DATED \_22 2017

**NORTHUM BRIAN WATER PENSION SCHEME DEED OF AMENDMENT**

**ADOPTING TRUST DEED AND RULES**

WE HEREBY CERTIFY THIS TO BE A TRUE COPY OF THE ORIGINAL

SACKER & PARTNERS LLP

Date 27.07.2017

Sackers

Sacker & Partners LLP 20 Gresham Street London EC2V 7JE

[www.sackers.com](http://www.sackers.com/)

**T** +44 (0)20 7329 6699 4148-0821-7095\_5

**THIS DEED OF AMENDMENT** is made the 22nd day of  2017

**BETWEEN:**

1. **NORTHUMBRIAN WATER LIMITED** (registered company number 02366703) whose registered office is at Northumbria House, Abbey Road, Pity Me, Durham, DH1 5FJ **("the Company");** and
2. **NORTHUMBRIAN WATER PENSION TRUSTEES LIMITED** (registered company number 2493044), whose registered office is care of the address at Northumbria House above **("the Trustee")**

**INTRODUCTION:**

* 1. This Deed is supplemental to a series of deeds, the earliest of which is an interim trust deed dated 1 November 1990 which established the Northumbrian Water Pension Scheme **("the Scheme")** (then known as the Lyonnaise UK Pension Scheme) and the most recent of which is a trust deed and rules dated 28 June 2013, as amended subseqw ntly **("the 2013 Trust Deed and Rules").**
  2. Defined terms in this Deed are as defined in the trust deed and rules attached hereto **("the Trust Deed and Rules")** unless expressly stated to the contrary or the context requires.
  3. Clause 10 of the 2013 Trust Deed and Rules provides, in effect and among other things, that:
     1. the Company may, with the consent of the Trustee, by deed alter any of the trusts, powers or provisions of the Former Definitive Deed and Rules; and
     2. any such alterations shall have effect from such time as may be specified in the deed by which it is effected and that time may be the date of the deed or any reasonable time previous or subsequent to it.
  4. The Trustee is the present trustee of the Scheme.
  5. By an Interim Deed of Amendment dated 15 December 2015 (the **"Interim Deed"),** the Trustee and the Company introduced a Career Average Revalued Earnings (CARE) benefit structure into the Scheme for defined benefits earned on and from 1 January 2016.
  6. The Trustee and Company wish to consolidate the provisions of the Scheme and to amend them further (1) to record in a definitive manner the changes introduced by the Interim Deed and (2) to make certain other changes unrelated to the introduction of CARE benefits.
  7. The consolidated provisions and changes described at F. above are to take effect on and from various dates. For the purposes of this deed, the expression **"Effective Date"** shall therefore mean:
     1. in relation to the amendments made by the deed of amendment dated 2 March 2016 (the **"Deed of Amendment")** to the DC Section Rules and to reflect the abolition of contracting-out, and which are consolidated in the Trust Deed and Rules, each of the dates specified in the Deed of Amendment; and
     2. in relation to all other provisions of the substituted Trust Deed and Rules, 1 January 2016.
  8. The alterations to be effected by this Deed are alterations to which the subsisting rights provisions of the Pensions Act 1995 (as defined in section 67 of that Act, as amended by the Pensions Act 2004) do not apply (by virtue of regulations made under section 67) or which are not "regulated modifications" (as defined in section 67A of the Pensions Act 1995).
  9. The Scheme Actuary has confirmed in writing that this Deed does not affect the Scheme's ability to comply with the Reference Scheme Test as set out in section 37 of the Pension Schemes Act 1993. **A** copy of the Scheme Actuary's confirmation is attached to Appendix 1 of this deed.

**NOW THIS DEED WITNESSES** that in exercise of the power conferred by clause 10 of the 2013 Trust Deed and Rules (and all other powers enabling it to do so), the Company, with the consent of the Trustee, hereby alters the provisions of the Scheme by substituting the operative provisions of the Trust Deed and Rules (including the schedules to the Rules) attached at Appendix 2 to this Deed for the operative provisions of the Scheme to the following effect:

1. The provisions of the substituted Trust Deed and Rules shall have effect on and from the Effective Date and shall apply to and in respect of all Members and beneficiaries except that benefits payable to and in respect of Members who left Pensionable Service (or Reckonable Service, as appropriate) or died before the Effective Date or persons who became entitled to a pension or other benefit under the Scheme on the death of such a Member (whether in payment on the Effective Date or not) will continue to be calculated in accordance with the provisions of the Scheme contained in the trust deed and rules of the Scheme at the time of their leaving, death or becoming so entitled, as amended by any subsequent amendments applicable to them, and except for the changes specified in clause 2 below. The remaining administrative and other provisions of the substituted Trust Deed and Rules will, however, apply to the benefits to or in respect of such Members and beneficiaries except to the extent the Company and the Trustee agree otherwise. The Trustee will have the power to determine any doubt, inconsistency or anomaly that may arise in applying this clause.
2. The following provisions of the substituted Trust Deed and Rules shall apply to the rights and benefits of and in respect of Members who left Pensionable Service (or Reckonable Service, as appropriate) before the Effective Date, with effect on and from 1 January 2008:
   * Sub-paragraph 1 of the definition of "Pensionable Remuneration" in Rule 2.2 (Definitions) of the General Rules; and
   * The definition of "Pensionable Earnings" in Appendix B (Definitions) to the MIS Special Terms.
3. The Trustee and the Company may determine that the rights and benefits of and in respect of Members who left Pensionable Service (or Reckonable Service, as appropriate) before the Effective Date shall be governed in accordance with such provisions of the substituted Trust Deed and Rules as they determine, provided such a determination would not be a regulated modification for the purposes of section 67 of the Pensions Act 1995. The

Company and the Trustees will have the power to determine any doubt, inconsistency or anomaly that may arise in applying this clause.

1. This deed shall not operate so as to adversely affect (in the Trustee's opinion) any Member (without his or her consent) in respect of his or her subsisting rights (and those of his or her survivors), within the meaning of section 67A of the Pensions Act 1995, acquired before the date of this deed except as permitted by law. In the event that any member's subsisting rights would, but for this clause, be so affected, then the change having such effect shall not apply to that Member.

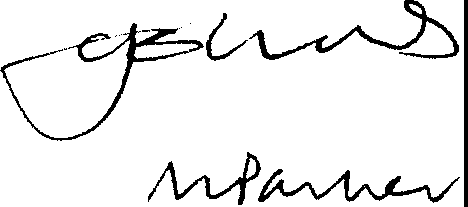
**IN WITNESS** of which this Deed is executed and delivered as a deed on the day and year first above written.

**EXECUTED AS A DEED** by )

**NORTHUMBRIAN WATER** )

**LIMITED** acting by two of its )

officers:- )

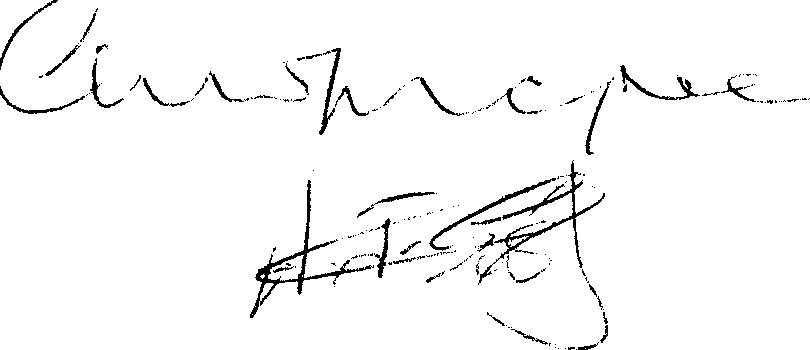
Director

Oilector/Secretary

**EXECUTED AS A DEED** by )

**NORTHUMBRIAN WATER** )

**PENSION TRUSTEES LIMITED** )

acting by two of its officers:- )

Director

Director/Secretary

**APPENDIX 1**

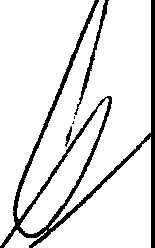
**Scheme Actuary's certificate**

## Actuary's confirmation under Regulation 42

I, Gavin Hamill, being the duly appointed Actuary to the Northumbrian Water Pension Scheme (the "Scheme"):

1. confirm that I have been informed by the Trustee of the Scheme in writing of the alterations, proposed to be made by this Deed, that relate to rights which have accrued under the Scheme since 1 January 2016 and which would have been attributable to service in contracted-out employment from 1 January 2016 onwards,
2. confirm that I have considered the proposed alterations, and
3. hereby confirm to the Trustee that I am satisfied that the Scheme would have continued to satisfy the statutory standard in accordance with Section 12A of the Pension Schemes Act 1993 from the effective date of the alterations, this from being 1 January 2016.

Words and expressions used in this confirmation have the same meanings as in Regulation 42(2) of the Occupaf nal Pension Schemes (Contracting-Out) Regulations 1996 (as amended).

**G m Hamill Scheme Actuary**

**Fellow of the Institute and Faculty of Actuaries Date:**

**Towers Watson Limited, a Willis Towers Watson Company**

**1 Wellington Place Wellington Street Leeds**

**LS1 4AP**

###### APPENDIX2

**NORTHUMBRIAN WATER PENSION SCHEME TRUST DEED AND RULES**

**INTRODUCTION**

The operative provisions of the trust deed and rules, as currently in force, are set out in this document.

The provisions were adopted by Deed of Amendment dated .. . ..,i...:-'.':'1.Y.-............ 2017. This deed consolidated amendments to the previous trust deed and rules adopted on 28 June 2013 and introduced a Career Average Revalued Earnings (CARE) benefit structure into the Scheme for defined benefits earned on and from 1 January 2016.

In the original documents of the Scheme, the operative provisions were preceded by introductions which, in summary, explained the following, and have been updated to reflect subsequent changes:

1. The Scheme was originally called the Lyonnaise UK Pension Scheme.
2. It was established in 1990 by Lyonnaise UK Pie (as it was then called) with 4 water companies which, until then, had participated in The Water Companies' Association Pension Scheme **("WCAPS").**
3. The beneficiaries and assets relating to these companies were transferred from WCAPS to the Scheme, under agreed exit terms **("WCAPS Clause 5"** and **"WCAPS Clause 9".** References below to **"the WCAPS Deed"** mean the definitive trust deed of WCAPS.
4. This original section of the Scheme is now known as the **Northumbrian Water** Section (formerly known as the LUKPS Section) and the rules currently applicable to it are set out in **Part 2.**
5. Effective 1 April 1998 Northumbrian Services Limited (then called Northumbrian Water Group pie) became the Principal Company of the Scheme and the Scheme was re-named the Northumbrian Lyonnaise Pension Scheme.
6. Also effective 1 April 1998 the beneficiaries and assets in the Northumbrian Water Group pie fund within the Water Pension Scheme **("WPS")** were transferred to the Scheme. The **WPS** Section rules currently applicable are set out in **Part 3.**
7. Effective 1 April 2002 relevant beneficiaries and assets were transferred from The Water Mirror Image Pension Scheme **("MIS")** to the Scheme. The **MIS** Section rules currently applicable are set out in **Part 4.**
8. Effective 19 June 2003 the Scheme was **re-named** the **Northumbrian Water Pension Scheme** and the LUKPS Section (see 4 above) was re-named the Northumbrian Water Section.
9. Effective 1 January 2008 two new sections were added to the Scheme; the **"Eightieths Section"** and the **"DC Section".**
10. Effective 8 March 2013 Northumbrian Water Limited became the Principal Company of the Scheme.
11. Effective 1 January 2016, final salary accrual (and any final salary linkage) under each of the Defined Benefit Sections of the Scheme ceased, being replaced by CARE benefit accrual on and from that date.

