits);

as shall give rise to the lesser sum for the purpose of the reduction of Benefits under paragraph 4.4.2.2; and

- (c) where an ESPS Member has two or more periods of Pensionable Service respectively in Whole-Time Employment or Part-Time Employment there shall be separately added together any periods in Whole-Time Employment and any periods in Part-Time Employment to ascertain whether there is a fraction of a year's Pensionable Service to which paragraph 4.4.2.1 applies.

4.4.5 Subject to the following paragraphs 4.4.6-10, any period of absence without Salary or on less than full Salary shall count as Pensionable Service for a proportionately reduced period.

4.4.6 An ESPS Member temporarily laid off, suspended or granted absence on leave (other than sick leave or absence due to pregnancy or confinement where the provisions of paragraph 4.4.11 apply) without Salary or on less than full Salary for a period exceeding thirty days but not exceeding twelve months (or such longer periods as the Trustees may in the case determine) or an ESPS Member otherwise absent from duty in such circumstances and for such period as the Principal Employer may approve shall have the option, to be exercised not later than the termination of such period or, such further period as the Trustees (or the Principal Employer where it has approved the absence) may agree or, if the ESPS Member dies during such period or longer period (as the case may be) without having returned to duty, to be exercised by his legal personal representatives within six months from the date of his death, of paying in respect of such period (other than the first thirty days thereof in the case of an ESPS Member temporarily laid off, suspended or granted absence on leave) the amount by which his contributions, had he remained on duty and in receipt of full Salary, would have exceeded any contributions paid or which would have been payable during such period. The ESPS Member shall be deemed to have been paid full Salary during such period whether or not he or his legal personal representatives exercise the option and, where the option has been duly exercised and the amount due has been paid, the whole of that period shall count as Pensionable Service.

4.4.7 An ESPS Member to whom the provisions of paragraph 4.4.6 apply in respect of temporary lay-off, suspension or leave of absence (other than sick leave) shall pay in respect of the first thirty days of such period an amount calculated in accordance with paragraph 4.4.8 (whether or not the option under paragraph 4.4.6 is exercised).

4.4.8 An ESPS Member temporarily laid off, suspended or granted absence on leave (other than sick leave) without Salary or on less than full Salary for a period not exceeding thirty days shall pay in respect of such period the amount by which his contributions, had he remained on duty and in receipt of full Salary, would have exceeded any contributions paid or which would have been payable during such period. The ESPS Member shall be deemed to have been paid full Salary during such period and, where the amount due has been paid, the whole of that period shall count as Pensionable Service.

4.4.9 Where the ESPS Member concerned leaves Service while the provisions of this paragraph apply to him then the period referred to in paragraphs 4.4.6 or 4.4.8 shall be deemed to have terminated on the day he leaves Service.

- 4.4.10 Any period not exceeding twenty-four months (or such longer period as the Trustees may in any case determine) during which an ESPS Member is absent on sick leave shall count as Pensionable Service.
- 4.4.11 Where on or after 23 June 1994 an ESPS Member is absent for a period due to pregnancy or confinement and is in receipt of contractual remuneration or statutory maternity pay she shall be deemed to have been paid the Salary which she would otherwise have received during such period had she not been so absent and the whole of that period shall count as Pensionable Service. An ESPS Member to whom the provisions of this sub-paragraph applies shall pay in respect of such period contributions at the rate determined pursuant to paragraphs 3.1, 3.2 and 3.3 in relation to any contractual remuneration paid to her and, if the Principal Employer so determines, in relation to any statutory maternity pay received by her.
- 4.4.12 The amount of any such excess as is mentioned in paragraph 4.4.6 shall, in respect of any contribution paid or which would have been payable before the date on which the option was exercised, be payable together with interest at the rate of three per cent per annum and shall be spread forward over such period and on such conditions and terms as the Trustees shall determine, and shall, in respect of any contribution paid or which would have been payable after such date be paid when and in such manner as such contribution is or would have been paid; and the amount of any such excess as is mentioned in paragraph 4.4.8 shall be spread forward over such period and on such conditions and terms as the Trustees shall determine.
- 4.4.13 Absence exceeding thirty days on Approved National Service shall be deemed to be absence on leave without Salary or on less than full Salary and the provisions of paragraphs 4.4.6 and 4.4.11 shall apply to any such case. Nothing in this paragraph shall entitle an ESPS Member to contribute in respect of any period spent in such Approved National Service as aforesaid prior to entering Service or in respect of any period prior to the date when he qualified, or would have qualified but for the absence from Service, for membership under the ESPS Section.
- 4.4.14 Where before attaining Retirement Date an ESPS Member leaves Service otherwise than on Retirement or death or becomes a Withdrawing Employee and is entitled to or has received a repayment of contributions under paragraphs 7.1.1 or 7.5.3 and within twelve months thereafter either re-enters Service and resumes membership of the ESPS or, in the case of a Withdrawing Employee who has not left Service, resumes his membership of the ESPS Section and within three months of such resumption repays the net amount of any such repayment made to him as aforesaid, he shall be entitled to include as part of his Pensionable Service such Pensionable Service as he was entitled to reckon in respect of that repayment immediately before he left Service or became a Withdrawing Employee, as the case may be, and in such event he shall continue making all payments under the Plan as from the date on which he resumes his membership as if he had not left Service or become a Withdrawing Employee; provided that in a case where a Contributions Equivalent Premium has been paid by the Trustees and not subsequently reclaimed, any pension payable to the ESPS Member under the Plan shall be reduced by the amount of the Guaranteed Minimum Pension payable to the ESPS Member had the Contributions Equivalent Premium not been so paid.
- 4.4.15 When determining Pensionable Service for the purposes of paragraph 4.1.1.2(a):
- 4.4.15.1 where a fraction of a year's Pensionable Service is counted as a complete year in accordance with paragraph 4.4.2, that year shall be treated as Pensionable Service falling after 16 May 1990;

- 4.4.15.2 in the case of a Back Service Credit granted in accordance with paragraph 6.2 of the ESPS Deed:
- (a) the period of Back Service Credit shall be reckoned as Pensionable Service falling prior to 17 May 1990 where the Transfer Value Payment was received by the Trustees prior to that date; and
  - (b) the period of Back Service Credit shall be reckoned as Pensionable Service falling after 16 May 1990 where the Transfer Value Payment was received by the Trustees after that date;
- 4.4.15.3 Added Years shall be treated as Pensionable Service:
- (a) falling prior to 17 May 1990 where the ESPS Member commenced purchasing the Added Years prior to that date; and
  - (b) falling after 16 May 1990 where the ESPS Member commenced purchasing the Added Years after that date.
- 4.5 Additional Dependants' pensions
- 4.5.1 An ESPS Member shall have the option, to be exercised within one month immediately prior to the date of his Retirement or the date of commencement of payment to him of Frozen Benefits pursuant to paragraph 7.3.2, of surrendering a portion of the annual pension payable under paragraphs 4.1, 4.2, 4.3.4, 7.3.1 or 7.5.1 to provide an annuity or annuities after his death for his widow or widower or for any Dependant nominated in writing, for their respective life or lives.
- 4.5.2 Where such Dependant is a person who, at the date of the ESPS Member's death, had not attained age 18, such an annuity will not be payable after he attains age 18 unless he suffers from a disability of such a nature as will in the opinion of a qualified medical practitioner nominated by the Trustees, permanently render him unable to support himself.
- 4.5.3 The total amount of the reduced pension payable to the ESPS Member by the Plan after such surrender shall not be less than the greater of:
- 4.5.3.1 the total amount of such annuities together with any pension for the widow or widower under paragraph 5.5; and
  - 4.5.3.2 the total of the Guaranteed Minimum Pension and, where the ESPS Member has at any time been in Protected Rights Employment, the Protected Rights Pension, where it is payable by the Plan.
- 4.5.4 Annuities payable under the preceding paragraphs shall be calculated as at the date when the option becomes effective and in accordance with such table as the Trustees may, on the advice of the Scheme Actuary, approve from time to time, subject to any appropriate adjustment, which the Trustees, in their discretion, may require.
- 4.5.5 Where an option is exercised under this paragraph 4.5:
- 4.5.5.1 the option shall become null and void if the ESPS Member or the person in whose favour the surrender is made dies before midnight on the day before the ESPS Member ceases to be in Service or commences to receive payment of Frozen Benefits pursuant to paragraph 7.3.2 and

- 4.5.5.2 the option shall cease to have effect if the Trustees acting under paragraph 4.3.7 reduce, suspend or terminate the pension of the ESPS Member and the option shall cease to have effect from the date of such reduction, suspension or termination:

provided that the ESPS Member may exercise a further option under paragraph 4.5.1 within one month prior to both or either:

- 4.5.5.3 the date of the reduction in pension; and
- 4.5.5.4 the date on which the reduction in pension ceases to apply under paragraph 4.3.9 or the date on which the pension again becomes payable under paragraph 4.3.8;

so however that where the further option is exercised it shall become null and void if the ESPS Member or the person in whose favour the surrender is made dies before midnight on the date before the reduction takes effect or ceases to apply or on which the pension again becomes payable as the case may be.

- 4.5.6 The Trustees may require Satisfactory Evidence of Health of the ESPS Member before permitting him to exercise an option under this paragraph 4.5.

- 4.5.7 Where an ESPS Member with Protected Rights has elected to be provided with a pension by the purchase of an annuity from an Authorised Insurer under Appendix J of the ESPS Deed and as a result of such election will not receive a pension from the Plan, he shall not be permitted to exercise an option under this paragraph 4.5.

- 4.6 Option to surrender pension on marriage after Retirement to provide a reversionary annuity for widow or widower ☐

- 4.6.1 An ESPS Member who has retired on pension shall, subject to paragraph 4.6.2, notwithstanding that he may have exercised the option under paragraph 4.5, have the option to be exercised within three months of the date of his marriage, of surrendering a part of the annual pension payable under the Plan to provide his spouse with a pension after his death, and, if the spouse in whose favour the option has been exercised predeceases the ESPS Member, the pension payable to the ESPS Member shall continue to be paid less the surrendered portion thereof.

The exercise of the option under this paragraph shall be subject to the following conditions:

- 4.6.1.1 the production of Satisfactory Evidence of Health of the ESPS Member;
- 4.6.1.2 the maximum amount to be surrendered not to be greater than the amount by which the ESPS Member's pension exceeds the total of the Guaranteed Minimum Pension and the Protected Rights Pension (if any), or one-third of the ESPS Member's pension, whichever is the less;
- 4.6.1.3 the amount to be paid to the surviving spouse, including any pension payable under the Plan in respect of the ESPS Member, not to be greater than the amount of the reduced pension payable to the ESPS Member;
- 4.6.1.4 the amount of the pension payable to the surviving spouse to be calculated in accordance with tables to be approved by the Trustees on the advice of the Scheme Actuary.

- 4.6.2 Where an ESPS Member with Protected Rights has elected to be provided with a pension by the purchase of an annuity from an Authorised Insurer under Appendix J of the ESPS Deed and as a result of such election will not receive a pension from the Plan, he will not be permitted to exercise an option under this paragraph 4.6.