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**NORTHUMBRIAN WATER PENSION SCHEME TRUST DEED**

**OPERATIVE CLAUSES**

1. **Definitions and interpretation**
2. In the interpretation of this Trust Deed, unless inconsistent with the subject matter or context, words and expressions used in this Trust Deed have the meanings attributed to them by the definitions in General Rule 2.2 of Part 1 unless:-
   1. in relation to Northumbrian Water Section Members they conflict with the definitions in Appendix A to Part 2 in which case the latter shall prevail;
   2. in relation to WPS Section Members they conflict with the definitions in Appendix B to Part 3 in which case the latter shall prevail;
   3. in relation to Former MIS Members they conflict with the definitions in Appendix B to Part 4 in which case the latter shall prevail;
   4. in relation to Eightieths Section Members they conflict with the definitions in Appendix A to Part 5 in which case the latter shall prevail;
   5. in relation to Executive Members they conflict with the definitions in Appendix A to Part 6 in which case the latter shall prevail; and
   6. in relation to DC Section Members, they conflict with the definitions in Appendix A to Part 7 in which case the latter shall prevail.
3. The headings of the Trust Deed shall not affect the construction or interpretation thereof.
4. "Rules" has the meaning given in the General Rules within the Appendix to this deed. The Rules shall be construed as part of this deed.
5. **Company's obligations**

The Company hereby covenants with the Trustees to observe and perform the provisions of the Trust Deed so far as they apply to it.

1. **Declaration of trust**

The Trustees shall, subject as provided below, hold the Fund upon irrevocable trust to apply the same in or towards providing the pensions and other benefits payable under the Trust Deed.

1. *(number not used)*

4A. **Structure of the Fund**

1. The Scheme provides benefits on a defined benefit basis (through the Northumbrian Water Section, the WPS Section, the MIS Special Terms, the

Executive Section and the Eightieths Section) and on a money purchase basis (through the DC Section).

1. Unless otherwise stated expressly in the Trust Deed and Rules, the assets of the Scheme may be used for any purpose consistent with the Trust Deed and Rules, including meeting the contributions due from an Employer to the DC Section of the Scheme.
2. **Investment of the Fund and authorised investments**
3. To the extent required by section 35 of the PA 95, the Trustees shall consult with the Company as to the manner in which the assets of the Fund are to be invested from time to time.
4. The Trustees shall either retain as invested any investments or property from time to time held by them and forming part of the Fund, or sell the same, as they think fit.
5. The Trustees shall have the same full and unrestricted powers of investment and of selling, varying and transposing investments in all respects as if they were absolutely entitled to the Fund beneficially (but nonetheless may invest in any investments that are only open to trustees of Registered Schemes). Provided that the Trustees:-
6. shall not invest in the shares or other securities of any Associated Employer; and
7. (subject to (a) above) shall comply with any restrictions on investing in employer-related investments imposed under section 40 of the PA 95 and any subordinate legislation having effect in relation thereto. Except that paragraph (2) of regulation 12 of the Occupational Pension Schemes (Investment) Regulations 2005 shall have effect (subject to paragraph (3) of regulation 12 and regulation 14 thereof) as if (in lieu of the restriction to invest not more than 5% of the current market value of the resources of a scheme) no part of the Fund may at any time be invested in employer­ related investments.

Provided further that (subject to the restrictions set out above) the provisions of this sub-clause shall not:-

* 1. be infringed if the Trustees shall receive contributions from any Participating Employer in the calendar month subsequent to that in which they are due;
  2. prevent the Trustees from applying any part of the Fund in units as referred to in (4)(a) below;
  3. prevent the Trustees from exchanging shares or other securities they may hold in any body corporate for shares or other securities in an Associated Employer pursuant to a general offer made to holders of shares or other securities in any such body corporate; or
  4. require the Trustees to sell shares or other securities they may hold in any body corporate which may acquire the whole or part of the issued share capital of an Associated Employer.

The following provisions of this clause are without prejudice to the generality of the foregoing and are subject to provisos (a) and (b) above.

1. The Trustees may invest, as they think fit, any moneys forming part of the Fund:-
2. in or upon the security of such stocks, shares, debentures, debenture stocks or other investments (including land, interests in land, units in any unit trust, managed fund or collective investment scheme, whether authorised or not) of whatever nature and where so ever situate, whether income producing or not, whether involving liability or not and whether or not authorised by law for the investment of trust moneys; or
3. upon such credit (with or without security); or
4. in effecting or maintaining any insurance in accordance with clause 9(i).

Any land or any interest in land so acquired (if and so far as the lex situs allows and unless the Trustees otherwise decide) shall be held subject to a "trust of land" under the Trusts of Land and Appointment of Trustees Act 1996.

1. The Trustees may underwrite or sub-underwrite and/or enter into any agreement or agreements for underwriting or sub-underwriting any investments or securities whether on issue or sale and whether jointly with other persons or not and may do all things incidental thereto.
2. The Trustees may enter into, vary or close out any futures contract.
3. The Trustees may enter into any contract in the course of dealing in traded options, being an option which is for the time being dealt in on a recognised stock exchange (within the meaning of section 841 of ICTA) or on Euronext liffe (or any successor exchange).
4. The Trustees may purchase, sell or hedge currencies, or effect forward currency transactions, in connection with investments or proposed investments of the Fund.
5. The Trustees may lend securities (including stocks and shares) in such manner and upon such terms as they think fit and in particular (but without prejudice to the generality of the foregoing) may enter into arrangements as regards stock lending and may do all such other acts and things as in their opinion may be necessary or expedient in relation to and for the implementation and enforcement of such arrangements.
6. **Retention of cash balances**

The Trustees may either retain any moneys from time to time held by them and forming part of the Fund, or place such moneys on deposit or current account with any bank or with any corporation or building society of good standing, for such periods and on such terms as they think fit and shall not be called upon to account for any interest on any such moneys in excess of the interest (if any) actually paid or credited thereon.

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1. **Borrowing**

The Trustees may, subject to Regulation 5 of the Occupational Pension Schemes (Investment) Regulations 2005,:-

1. raise or borrow any sum or sums in any currency and in any manner for investment, or for any other purpose of the Scheme, or for the exercise of any power conferred on the Trustees under the Scheme;
2. secure the performance of any obligation arising in connection with such raising or borrowing, in such manner and upon such terms (including the giving of any guarantee or indemnity) as they think fit;
3. charge the sums so raised or borrowed or any part thereof on all or any part of the Fund.
4. **Appointment of nominee**

The Trustees may (with the consent of the Company):-

1. appoint any body corporate to act as their nominee, and any investments of the Fund may be made in the name of or transferred to the body corporate so appointed, on terms that the latter shall hold them as nominee for and on behalf of the Trustees;
2. enter into any agreement with such body corporate as to its remuneration or by way of indemnity or otherwise and any such agreement shall be binding on the Fund; and
3. vary or revoke any appointment under this clause.
4. **Additional powers of Trustees**

The Trustees, in addition and without prejudice to all the powers conferred upon them by statute or the general law or by the Trust Deed, shall have the following powers, which may be exercised or not as they think fit, namely:-

1. subject to sections 34 (delegation of investment discretions) and 47 (professional advisers) of PA 95, to delegate (by power of attorney or otherwise) to any person or persons or fluctuating body of persons (whether or not a trustee hereof) all or any of the powers, duties and discretions vested in them hereunder and any such delegation may be on such terms and conditions as the Trustees think fit and may include power to sub-delegate. Subject to sections 33 (investment powers: duty of care) and 34 (liability for acts of delegates) of PA 95, the Trustees shall not be bound to supervise the actions of any delegate or sub-delegate, or be in any way responsible for any loss suffered or incurred as a result of any such delegation or sub-delegation or the negligence or default of any delegate or sub­ delegate;
2. to enter into any transaction affecting all or any part of the Fund with any one or more of the Participating Employers, or with the trustees of any other trust. In particular (but without prejudice to the generality of the foregoing) the Trustees may exercise the powers conferred on them by clauses 5 to 8 and this clause 9 jointly with the trustees of any other trust having similar powers as if the property subject to the trusts hereof and that subject to the trusts of such other scheme or

trust were one trust fund. In exercising their powers under this paragraph the Trustees may make such arrangements for apportioning blended trust property and the income thereof and gains and losses arising on the sale of investments or otherwise, as they consider just and equitable. The Trustees may exercise their powers under this paragraph notwithstanding that the Trustees, or an individual director of any body corporate which is a trustee hereof, may also be a trustee or the director of any body corporate which is a trustee of such other trust;

1. to take a decision or exercise a power, even though the Trustees or any trustee hereof or any director or officer of any body corporate being a trustee hereof had a direct or indirect interest in such decision or in the exercise of such power, and (if he is or has been a beneficiary under the Scheme) to retain for himself any benefit to which he is thereby entitled;
2. to make (subject to the approval of the Company) such regulations or other provisions (not being inconsistent with the Trust Deed) as they think fit relating to any matter or thing not provided for under the Scheme, or for the administration of the Fund and/or the Scheme and to vary or revoke such regulations and in particular (but without prejudice to the generality of the foregoing) to exercise this power:-
   1. to make special provision for Members all or any part of whose Service is, has been or is to be in substance performed outside the United Kingdom, including:-
      1. such prov1s1on as is in the opinion of the Trustees necessary for compliance with or approval or recognition of the Scheme for any purpose under the laws of the place where such service is has been or is to be performed;
      2. provision that a period of Pensionable Service which is or has been so performed shall be deemed to be of longer duration than it actually is, or that any such period which is or may be pensionable under some other Registered Scheme shall be deemed for the purposes of the Scheme not to be a period of Pensionable Service or to be of shorter duration than it actually is;
      3. provision for the variation in relation to any such Member of the definition of Normal Pension Date;
      4. provision for the total or partial relief for any such Member from liability to contribute to the Fund, with or without reduction of benefits;
   2. to include in any such regulations or provisions (or in any other requirements of or made pursuant to the Rules) a term that the Trustees may forfeit reduce or withhold all or any part of the benefit payable to or in respect of a person who fails to comply with any such regulations or other provisions or requirements;
3. to require evidence of the truth of any statement and the notification of any information relevant to the Scheme;
4. to accept any information supplied to them by any of the Participating Employers concerning any matter relating to the Scheme and which they reasonably suppose to be within the knowledge (either directly or as the result of any

enquiry) of such Participating Employer as conclusive evidence of the matter to which it relates, including (without prejudice to the generality of the foregoing) such information as to the eligibility for admission to Membership of the Scheme of any person, the nature of any person's employment, the amount and nature of any person's Pensionable Remuneration, whether or not any person stands or stood in any specified relationship to another, or any person is one for whom

another might have been expected to provide, or was dependent on another to *(*

any extent for the provision of the ordinary necessaries of life, or as to the cessation of a Member's Service;

1. to make such arrangements as they think fit for the giving of receipts and discharges that may be appropriate in connection with the Fund or otherwise for the purposes of the Scheme;
2. subject to section 47 of PA 95 (professional advisers) to make (with the consent of the Company) such arrangements as they think fit for the custody of documents of title relating to any property for the time being forming part of the Fund or otherwise held in connection with the Scheme;
3. to apply any money forming part of the Fund in effecting or maintaining any insurance or policy for investment or deposit which in the opinion of the Trustees is appropriate for the purposes of the Scheme and to vary the terms of, exchange, surrender, sell or otherwise dispose of any such insurance or policy or exchange the same for a substituted insurance;
4. to appropriate any insurance for the time being forming part of the Fund in satisfaction in whole or in part of any benefit payable (or which may become payable) to any person **("the Beneficiary")** under the Scheme and so that upon such appropriation:-
   1. the Beneficiary's interest in that insurance shall take priority over all other claims in respect of it;
   2. the provisions relating to the partial closure and closure of the Fund contained in clauses 26 and 28 shall have effect subject to that appropriation;
   3. the rights of the Beneficiary to the benefit or part benefit satisfied by the appropriation shall be limited to rights in respect of that insurance;
   4. the Trustees may at the request of the Beneficiary assign such insurance to him. Provided that the interest assigned is expressed to be incapable of further assignment and of commutation (except so far as the benefit it has been appropriated to satisfy could have been assigned or commuted);
5. to determine (subject to the powers conferred on the Participating Employers), as they consider just and equitable, any question or matter of doubt relating to the Scheme (and any such determination, whether formally made or arising by implication from the acts or proceedings of the Trustees, shall, so far as the law permits, be conclusive);
   1. subject to section 47 of PA 95 (professional advisers) to take and act on the advice or opinion and pay the fees of any lawyer, broker, actuary, accountant, pension consultant, medical practitioner or other professional person (whether or

not obtained by them) in any matter relating to the Scheme and so that the Trustees shall not be responsible for any loss occasioned by so acting;

1. to settle, compromise or submit to arbitration any claim, matter or thing relating to the Scheme or to the rights of the Members and others under it;
2. to commence, carry on or defend proceedings relating to the Scheme or to the rights of the Members and others under it;
3. by regulations, to establish and maintain arrangements for the resolution of disputes about matters relating to the Scheme, in accordance with the requirements of sections 50 to SOB of PA 95 and Regulations made thereunder;
4. to open and operate or to authorise such persons or body as they think fit to open and operate such bank accounts in the name of the Scheme as are from time to time considered to be necessary;
5. to refuse to admit to Membership of the Scheme an eligible person applying to join; and
6. generally, to execute and do all such acts and things as the Trustees may consider necessary or expedient for the maintenance and preservation of the Fund and of the rights of the Members and others under the Scheme.
7. Notwithstanding the foregoing provisions of this clause 9, any decision:-
   1. to amend the benefits payable to and in respect of Former MIS Members or the rates of contributions payable by the Former MIS Members; or
   2. in connection with the determination of a dispute in relation to Former MIS Members, or any beneficiary claiming through him, pursuant to sections 50 to 50B of PA 95 and Regulations made thereunder; or
   3. to accept the notice given by the Company to the Associated Employer of Former MIS Members under clause 25(2)(b) or to accept the notice of a Participating Employer of Former MIS Members under clause 26(1); or
   4. to terminate the Scheme in relation to Former MIS Members or any beneficiary claiming through them pursuant to clause 27(1)

(together the "MIS Protections") shall not be effective if any trustee or director objects. At any meeting of the Trustees at which any of the MIS Protections are being considered a quorum must include the member-nominated trustees or member­ nominated directors (as the case may be). For the avoidance of doubt, references to "director" appearing in the Trust Deed and Rules are references to a director of any corporate trustee hereof and the powers conferred in those clauses on individual directors shall apply notwithstanding the provisions of the Memorandum and Articles of Association or any other governing constitutional document of any such corporate trustee company.

1. **Power of alteration**
2. Subject to (6) below and (7) below and sections 67 to 671 of PA 95, the Company may at any time and from time to time with the consent of the Trustees, by deed, alter any of the trusts, powers or provisions of the Trust Deed (including the Rules and their

Schedules and appendices) save that any alteration to the GMP Model Rules may only (

be made in accordance with regulation 42 of The Occupational Pension Schemes (Contracting-out) Regulations 1996.

1. It is hereby (without prejudice to the generality of the power of the Trustees to consent to any such alteration) declared that they may consent to any such alteration, notwithstanding that it may be prejudicial to all or any class of beneficiaries, being an alteration which in their opinion is necessary or expedient for compliance with or in relation to any relevant legislation or prospective legislation of any competent authority (including the European Community) and relating to pay, employment, the provision of retirement death and similar benefits for or in respect of employees, or taxation. Any such alteration may authorise a payment or repayment to the Participating Employers or any of them.
2. In considering whether or not it is appropriate to consent to any alteration such as is referred to in (2) above, the Trustees shall, so far as appears to them to be practicable, have regard to all circumstances which appear to them to be relevant, including (without prejudice to the generality of the term "relevant") the interests of the beneficiaries and the Participating Employers and the purpose of the legislation or prospective legislation. A statement by the Trustees that they have had regard to such circumstances shall be evidence thereof.
3. Reference in (2) and (3) above to **"beneficiaries"** means Members and former and prospective Members of the Scheme and persons currently or prospectively entitled to benefit under the Scheme by virtue of the past present or prospective Membership of any of them.
4. Any such alteration shall have effect from such time as may be specified in the deed by which the same is effected, and the time so specified may be the date of such deed or any reasonable time previous or subsequent to that date, so as to give the alteration retrospective or future effect.
5. In respect of former WPS Members, and subject to the above restrictions, an Employer may at any time in respect of Active Members joining its Service on or after 1 October 1994 in respect of any specified group of them alter the method of calculating benefits set out in the Rules for Standard 5% or 6% Members and Starter 3% Members in such a way that state pension benefits are taken into account. The Employer must give the Trustees at least 6 months' notice expiring on the last day of a Scheme Year of its intention to exercise this option and the method by which integration is to be achieved. The professional costs incurred in changing the benefit structure in this way and amending the Rules to take account of the change shall be borne by the Employer in question, who shall also pay any other charges which fall on the Fund as a result. The Employer shall also be responsible for any costs incurred in ensuring that the change is not inconsistent with the Scheme's status as a Registered Scheme.
6. This clause 10(7) and clause 13(4) (appointment of Trustees) clause 18(1)(d) (interest on contributions) clause 9(s) (consent of all Trustees needed in certain circumstances and quorum) clause 25(2)(b) (notice in writing to the Associated Employer by the Company) clause 26(1) (notice by a Participating Employer) and clause 27(1) (winding up) shall not be removed or altered to the extent that they apply to Former MIS Members or any beneficiary claiming through them, unless they have to be changed in order to ensure that the status of the Scheme as a Registered Scheme is not prejudiced.
7. **Trustees' decisions and exercise of discretions and powers**
8. No decision of or exercise of a power by the Trustees shall be invalidated or questioned on the ground that the Trustees or any director or officer of any body corporate being a trustee hereof had a direct or indirect interest in such decision or in the exercise of such power.
9. Every discretion or power hereby conferred on the Trustees shall be an absolute and uncontrolled discretion or power, save that it shall not be exercised so as to infringe any statutory requirement, or if such exercise would be inconsistent with the Scheme's status as a Registered Scheme.
10. **Company's decisions and interests**
11. No decision of or exercise of a power by the Company shall be invalidated or questioned on the ground that the Company had a direct or indirect interest in such decision or in the exercise of such power.
12. (Subject as provided below in this clause) the Company may exercise any of the rights, powers, discretions and functions vested in it by the Trust Deed (including the decision whether or not to exercise the same) entirely in its own interest and without being under any duty to have regard to the interests of any Member or former Member of the Scheme or any person deriving any benefit through such Member or former Member or any other person interested in the Scheme howsoever, so that no such right, power, discretion or function shall be subject to a fiduciary or other duty or the performance thereof restricted or limited in any manner whatsoever. Provided that the power of appointing and removing trustees under clause 13(1) shall be fiduciary.
13. **Appointment, removal and remuneration of trustees**
14. The power of appointing new trustees hereof shall be vested in the Company and shall be exercisable by deed. The Company shall also have power by deed to remove any trustee from office.
15. Part Ill of the Trustee Act 1925 shall have effect in relation to the appointment and discharge of trustees hereof as if there were substituted for the references therein to a trust corporation references to any body corporate having power to act as a trustee hereof.
16. Subject to the consent of the Company, any trustee of the Scheme (whether an individual or a body corporate) or any director of a corporate trustee of the Scheme:-
17. shall be entitled to charge and be paid such remuneration for their services in connection with the Scheme as may be agreed between them and the Company; and
18. if they are a solicitor, accountant or other person or company engaged in any profession or business, shall be entitled to charge and be paid all usual professional and other charges of work done by them or their firm or company in connection with the Scheme, including acts which a trustee not being in any profession or business could have done personally.

**C**

1. The provisions of this clause 13 shall be subject to Sections 241 to 243 of the **C**

Pensions Act 2004 and Regulations made thereunder (as amended from time to time) provided that as long as there are Former MIS Members or beneficiaries claiming through them in the Scheme the Trustees shall ensure that at least 2 of the total (and being at least one third in number of the total) number of trustees or directors are member-nominated trustees or member-nominated directors (as the case may be).

1. **Appointment of Actuary. Auditor and other officers and agents**
2. Subject to section 47 of PA 95 (professional advisers) the Trustees from time to time:-
3. shall appoint a person or a body of persons to be the Actuary of the Scheme. The Actuary shall be a fellow of the Institute of Actuaries or of the Faculty of Actuaries;
4. shall appoint a person or a body of persons to be the Auditor of the Scheme. The Auditor shall be a person qualified for appointment as auditor of a company under Section 1212 of the Companies Act 2006;
5. may enter into any agreements with those persons or bodies as to remuneration or otherwise; and
6. may vary or revoke those appointments.
7. Subject to the provisions of this Trust Deed and section 47 of PA 95 (professional advisers) the Trustees:-
8. may appoint such other officers and agents (other than the Actuary and the Auditor, whose appointments shall be made under (1) above) as they think fit;
9. may enter into any agreement with the person or body being appointed under this sub-clause as to remuneration or otherwise; and
10. may vary or revoke any appointment under this sub-clause.
11. **Actuarial valuation and surplus payment**
12. Subject to section 224 of the Pensions Act 2004 (while that section remains in force), the Trustees shall select valuation dates (each being not later than 3 years from the last preceding valuation date).
13. The Trustees shall cause the Actuary, as soon as practicable after each valuation date, to carry out an investigation of the financial state of the Scheme and to report his conclusions in writing to the Trustees, and to each of the Participating Employers and to make such recommendations as he thinks fit regarding the Scheme.

(2A) The Actuary's report shall conform to the requirements of an "actuarial valuation" as required by section 224 of the Pensions Act 2004 and the Disclosure Requirements to the extent that those provisions are applicable from time to time.

1. Subject to clauses 15(4) and 15(5) below, where an actuarial valuation of the Scheme shows that the value of the Scheme's assets exceeds the value of the Scheme's liabilities when calculated on a basis prescribed by section 37 of PA 95 and the Occupational Pension Schemes (Payments to Employers) Regulations 2006 then subject to the provisions therein the Trustees may, if the Company so requests make a payment or payments to one or more of the Participating Employers then or formerly participating in the Scheme. The proportion of the payment or payments to be made to each Participating Employer shall, insofar as is consistent with the Scheme's status as a Registered Scheme, be as the Company directs.
2. The amount of any payment under (3) above shall not be so great that immediately after the payment the value of the Scheme's liabilities exceeds the value of the Scheme's assets.
3. Any payment under this clause shall be subject to:-
4. the Scheme's status as a Registered Scheme not being prejudiced;
5. section 37 of PA 95 (payments to employers); and
6. the Occupational Pension Schemes (Payment to Employers) Regulations

##### 2006.

1. **Trustees' records, minutes and accounts**

The Trustees shall comply with the requirements of sections 49 to 49A of PA 95 and the Occupational Pension Schemes (Scheme Administration) Regulations 1996.