## **5. BENEFITS ON DEATH**

### **5.1 Lump sum benefits on death in Pensionable Service**

- 5.1.1 Where an ESPS Member dies before Retirement a sum shall be paid to his estate of an amount shown below:

- 5.1.1.1 if the ESPS Member leaves a widow or widower, a sum equal to three years' Pensionable Salary; and

- 5.1.1.2 in any other case, a sum equal to four years' Pensionable Salary,

provided that, if the ESPS Member's contributions calculated in the manner shown in paragraph 7.1.1 exceed an amount equal to three years' Pensionable Salary then the sum payable under this paragraph shall be increased by an amount equal to the excess.

- 5.1.2 Subject as herein provided, where a sum is payable under paragraph 5.1.1.1 or under paragraph 5.1.3.1, there shall in addition be paid to the widow or widower of the ESPS Member an amount equal to one year's Pensionable Salary. By notice within three months after the death of the ESPS Member and in lieu of such payment, the widow or widower may convert the whole of the amount of the payment into additional pension actuarially equivalent to the amount foregone, subject to the provisions of Schedule 8 (Overriding Benefit Provisions).

- 5.1.3 Where an ESPS Member dies on or after attaining age 55 before Retirement and with not less than five years' Continuous Employment no payment shall be made under paragraph 5.1.1 if the aggregate of:

- 5.1.3.1 if the ESPS Member leaves a widow or widower, a sum equal to two year's Pensionable Salary; and in any other case a sum equal to three year's Pensionable Salary, and subject in either case both to the proviso to paragraph 5.1.1 and to paragraph 5.1.7; and

- 5.1.3.2 the sum calculated in accordance with paragraph 5.1.4;

is greater than the amount payable under paragraph 5.1.1, in which event the said aggregate sum shall instead be paid to the estate of the ESPS Member.

- 5.1.4 The calculation of the sum referred to in paragraph 5.1.3.2 shall be made by taking the pension that would have been payable to the ESPS Member (on the assumption that he had retired under paragraph 4.2.6 on the date of his death, but excluding any portion surrendered under paragraph 4.5.1) and multiplying it by the appropriate figure shown in the second column of the following scale according to the age of the ESPS Member at the date of death:

<b>Age of death</b>	<b>Number of times Notional Pension</b>
55	3
56	3



57	3 ½
58	4
59	4 ½
60 or over	5

5.1.5 The total of the sums payable under this Rule in respect of an ESPS Member shall not exceed an amount which is equal to four and a half years' Pensionable Salary of that ESPS Member or the amount permitted by Schedule 8 (Overriding Benefit Provisions), whichever is the less. If the total of the sums payable under this paragraph 5.1 would, were it not for the provisions of this paragraph 5.1, exceed the said amount, then where the ESPS Member leaves a widow or widower the sum to be abated shall be the sum payable to his estate. In calculating the sums payable under this Rule, notwithstanding that the widow of an ESPS Member has given notice under paragraph 5.1.2, a sum equal to one year's Pensionable Salary shall be deemed to have been paid under that paragraph in respect of that ESPS Member.

5.1.6 Notwithstanding the foregoing provisions of this paragraph 5.1 but subject always to paragraph 3.3.1, the total lump sum payable under the foregoing provisions of this paragraph to an ESPS Member who has paid reduced contributions under paragraph 3.1.1 shall be reduced by 3% of his Pensionable Salary for each complete year of Pensionable Service in respect of which he shall have paid such reduced contributions and by a proportionate reduction in respect of any fraction of such a year.

5.1.7 Notwithstanding the foregoing provisions of this paragraph 5.1, in the case of death after his 75th birthday of a New Tax Regime Member, the sum paid to his estate shall be calculated in accordance with paragraph 5.2.1 but on the assumption that the ESPS Member had retired on his 75th birthday.

5.1.8 In this paragraph reference to an ESPS Member includes an Enhanced Protection ESPS Member.

5.1.9 Any lump sum payable under this paragraph 5.1 shall be reduced to the extent that a lump sum is paid to the ESPS Member from the Life Assurance Scheme.

## 5.2 Lump sum benefits on death after retirement

5.2.1 Subject to paragraph 5.2.4, on the death of an ESPS Member within five years after his or within five years after Benefits became payable to him there shall be paid to his estate the aggregate amount of the pension he would have received from the first day of the calendar month next following the date of his death to the expiration of a period of five years from the date of his Retirement or the date Benefits became payable to him, as the case may be, (calculated on the basis of the pension including any increase under paragraph 6.1 payable at his death); provided that on the death of an ESPS Member who has exercised his option under paragraph 4.1.4 to increase his pension from his Retirement up to attaining age 65, in calculating the amount so payable to his estate no account shall be taken either of any such increase to his pension under paragraph 4.1.4 or to any compensating deduction in respect thereof under paragraph 4.1.5.

5.2.2 Subject to paragraph 5.2.3, on the death before, at or after Normal Retirement Date of an ESPS Member who retired through Incapacity before attaining Normal Retirement Date under paragraph 4.3 there shall be paid to his estate any excess of the amount which would have been payable under paragraph 5.1 if he had died in Service on the

date he retired over the aggregate amount of the Benefits paid to him, but calculated as if:

5.2.2.1 any pension increases paid to him under paragraph 6.1 had not been so paid, and

5.2.2.2 any portion of his annual pension surrendered under paragraph 4.5.1 and/or paragraph 4.6 had not been so surrendered; provided that in the case of an ESPS Member in respect of whom a payment would have been made under paragraph 5.1.3 had he died in Service on the date he retired any portion surrendered under paragraphs 4.5.1 or 4.6 shall not be so aggregated.

5.2.3 On the death after Normal Retirement Date of a Class A Member/post-1989 Member or a New Tax Regime Member whose membership of the Plan (or the ESPS) commenced on or after 1 October 1991 and who retired through Incapacity before attaining Normal Retirement Date under paragraph 4.3, there shall be paid to his estate an amount calculated in accordance with paragraph 5.2.1 but on the assumption that he had retired under paragraph 4.2. Provided that, in relation to any case of death on or after 6 April 2006, the references to a "Class A Member/post-1989 Member" and "New Tax Regime Member" shall be construed as if the terms had not been deleted and the limitations effective on 5 April 2006 as set out in Appendix M of the ESPS Deed continued to apply.

5.2.4 The Trustees may make adjustments to death benefits paid on or after 6 April 2006 as they consider necessary to comply with section 167 of the FA 2004 (pension death benefit rules) and section 168 of the that Act (lump sum death benefit rules).

### 5.3 Lump sum benefits on death of a Deferred Pensioner

5.3.1 On the death of a Deferred Pensioner there shall be paid to his estate a sum equal to the aggregate of:

5.3.1.1 the lump sum; and

5.3.1.2 five times the annual pension;

that would have been payable under paragraph 7.3.2.2 calculated as if those Benefits had become payable on the grounds of Incapacity on the day he died, save that the provision relating to a qualifying period specified in paragraph 4.3.2.2 shall not apply for this purpose; and

5.3.2 either

5.3.2.1 there shall be paid to his widow or widower an annual pension calculated in accordance with paragraph 5.5, on the basis that the ESPS Member became entitled to the payment of a pension under paragraph 7.3.2.1 on the date of his death; or

5.3.2.2 if the ESPS Member dies without leaving a widow or widower an annual pension may be paid to or for the benefit of one or more Dependants of the ESPS Member in accordance with paragraph 5.5, on the basis that the ESPS Member became entitled to the payment of a pension under paragraph 7.3.2.1 on the date of his death.

5.3.3 Where an ESPS Member dies after the Benefits specified in paragraph 7.3.2 became payable:

- 5.3.3.1                    Either
- (a)        there shall be paid to his widow or widower an annual pension in accordance with paragraph 5.5; or
  - (b)        if the ESPS Member dies without leaving a widow or widower an annual pension may be paid to or for the benefit of one or more Dependants of the ESPS Member in accordance with paragraph 5.5; and
- 5.3.3.2                    where his death occurs within five years following the commencement of payment of the Benefits specified in paragraph 7.3.2, there shall be paid to his estate a Benefit in accordance with paragraph 5.2.1.
- 5.3.4                    Where an ESPS Member dies either before or after the Benefits specified in paragraph 7.3.2 become payable, an allowance or pension (as the case may be) calculated in accordance with and payable on the same terms and conditions as in paragraph 5.7 shall be paid in respect of each of his Children born before he left Service, but reduced by the amount of any other benefits in respect of his Children which are payable under any Retirement Benefits Scheme or Personal Pension Scheme of which he subsequently became a member.
- 5.4        Power to direct that sums payable to estate be paid to the Trustees
- 5.4.1                    An ESPS Member other than one to whom the provisions of paragraph 5.4.2 apply may at any time by notice in writing direct that the provisions of this paragraph 5.4 shall apply to the amount or amounts (if any) other than those payable under paragraph 7.3 or, where the ESPS Member has given a written direction pursuant to paragraph (5)(b) of Appendix J of the ESPS Deed, under that paragraph which otherwise would under the Plan be payable to his estate and that direction shall be effective.
- 5.4.2                    In the case of an ESPS Member who became a Member of the Electricity Supply Pension Scheme on or after 1 September 1986 the provisions of this paragraph 5.4 shall apply to the amount or amounts (if any) other than those payable under paragraph 7.3 or, where the ESPS Member has given written direction pursuant to paragraph (5)(b) of Appendix J of the ESPS Deed, under that paragraph which otherwise would under the Plan be payable to his estate.
- 5.4.3                    Where this paragraph 5.4 applies to any amount or amounts by virtue of a direction given under paragraph 5.2.1 or pursuant to paragraph 5.2.2 then such amount or amounts (hereinafter called “the Designated Sum”), instead of being paid to the estate of the ESPS Member, shall be held by the Trustees (which are hereby appointed for this purpose) upon the trusts and with and subject to the powers and provisions set out in Appendix F of the ESPS Deed.
- 5.4.4                    The notice to be given under paragraph 5.2.1 shall be given to the Trustees and shall be in such form as the Trustees from time to time approve.
- 5.4.5                    Any direction given by an ESPS Member under this paragraph shall be irrevocable and binding on such ESPS Member and his estate and all persons interested therein.
- 5.5        Widows' and widowers' pensions

- 5.5.1 Subject to paragraph 5.6, there shall be paid to the widow or widower of an ESPS Member a pension calculated in accordance with one of the following sub-paragraphs:
- 5.5.1.1 where the ESPS Member is, or is treated as, in receipt of a pension and dies on or after that date, an annual pension equal to two thirds of the ESPS Member's Scale Pension at the date of his death;
- 5.5.1.2 where the ESPS Member dies in Service on or after that date, an annual pension equal to two thirds of the pension to which the ESPS Member would have been entitled under paragraph 4.3 had he retired through Incapacity on the day he died (but calculated as if the limits imposed by Part B of Schedule 8 (Overriding Benefit Provisions) did not apply to paragraph 4.3);
- 5.5.1.3 where a pension was already in payment to the widow or widower at that date, the amount of that pension shall be increased to 104.17% of the amount which would otherwise have been payable;

provided that:

- (a) in the application of paragraph 4.3 to this paragraph 5.5 any entitlement under paragraph 4.3 shall not be dependent on paragraph 4.3.2.2;
- (b) if the widow's or widower's pension under this paragraph 5.5 would be greater if calculated on the basis of one one-hundred-and-sixtieth of the ESPS Member's Pensionable Salary for each year of his Service during which for the purpose of Part III of the PSA he was in contracted-out employment by reference to the Plan, the widow's or widower's pension in respect of such Service shall be so calculated;
- (c) where the ESPS Member retired before attaining age 63 and paragraph 4.1.1 applied to him, the pension paid to his widow or widower shall be based on the pension which the ESPS Member would have received if that proviso had not so applied;
- (d) where the ESPS Member was in Continuous Employment on 31 March 1988, remained in Continuous Employment on 17 May 1990, was thereafter granted Frozen Benefits and subsequently dies before attaining age 60, the pension paid to his widow or widower shall be based on the pension which the ESPS Member would have received on attaining age 60 but as if paragraph 4.1.1 did not apply to him;
- (e) where the ESPS Member did not make an election in accordance with paragraph 7.3.9 to defer receipt of his Benefits to age 63, or made an election in accordance with that paragraph to receive his Benefits immediately, and in either case dies after attaining age 60, the pension paid to the widow or widower shall be based on the pension which the ESPS Member would have received from age 60 but as if paragraph 4.1.1 did not apply to him, as increased subsequently under paragraph 6.1;
- (f) where the ESPS Member made an election in accordance paragraph 7.3.9, or where he did not make an election in accordance with that paragraph, and in either case the ESPS Member dies after attaining age 60 but before attaining age 63, the pension paid to his widow or

widower shall be based on the pension to which the ESPS Member would have been entitled had he commenced to receive Benefits on the grounds of his Incapacity on the day he died, calculated in accordance with paragraph 7.3.10; and

- (g) where a reduction was made in accordance with paragraphs 4.2.1, 4.2.2 or 7.3.2.4 the pension paid to the widow or widower shall be based on the pension which the ESPS Member would have been paid if such reduction had not been made.

5.5.2 The pension payable to a widow or widower under this paragraph 5.5 shall be subject to the provisions of Schedule 9 (Contracting-out) relating to a widow's or widower's minimum Benefits.

5.5.3 The pension payable under this paragraph 5.5 shall be calculated without regard to any exercise by the ESPS Member of an option under paragraph 4.1.2, or to any surrender of a portion of the ESPS Member's pension under paragraph 4.5.1 and/or paragraph 4.6

5.5.4 If an ESPS Member dies without leaving a widow or widower, the Trustees may, in their absolute discretion, determine that all or any part of the pension which would, if the ESPS Member had died leaving a widow or widower, have been payable under the foregoing provisions of this paragraph 5.5 shall be paid to or for the benefit of one or more Dependants of the ESPS Member in such proportions as the Trustees may determine, provided that:

5.5.4.1 the Trustees may reduce any pension otherwise payable under this paragraph to or for the benefit of a Dependant who was more than ten years younger than the ESPS Member at the date of the ESPS Member's death, taking into consideration the circumstances of such a Dependant and the advice of the Scheme Actuary on the extent of any reduction which might be appropriate; and

5.5.4.2 If the Trustees determine to pay a pension under this paragraph to or for the benefit of a Child who would otherwise be entitled to an allowance of a lesser amount under paragraph 5.7, the pension paid pursuant of this paragraph 5.5 shall be treated as satisfying the Trustees' obligations under paragraph 5.7 and be paid only for so long as an allowance would have been paid to that Child under paragraph 5.7.

5.5.5 An ESPS Member may at any time notify the Trustees of the identity of the one or more Dependants to whom or for whose benefit he would wish any pension which may become payable pursuant to paragraph 5.5.4 to be so paid and, if to or for the benefit of more than one Dependant, in what proportions; provided that any such notification shall not be binding on the Trustees and shall be without prejudice to their discretion under paragraph 5.5.4.

## 5.6 Commutation of widow's or widower's pensions

5.6.1 Subject to paragraphs 5.6.2, 5.6.3 and 5.6.4, instead of the Pension payable under paragraph 5.5, there shall be payable to the widow or widower of an ESPS Member a lump sum equal, on the basis of conversion rates approved from time to time by the Principal Employer, to the value of the annual pension which would but for this paragraph 5.6 have been payable.

- 5.6.2 The widow or widower shall notify the Trustees that he or she wishes to receive a cash sum instead of all or part of their pension within such period and subject to any conditions as may be prescribed by the Trustees.
- 5.6.3 Payment of the lump sum referred to in paragraph 5.6.1 to the widow or widower shall discharge the Trustees from any further liability to her or him in respect of any Benefits under the Plan and written evidence signed by her or him of such discharge shall be in such form as is specified by the Trustees.
- 5.6.4 This paragraph 5.6 is subject to the provisions of Schedule 9 (Contracting-out).
- 5.7 Children's pensions
- 5.7.1 Subject to the provisions of this paragraph 5.7, there shall be paid in respect of each Child of a deceased ESPS Member an annual allowance, which in respect of the year commencing 1 April 1990 shall be £774. The allowance shall be one hundred and fifty per cent of this amount in any case where the person standing in loco parentis to such Child is not in receipt of a Benefit payable under paragraph 5.5 in respect of the deceased ESPS Member. For the avoidance of doubt, where a Child is in the care of a parent who is not in receipt of a Benefit payable under paragraph 5.5 in respect of the deceased ESPS Member, for the purposes of paragraph 5.7.1 such parent shall be treated as standing in loco parentis to the Child.
- 5.7.2 The rates of allowances specified in paragraph 5.7.1 shall be increased on each 1 April by the percentage by which a pension which commenced on 1 April in the preceding year is increased in pursuance of paragraph 6.1 and an allowance under this paragraph 5.7 shall be treated as a pension for the purposes of paragraphs 6.1.5 and 6.1.6.
- 5.7.3 Where a pension is payable under paragraph 5.5 to the widow or widower of the ESPS Member at the date of the ESPS Member's death (or would have been payable under paragraph 5.5 if the ESPS Member had left a widow or widower), the allowances payable in accordance with paragraphs 5.7.1 and 5.7.2 shall not be payable and there shall be paid in respect of each Child of a deceased ESPS Member a pension equal to one-quarter of the pension payable (or which would have been payable) under paragraph 5.5 at the date of the ESPS Member's death; provided that no pension payable under this paragraph in respect of a Child of a deceased ESPS Member who joined before 1 April 1992 shall be less than the allowance which would have been payable in respect of the Child in accordance with paragraphs 5.7.1 and 5.7.2 from time to time had such an allowance been payable, and in such circumstances an allowance of such amount shall instead be payable.
- 5.7.4 Notwithstanding the provisions of paragraph 5.7.3, where the number of Children to whom paragraph 5.7.3 applies is greater than four, an amount equal to the aggregate of the pensions which would have been paid to or for the benefit of four Children shall be paid to or for the benefit of that greater number of Children in equal shares; provided that no pension payable under this paragraph 5.7 shall be less than the amount payable in accordance with the proviso to paragraph 5.7.3.
- 5.7.5 No payments shall be made to a Child under this paragraph 5.7 on or after that Child's 18th Birthday unless:
- 5.7.5.1 the Child is in Full-Time Education on his 18th Birthday (or where the Child is not in Full-Time Education on his 18th Birthday but subsequently enters Full-Time Education before his 23rd Birthday, if the Trustees so permit). Where such payments are made they shall cease on the earlier of:

- (a) that Child's 23rd birthday: and
- (b) the Child ceasing to undergo Full-Time Education;

but in any case where a Child continues in Full-Time Education after age 23 the payments under this paragraph 5.7 may, subject to the provisions of Schedule 8 (Overriding Benefit Provisions), be continued for such period as having regard to the circumstances of the case as the Trustees (and, where any such payment would be an unauthorised payment under the FA 2004, the Principal Employer) may determine: or

5.7.5.2 the Child suffers from a disability at the date of the ESPS Member's death which will, in the opinion of a qualified medical practitioner nominated by the Trustees, permanently render him unable to support himself and who was, at the date of the ESPS Member's death, dependant on the ESPS Member because of a physical or mental impairment, in which case, payments may be made to that Child after age 18 for such period and subject to such conditions as the Trustees may determine.

5.7.6 In the Plan, except where the context otherwise requires, any reference to a Children's allowance shall be construed as including a Children's pension and any reference to a Children's pension shall be construed as including Children's allowance.

## **6. PAYMENT OF PENSIONS; PENSION INCREASES**

### **6.1 Pension increases**

6.1.1 Subject to paragraphs 6.1.2 and 6.1.8, where a pension or annuity has commenced under the Plan to or in respect of any ESPS Member, Beneficiary or prospective Beneficiary, the annual amount of that pension or annuity shall be increased on 1 April in every year by the increase in the Index (calculated as hereinafter provided); provided that:

6.1.1.1 where a pension or annuity commences on 1 April then no increase shall be applied until the following 1 April; and

6.1.1.2 where a pension or annuity commences on a date other than 1 April then the increase on the 1 April immediately following the date on which the pension or annuity commenced shall be the proportion of the increase in the Index which the number of complete months in the period between (and including) the date on which that pension or annuity commenced up to the said 1 April immediately following the commencement of the pension or annuity (but excluding the said 1 April) bears to 12.

6.1.2 Where pursuant to paragraph 6.1.1 the increase in the annual amount of a pension or annuity on any 1 April will be greater than the figure of 5% then:

6.1.2.1 the Principal Employer may resolve that the figure calculated pursuant to paragraph 6.1.1 shall not apply and that such percentage figure as it determines shall be applied, provided that the figure determined by the Principal Employer shall not be less than 5%; and

6.1.2.2 the Principal Employer may further resolve in respect of a pension or annuity which commences on a date after 1 April that the increase on the 1 April immediately following the date on which the pension or annuity commences shall be a proportion of the percentage figure determined by the Principal Employer, such proportion being calculated in the same manner as set out in

the second proviso to paragraph 6.1.1 but on the basis that the percentage figure determined by the Principal Employer shall be substituted for the increase in the Index.

- 6.1.3 Where a person is entitled to Frozen Benefits under paragraph 7.3.1 or paragraph 7.5.1 or Benefits equivalent to Frozen Benefits under Rule 4(1) of the ESPS Deed, then for the purpose of calculating any increase under this paragraph 6.1 upon payment of any lump sum in respect of such Frozen Benefits or Benefits equivalent thereto the provisions of this paragraph 6.1 shall apply to that lump sum as if it were a pension in respect of such Frozen Benefits or Benefits equivalent thereto.
- 6.1.4 For the purpose of making the calculation of an increase in a pension or annuity under paragraph 6.1.1 the increase in the Index shall be calculated as the percentage increase (if any) by which the Index for the month of September immediately preceding the 1 April for which the increase is being calculated exceeds the Index for the month of September one year previous.
- 6.1.5 For the purposes of paragraphs 6.1.1 and 6.1.2 the annual amount of a pension or annuity shall include the amount of any increases properly applied to that pension or annuity prior to the date on which (or period for which) the increase in the pension or annuity is being calculated whether under paragraph 6.1.1 or pursuant to any resolution or scheme made by the Principal Employer providing for pensions increases.
- 6.1.6 Where pursuant to any resolution or scheme made by the Principal Employer the amount of a pension or annuity being paid under the Scheme is increased or has been increased (in either case in whole or in part) and that resolution or scheme provides or has provided for the increase to be paid out of the Plan then the payment of that increase shall be or continue to be a liability of the ESPS Section and shall be paid out of the Plan while the pension or annuity continues.
- 6.1.7 For the purposes of this paragraph 6.1 a pension or annuity shall commence or be deemed to commence:
- 6.1.7.1 where an annuity is granted in consideration of the surrender of part of another pension by way of allocation for the benefit of a spouse or other Dependant, on the day from which the surrender takes effect or the day on which payment of that other pension began, whichever is the earlier;
- 6.1.7.2 where the amount of a widow's or widower's pension is related to the amount of another pension, on the day on which payment of that other pension began;
- 6.1.7.3 in the case of a pension in satisfaction of Frozen Benefits under paragraphs 7.3.1 or 7.5.1 or Benefits equivalent to Frozen Benefits under Rule 4(1) of the ESPS Deed, on the day following the last day of Service by reference to which the pension is computed;
- 6.1.7.4 in the case of a pension (but, for the avoidance of doubt, not in the case of an allowance) in respect of a Child or Member, on the day on which payment to the widow or widower of the ESPS Member commenced (or would have commenced if the ESPS Member had left a widow);
- 6.1.7.5 in any other case, on the day following the last day of Service in respect of which the pension is payable.



6.1.8 This paragraph 6.1 shall not apply to any Guaranteed Minimum Pension in relation to the pension provided by the Plan. All Guaranteed Minimum Pensions payable under the ESPS Section attributable to Earnings Factors (as defined in the PSA) for the fiscal year commencing 6 April 1988 and for subsequent fiscal years ending with the last fiscal year that begins before 6 April 1997 shall be increased in payment by the percentages specified from time to time by orders made under section 109 of the PSA.

## 6.2 Power of the Trustees to compound future pension benefits

6.2.1 Where a pension (with or without an associated lump sum) is payable under the Plan to an ESPS Member or to the widow or widower of an ESPS Member on the death of such ESPS Member, the Trustees may at their discretion compound their liability to provide that pension and lump sum (if any) by paying:

6.2.1.1 in the case of an ESPS Member whose entitlement includes a Guaranteed Minimum Pension, other than an ESPS Member to whom paragraph 6.2.1.2 applies, at Pensionable Age or the date the pension comes into payment (if later),

6.2.1.2 in the case of a female ESPS Member whose entitlement includes a Guaranteed Minimum Pension and who requests payment thereof, at the date of payment of such Guaranteed Minimum Pension but not later than the date when her pension comes into payment,

6.2.1.3 in the case of a ESPS Member whose entitlement includes a Protected Rights Pension, other than one to whom paragraph 6.2.1.1 or 6.2.1.2 applies, at the Protected Rights Commencement Date,

6.2.1.4 in the case of a widow or widower, at the date of the death of such ESPS Member,

6.2.1.5 in any other case, the date when the ESPS Member's pension comes into payment,

a lump sum (calculated on a basis certified by the Actuary to be reasonable) in any case in which the said pension, together with all other Benefits under the Scheme and all benefits under other Retirement Benefits Schemes established by the Employers or to which the Employers had contributed, payable to that person provided that it is not an unauthorised payment under the FA 2004.

6.2.2 Upon such payment the Trustees shall further be entitled to compound their liability to provide any widow's or widower's pension in respect of such ESPS Member by payment to such ESPS Member of a further lump sum (calculated on a basis certified by the Scheme Actuary to be reasonable).

6.2.3 In calculating the amount of the pension payable to an ESPS Member for the purposes of paragraph 6.2.1, it shall be assumed that the ESPS Member had, in pursuance of paragraph 4.1.2, exercised his option to convert the whole of the lump sum into additional pension and any surrender under paragraph 4.5.1 of a portion of his pension to provide an annuity shall be disregarded.

6.2.4 Subject to compliance with the requirements of section 91(5)(c)(iii) of the PA 1995, regulations made under that section and the other provisions of this paragraph 6.2, where the only Benefits payable from the Plan in respect of an ESPS Member consists of Equivalent Pension Benefits, the Trustees may, at their discretion,

compound their liability to provide Equivalent Pension Benefits in respect of that ESPS Member by paying a lump sum to that ESPS Member (calculated on a basis certified by the Scheme Actuary to be reasonable).

## **7. TERMINATION OF PENSIONABLE SERVICE**

### **7.1 Refunds of contributions**

7.1.1 A repayment of contributions shall be made to any such ESPS Member who makes an application for such repayment within six months after leaving Service and surrenders his entitlement (if any) to Benefits under paragraph 7.3.1. Such repayment shall be of an amount equal to:

7.1.1.1 his contributions to the Plan less any deductions (including but not limited to tax) properly made under the ESPS Section; and

7.1.1.2 any contributions made by him to or in respect of a Retirement Benefits Scheme formerly applicable to him and in relation to which a Transfer Value Payment has been made or assets have been transferred to the Plan, with interest (if any) as provided by the relevant scheme;

7.1.1.3 together with compound interest thereon calculated to the date of such repayment at the rate of 3 per cent per annum with half-yearly rests; provided that:

(a) no such interest shall be payable in respect of any contributions received by the Plan prior to 1 April 1988 from a Retirement Benefits Scheme under which the benefits due are provided in pursuance of a contract between the managers of that scheme and an insurance company; and

(b) no such interest shall be payable in respect of any contributions repaid on or after 6 April 2006 except in accordance with the provisions of the FA 2004.

### **7.2 Right to refund of contributions or transfer payment**

7.2.1 An ESPS Member, in respect of whom a Transfer Value Payment has not been received from a Personal Pension Scheme and who leaves Service having completed more than 3 months Qualifying Service but less than 2 years Qualifying Service, has a right to a repayment of contributions or a Cash Transfer Sum.

7.2.2 The Trustees must notify the ESPS Member of this right and how it may be exercised within a reasonable period after the ESPS Member leaves Service.

7.2.3 An ESPS Member to whom paragraph 7.2.1 applies may by written notice given to the Trustees request a Cash Transfer Sum. The notice shall specify the permitted way the ESPS Member requires the Cash Transfer Sum to be used, which must be one of the permitted ways specified in, or in regulations made under, Chapter 5 of the PSA.

7.2.4 Following receipt of the written notice the Trustees shall do what is needed to carry out the requirement specified in the notice.

### **7.3 Preservation of benefits in the Plan**

7.3.1 An ESPS Member who leaves Service (otherwise than with an entitlement to Benefits under paragraphs 4.1, 4.2, 4.3 or 7.5) and who at the time he leaves Service has at

least one year's Qualifying Service or in respect of whom a Transfer Value Payment shall have been received from any Personal Pension Scheme shall be granted Frozen Benefits of a value and payable on the terms set out in paragraphs 7.3.2 and 7.3.3.

- 7.3.2 Benefits calculated as specified in paragraph 4.1 shall be paid to an ESPS Member entitled to Frozen Benefits, and he shall be treated as having retired:
- 7.3.2.1 subject to paragraph 7.3.9, on his reaching Normal Retirement Date;
  - 7.3.2.2 subject to compliance with any provision relating to a qualifying period as specified in paragraph 4.3.2.2, on a date earlier than the date of his attaining Normal Retirement Date on the grounds of his Incapacity; or
  - 7.3.2.3 on his reaching age 50 or, in the case of any ESPS Member (other than a Protected Pension Age Member) who became a Member of the ESPS on or after 6 April 2006, age 55, where he has ceased to be a Contributor on leaving Service prior to that age consequent on reorganisation or redundancy unless, with the consent of his Employer, he has waived his right on so leaving Service to have his Frozen Benefits payable from that age.
  - 7.3.2.4 on or after his reaching age 55 if he so requests by giving at least two months' notice, such Benefits being reduced by a factor determined by the Trustees on the advice of the Scheme Actuary to take account of the commencement of payment of those Benefits at a date earlier than his Normal Retirement Date, so as to be equivalent in value to the Benefits to which he would otherwise have become entitled under paragraph 7.3.2.1 above.
- 7.3.3 Notwithstanding the foregoing provisions of paragraph 7.3.2.4 the pension part of the said Benefits payable at Pensionable Age shall not be less than the Guaranteed Minimum Pension in relation to the pension for the ESPS Member under Schedule 9 (Contracting-out).
- 7.3.4 Provided that if the reduction applicable under paragraph 7.3.2.4 would, were it not for this proviso, result in the pension part of the said Benefits at Pensionable Age being less than such Guaranteed Minimum Pension at the age, such amount of the lump sum that would otherwise have been paid to the ESPS Member as the Trustees acting on the advice of the Actuary shall determine shall be converted into pension sufficient to prevent the amount of the pension part of the said Benefits from, being less than such Guaranteed Minimum Pension. For these purposes the Trustees shall make such assumptions on the advice of the Actuary regarding the level of pensions increases to be applied to such reduced pension at Pensionable Age and regarding the amount by which the Guaranteed Minimum Pension shall have been revalued by that age as they think fit.
- 7.3.5 If a request by the ESPS Member under paragraph 7.3.2.4 would result in a conversion of lump sum, the Trustees shall notify the ESPS Member accordingly and give him the opportunity to withdraw the said request.
- 7.3.6 If a request by the ESPS Member under paragraph 7.3.2.4 would otherwise have the effect that even if the whole of the lump sum were converted as aforesaid, the pension part of the said Benefits at Pensionable Age would nevertheless be less than the Guaranteed Minimum Pension at that age, the ESPS Member shall be notified accordingly and the request by the ESPS Member shall be of no effect.
- 7.3.7 For the purposes of paragraph 7.3.2.1 an ESPS Member who was in Continuous Employment on 31 March 1988, remained in Continuous Employment on 17 May

1990 and had not attained age 60 on 26 July 1995 may elect within one month immediately prior to attaining Normal Retirement Date to defer receipt of his Benefits to age 63, and, if he so elects:

- 7.3.7.1 Paragraph 4.1.1 shall not apply to him; and
- (a) in the case of a male ESPS Member, in relation to Pensionable Service on and after 17 May 1990; or
  - (b) in the case of a female ESPS Member, in relation to her entire Pensionable Service;

the Benefits payable to him shall be adjusted so as to take account of their deferment to age 63 by a factor determined by the Scheme Actuary so that the said Benefits (and any Benefits payable to his widow or widower) are equivalent in value to the Benefits (and any Benefits payable to his widow or widower) which would have been payable to the ESPS Member, had he not so elected.

- 7.3.8 However, an ESPS Member who was in Continuous Employment on 31 March 1988, remained in Continuous Employment on 17 May 1990 and had attained age 60 but had not yet attained age 63 on 26 July 1995 shall be deemed to have elected to defer receipt of his Benefits to age 63 under the provisions of this paragraph 7.3, unless he elects to receive his Benefits immediately. In the latter case he shall also receive a payment of such amount as is equal to the Benefits which would have been paid to him from Normal Retirement Date until the date on which his Benefits commence.