1. The Trustees shall keep, or cause to be kept, complete records of all matters relating to the operation of the Scheme.
2. The Trustees shall cause minutes of their meetings and proceedings and all resolutions to be entered in books to be kept for the purpose, and any such minute, if purporting to be signed by the person who presides over the meeting recorded or who presides over the next following meeting, shall be sufficient evidence of the matters to which it relates.
3. The Trustees shall keep accounts to show the state of investment of the Fund and all dealings with the Fund and the amounts contributed thereto, and at least once in every calendar year (or such shorter period as may be required under the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 or such longer period, as the Trustees may decide, allowed under those Regulations) shall cause to be prepared a statement of account of the Fund and so that:-
4. every such statement shall be audited by the Auditor who shall have access to all relevant books, papers, vouchers, accounts and documents, and shall make a report to the Trustees in respect of the statement;
5. each of the Participating Employers shall be entitled on request to a copy of every statement of account and report prepared or made under this clause.

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1. **Information to be supplied by Participating Employers**

Each of the Participating Employers shall do all things and give to the Trustees all information in its power or possession, which shall be necessary for the working of the Scheme and the administration of the Fund.

1. **Participating Employers' contributions** (
2. This sub-clause shall apply in relation to the Defined Benefit Sections. Subject to the relevant provisions of Part 3 of the Pensions Act 2004 (Scheme Funding) (while those provisions remain in force) each of the Participating Employers shall pay to the Trustees such contributions as the Company determines to be

appropriate, having regard to the Members employed by it and to the advice of (

the Actuary, provided that:-

1. the Company shall not be required to determine the same rate or level of contributions for all the Participating Employers;
2. no contribution payable by a Participating Employer shall be so great that, in the opinion of the Trustees, the Scheme's status as a Registered Scheme would be likely to be prejudiced;
3. the level of contributions shall be subject to the agreement of the Trustees to the extent required by Part 3 of the Pensions Act 2004; and
4. in relation to the contributions payable in respect of Former MIS Members, the Trustees may charge interest on the Company's contributions if they are not received by the Trustees within 30 days of the date they became payable. The rate of interest to be applied shall be equal to the rate of 1% above the base rate for the time being applicable to the Trustees' bank account or such other rate as the Trustees may decide.
5. This sub-clause shall apply in relation to the DC Section. Employer contributions to the DC Section shall be made in accordance with rule 3.2 of the DC Section.

18A. **Schedule of Contributions and Payment Schedule**

1. This sub-clause shall apply in relation to the Defined Benefit Sections.
   1. The Trustees, having taken advice of the Actuary, shall prepare and maintain a schedule of contributions setting out the amount and timing of contributions by the Participating Employers and the Members.
   2. The schedule must comply with the requirements of the Pensions Act 2004 including, in particular, the provisions of section 227 (schedule of contributions).
2. This sub-clause shall apply in relation to the DC Section. The Trustees shall prepare and maintain a schedule of payments to the DC Section conforming in all respects with section 87 of the PA 95 and any regulations made under that section.
3. **Expenses of management and administration**

The amounts of all costs, charges and expenses incurred in connection with the management and administration of the Scheme and the Fund shall be met as the Company shall determine either (in whole or in part) by the Trustees out of the assets of the Scheme or by the Company or by the Participating Employers in such proportions as the Company shall decide. A certificate by the Company as to the amounts of any such costs, charges and expenses which have been incurred and as to the proportions in which they are payable by the Participating Employers shall be conclusive evidence as to the liability of the Participating Employers to pay the same in the said proportions.

1. **Protection of persons dealing with the Trustees**
2. No person dealing with the Trustees shall be concerned to enquire whether any power purported to be exercised by the Trustees is exercisable, or as to the necessity, expediency, propriety or regularity of the exercise thereof, or to see to the application of any moneys paid to the Trustees, and (in the absence of fraud on his own part) shall be protected as if such dealing were within the powers of the Trustees and a valid and effective exercise of those powers.
3. If and so long as the Trustees are a body corporate, any person accepting a receipt or discharge from or otherwise dealing with the Trustees (or another person purporting to act on behalf of the Trustees), may do so in reliance on any authority of the Trustees produced to him and contained in a copy of a minute such as is referred to in clause 16(2) certified by an officer of such body corporate to be a true copy, and (unless he had received notice in writing of the revocation of such authority) shall be protected as if such authority remained in force notwithstanding any change of trustee or other circumstance that has occurred since the relevant date.
4. **Trustees' indemnity and insurance**
5. In exercise of the trusts, powers and discretions of the Trust Deed, no trustee hereof and no director or officer of any body corporate which is a trustee hereof shall be liable for the negligence or fraud of any nominee, delegate, sub­ delegate, professional adviser or other adviser or agent, and no trustee hereof and no such director or officer shall be liable for or for the consequences of any mistake or forgetfulness whether of law or fact of the trustee or trustees hereof or of any such director or officer or for any breach of duty or trust whatsoever whether by way of commission or of omission unless it is proved to have been made given done or omitted in personal conscious bad faith of the trustee director or officer sought to be made liable and no trustee hereof and no such director or officer shall be liable for concurring or refusing or failing to concur in an exercise of a discretion or power unless it is so proved.
6. The Trustees may, with the consent of the Company, effect any insurance (which may include or comprise cover against professional fees and expenses) or policy of indemnity in relation to acts or omissions (whether or not negligent) of them, their servants agents or other persons (including employees or officers of the Company) in connection with the Scheme and may pay any premiums due from the Fund.
7. The provisions of this clause apply to the maximum extent that they do not breach section 256 (no indemnification for fines or civil penalties) of the Pensions Act 2004 or section 33 (investment powers: duty of care) of the PA 95.
8. **Transfers**
   1. ***Transfers in***
      1. Subject to clause 22.1(1A), the Trustees may, subject to the approval of the Company and insofar as it is not inconsistent with the Scheme's status as a Registered Scheme, agree with the trustees or managers of any other Registered Scheme or qualifying recognised overseas scheme (as defined in section 169 of the FA04) or with any other person that in consideration of some transfer or payment authorised by such scheme and/or by any such other person to the Trustees, the person or persons in respect of whom such transfer or payment is made and such other person or persons (if any) as may be so agreed shall be entitled to such benefits under the Scheme as, in the opinion of the Trustees, are appropriate.

(1A) Unless the Company and the Trustees jointly determine otherwise (either in an individual case, for a category or categories of Members or generally), transfer payments received in accordance with the Trust Deed and/or the Rules into the Scheme on and from 1 January 2008 shall only be applied to secure additional benefits under the DC Section on such basis as the Trustees may from time to time determine.

* + 1. In respect of any transfer or payment made, or to be made, under (1) above:-
       1. such transfer or payment shall to an extent not greater than that to which it arises from employee's contributions, be deemed to be included in the Member's Contributions;
       2. the terms of any such transfer or payment shall conform to such of the Preservation Requirements as relate to Transfer Credits;
       3. no agreement or determination by the Trustees under this clause shall infringe any term contained in any Registered Scheme or qualifying recognised overseas scheme (as defined in section 169 of the FA04) prohibiting the refund of employee's contributions included in any such transfer or payment or be otherwise likely to prejudice the Scheme's status as a Registered Scheme, or be inconsistent with the Preservation Requirements;
       4. the benefits provided in consideration of such transfer or payment shall not be commuted nor paid in lump sum form if the transfer or payment is accompanied by a certificate from the administrator of the transferring scheme to the effect that it is not to be used to provide benefits in lump sum form;
       5. *[letter (e) not used]*
       6. *[letter (f) not used]*
  1. ***Transfers out***

This clause shall not apply to WPS Section Members. Such Members' entitlement is set out at Rule 6.1 of Part 3.

* + 1. Subject to clause 22.2 (1A) the Trustees may, with the approval of the Company, (subject to compliance with any relevant provisions of the PSA 93 (in particular the Preservation Requirements and the Contracting-out Requirements)) in respect of any person or persons entitled or prospectively entitled to benefit under the Scheme, transfer or agree to transfer to the trustees or managers of another Registered Scheme or qualifying recognised overseas scheme (as defined in section 169 of the FA04) {hereinafter referred to as a **"Receiving Scheme")** such part of the Fund as the Trustees with the approval of the Company, having regard to all the circumstances, consider to be just and equitable to the intent that:-
       1. such person or persons (and such other persons if any as the Trustees think fit) shall be entitled to such rights under any Receiving Scheme as the Trustees think fit and are agreed between the Trustees and the trustees or managers of the Receiving Scheme; and
       2. such part shall to an extent not greater than that to which (in the opinion of the Trustees) it is attributable to Member's Contributions be deemed for the purpose of the Receiving Scheme to be employee's contributions thereunder.

Provided that the Trustees shall not (unless the Company either in any individual case, or generally determines that they may) exercise their discretion to make a transfer under this sub-clause, if and to the extent that the person in respect of whom the transfer would be made has at that time the statutory option under the PSA 93, of exercising a right to a cash equivalent of any benefits which have accrued to or in respect of him under the Scheme.

(1A) The payment of any transfer which is not a recognised transfer payment for the purposes of section 169 of the FA04 shall be subject to such conditions as the Trustees may impose.

* + 1. Any agreement to effect a transfer in accordance with this clause 22.2 may include such provisions (if any) as the Trustees think fit:-
       1. for the payment, out of the part of the Fund to be transferred or by such trustees or managers, of any tax payable in consequence of such transfer; and
       2. to have effect pending the completion of the transfer (including, without prejudice to the generality of the foregoing, provisions for the payment, out of the part of the Fund to be transferred or otherwise, of any benefits which would, if the transfer had been completed, from time to time have been payable to the person or persons to whom such agreement relates and any person or persons claiming through or under him or them); and
       3. to have effect on the failure of the agreement.

Pending the completion of the transfer and while such agreement remains in force, neither the person or persons to whom the agreement relates, nor any

person or persons claiming through or under him or them, shall be entitled to any (

benefit under the Scheme save in accordance with such agreement.

1. If the Receiving Scheme is a Personal Pension Scheme there shall be provided out of the said Receiving Scheme such benefits as shall be agreed then or subsequently between the trustees managers or administrators of the Receiving Scheme and the person who (but for the transfer) would have been entitled or prospectively entitled under the Scheme.
2. Subject as may be otherwise provided by the terms of or in connection with any such transfer, no Member in respect of whom such a transfer is completed and no person claiming to be entitled through or under him to any interest in the Fund, shall be entitled to any other pension or benefit under the Scheme. The receipt of the trustees or managers of the Receiving Scheme shall be a complete discharge to the Trustees and the Company in respect of all liability to and in respect of him under the Scheme, and the Trustees shall be under no duty to see to the application of the part of the said assets so transferred.
3. The Trustees will provide the trustees managers or administrators of the Receiving Scheme with any certificates (relating to maximum lump sum benefits, the amount of a Member's own contributions to the Scheme, or any other matter) required by HMRC in connection with the transfer.
4. The Trustees may allow a Member to transfer part of the cash equivalent of his benefits subject to such terms and conditions as they shall determine and clause 22.2(4) shall apply in respect of the part of his benefits to which the cash equivalent relates.
5. The Trustees shall not unless they determine otherwise make a transfer payment if section 48 of the Pension Schemes Act 2015 requires the Trustees to check that the Member or survivor has received appropriate independent advice before making the proposed transfer payment and either:
   1. the Trustees are unable to carry out the check by reason of factors outside their control; or
   2. the Trustees have carried out the check but the check did not confirm that the Member or survivor had received appropriate independent advice
6. **Payment of discretionary benefits to Members and others**
7. The Trustees may at the request of a Participating Employer (but subject to (2) below and not so as to prejudice the Scheme's status as a Registered Scheme):-
   1. award a pension equivalent to and in lieu of some other benefit to which a Member or other person is entitled under the Scheme, and so that the award of such a pension shall discharge the Trustees from liability to pay that other benefit;
   2. award a pension, periodical allowance or other benefit to any person not being a Member, but employed or who has been employed by any individual body of persons or body corporate then or formerly participating in the Scheme;
   3. award a pension, periodical allowance or other benefit to or in respect of any person who (in the opinion of the Trustees) is or was dependent for all or any of the ordinary necessaries of life upon a **Principal** (which expression shall in this clause mean a Member former Member or deceased Member or such a person as is mentioned in paragraph (ii) of this sub-clause),or to the spouse widow or widower of a Principal, and so that:-
      1. a person born after the date of the death of a Principal, shall be deemed for the purposes of this sub-clause to have been dependent upon the Principal for all or any of the ordinary necessaries of life if, in the opinion of the Trustees, he would have been so dependent had he been born in the lifetime of the Principal;
      2. such an award may (but need not) be made in consideration of a payment made to the Fund by one of the Participating Employers;
      3. such an award if expressed to be made in lieu of any other payment to which the recipient was (or the personal representatives of a deceased Principal were) entitled under the Scheme, shall discharge the Trustees from liability to make that other payment;
   4. in relation to any pension, periodical allowance or other benefit or category of benefit payable or prospectively payable under the Scheme to or in respect of any person or class of persons:-
      1. award an increase;
8. vary the duration or time of payment;
9. pay an additional benefit;
10. substitute a different benefit.
11. If, in the exercise of their powers under (1) above, the Trustees provide money purchase benefits in substitution for all or any of the benefits that constitute a Member's Short Service Benefit they must:-
12. be reasonably satisfied that the amount allocated to provide money purchase benefits in respect of the Member is at least equal to the value of the benefits substituted; and
13. calculate the money purchase benefits (when they become payable) either on the basis of actuarial advice or in accordance with the terms of an insurance policy or annuity contract in which the amount allocated to provide the benefits is invested.