- 7.3.9 For the purposes of paragraph 7.3.2.2, the Normal Retirement Date of an ESPS Member who has made an election in accordance with paragraph 7.3.8, or who is deemed to have made an election in accordance with that paragraph, to defer receipt of his Benefits to age 63 shall be deemed to be age 63. In such case, on the Benefits becoming payable on the grounds of his Incapacity, he shall receive the Benefits that would have been payable to him at age 60 as increased subsequently under paragraph 6.1 (and, in the case of a female ESPS Member, for the purposes of paragraph 6.1.8 the Guaranteed Minimum Pension shall be treated as if it were in payment), but:

- 7.3.9.1 in the case of a male ESPS Member in relation to Pensionable Service prior to 17 May 1990, as if paragraph 4.1.1 had not applied to him; and

- 7.3.9.2 in the case of a male ESPS Member in relation to Pensionable Service on and after 17 May 1990 and in the case of a female ESPS Member in relation to her entire Pensionable Service, the Benefits shall be adjusted so as to take account of their deferment from age 60 to the date of payment thereof by a factor determined by the Scheme Actuary so that the Benefits (and any Benefits payable to his widow or widower) are equivalent in value to the Benefits (and any Benefits payable to his widow or widower) which would have been payable to the ESPS Member from age 60.

- 7.3.10 Notwithstanding the foregoing provisions of this paragraph 7.3, where an ESPS Member is entitled to Frozen Benefits their value shall, to the reasonable satisfaction of the Trustees, be not less than the amount contributed by such ESPS Member in accordance with the provisions of the Plan towards the provision of the Benefits thereunder.

#### 7.4 Transfer payment

- 7.4.1 A Transfer Value Payment shall be made in respect of any ESPS Member who leaves Service and becomes a member of a Retirement Benefits Scheme and requests such a payment to be made and surrenders his entitlement (if any) to Benefits under paragraph 7.3.1 or Rule 4(1) of the ESPS Deed and/or repays the amount of any repayment he has received under paragraph 7.3.3; provided that where such ESPS Member has taken a repayment under paragraph 7.3.3 a Transfer Value Payment shall only be made under this paragraph if within two years of leaving Service he becomes a member of another Retirement Benefits Scheme and within such period of two years he elects to repay and he repays to the Plan the net amount of the contributions repaid to him together with compound interest thereon in respect of the period from the date of his leaving Service to the date of repayment both dates exclusive and in such event the amount of the Transfer Value Payment shall be based on the Pensionable Service to which such net contributions relate.
- 7.4.2 A transfer payment, which shall not be less than the Underlying Minimum Guarantee, shall be made in respect of any ESPS Member who leaves Service with a right to require a cash equivalent transfer payment to be made in respect of him, receives no repayment under paragraph 7.3.3, becomes a member of a Personal Pension Scheme or takes out a Section 32 Policy, requests such a payment to be made and surrenders his entitlement (if any) to Benefits under paragraph 7.3.1 or Rule 4(1) of the ESPS Deed.
- 7.5 Withdrawing Employee
- 7.5.1 A Withdrawing Employee shall be entitled to Benefits (including but not limited to Frozen Benefits) under this paragraph as if paragraph 7.3 applied to him and he had left Service on his Withdrawal Date; provided that, without prejudice to the rights of a Withdrawing Employee to require a cash equivalent transfer payment under the provisions of Chapter IV or V of Part IV of the PSA in respect of his period of Pensionable Service after 5 April 1988:
- 7.5.1.1 if the Withdrawing Employee is entitled to and requires such a cash equivalent transfer payment to be made, the amount of the payment made shall be increased to the extent (if any) that the cash equivalent transfer payment falls short of the Underlying Minimum Guarantee in respect of the said period;
- 7.5.1.2 paragraph 7.3.3 shall not apply; and
- 7.5.1.3 paragraph 7.3.2 shall not apply unless and until the Withdrawing Employee leaves Service after his Withdrawal Date but before his Normal Retirement Date, or he becomes a member of another Retirement Benefits Scheme to which his Employer contributes and he requests that a Transfer value Payment be made thereto.
- 7.5.2 A Withdrawing Employee whose membership of the ESPS (excluding any Added Years) commenced between 7 April 1987 and 5 April 1988 (both dates inclusive) and who becomes, or wishes to become, a member of a Personal Pension Scheme, makes an application for a transfer payment (including but not limited to a cash equivalent transfer payment under the provisions of Chapter IV or V of Part IV of the PSA) and surrenders his entitlement to any Benefit under the Section in respect of the period of his Qualifying Service ended 5 April 1988 shall (provided he has not already received any repayment of contributions) be entitled to have a transfer payment in respect of the said period made to such Personal Pension Scheme;

- 7.5.2.1 provided that the amount of the payment made shall be increased to the extent (if any) that such transfer payment falls short of the Underlying Minimum Guarantee in respect of the said period. Payment thereof shall discharge the Plan from further liability to provide Benefits in respect of such period and shall satisfy all entitlement to Benefits for and in respect of the ESPS Member concerned and such ESPS Member's and his Dependants' rights under the Plan in respect thereof shall be exhausted.
- 7.5.3 A Withdrawing Employee who, if he was leaving Service, would fall within paragraph 7.2.1, shall be regarded as if he does fall within that paragraph and the Trustees shall notify him of his rights accordingly.
- 7.5.4 If a Withdrawing Employee does not make an application for a repayment of contributions or give the Trustees written notice as mentioned in paragraph 7.2.3, the Trustees shall repay his contributions in accordance with paragraph 7.1.1.

## **8 EQUIVALENT PENSION BENEFITS**

The provisions of paragraphs 15.1 to 15.4 of Schedule 2 shall apply as regards Equivalent Pension Benefits in respect of the ESPS Members.

## **SCHEDULE 8**

### **Overriding Benefit Provisions**

**NOTE:** This Schedule 8 sets out the Overriding Benefit Provisions which are applicable to contributions and benefits under the Plan. It does not indicate the contributions required to be paid to the Plan, nor confer benefits of any kind on or in respect of any Member.

#### **PART A - CIVIL PARTNERSHIPS AND SAME SEX MARRIAGES<sup>23</sup>**

The following provisions apply with effect from 5 December 2005 in respect of a Surviving Civil Partner and with effect from 13 March 2014 in respect of a Surviving Same Sex Spouse, as appropriate/

##### **1. PROVISION OF SPOUSE'S PENSIONS TO SURVIVING CIVIL PARTNERS AND SURVIVING SAME SEX SPOUSES**

In the Rules, reference to Spouse shall include:

- 1.1 in respect of a Guaranteed Minimum Pension accrued in respect of Pensionable Service between 6 April 1988 and 5 April 1997; and
- 1.2 in respect of contracted-out rights under Section 9(2B) of the PSA accrued in respect of Pensionable Service between 6 April 1997 and 4 December 2005; and
- 1.3 in respect of pension accrued in respect of Pensionable Service on and after 5 December 2005 or such other date as may be prescribed under the Equality Act 2010, if any,

a Surviving Civil Partner or a Surviving Same Sex Spouse.

##### **2. LUMP SUMS PAYABLE ON THE DEATH OF A MEMBER**

Any lump sum entitlement which is paid to a Surviving Civil Partner or a Surviving Same Sex Spouse under the Death Benefit Trusts shall be payable in full without any apportionment in respect of the Member's Pensionable Service.

#### **PART B - BENEFIT LIMITS AND FLEXIBILITIES**

The following provisions of Part B apply with effect from 6 April 2006 (or from such earlier date as is required by law).

##### **1. APPLICATION OF THE SCHEME MODIFICATION REGULATIONS TO UNAUTHORISED BENEFITS AND HMRC LIMITS**

###### **1.1 Interpretation of Part B of Schedule 8**

The provisions of Part B of Schedule 8 shall take effect in the order in which they appear below and shall override any provisions of the Definitive Trust Deed and the Rules which are inconsistent with them.

###### **1.2 The Scheme Modification Regulations**

- 1.2.1 With effect from 6 April 2006, the provisions of Regulations 3 to 8 of the Registered Pension Schemes (Modification of the Rules of Existing Schemes) Regulations 2006

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<sup>2</sup> 'And Same Sex Marriages' inserted by Deed of Amendment dated 17 October 2014.

<sup>3</sup> Replacement Part A inserted by Deed of Amendment dated 17 October 2014.

(SI 2006/364) (the "**Scheme Modification Regulations**") are adopted and incorporated into the Plan, but without limitation as to the "transitional period" (as defined in Regulation 1(2) of the Scheme Modification Regulations), and modified to the extent required to permit the payment of a pension commencement lump sum up to the maximum amount permitted under paragraph 1 of Schedule 29 to the FA 2004.

- 1.2.2 With effect from 6 April 2006, the provisions of the Scheme Modification Regulations no longer apply in relation to the Plan following the execution of the Deed Altering Rules dated 12 April 2007.

1.3 Unauthorised benefits

- 1.3.1 Notwithstanding any other provisions of the Definitive Trust Deed and the Rules, the provisions of Regulation 3 of the Scheme Modification Regulations as adopted and incorporated into the Definitive Trust Deed and the Rules but without limitation as to the "transitional period" (as defined in Regulation 1(2) of the Scheme Modification Regulations) shall apply to any payment under the Plan which relates to rights which accrued prior to 6 April 2006 and which would by virtue of Section 160 of the FA 2004 be an unauthorised payment.

- 1.3.2 Notwithstanding any other provisions of the Definitive Trust Deed and the Rules, no payment shall be made under the Plan which relates to rights which accrue on or after 6 April 2006 to the extent that such payment would by virtue of Section 160 of the FA 2004 be an unauthorised payment.

1.4 Interpretation of legislative requirements

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

## 2. DEFINITIONS

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

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

**Aggregate Retirement Benefit** means the aggregate of:

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

**Annual Allowance** means the annual allowance as defined in Section 228 of the FA 2004.

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

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

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

**Class B Member** means any Member who HMRC has agreed in writing to be a Class B Member by virtue of previous membership of a Registered Pension Scheme and, has not opted to become a Class A Member.



**Class C Member** means any Member who HMRC has agreed in writing to be a Class C Member by virtue of previous membership of a Registered Pension Scheme and, in either case, has not opted to become a Class A Member.

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

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

**Earnings Cap** means:

- (a) before 6 April 2006, the permitted maximum from time to time under Section 590C of the Taxes Act;
- (b) from 6 April 2006 to 5 April 2011: the amount which would have been the permitted maximum if that Section had not been repealed and in respect of each tax year in this period the Treasury had made the orders required by that Section as it had effect immediately before its repeal;
- (c) after 5 April 2011: the amount under (b) above in force on 5 April 2011 increased on 6 April 2011 and on each following 6 April by the same percentage as the percentage increase (if any) in the Index (calculated by comparing the level of the Index for the month of September preceding the 6 April on which the increase is to take effect with its level for the previous September) and, if the result is not a multiple of £600, rounding it up to the nearest amount which is such a multiple; or
- (d) such other amount instead of any amount derived under (b) and (c) above as is decided by the Principal Employer from time to time and notified to the Trustees in writing. The Principal Employer may decide that no Earnings Cap will apply to all Members or any individual Member or group of Members or that a different amount of Earnings Cap will apply for any individual Member or group of Members or that a different amount of Earnings Cap will apply for any individual Member or group of Members or for the purposes of one or more specific benefits or contributions. However, the Principal Employer may not determine an amount for any Member which is lower than an amount already determined in accordance with (b) or (c) above without the written consent of the Member.