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1. **Buy-outs**

This clause shall not apply to WPS Section Members. Such Members' entitlement is set out in Rule 6.1 of Part 3.

1. The Trustees may in their discretion (in lieu of providing out of the Fund the (

benefit to which a Deferred Pensioner would otherwise be entitled under the Scheme and the benefits otherwise payable thereunder on his death) apply such a sum as they deem appropriate under the circumstances, by way of premium under an insurance policy or annuity contract effected with an Insurance Company, for the purpose of providing such benefits thereunder for the Deferred Pensioner, and if thought fit his spouse and any dependant of his on his death, as shall be agreed between the Trustees and the Insurance Company, and (if the Trustees are exercising their discretion following a request as referred to in paragraph (b) below) the Deferred Pensioner.

The Trustees may only exercise their above discretion if:-

* 1. the conditions specified in paragraph (4) of regulation 9 of the Preservation Regulations are satisfied (which inter alia and subject to conditions allows for a buy-out without the Deferred Pensioner's consent if he has less than 5 years' qualifying service (as defined for the purposes of that paragraph)); or
  2. the Deferred Pensioner so requests. Provided that the Trustees shall not (unless the Company either in any individual case or generally determines that they may) agree to such a request if and to the extent that the Deferred Pensioner has at that time the statutory option under the PSA 93 of exercising a right to a cash equivalent of any benefits which have accrued to or in respect of him under the Scheme.

1. Any insurance policy or annuity contract so effected:-
   1. shall be such a policy or contract as satisfies the conditions prescribed by or under section 19 of the PSA 93;
   2. may provide benefits for or in respect of the Deferred Pensioner, different from those required to constitute Short Service Benefit subject always to the provisions of paragraph (a) of this sub-clause and to any benefits so provided being both relevant benefits, as defined in section 196A of the FA04;
   3. may include provisions:-
      1. in so far as it relates to any excess of the Deferred Pensioner's GMP and that of his Widow or Widower under the Scheme, for surrender at a later date in return for Transfer Credits in another Registered Scheme or Personal Pension Scheme of which the Deferred Pensioner subsequently becomes a member;
      2. for an open market option at the time when the benefit becomes payable provided:-
         1. that the new insurer is an Insurance Company;
         2. that in the exercise of the option, any transfer of money shall be made direct to the other insurer concerned, or as the case may be through a pension consultant arranging the transaction; and
         3. that the new policy or contract resulting from the exercise of the option shall include the same restrictions as the earlier one on commutation and further assignment;
   4. shall contain any provisions which may be required by HMRC; and
   5. may provide that any lump sum benefit arising under the policy on the Deferred Pensioner's death (which benefit if it had arisen under the Scheme would have been held on the Discretionary Trusts) may be distributed under discretionary trusts.
2. No person in respect of whom such an application as is referred to in (1) above has been made, and no person claiming to be entitled through or under him to any interest in the Fund shall be entitled to any other pension or benefit under the Scheme, and the payment to the Insurance Company of the premium referred to in (1) above shall take effect as a complete discharge to the Trustees in respect of all liability to and in respect of him under the Scheme.
3. **Associated Employers**
4. The Company shall have the power to extend the Scheme to any Associated Employer and such Associated Employer shall enter into an agreement with the Trustees to observe and perform the provisions of the Trust Deed so far as they apply to it.
5. The participation in the Scheme of any Participating Employer (other than the Company):-
   1. shall terminate if it shall cease to be an Associated Employer; and
   2. may be terminated at any time by notice in writing given to it by the Company provided that if this notice applies in relation to a Participating Employer in respect of Former MIS Members it shall not be effective in respect of such Former MIS Members if any trustee or director of a corporate trustee objects pursuant to clause 9(s) and in which case the Former MIS Members shall continue to accrue benefits in accordance with Part 4 of the Rules.

In the event of any such termination the relevant provisions of clause 26 shall apply.

1. **Partial closure**
2. A Participating Employer (other than the Company) may at any time by notice in writing to the Trustees, suspend or terminate its liability to contribute to the Fund (but every such suspension or termination shall be without prejudice to any accrued liability) and shall on such termination cease (subject to (3) below) to be a Participating Employer provided that if the notice applies in relation to Former MIS Members it shall not be effective in respect of such Former MIS Members if a trustee or director of a corporate trustee company objects pursuant to clause

9(s) in which case the Former MIS Members shall continue to accrue benefits in accordance with Part 4 of the Rules.

1. If the Trustees are of the opinion that a Participating Employer's continued participation in the Scheme may prejudice the Scheme's status as a Registered Scheme, they may make a declaration to the effect that the relevant Participating

Employer shall cease to be a Participating Employer, and the Participating (

Employer shall thereupon cease to participate accordingly.

1. If a Participating Employer ceases to be a Participating Employer it shall, notwithstanding such cessation, be deemed to remain a Participating Employer for such period if any (hereinafter referred to as the **"Agreed Period")** as such Participating Employer, the Trustees and the Company agree.
2. Service with a Participating Employer (which expression appearing in this context includes Absence) during a period of suspension of the liability of the Participating Employer to contribute to the Fund, or during the Agreed Period, notwithstanding anything contained in the Rules (unless and to such extent and for such purposes as the Trustees otherwise determine) shall not be Pensionable Service, and there shall be no Pensionable Remuneration in respect of such period.
3. The Trustees shall as soon as may be after whichever of the following dates (hereinafter referred to as the **"Appropriation Date")** applies:-
   1. if a Participating Employer ceases to be a Participating Employer and there is no Agreed Period, the date of such cessation; and
   2. if there is an Agreed Period, the date of termination thereof,

(subject to Clause 26(10) below) appropriate in respect of each Member who on the Appropriation Date is in Service by reason solely of his being or having been in the employment of such Participating Employer and does not by reason of some other employment remain in Service, such part of the Fund as the Trustees determine to be just and equitable, but subject to clause 4(5) such part shall not (without the consent of the Company) be such as in the opinion of the Trustees exceeds in value the smaller of:-

* + 1. the value of the benefits which immediately before the Appropriation Date were prospectively payable to and in respect of the Member and his Pensionable Service before the Appropriation Date; and
    2. the proportion of the Fund which immediately before the Appropriation Date was attributable to the interests therein of the Member and of all others claiming under him,

and as from the Appropriation Date each such Member shall cease to be a Member.

1. The Trustees shall (subject to compliance so far as applicable with the provisions of the PSA 93 and the PA 95) make provision for every such Member who ceases to be a Member under (5) above, in either of the following ways:-
2. by transferring or agreeing to transfer to the trustees or managers of such a Receiving Scheme as is referred to in clause 22.2 or, in the case of WPS

Section Members, such other retirement benefits scheme or other scheme or arrangement to which transfers may be made pursuant to Rule 6.1 of Part 3, all or so much of the part of the Fund appropriated to the Member under (5) above as they determine to be just and equitable, to the like intents and with the like consequences as if such transfer were effected under clause 22.2 or Rule 6.1 of Part 3; or

1. by applying all or so much of the part of the Fund so appropriated as may be necessary in the purchase in the United Kingdom from an Insurance Company, on such terms as the Trustees determine to be just and equitable, in the name or otherwise for the benefit of the Member and of any person who immediately before the Appropriation Date was prospectively or contingently entitled to pension or other benefit on or after his death, of such annuity or other benefit (corresponding as nearly as may be to the pension or other benefit to which the Member or other person was so entitled immediately before the Appropriation Date) each such annuity to be expressed:-
   1. not to be commutable (except to such extent and at such time or times as would if the annuity were a pension arising under the Rules be consistent with the provisions of the Rules relating to commutation, otherwise than in exceptional circumstances of serious ill-health);
   2. not to be assignable; and
   3. to begin in the case of a Member, not earlier than his attainment of the age of 50 years (before 6 April 2010) or 55 years (on and after 6 April 2010) or on earlier incapacity and not later than his attainment of Normal Pension Date, and in the case of any other person on or after the death of the Member from whom such person's interest is derived,

and so that for the purpose of this paragraph (b) the Widow or Widower (as defined in Schedule I to the Rules) of the Member (whether or not married to the Member immediately before the Appropriation Date) shall be deemed to be prospectively entitled to a pension on or after his death.

Provided that the Trustees may (subject to such compliance as aforesaid) in lieu of providing an annuity for a Member who is in an exceptional state of serious ill-health, or if the pension to which he was so entitled immediately before the Appropriation Date is deemed to be Trivial, pay to him (in lieu of such annuity and any Trivial pension or benefit not in pension form arising on his death) such sum as (when added to the amount of any tax payable by it in consequence of such payment) would (but for this paragraph of this proviso) have been applied in making the appropriate provision provided that any such payment is an authorised payment under the FA04.

1. Subject as aforesaid the Trustees shall hold the part of the Fund so appropriated in respect of each Member upon the trusts declared by clause 3, and as an accretion to the Fund for the general purposes thereof.
2. If the Trustees are satisfied that such a Receiving Scheme as is referred to in clause 22.2 or, in the case of WPS Section Members, such other retirement benefits scheme or other scheme or arrangement to which transfers may be

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made pursuant to Rule 6.1 of Part 3 will be established, they may with a view to making such an agreement or transfer as is referred to in (6) above, enter into such temporary arrangements for the provision of benefits which ought to be provided under this clause, as they think fit.

1. References in this clause to the pension or other benefit to which any person was prospectively or contingently entitled immediately before the Appropriation Date, are references to the pension or other benefit to which he might have become so entitled or prospectively entitled if he or the Member from whom the entitlement derives had then ceased to be in Service.
2. The Trustees shall, if the Company so requires, in lieu of making any such appropriation and provision as are described in (5) and (6) above in respect of any such Member as is referred to therein determine that he shall be deemed to have ceased to be in Service at the Appropriation Date, in which event the benefits prospectively payable to and in respect of him shall be determined by the Trustees and shall be such as in the opinion of the Trustees are as nearly as may be equal to those to which he and persons claiming under him would in that event have been entitled, save that (unless the Trustees otherwise determine) the value thereof shall not exceed the sum which but for this sub-clause it would have appropriated to the Member under (5) above.
3. This clause shall (notwithstanding any other provision of the Scheme, but if and only if the Company so determines) have effect in relation to all or any of the Members affected by a relevant transfer (as defined in the Transfer of Undertakings (Protection of Employment) Regulations 2006) as if the employer in whose service they are immediately after becoming so affected were a Participating Employer, and had on the happening of the relevant transfer (or at such time thereafter as the Trustees determine) ceased to be a Participating Employer.
4. This clause shall have effect subject to clause 4.
5. **Circumstances leading to closure**
6. The Company may at any time notify the Trustees that it intends to suspend or discontinue the payment of contributions to the Fund provided that if this notice applies in relation to Former MIS Members or beneficiaries claiming through such a member and any trustee or director of a corporate trustee objects pursuant to clause 9(s):
   1. The payment of contributions to the Fund in respect of Former MIS Members shall not be discontinued pursuant to clause 27(1) above;
   2. The Trustees shall appropriate in respect of the Former MIS Members and any beneficiaries claiming through them such part of the Fund as the Trustees, acting on the advice of the Actuary, consider to be just and equitable and the Company agrees. This part of the Fund shall be retained by the Trustees for the purposes of the continuing Scheme;
   3. The balance of the Fund (if any), after deduction of the part determined under

(b) above, shall become a closed fund (with benefits still accruing) on the date or event set out in 2(a) or (c) below (as appropriate) and shall be held upon the trusts declared by Clause 29;

* 1. For the avoidance of doubt, (3) and (4) below shall not apply in respect of the Former MIS Members.

1. The Fund shall become a closed fund upon the happening of any of the following dates or events, whichever shall first happen that is to say:-
   1. the date of expiration of any such notice of intention to discontinue the payment of contributions to the Fund as is referred to in (1) above (unless the Trustees determine that the closure of the Fund shall be deferred);
   2. the exercise by the Trustees of the power to close the Fund conferred on them by clause 29;
   3. the event of the Trustees declaring the Fund to be a closed fund at any time after it would have become a closed fund under paragraph (a) of this sub­ clause but for a determination by the Trustees that the closure thereof should be deferred;
   4. the event of the Trustees declaring the Fund to be a closed fund, at any time after they might have exercised the power to close the Fund conferred on them by clause 29;
   5. the event of the Trustees declaring that, having consulted the Actuary, they are of the opinion that the Fund is insolvent by reason of the fact that the amount of the liabilities and prospective liabilities of the Fund exceeds the value of the assets and prospective assets thereof and that there is no reasonable prospect of making it solvent and declaring the Fund to be a closed fund.
2. Service with the Employer (which expression appearing in this context includes Absence) during a period of suspension of the Company's contributions to the Fund or insofar as it occurs after the expiration of any such notice of intention to discontinue the payment of contributions to the Fund as is referred to in (1) *above,* notwithstanding anything contained in the Rules (unless and to such extent as the Trustees otherwise determine) shall not be Pensionable Service, and there shall be no Pensionable Remuneration in respect of such period.
3. None of the Participating Employers shall (except for any accrued liability) be liable to contribute to the Fund during a period of suspension of the Company's contributions to the Fund, and none of the Participating Employers shall be liable to contribute to the Fund (except in respect of any accrued liability) after the expiration of any such notice of intention to discontinue the payment of contributions to the Fund as is referred to in (1) *above.*
4. Upon the Fund becoming a closed fund the same shall be held upon the trusts declared by clause 28.
5. **Closure**
6. Subject to section 73 of the PA 95 (preferential liabilities on winding-up) and clause 28A, on the closure of the Fund the Trustees shall subject to the payment of all costs, charges and expenses incurred in giving effect to the provisions of this clause, or otherwise properly payable out of the Fund, apply the same:-

**FIRST** in the provision by an Appropriate Arrangement (as defined in (10) below) of **C**

such benefits for and in respect of each Member and former Member as the Trustees

determine to be appropriate to and equivalent on a money purchase basis to such of the AVCs paid by such Member or former Member as were on the date of closure of the Fund (hereinafter referred to as the **"Material Date"),** together with the corresponding liabilities of the Scheme, separately identifiable and isolated from the

other assets and liabilities of the Scheme. This heading **FIRST** only applies in (

relation to AVCs in respect of which no regular payments have been made by the Employer, other than such payments made solely for the purpose of meeting administrative expenses;

**SECOND** in the provision by an Appropriate Arrangement in the name or otherwise for the benefit of each of the following persons that is to say:-

1. persons who immediately before the Material Date were in receipt of pensions (whether under the Rules or otherwise);
2. Members who having then attained Normal Pension Date would, if they had ceased to be in Service immediately before the Material Date, have become entitled to the receipt of pensions; and
3. persons who immediately before the Material Date, if the persons referred to in (a) and (b) had already been dead would have been entitled to pensions,

of a pension or annuity:-

* 1. in the case of a person referred to in (a), of the same amount as the pension of which he was in receipt immediately before the Material Date;

and

* 1. in the case of a person referred to in (b), of the same amount as the pension of which he would have been in receipt immediately before the Material Date in the event therein specified; and
  2. in the case of a person referred to in (c), of the same amount as the first amount of the pension to which he would have been entitled in the event therein specified; and
  3. (in each case) corresponding in duration and in all other respects (save as to increase) as nearly as may be with the pension to which such person was entitled or prospectively or contingently entitled immediately before the Material Date,

and benefits corresponding as nearly as may be with those if any (other than pensions) calculable by reference to such pension which were then prospectively payable on his death or (in the case of a person referred to in (b)) would have been so prospectively payable in the event therein specified.

**THIRD** in the provision by an Appropriate Arrangement of Equivalent Pension Benefits, GMPs and accrued rights to GMPs.

**FOURTH** in the provision by an Appropriate Arrangement of any benefits in respect of AVCs not provided for under heading FIRST above;

**FIFTH** in the provision by an Appropriate Arrangement for each of the Members and Deferred Pensioners, their Surviving Spouses and Nominated Dependants and Dependants and Eligible Children, of a pension or annuity of the same amount or varying amount and duration and corresponding as nearly as may be in all other respects (save as to increase) with the pension, if any, to which he would have been entitled or prospectively or contingently entitled, if he had ceased to be in Service immediately before the Material Date, and a benefit corresponding as nearly as may be with the benefit (other than pension) which would in that event have been payable on or after such cessation or on the Member's death after such cessation. For the purposes of this heading the expression "Deferred Pensioner" shall be deemed to include any person who was a deferred pensioner under WCAPS or under any other Retirement Benefits Scheme in circumstances where the liability for his pension and/or the other benefits in respect of him has been assumed by the Trustees and any person who is a deferred pensioner in the WPS Section.

**SIXTH** (the pensions or annuities and other benefits to be provided under the foregoing headings SECOND and FIFTH of this sub-clause being secured on the basis that the provisions for increase contained in Rules 4.10 and 4.11 of Part 2 or, in the case of WPS Section Members, Rules 4.9 and 4.1O of Part 3, had ceased to apply upon the closure of the Fund):-

* + 1. first, in securing increases to those pensions and annuities in accordance with Rules 4.10 and 4.11 of Part 2 or, in the case of WPS Section Members, Rules

4.9 and 4.10 of Part 3;

* + 1. secondly, (to the extent not provided under (a) above) in securing increases to those pensions and annuities whilst in payment as required by sections 51-55 of the PA 95; and
    2. thirdly, in increasing those pensions, annuities and other benefits by such respective amounts as the Trustees in consultation with the Company determine to be just and equitable.

**SEVENTH** (subject as aforesaid and to section 76 of the PA 95 (excess assets on winding-up)) the Trustees shall hold the Fund upon trust for such bodies as were immediately before the Material Date the Participating Employers, in such proportions as the Trustees determine to be just and equitable, and in default of such determination in the proportions in which such Participating Employers have respectively contributed to the Fund, provided that any repayment to a Participating Employer pursuant to this sub-clause is subject to prior written consent of the HMRC and to the payment of any tax (including any authorised surplus payment charge arising under section 207 of the FA04).

1. Any entitlement or prospective or contingent entitlement to a pension or other benefit the existence whereof immediately before the Material Date is taken into account to any extent under any heading of (1) above, shall be excluded to that extent from being taken into account under any later such heading.
2. If the entitlement or prospective or contingent entitlement or the amount of any such entitlement of any person under the Scheme (as a member of a class or otherwise) is dependent upon the future exercise of any discretion, the Trustees shall have power for the purpose of this clause (subject to clause 11) to exercise such discretion, and shall exercise it so as to determine whether or not such entitlement exists and if they so determine, to determine also the nature and amount immediately before the Material Date of such entitlement.

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1. An Eligible Child shall for the purposes of this clause be deemed to have been entitled immediately before the Material Date to a pension, if he is an Eligible Child in respect of whom a pension was at that time payable prospectively or contingently under the Rules, and so that each such pension shall be deemed to have been of such amount and duration as the Trustees in each case determine, but so that the

value of all such pensions of the Eligible Children of the deceased Member shall be (

as nearly as may be the same as the value of the pension which was immediately before the Material Date payable in respect of such Eligible Children.

1. Every annuity purchased under this clause shall be expressed not to be commutable except to such extent and at such time or times as is consistent with the Rules

relating to the commutation of pensions otherwise than in exceptional circumstances (

of serious ill-health) and to be non-assignable.

1. The Trustees may, subject where applicable to the provisions of the PSA 93, in lieu of making such provision as is specified in (1) above for a Member who is in an exceptional state of serious ill-health, or if the pension to which a Member is or would in the circumstances specified in that sub-clause be entitled would be deemed to be Trivial pay to him (in lieu of any other provision for or in respect of him), such sum as (when added to the amount of any tax payable by it in consequence of such payment) they might but for this sub-clause have applied in making such other provision.
2. The Trustees may in lieu of making any such provision as is specified in (1) above, subject to the consent of the Company and (where applicable) to the provisions of the PA 95, transfer or agree to transfer to such a Receiving Scheme as is referred to in clause 22.1, or, in the case of WPS Section Members, such other retirement benefits scheme or other scheme or arrangement to which transfers may be made pursuant to Rule 6.1 of Part 3, such part of the Fund as the Trustees, having regard to all the circumstances and with the approval of the Company, consider to be just and equitable.
3. If the Trustees are satisfied that such a Receiving Scheme as is referred to in clause

22.1 or, in the case of WPS Section Members, such other retirement benefits scheme or other scheme or arrangement to which transfers may be made pursuant to Rule

6.1 of Part 3, will be established, they may with a view to making such an agreement or transfer as is referred to in (7) above, enter into such temporary arrangements for the provision of benefits which ought to be provided under this clause as they think fit.

1. Without prejudice to the generality of sub-clauses (f) and (I) of clause 9, the Trustees in making any determination or arriving at any opinion which it is necessary for them to make or arrive at for the purposes of this clause, may act on such actuarial and other advice and on such assumptions as having regard to the circumstances of the case they think appropriate.
2. In this clause the expression **"Appropriate Arrangement"** means each or any combination of the following, as may be applicable in the circumstances:-
   1. a transfer to such a Receiving Scheme as is referred to in clause 22.1 or, in the case of WPS Section Members, such other retirement benefits scheme or other scheme or arrangement to which transfers may be made pursuant to Rule 6.1 of Part 3;
   2. the payment of a contributions equivalent premium in the circumstances permitted by section 55(2) of the PSA 93; or
   3. the purchase of a benefit from an Insurance Company in the name of, or otherwise for the benefit of, the intended beneficiary.

28A. **Assets referable to the DC Section**

Notwithstanding clause 28 above, on any winding up of the Fund, the assets referable to the DC Section (including any AVCs) shall be given the highest possible priority permitted by law.