This definition shall replace any references (in whatever terms) in the Definitive Trust Deed, the Rules and the Schedules (or any other documents which govern the maximum level of pension benefits which are payable by the Plan) to the "Permitted Maximum", the "Earnings Cap", or similar wording.

**Final Remuneration** means the greater of:

- (1) the highest Remuneration upon which tax liability has been determined for any one of the five years preceding the Relevant Date, being the aggregate of:
  - (a) the basic pay for the year in question; and

- (b) the yearly average over three or more consecutive years, ending with the expiry of the corresponding basic pay year, of any Fluctuating Emoluments; provided that Fluctuating Emoluments of a year other than the basic pay year may be increased in proportion to the increase in the Index from the last day of that year up to the last day of the basic pay year. Remuneration that is received after the Relevant Date and upon which tax liability has been determined will be treated as a Fluctuating Emolument (providing it was earned or qualified for prior to the Relevant Date). In these circumstances it may be included provided the yearly average of three or more consecutive years begins no later than the commencement of the basic pay year; or
- (2) the yearly average of the total emoluments from the Employer which are assessable to income tax under Section 62 of ITEPA and upon which tax liability has been determined for any three or more consecutive years preceding the Relevant Date ending not earlier than 10 years before the Relevant Date. Where such emoluments are received after the Relevant Date but are earned or qualified for prior to that date, they may be included provided that in these circumstances the yearly average of three or more consecutive years begins no later than the commencement of the year ending with the Relevant Date

Provided that:

- (a) Remuneration and total emoluments do not include any amounts which arise from the acquisition or disposal of shares or any interest in shares or from a right to acquire shares (except where the shares or rights etc which give rise to such an amount liable to tax under Section 62 of ITEPA had been acquired before 17 March 1987) or anything in respect of which tax is chargeable by virtue of Chapter 3 of Part 6 of ITEPA.
- (b) 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 (2) above and (1) above shall not apply, unless the individual chooses to adopt £100,000 (or such other figure as may be prescribed by the Treasury);
- (c) where Final Remuneration is computed by reference to any year other than the last complete year ending on the Relevant Date, the Member's Remuneration or total emoluments of any year may be increased in proportion to any increase in the Index from the last day of that year up to the Relevant Date. For a Class C Member this proviso shall not apply to the calculation of the maximum Lump Sum Retirement Benefit unless the Member's aggregate total benefits are similarly increased beyond the maximum amount which could be paid but for this proviso and/or the first sentence (1)(b) above and then only to the same proportionate extent;
- (d) for Class A Members, Final Remuneration shall not exceed the Earnings Cap;
- (e) 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);
- (f) an employee who remains, or is treated as remaining, in Service but by reason of incapacity is in receipt of a much reduced Remuneration under a sick pay or permanent health insurance scheme, for more than 10 years up to the Relevant Date, may calculate Final Remuneration under (1) or (2) above with the Final Remuneration calculated at the cessation of normal pay and increased in accordance with the Index;

- (g) 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;
- (h) an early retirement pension in payment from the Employer may not be included in Final Remuneration;
- (i) any amounts of pay used to buy partnership shares in a share incentive plan (formerly known as an all-employee share ownership plan) that are classed as pensionable remuneration qualify for the purpose of paragraph 83 of Schedule 8 of the Finance Act 2000.

Notes:

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

Where at the Relevant Date Final Remuneration cannot be precisely established because tax liability on all the constituent elements of remuneration for the year or years in question has not been determined, Final Remuneration may be calculated on the appropriate basis above using those elements of remuneration which have been finally determined for tax purposes. Immediate "on account" pension and lump sum benefits may be provided based on Final Remuneration so calculated. When tax liability on remuneration is finally determined, and Final Remuneration recalculated providing scope for further benefits (both pension and lump sum), these may be paid but they must not cause total benefits to exceed limits set out in this Schedule 6 calculated as at the date benefits were first taken.

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

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

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

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

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

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

Where Fluctuating Emoluments have not been paid for the full three years, they should be averaged over the period from the commencement of their entitlement to payment (or the beginning of the three year period, if later) to the end of the relevant basic pay year. Where, however, it is proposed to include in Final Remuneration a Fluctuating Emolument which was payable in a single year only the agreement of HMRC must be sought.

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

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

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

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

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

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

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

### **3. DISCRETIONS, FLEXIBILITIES AND REQUIREMENTS**

#### **3.1 Discretion to disapply benefit limits**

The Principal Employer may request the Trustees to waive any of the benefit limits, restrictions or conditions set out in this Part B of Schedule 8 in respect of one or more Members and the Trustees are required to follow such a request if the Principal Employer or the relevant Employer pays to the Trustees such sums (if any) as the Trustees determine, on Actuarial Advice, to be necessary to provide the additional or new benefits in the light of the funding of the Plan.

#### **3.2 Lump sum where Members exceed the Lifetime Allowance or the Annual Allowance**

##### **3.2.1 Members who accrue benefits in excess of the Lifetime Allowance**

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

##### **3.2.2 Contributions in excess of the annual allowance**

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

### 3.3 Lump sum benefits

The Trustees may, to or in respect of the any Member, pay any of the following lump sums (as defined in the FA 2004) on such terms and calculated in such manner as the Trustees decide are consistent with the FA 2004 and the PSA, and in accordance with relevant legislation:

- 3.3.1 a serious ill-health lump sum subject to the consent of the Trustees;
- 3.3.2 a trivial commutation lump sum;
- 3.3.3 a trivial commutation lump sum death benefit;
- 3.3.4 a refund of excess contributions lump sum;
- 3.3.5 a lifetime allowance excess lump sum;
- 3.3.6 a winding up lump sum; and
- 3.3.7 a winding up lump sum death benefit.

### 3.4 Transitional protection

To the extent that a Member is entitled to pre-commencement benefit rights under Part 3 of Schedule 36 to the FA 2004 in respect of any rights under the Plan, the Trustees will pay benefits to or in respect of the Member in accordance with the applicable provisions of that Part.

### 3.5 Minimum pension age

A pension cannot be paid to a Member under the Plan before he has attained:

- 3.5.1 up to and including 5 April 2010, age 50; or
- 3.5.2 with effect from 6 April 2010, age 55; or
- 3.5.3 the Member's protected pension age under the Plan in accordance with Part 3 of Schedule 36 to the FA 2004;

unless the ill-health condition in paragraph 1 of Schedule 28 to the FA 2004 and the applicable provisions of the General Rules and Schedules are satisfied.

### 3.6 Death benefits: conversion of pensions to lump sums

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

### 3.7 Flexible retirement

Subject to the agreement of his Employer, a Member may receive a pension from the Plan notwithstanding that he remains in Service and will, for the avoidance of doubt, be unable to accrue any further Pensionable Service under the Plan.

## 4. LIMITS ON AGGREGATE RETIREMENT BENEFITS AND AGGREGATE LUMP SUM RETIREMENT BENEFITS

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

### **Class A Members**

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

- 4.1.1 on retirement at any time between attaining age 50 (or, unless the entitlement condition under paragraph 22(4) Schedule 36 of the FA 2004 is met, 55 from 6 April 2010) and attaining age 75, except before Normal Retirement Date on grounds of Incapacity, a pension of 1/60th of Final Remuneration for each year of Service (not exceeding 40 years);
- 4.1.2 on leaving Pensionable Service before attaining age 75, a pension of 1/60th of Final Remuneration for each year of Service prior to leaving Pensionable Service (not exceeding 40 years or such greater amount as would have been permitted under the Approval Formula. The amount computed may be increased by 5% for each complete year or, if greater, in proportion to any increase in the Index which has occurred between the date of termination of Pensionable Service and the date on which the pension begins to be payable. Any further increase necessary to comply with overriding Social Security legislation under the PSA or otherwise is also allowable;
- 4.1.3 benefits for a Class A Member are further restricted to ensure that his total retirement benefit from the Plan and from any Associated Scheme or Connected Scheme does not exceed a pension of 1/30th of the Permitted Maximum for each year of service subject to a maximum of 20/30ths. For the purpose of this limit, service is the aggregate of Service and any period of service which gives rise to benefits under a Connected Scheme, provided that no period is to be counted more than once;
- 4.1.4 for the purpose of calculating the Aggregate Retirement Benefit or the total retirement benefit in 4.1.1 to 4.1.4 above, the pension equivalent of any Lump Sum Retirement Benefit is one twelfth of its total cash value.

### **Class B or C Members**

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

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

- 4.2.2.1 the amount calculated in accordance with paragraph 4.2.1 above on the basis that the actual date of retirement was the Member's Normal Retirement Date;
- 4.2.2.2 the amount which could have been provided at Normal Retirement Date in accordance with paragraph 4.2.1 above increased either actuarially in respect of the period of deferment or in proportion to any increase in the Index during that period; and
- 4.2.3 where the Member's total Service has exceeded 40 years, the aggregate of 1/60th of Final Remuneration for each year of Service before Normal Retirement Date (not exceeding 40 such years) and of a further 1/60th of Final Remuneration for each year of Service after Normal Retirement Date, with an overall maximum of 45 reckonable years.  
  
Final Remuneration being computed in respect of paragraphs 4.2.3.1 and 4.2.3.3 above as at the actual date of retirement, but subject always to paragraph 4.3 below;
- 4.2.4 on leaving Pensionable Service before Normal Retirement Date, a pension of 1/60th of Final Remuneration for each year of Service prior to leaving Pensionable Service (not exceeding 40 years) or such greater amount as would have been permitted using the Approval Formula. The amount computed may be increased by 5% for each complete year or, if greater, in proportion to any increase in the Index which has occurred between the date of termination of Pensionable Service and the date on which the pension begins to be payable. Any further increase necessary to comply with overriding Social Security legislation under the PSA or otherwise is also allowable.

#### **Class A, B or C Members**

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

### **5. OTHER CONDITIONS**

- 5.1 Conditions applicable to Class A Members

- 5.1.1 Earnings Cap

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

- 5.2 Conditions relating to all Members

- 5.2.1 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:

5.2.1.1 £5,000; and

5.2.1.2 4 times the greatest of:

- (a) the annual rate (subject, for a Class A Member, to the Earnings Cap) 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 three years (or the whole period of Service if less) up to the date of death or leaving Pensionable Service;
- (b) 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; and
- (c) Final Remuneration (disregarding provisos (a), (b) and (c) of that definition) less Retained Death Benefits.

5.2.2 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 2/3rds of the maximum Aggregate Retirement Benefit payable to the Member immediately before death under Paragraph 4 (Limits on Aggregate Retirement Benefits and Aggregate Lump Sum Retirement Benefits) above.

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.