1. **Substitution of Company**
2. In any of the following events:-
3. if the Company enters into liquidation and another body corporate (whether in contemplation of such liquidation or after the commencement thereof) enters into an agreement with the Trustees and with the Company or its liquidator to perform the obligations of the Company under the Scheme; or
4. if the undertaking of the Company is acquired by or vested in any body corporate, and such other body corporate either enters into an agreement with the Trustees and with the Company or its liquidator, or is bound by virtue of or pursuant to any statutory provision or any order of the Court or rule, order regulation or direction made thereunder or otherwise to perform the said obligations; or
5. if the Company becomes a subsidiary of another holding company and such other holding company enters into an agreement with the Company to perform the said obligations; or
6. if the Company is dissolved by virtue of or pursuant to any statutory provision or any order of the Court or any rule, order, regulation or direction made thereunder or otherwise, and another body corporate is bound by virtue of or pursuant to any statutory provision or any order of the Court or any rule, order, regulation or direction made thereunder or otherwise to perform the said obligations; or
7. provided the Scheme's status as a Registered Scheme is not thereby prejudiced, if another body corporate is a Participating Employer and such other body corporate enters into an agreement with the Trustees and with the Company to perform the said obligations,

then, and in any such event, the Company shall be thereby released from all the said obligations and such other body corporate as aforesaid shall be deemed to be substituted for the Company as the person liable to perform the said obligations, and the Trust Deed shall thenceforth have effect (but without prejudice to Pensionable Service existing before such substitution) as if such other body corporate had been a party to and had executed the Trust Deed in place of **Northumbrian Services Limited.**

1. In any of the following events that is to say:-
2. if the Company enters into liquidation and if at the commencement of such liquidation or at any time thereafter there is not any such agreement as is

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referred to in paragraph (a) of (1) above, and the Trustees are of the opinion (

that there is no reasonable expectation of such agreement; or

1. if the undertaking of the Company is acquired by or vested in any other body corporate, and if at the time of such acquisition or at any time thereafter there is not any such agreement as is referred to in paragraph (b) or (c) of (1) above and such other body corporate is not bound as therein mentioned and the Trustees are of opinion that there is no reasonable expectation of such agreement or of such other body corporate being so bound; or
2. if the Company is dissolved in manner referred to in paragraph (d) of (1) above and if at the time of such dissolution, or at any time thereafter no other body corporate is bound as mentioned in the said paragraph (d) and the Trustees are of opinion that there is no reasonable expectation of any other body corporate becoming so bound,

then, and in any such case, the Trustees shall have power either to close the Fund or to alter any of the trusts, powers and provisions of the Trust Deed in any manner in which the same could be altered under clause 10, and to make such arrangements or enter into such agreements (not being arrangements or agreements of such kind as to be likely in their opinion to affect the status of the Scheme as a Registered Scheme) as they think fit for the continuance of the Scheme, but so however that no such alteration arrangement or agreement shall have effect to increase the liability of any of the Participating Employers to contribute to the Fund.

1. **Preservation and equal treatment rule**
2. The Trustees shall ensure that the Scheme complies with the Preservation Requirements and the Equal Treatment Requirements and may make any determination or *give* any undertaking for those purposes or for any related purpose and may (subject to compliance with those Requirements) revoke or *vary* any such determination or undertaking and every such determination, undertaking, revocation and variation shall take effect subject to clause 32.
3. The provisions of any such determination, undertaking, revocation or variation shall be deemed to be incorporated in the Trust Deed, and shall (to the extent that they are inconsistent therewith) override other provisions of the Trust Deed, including any which but for this clause would override the provisions of such determination, undertaking, revocation or variation.
4. The Trust Deed shall be construed as if it contained the provIsIons stated in regulations 8(4), 9(2), 10(2) and 11 of the Preservation Regulations.
5. The Trustees in transferring (under any of the above clauses of the Trust Deed) a Member's accrued rights under the Scheme to another Registered Scheme may (if he is entitled to Short Service Benefit) do so without his consent only in the circumstances and subject to the conditions prescribed by regulation 12 of the Preservation Regulations and the provisions of the Trust Deed shall be construed accordingly.
6. **Contracting-out**
7. The provisions of this Clause 31 shall not apply in relation to the DC Section.
8. The Trustees and the Company shall ensure that the Scheme complies with the Contracting-out Requirements. For that purpose the GMP Model Rules shall apply in respect of Contracted-out Employment before 6 April 1997 and shall override all other provisions of the Scheme {including any which but for this clause would override those provisions) to the extent that they are inconsistent therewith.
9. A Member's Pensionable Service on and after 6 April 1997 up to and including 5 April 2016 will be Contracted-out Employment {on salary-related basis). On and from 6 April 2016 the Scheme will cease to be contracted out on a salary related basis as a consequence of the abolition of contracting-out for salary-related schemes effected by the Pensions Act 2014. On and from 6 April 2016 the Scheme shall retain contracted-out rights referable to Pensionable Service earned prior to that date and shall provide such benefits in accordance with the requirements of this Clause 31 and any legislative requirements (such legislative requirements to prevail in the event of any conflict with this Clause 31 or any of the other provisions of the Scheme).
10. The Trustees may make any determination or give any undertaking for the purpose of ensuring that the Scheme complies with the Contracting-out Requirements and/or for any related purpose and they may, subject to compliance with those Requirements (and in particular section 37 of the PSA 93) vary any such determination or undertaking and every such determination, undertaking or variation shall take effect subject to clause 32.
11. The provisions of any such determination, undertaking or variation shall be deemed to be incorporated in the Trust Deed, and shall, {to the extent that they are inconsistent therewith) override other provisions of the Trust Deed including any which but for this clause would override the provisions of such determination, undertaking or variation.
12. The Trustees may make such arrangements as they think fit to pay contributions equivalent premiums {to the extent permitted by section 55(2) of the PSA 93) on behalf of the Company or any other Participating Employer whether out of the Fund or out of moneys received for the purpose.
13. Notwithstanding any other provisions of the Trust Deed it shall always be open to the Company or any Participating Employer or any other relevant person {to whom the Contracting-out Requirements may relate) to serve notice or take such other steps (in accordance with those Requirements) as may be appropriate to bring to an end the contracted-out status of any earner's or group of earners' employment by reference to the Scheme.
14. **Supplementary provision to clauses 30 and 31**

Every undertaking, determination, revocation or variation under clause 30 or 31 shall {subject as therein provided) have effect according to its terms and from such time as may be specified thereby and such time may be the date thereof or any reasonable time previous or subsequent thereto so as to give the determination retrospective or future effect.

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**General Rules**

**APPENDIX** (

**PART 1 -GENERAL RULES GENERAL RULE 1 APPLICATION AND SECTIONS**

* 1. **APPLICATION**

These General Rules apply with effect from the Effective Date.

* 1. **SECTIONS**

1. The Scheme comprises several Sections and is governed by this Trust Deed and Rules. The Rules comprise the General Rules which apply as appropriate to all of the Sections, and the specific rules (including appendices) which apply to each of the relevant Sections as follows:
   1. ***"Northumbrian Water Section"*** - Part 2 of the Rules;
   2. ***"WPS Section"*** - Part 3 of the Rules;
   3. ***"MIS Special Terms"*** - Part 4 of the Rules;
   4. ***"Eightieths Section"*** - Part 5 of the Rules;
   5. ***"Executive Section"*** - Part 6 of the Rules; and
   6. ***"DC Section"-*** Part 7 of the Rules.
2. The Northumbrian Water Section, the WPS Section, the MIS Special Terms, the Eightieths Section and the Executive Section are together referred to as the Defined Benefit Sections.
3. Membership of a particular Section means Membership of the Scheme in accordance with the Rules of that Section.

**GENERAL RULE 2 INTERPRETATION AND DEFINITIONS**

* 1. **INTERPRETATION**

1. In the interpretation of the Trust Deed and Rules, unless the context requires otherwise:
   1. the singular includes the plural and vice versa;
   2. references to legislation enacted in the United Kingdom, but which does not extend to Northern Ireland, include any corresponding legislation in force in Northern Ireland;
   3. references to any legislation or any provision of it include references to any subordinate legislation made under it;
   4. references to any legislation or any provision of it include references to any previous legislation or provision relating to the same subject-matter or to any modification or re-enactment of it for the time being in force. References to any subordinate legislation or any provision of it are to be similarly construed;
   5. man includes, in respect of such periods of Service as are required by the Gender Recognition Act 2004, a person in respect of whom a gender recognition certificate has been issued and whose acquired gender for the purposes of that act is male;
   6. woman includes, in respect of such periods of Service as are required by the Gender Recognition Act 2004, a person in respect of whom a gender recognition certificate has been issued and whose acquired gender for the purposes of that act is female; and
   7. references (in whatever terms) to a Member's "spouse" include that Member's Same Sex Spouse or Civil Partner, references (in whatever terms) to a Member's "widow" or "widower" include that Member's surviving Same Sex Spouse or Civil Partner and references (in whatever terms) to "married" or "marriage" include being in a civil partnership or a marriage to a same sex partner.
2. The headings to Rules and summaries of Rules are not to affect their construction or interpretation.
   1. **DEFINITIONS**

In the Trust Deed and Rules (except where a word or expression is specifically defined, or where the context otherwise requires) the following words and expressions have the following meanings:-

**"Absence"** means, in relation to the Northumbrian Water, Eightieths and Executive Sections, absence from Service as an Employee, except that it does not include such absence on normal holiday leave or Maternity Leave. It applies (but is not limited to) Absence due to sickness or accident, secondment or a trade dispute. **"Absent"** has a corresponding meaning.

**"Active Member"** means a Member (other than, in relation to the DC Section, an AVC Member) who has been admitted as an active member of a Section of the Scheme and is in Pensionable Service (or Reckonable Service, as applicable) under that Section.

Provided that, in relation to Former WPS Members, references to "Active Member" and

"Active Membership" shall include periods as an Active Member or in Active Membership (

under the rules of WPS.

**"Active Membership"** means Membership as an Active Member.

**"Actuary"** means the actuary or actuaries for the time being appointed pursuant to clause 14 of the Trust Deed.

**"Annual Equivalent"** means, in relation to a weekly amount, 52 times that amount, in relation to a monthly amount, 12 times that amount and in relation to a four-weekly amount, 13 times that amount.

**"Associated Employer"** means any individual, body corporate or partnership which may be admitted to participation in the Scheme without prejudicing the Scheme's status as a Registered Scheme.

**"Auditor"** means the auditor appointed pursuant to clause 14 of the Trust Deed.

**"AVC Salary Sacrifice Arrangement"** means a Salary Sacrifice Arrangement under which a Member sacrifices part of his or her earnings in return for his or her Employer paying contributions to the Scheme in place of part or all of that Member's AVCs. The AVC Salary Sacrifice Arrangement was introduced with effect from 1 April 2009.

**"AVCs"** means a Member's additional voluntary contributions under General Rule 4.2 or the rule of the Section which applies to him or her. In relation to a Northumbrian Water Section Member or an Executive Member, AVCs include contributions under a corresponding provision of the WCAPS Scheme.

**"AVC Member"** means an Active Member of one of the Defined Benefit Sections who pays AVCs to the DC Section whilst in Active Membership of that Defined Benefit Section. An Active Member of one of the Defined Benefit Sections who was paying AVCs on 5 April 2006 can continue to pay AVCs to the Fund to secure money purchase benefits in accordance with General Rule 4.2(2)(a) but is not an "AVC Member" for the purposes of these Rules.

**"CARE Active Revaluation"** means:

* + 1. Revaluation of CARE Benefits each 1 April following the end of the relevant CARE Year by adjusting the relevant benefit by the lower of:
       1. the annual percentage change, for the previous September, in the Price Index; and
       2. 2.5%,

provided that no adjustment shall be made if the result of (i) and (ii) above is negative.