## **SCHEDULE 9**

### **Contracting-out**

1. The Plan is contracted-out of the State Second Pension Scheme on a salary-related basis.
2. The Trustees shall operate the Plan in accordance with the requirements of the PSA (and Regulations made under it) relating to salary-related contracted-out schemes.
3. The provisions of this Schedule override all other provisions of the Plan. The provisions relating to the reference scheme test set out in Part A of this Schedule apply in relation to periods of Contracted-out Membership on and after 6 April 1997. The provisions relating to Guaranteed Minimum Pensions set out in Part B of this Schedule 9 apply in relation to periods of Contracted-out Membership before 6 April 1997.
4. The following definitions shall apply in this Schedule unless inconsistent with the context:

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

**State Pensionable Age** means the 65th birthday in the case of men and the 60th birthday in the case of women or such other date as may be prescribed by law.

5. Any calculation made for the purposes of the Plan in order to satisfy the requirements of the PSA shall be made in accordance with Actuarial Advice.
6. Any benefits paid in accordance with this Schedule shall be in amount or form such as to qualify as Authorised Member Payments.
7. Subject to all other provisions of this Schedule, any pension which comes into payment under this Schedule shall be payable for the remainder of the life of the recipient or otherwise in accordance with the PSA.

### **PART A**

#### **1. THE REFERENCE SCHEME TEST**

- 1.1 The Rules shall be treated as including any rule that must be included for the purposes of complying with Section 9(2) of the PSA in order that a scheme can be contracted-out in relation to a Member's employment.
- 1.2 Subject to Sections 55(2) and 57(2) of the PSA, a Contributions Equivalent Premium may be paid in respect of a Member with less than two years' Contracted-out Employment. In accordance with Section 60 of the PSA, payment of a Contributions Equivalent Premium extinguishes the Member's accrued rights in respect of service after 5 April 1997 to pensions under the Plan so far as they are attributable to the amount of the premium.
- 1.3 Where a Contributions Equivalent Premium is paid:
  - 1.3.1 any refund of contributions to the Member, other than any Additional Voluntary Contributions of the Member, or any transfer payment from the Plan in respect of the Member, will be reduced by the amount permitted by Section 61 of the PSA; and
  - 1.3.2 any pension benefit under the Plan for the Member or the Member's Widow or Widower will be extinguished or reduced so as to allow for the fact that their accrued rights in respect of Contracted-out Employment after 5 April 1997 to pensions under the Plan so far as they are attributable to the amount of the premium, have been extinguished provided that when the Contributions Equivalent Premium would be

less than £17 (or such greater amount as is specified in Regulations made under the PSA) it will be treated as having been paid for the purposes of Section 60 (but not Section 61) of the PSA as described above.

## **PART B**

### **1. GUARANTEED MINIMUM PENSIONS**

This Part B shall apply:

- (1) if anyone has an accrued right or entitlement to a Guaranteed Minimum Pension under the Plan;
- (2) where any Guaranteed Minimum Pension has been transferred into the Plan in accordance with the Rules; and
- (3) for so long as anyone has a Guaranteed Minimum Pension or a prospective right to receive a Guaranteed Minimum Pension under the Plan.

### **2. GENERAL REQUIREMENTS RELATING TO GUARANTEED MINIMUM PENSIONS**

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

### **3. GUARANTEED MINIMUM PENSIONS**

- 3.1 If a Member has a Guaranteed Minimum Pension:

- 3.1.1 the Member shall be entitled to receive a weekly or monthly pension of not less than his Guaranteed Minimum Pension from State Pensionable Age;
- 3.1.2 if a male Member dies (whether before or after retirement) and leaves a widow she shall be entitled to a weekly or monthly pension from the Plan, and that pension shall be provided for her at a rate of not less than one half of his Guaranteed Minimum Pension, payable during the periods specified in Section 17(5) of the PSA;
- 3.1.3 if a female Member dies (whether before or after retirement) on or after 6 April 1989 and leaves a widower he shall be entitled to a weekly or monthly pension from the Plan and that pension shall be provided for him at a rate of not less than half of that part of the Member's Guaranteed Minimum Pension which is attributable to earnings for the tax year 1988/89 and subsequent tax years payable during the periods specified in Section 17(6) of the PSA; and
- 3.1.4 the Guaranteed Minimum Pensions referred to in this paragraph shall, insofar as they are attributable to earnings in the tax years from (and including) 1988/89, be increased in accordance with the requirements of the PSA and to the extent of any orders made under it.

- 3.2 Subject to the ability to commute trivial pensions, only the part of the pension payable under the Plan which exceeds that for which the Plan is or may be liable under paragraph 3.1 may be commuted for a lump sum, forfeited, or otherwise terminated or varied in accordance with the Rules except where such circumstances obtain as are prescribed in the PSA as

circumstances in which Guaranteed Minimum Pensions may be subject to suspension or forfeiture.

- 3.3 An option otherwise available to a Member to retire early shall not be exercisable by the Member if the effect of the exercise of the option would be to reduce the pension payable to the Member to below that for which the Plan is or may be liable under paragraph 3.1.
- 3.4 Notwithstanding paragraph 3.1.1, the Trustees may postpone the payment of a Member's Guaranteed Minimum Pension for any period after State Pensionable Age, but only in the circumstances described in Section 13(4) and (5) of the PSA and subject to any consent required by that Section. In the event of such postponement, the Guaranteed Minimum Pension shall be increased to the extent (if any) specified in the PSA and shall be subject to Regulation 8 of the Contracting-out (Protection of Pensions) Regulations 1991 (SI 1991/166).
- 3.5 Total commutation of trivial pensions shall be permitted under the Plan only if either:
  - 3.5.1 the Member has reached State Pensionable Age; or
  - 3.5.2 the Member retires, with immediate pension, before reaching State Pensionable Age, or the Plan is wound-up, and in either case the Guaranteed Minimum Pension is to be revalued under the Rules at a fixed rate; provided that if the Member is also a member of other schemes relating to the same employment, commutation will be permissible only if the Member is treated by all those schemes as being retired, or if all those schemes are being wound-up, and all those schemes in which the Member has had contracted-out service provide for fixed rate revaluation of the Guaranteed Minimum Pension.

#### **4. CHANGES IN CONTRACTED-OUT EMPLOYMENT PLAN**

- 4.1 If a Member ceases to be in Contracted-out Employment, the liability to provide Guaranteed Minimum Pensions in respect of him shall be retained by the Plan unless the Trustees exercise their powers under the Plan otherwise. If there is no exercise of the Trustees' powers to transfer Guaranteed Minimum Pensions, any transfer payment or purchase of an annuity in respect of the Member shall be reduced by such amount as the Trustees shall determine upon Actuarial Advice to allow for the cost of such provision (whether or not a State Scheme Premium is then paid in respect of it). Any refund of contributions shall be reduced by such amount as the Trustees shall determine upon Actuarial Advice to allow for the Member's share of the cost of such provision.
- 4.2 If a Member who has been in Contracted-out Employment enters the employment of an employer who contributes to a Registered Pension Scheme which is contracted-out or to which the Trustees may transfer Guaranteed Minimum Pensions under the PSA, the Trustees may transfer to the Registered Pension Scheme the Plan's liabilities to provide Guaranteed Minimum Pensions in respect of the Member. The Trustees may transfer the Plan's liabilities to provide Guaranteed Minimum Pensions in respect of the Member to a Personal Pension Scheme subject to satisfaction of the provisions of Regulation 2 of the Personal Pension Schemes (Transfer Values) Regulations 1987 (SI 1987/1112) and Regulations 2, 3 and 4 of the Personal and Occupational Pension Schemes (Protected Rights) Regulations 1996 (SI 1996/1537).
- 4.3 The Trustees or the Employer may pay a Contributions Equivalent Premium in respect of a Member whose Contracted-out Employment ceases.
- 4.4 If a person who has been in Contracted-out Employment in a previous scheme ("the Former Scheme") joins the Plan, the Trustees shall ascertain the liability (if any) which is transferred to the Plan in respect of the Guaranteed Minimum Pension which has accrued (or is deemed

to have accrued) under the Former Scheme in respect of the Member and his Widow and the Guaranteed Minimum Pension payable to and in respect of the Member under the Plan shall be increased to include such transferred liability; the benefits to be provided under the Plan in respect of the Guaranteed Minimum Pensions to which the transfer relates shall not be less than the Guaranteed Minimum Pensions (revalued in accordance with paragraph 4) which would have been provided in respect of such liability under the transferring scheme if no such transfer had been made.

- 4.5 If a person joins the Plan who has accrued rights to Guaranteed Minimum Pensions which have been appropriately secured under an insurance policy or annuity contract, the Trustees may accept the assignment of such policy or contract or the proceeds of the surrender of such policy or contract and shall thereupon accept the liability in respect of the accrued rights to Guaranteed Minimum Pensions, but only in the following circumstances:
- 4.5.1 if the Member enters employment with an Employer and consents to the transfer in writing; or
- 4.5.2 if the Member does not enter Contracted-out Employment, upon condition that the Plan will provide for pensions of at least equal value to the annuity which would have been payable under the policy or contract in respect of those accrued rights to Guaranteed Minimum Pensions.
- 4.6 If a Contributions Equivalent Premium is paid in respect of a Member by the Employer the Trustees shall on the request of the Employer pay to the Employer an amount which, together with any sum which may be recovered by the Employer under the PSA from the Member's contributions or from any refund of the Member's contributions, shall not be greater than the Contributions Equivalent Premium.

## **5. REVALUATION OF GUARANTEED MINIMUM PENSIONS**

Guaranteed Minimum Pensions prospectively payable in respect of Members who have left Contracted-out Employment shall be revalued in accordance with such one of the following three provisions as the Principal Employee shall determine and notify to the HMRC:

- 5.1 in the event of a Member ceasing to be in Contracted-out Employment before State Pensionable Age, the Guaranteed Minimum Pension in respect of him at State Pensionable Age or on his previous death will be calculated on the basis that the Guaranteed Minimum Pension which has accrued up to cessation will be increased for each tax year after that in which Contracted-out Employment ceases (up to and including the last complete tax year before State Pensionable Age or previous death) in accordance with the requirements of Section 16(2) of the PSA which are relevant to the date of cessation;
- 5.2 in the event of a Member ceasing to be in Contracted-out Employment before State Pensionable Age but before 6 April 1997, the Guaranteed Minimum Pension in respect of him at State Pensionable Age or on his previous death will be calculated on the basis that the Guaranteed Minimum Pension which has accrued up to cessation will be increased by whichever is the lesser of the following:
- 5.2.1 5% compound for each tax year after that in which Contracted-out Employment ceases up to and including the last complete tax year before State Pensionable Age or previous death; or
- 5.2.2 the percentage by which earnings factors for the tax year in which Contracted-out Employment ceases are increased by the last order to which Section 16(1) of the PSA refers to come into force before the tax year in which he reaches State Pensionable Age or dies (if earlier);

- 5.3 in the event of any Member ceasing to be in Contracted-out Employment before State Pensionable Age, the Guaranteed Minimum Pension in respect of him at State Pensionable Age or on his previous death will be calculated on the basis that the earnings factors for each tax year in Contracted-out Employment and from which the Guaranteed Minimum Pension is derived will be increased in accordance with the last order to which Section 16(1) of the PSA refers to come into force before the tax year in which he reaches State Pensionable Age or in which he dies (if earlier).

The Principal Employer shall have the power at any time, with the consent of HMRC, to substitute for the basis previously used any one of the foregoing provisions or any other basis of revaluation which is accepted by the HMRC. Provided that the new provision shall apply only in relation to Members who cease to be in Contracted-out Employment after the date upon which the new provision becomes operative.

## **6. REVALUATION OF TRANSFER PAYMENTS**

If a transfer payment which is received by the Trustees includes a payment in respect of benefits which accrued during contracted-out employment by reference to a scheme of which the Member was previously a member, the Guaranteed Minimum Pension which accrued in respect of the Member and his Widow during that contracted-out employment may be calculated in accordance with such of the methods of revaluation set out in paragraph 5 as the Principal Company determines, but subject always to the provisions of Regulations 62, 65 and 66 of the Occupational Pension Schemes (Contracting-out) Regulations 1996 (SI 1996/1172).

## **SCHEDULE 10**

### **Pension Sharing on Divorce**

#### **1. INTERPRETATION AND DEFINITIONS**

- 1.1 The provisions of this Schedule 10 shall apply with effect from the Commencement Date and shall override any provision to the contrary in the Rules.
- 1.2 Terms used in this Schedule are defined in this paragraph 1, unless defined elsewhere in the Rules.
- 1.3 References to paragraphs in this Schedule refer to paragraphs in this Schedule.

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

**Ex-Spouse Participant** means an Ex-Spouse who participates in the Plan.

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

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

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

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

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

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

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

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

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

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

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

## **2. ASSIGNMENT**

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

## **3. TRANSFERS OF PENSION CREDITS**

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

## **4. SEPARATE PROVISION FOR EX-SPOUSE PARTICIPANTS**

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

## **5. PENSION CREDIT BENEFITS**

- 5.1 The provisions of this paragraph 5 will apply to an Ex-Spouse Participant in relation to his Pension Credit Benefits, subject to compliance with Social Security Legislation.
- 5.2 The Trustees may pay a pension to an Ex-Spouse Participant at any time between attainment of Minimum Pension Age and 75. A pension not yet in payment may be fully commuted at any age on the grounds of exceptional circumstances of serious ill-health. An Ex-Spouse Participant may not defer commencement of the pension beyond his 75th birthday. If he is aged 75 or over at the date when the Pension Sharing Order is implemented, the pension must come into payment immediately. There is no limit on the amount of the pension. The pension may not be commuted, surrendered or assigned, except in accordance with the Rules. The pension shall be payable for life unless it is fully commuted under the Rules and may be guaranteed for a fixed period.
- 5.3 An Ex-Spouse Participant may elect to receive a lump sum in lieu of part of his pension at the time at which the pension first becomes payable provided that the lump sum shall constitute a pension commencement lump sum for the purposes of Section 166 of the FA 2004.
- 5.4 Where an Ex-Spouse Participant dies before benefits come into payment, a lump sum death benefit may be paid. The Trustees shall pay such lump sum death benefit to the Ex-Spouse Participant's legal personal representatives. The lump sum death benefit shall be limited to 25% of what would have been the cash equivalent of the Ex-Spouse Participant's Pension Credit Rights calculated in accordance with the PSA at the date of death.

- 5.5 The Trustees may apply the balance of the cash equivalent of the Ex-Spouse Participant's Pension Credit Rights calculated in accordance with the PSA to provide a non-commutable pension for any one or more Dependants of the Ex-Spouse Participant. The amount of pension payable to a Dependant is limited to a maximum of two-thirds of the amount of the pension that could have been paid to the Ex-Spouse Participant at the date of death had the whole of the cash equivalent of the Pension Credit Rights been used to purchase an annuity at an available market rate. For the purpose of determining the pension which could have been paid to the Ex-Spouse Participant, it will be assumed that he was aged 50 (or, from 6 April 2010, unless the entitlement condition under paragraph 22(4) Schedule 36 of the FA 2004 is met, age 55) at the date of death, if he died at an earlier age. If more than one pension is to be paid, the total of all the pensions shall not exceed the amount of the pension that could have been paid to the Ex-Spouse Participant. These pensions shall be payable for life, except that pensions paid to children shall cease on the attainment of age 18 or, if in full-time education, age 23. These pensions may be fully commuted for a lump sum on the grounds of triviality at the time when the pension becomes payable.
- 5.6 Where an Ex-Spouse Participant dies after his pension has come into payment, a non-commutable pension may be paid to one or more of his Dependants. The amount of pension payable to a Dependant is limited to a maximum of two-thirds of the Initial Annual Pension which was paid to the Ex-Spouse Participant as increased by the rise in the Index since the commencement of the Ex-Spouse Participant's pension. Where more than one pension is to be paid, the total of all the pensions shall not exceed the amount of the Initial Annual Pension which was paid to the Ex-Spouse Participant. These pensions shall be payable for life, except that pensions paid to children shall cease on the attainment of age 18 or, if in full-time education, age 23. These pensions may be fully commuted for a lump sum on the grounds of triviality at the time when the pension becomes payable.
- 5.7 Where the Ex-Spouse Participant is awarded a benefit with a guarantee not exceeding 5 years and the guarantee period has not expired, the Trustees shall pay the remaining balance of the pension as a lump sum to the Ex-Spouse Participant's legal personal representatives. Where the Ex-Spouse Participant is awarded a benefit with a guarantee exceeding 5 years and the guarantee period has not expired, the remaining balance of the pension instalments shall be paid in pension form to an individual or individuals at the discretion of the Trustees.
- 5.8 On the date upon which the Ex-Spouse Participant's pension becomes payable (but not where the pension is paid in the form of income drawdown), part of this pension may be surrendered, subject to the consent of the Trustees, for the provision, on the death of the Ex-Spouse Participant, of a pension payable to a Dependant of the Ex-Spouse Participant. The amount of pension surrendered shall not exceed the reduced pension that the Ex-Spouse Participant retains.
- 5.9 Pension Credit Rights may be fully commuted on the grounds of triviality or in exceptional circumstances of serious ill-health when the pension first becomes payable, subject to any requirements of the FA2004. Where an Ex-Spouse Participant is also entitled to benefits under the Plan arising from his own Pensionable Service, for the purposes of determining the aggregate value of the benefit payable to the Member for the purpose of full commutation on the grounds of triviality under the Rules, benefits from Pension Credit Rights must be included. In this case, full commutation of Pension Credit Rights on the grounds of triviality shall be permitted only where those other benefits are simultaneously commuted.
- 5.10 An Ex-Spouse Participant may request the Trustees to arrange a transfer of his Pension Credit Rights to another Registered Pension Scheme in accordance with the Rules. The Trustees shall notify that Registered Pension Scheme that the transfer value consists wholly or partly of Pension Credit Rights for the benefit of an Ex-Spouse Participant.



5.11 At the time when his pension becomes payable, an Ex-Spouse Participant may request the Trustees to arrange for the purchase of annuity from an Authorised Insurer in accordance with the Rules.

5.12 The rights to Pension Credit Benefits under the Plan shall be forfeited upon the bankruptcy of the Ex-Spouse Participant. The Trustees may pay the forfeited benefits in accordance with the Rules.

## **6. LIMITS ON BENEFITS**

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

## **7. TRANSFERS OF PENSION CREDIT RIGHTS INTO THE PLAN**

7.1 Where the Trustees accept a transfer payment in accordance with the Rules for an individual who is already a Member of the Plan or is already an Ex-Spouse Participant in the Plan and are informed by the transferor that the transfer value consists wholly or partly of Pension Credit Rights in the former scheme or arrangement, then the Trustees shall separately identify the transfer payment relating to the Pension Credit Rights (or the part of the transfer payment relating to the Pension Credit Rights) from other assets held for the benefit of the Member.

7.2 The Trustees shall comply with the requirements of paragraph 3 in respect of the transferred-in Pension Credit Rights.

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

## **8. ALL TRANSFERS - PENSION DEBITS**

8.1 Where the Trustees accept a transfer payment in accordance with the Rules and are informed by the transferor of the details of a Pension Debit relating to the transfer payment, the Trustees shall take account of the Pension Debit, if appropriate, in the calculation of any limit on benefits for that Member.

8.2 Where the Trustees pay a transfer payment to another Registered Pension Scheme in respect of a Pension Debit Member, the Trustees shall provide that Registered Pension Scheme with full details of the Pension Debit together with a lump sum certificate specifying the maximum permissible lump sum.

## **9. DEATH OF EX-SPOUSE BEFORE IMPLEMENTATION OF PENSION SHARING ORDER**

9.1 If an Ex-Spouse dies after a Pension Sharing Order is made but before it is acted upon by the Trustees, the following benefits may be paid:

9.1.1 a lump sum death benefit; and

9.1.2 a non-commutable pension to any one or more Dependants of the Ex-Spouse.

9.2 If there is also a lump sum death benefit payable under the Plan because the Ex-Spouse is a Member of the Plan, the lump sum death benefit shall be held on the Death Benefit Trusts under the Rules. If there is no other lump sum death benefit payable under the Plan in respect

of the Ex-Spouse, the Trustees shall pay the lump sum death benefit to the legal personal representatives of the Ex-Spouse.

- 9.3 The lump sum death benefit is limited to 25% of what would have been the cash equivalent of the Pension Credit Rights for the Ex-Spouse that would have applied had the Trustees acted upon the Pension Sharing Order.
- 9.4 The balance of the fund may be used to provide a non-commutable pension to any one or more Dependants of the Ex-Spouse. The amount of pension payable to a Dependant is limited to a maximum of two-thirds of the amount of the pension that could have been paid to the Ex-Spouse at the date of death if the whole of what would have been the cash equivalent of the fund which would have provided the Pension Credit Rights had been used to purchase an annuity at an available market rate. Where more than one pension is to be paid, the total of all the pensions cannot exceed the amount of the pension that could have been paid to the Ex-Spouse. These pensions shall be payable for life, except that pensions paid to children shall cease on the attainment of age 18 or, if in full-time education, age 23. These pensions may be fully commuted for a lump sum on the grounds of triviality under the Rules at the time when the pension becomes payable.

## **10. LIFETIME ALLOWANCE AND ANNUAL ALLOWANCE**

- 10.1 Any Pension Credit Rights shall operate as a lifetime allowance enhancement factor subject to and in accordance with (i) paragraph 18 of Schedule 36 to the FA 2004, in respect of Pension Credit Rights accrued before 6 April 2006, and (ii) Section 220 of the FA 2004, in respect of Pension Credit Rights accrued after 5 April 2006.
- 10.2 For the purposes of determining the pension input amount (as defined in Section 229 of the FA 2004) of a person during a pension input period (as defined in Section 238 of the FA 2004):
- 10.2.1 where that person is a Pension Debit Member, his rights shall be increased by adding the amount of a Pension Debit to which he has become subject during that period; and
- 10.2.2 where that person is an Ex-Spouse Participant, his rights shall be reduced by subtracting the amount of a Pension Credit to which he has become entitled during that period.