The rate of revaluation generated by the calculation in this sub-paragraph (1) shall be referred to as the "Revaluation Rate" in this definition.

* + 1. Where a Member ceases to be an Active Member on a date other than 1 April, partial CARE Active Revaluation shall be applied to the CARE Benefits accrued prior to the end of the previous CARE Year, so that:
       1. if Active Membership ceases between 2 April and 31 December inclusive, the CARE Benefits shall be adjusted by:

n/365 x the Revaluation Rate,

where "n" is the number of days of CARE Pensionable Service completed since the previous 2 April inclusive; or

* + - 1. If Active Membership ceases between 1 January and 31 March inclusive, the pension shall be adjusted by

n/365 x the Revaluation Rate,

where "n" is the number of days of CARE Pensionable Service completed since the previous 1 January inclusive

save that, for this purpose, the annual percentage change in the Price Index to be used in the calculation of the Revaluation Rate shall be for the September in the year before the calendar year previous to the date of cessation of Active Membership.

**"CARE Benefits"** means the CARE Pension and any CARE Lump Sum payable in respect of a Member.

**"CARE Pension"** means in respect of a Member a pension for life calculated as follows:

1. For each CARE Year during which the Member is in Pensionable Service or, in the case of a MIS Special Terms Member, Reckonable Service on or after 1 January 2016,
   1. in relation to a Northumbrian Water Section Member, a MIS Special Terms Member or an Eightieths Section Member, 1180th;
   2. in relation to a WPS Section Member, 1160th; and
   3. in relation to an Executive Member, 1145th

of the Member's Pensionable Remuneration (or Pensionable Earnings, in the case of a MIS Special Terms Member) earned in respect of that CARE Year.

1. Where, on or after 1 January 2016, a Member is in Pensionable Service (or Reckonable Service, as applicable) for less than a complete CARE Year, the Member shall accrue the CARE Pension under (1) above in that CARE Year based on the Pensionable Remuneration actually earned during the period the Member was in Pensionable Service (or Reckonable Service, as applicable).
2. While the Member is an Active Member up to and including the date on ceasing to be an Active Member, CARE Pension accrued in each CARE Year (or part CARE Year) under (1) (and (2), if applicable) above will be revalued by CARE Active Revaluation.

**"CARE Pensionable Service"** means Pensionable Service or, in the case of a MIS Special Terms Member, Reckonable Service completed on or after 1 January 2016.

**"CARE Year"** means the period of twelve months beginning on 6 April and ending on the following 5 April, provided that for the purposes of calculating benefits accrued on and from 1 January 2016, the period from 1 January 2016 to 5 April 2016 inclusive shall be an initial part CARE Year.

**"Cash Equivalent"** means: (

1. in relation to the Defined Benefit Sections, the value at the Relevant Date of the benefits which have accrued to and in respect of a Member who ceases to be an Active Member (including any benefits arising in respect of a Member's AVCs) calculated in accordance with the methods and assumptions approved and certified by the Actuary to be consistent with:
   1. the requirements of the PSA 93; and
   2. the methods adopted and assumptions made at the time the Actuary's certificate is issued, in calculating the benefits to which a Member is entitled under the Scheme in respect of a transfer payment made from any other retirement benefits scheme.
2. in relation to the DC Section, the amount calculated in accordance with rule 9.2(2) of the DC Section.

**"Civil Partner"** means the person who is in a registered civil partnership with the Member under the Civil Partnership Act 2004 or who is treated as being in one under that Act.

**"Company"** means **Northumbrian Water Limited** (registered number

02366703) or any other person which is for the time being substituted for it under the provisions of clause 29 of the Trust Deed as the person liable to perform the obligations of the Company under the Scheme.

**"Contributions"** means, in relation to a Member, his contributions (excluding AVCs) to the Fund in respect of his last or only period of Active Membership, together with any corresponding contributions to WCAPS.

**"Contracted-out Employment"** means a Member's salary related contracted-out employment by reference to the Scheme (as in sections 8(1)(a)(i) and 8(1)(b) of the PSA 93).

**"Contracting-out Requirements"** means the requirements of the PSA 93 for the contracting-out of the Scheme in relation to any earner's employment under the PA 95.

**"Contractual Hours"** means, in relation to an Employee, the working hours required by the Employee's contract of employment as certified from time to time by the Employer.

**"CPI"** means the Index of Consumer Prices published by the Office for National Statistics.

**"DC Section"** means the Defined Contribution section of the Scheme providing benefits pursuant to Part 7.

**"DC Section Member"** means a Member who has joined the DC Section in accordance with the applicable provisions of the Trust Deed and Rules from time to time.

**"Deferred Pensioner"** means:

1. in relation to Membership of any of the Defined Benefit Sections, a person who having been an Active Member has ceased to be in Service before Normal Pension Date (including a person who having been an Active Member is treated as having ceased to be in Service under General Rule 3.3 (opting out)) and is entitled by virtue of his Membership to a pension under the Scheme payment of which has not yet begun (not being a pension arising solely by virtue of Contracted-out Employment by reference to the Scheme, or any rule relating to the provision of equivalent pension benefits); and
2. in relation to Membership of the DC Section, a Member whose Pensionable Service has ended and who is prospectively entitled to benefits from the DC Section which have not yet arisen and in respect of whom the Trustees are maintaining an Individual Pension Account.

**"Defined Benefit Sections"** means, together, the Northumbrian Water Section, the WPS Section, the MIS Special Terms, the Eightieths Section and the Executive Section.

**"Defined Benefits Lump Sum Death Benefit"** has the meaning given by paragraph 13 of Schedule 29 to the FA 2004.

**"Disclosure Regulations"** means the Occupational Pension Schemes (Disclosure of Information) Regulations 1996.

**"Disclosure Requirements"** means the requirements as to disclosure of information about the Scheme and the form of that information contained in sections 113 and 113A of the PSA 93, section 41 of the PA 95, the Disclosure Regulations and section 251 of the FA 2004.

**"Discretionary Trusts"** means the trusts powers and provisions set out in General Rule 8.1.

**"Duration of the Member's Pensionable Service"** means, in relation to the Northumbrian Water, Executive and Eightieths Sections, the duration of a Member's Pensionable Service expressed as a whole number of years and (if necessary) as a fraction of a year (days counting as a fraction of a year).

Provided that:-

1. the period of Pensionable Service prior to 1 January 2008 of a Part-time Employee in the Northumbrian Water Section may be reduced by such amount as the Trustees decide is appropriate to take account of changes that have occurred in the number of the Employee's Contractual Hours and/or Standard Hours. In the case of an Employee who has been both a Full-time and a Part-time Employee, the period of Pensionable Service prior to 1 January 2008 shall be reduced to take account of the period or periods of Part-time employment by such amount as the Trustees decide; and
2. the period of Pensionable Service on and after 1 January 2008 and prior to 1 January 2016 of a Part-time Employee shall be the proportion of years and days of Active Membership that his weekly hours used to determine his Pensionable Remuneration in each relevant year bears to those worked by a Full-time Employee.

**"Early Retirement Factor"** means a factor determined from time to time by the Trustees (after consulting the Actuary and the Company).

**"Effective Date"** means 1 January 2008.

**"Eightieths Section"** means the Section providing benefits pursuant to Part 5.

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**"Eightieths Section Member"** means a Member who has joined the Eightieths Section in accordance with the applicable provisions of the Trust Deed and Rules from time to time.

**"Eligible Child"** means in relation to a Member:-

* 1. his legitimate child (whether born before or within one year after his death);
  2. his adopted child;
  3. his step-child or illegitimate child, in each case wholly or mainly dependent on him at his death;
  4. an adopted child of a woman who married the Member before he became entitled to the pension who is wholly or mainly dependent on him at his death;
  5. a child accepted by the Member as a member of the family who is wholly or mainly dependent on him at his death; or
  6. any other person in relation to whom the Trustees decide the Member stood in loco parentis at his death;

who survives the deceased Member. Such a person is or shall remain an Eligible Child until the later of:-

1. the date that he attains age 18;
2. such date (not being later than when he attains age 21) that he is continuing in full­ time education or professional or vocational training with an intended duration of at least two years (unless the Trustees in their discretion accept a shorter period), provided that the Trustees may for this purpose disregard a period when such education or training is not continuous if they are satisfied that the education or training ought not to be regarded as completed; or
3. such date as he is unable to support himself financially by reason of physical or mental incapacity (to the satisfaction of the Trustees, having obtained such medical advice as they consider appropriate) which arose before the Member's death, during full-time education or professional or vocational training or during a period disregarded under (2).

Provided in all cases that a person shall only qualify (or continue to qualify) as an Eligible Child if the payment of any benefit to that person would not prejudice the Scheme's status as a Registered Scheme.

And **"Eligible Children"** has a corresponding meaning.

**"Employee"** means:

1. in relation to the Defined Benefit Sections, a person in Full-time or Part-time employment with any one or more of the Participating Employers other than a person whose employment is for a period of 3 Months or less or is of a casual nature; and
2. in relation to the DC Section, a person employed by a Participating Employer (including someone who is a "worker" as defined in the Pensions Act 2008).

**"Employer"** means, in relation to any Member at any given time, that one or more of the Participating Employers in whose Service he then is or last was.

**"Employment Act"** means the Employment Rights Act 1996.

**"Equal Treatment Requirements"** are the requirements set out in sections 62 to 66 of the PA95.

**"Executive Section"** means the Section providing benefits pursuant to Part 6.

**"Executive Member"** means a Member who has joined the Executive Section in accordance with the applicable provisions of the Trust Deed and Rules from time to time and **"Executive Membership"** shall be construed accordingly.

**"FA 2004"** means the Finance Act 2004.

**"Final Pensionable Remuneration"** means:

1. in relation to a Northumbrian Water Section Member, Executive Member or Eightieths Section Member:
   1. the aggregate amount of his Pensionable Remuneration earned in respect of the year ending on:
      1. his death (or such higher amount as the Trustees and the Company may agree), for the purposes of calculating short-term pensions payable under rule 5.1 (Death in Pensionable Service) of each of the Defined Benefit Sections; or
      2. for all other purposes,
         1. 31 December 2015; or
         2. the date he ceases to be in Pensionable Service, whichever is the earlier ("Termination Date");

or

* 1. if greater than the amount under (a) above, the aggregate amount of Pensionable Remuneration (whichever amount shall be the greater) earned in respect of either of the two previous years (or such smaller number of years during which he has been a Member) ending on the Termination Date.

Provided that:-

* + 1. where a Member's Final Pensionable Remuneration is calculated (as specified in (b) above or in any of the following provisos) by reference to any year other than the last year ending on the Termination Date, the Member's Pensionable Remuneration for that year may be increased in proportion to any increase in the Price Index from the last day of that year up to the Termination Date;
    2. in relation to a Member who has not paid, or is not deemed to have paid, Contributions during the whole of the year ending on the

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General Rules

Termination Date, there shall be substituted, instead of the amount referred to in (a) above, the aggregate amount of his Pensionable Remuneration earned in respect of the last 365 days in respect of which Contributions were paid or are deemed to have been paid before his Contributions or deemed Contributions ceased;

* + 1. where Contributions have not been paid, or are not deemed to have been paid, for 365 days, Final Pensionable Remuneration shall be the amount of Pensionable Remuneration paid for such smaller number of days as are comprised in his Pensionable Service divided by such number and multiplied by 365;
    2. the Final Pensionable Remuneration of a Part-time Employee may be increased or reduced by such amount as the Trustees decide is appropriate to take account of changes that have occurred in the number of the Employee's Contractual Hours and/or Standard Hours. In the case of a Part-time Employee (who was previously a Full-time Employee), Final Pensionable Remuneration is based on the Full-time rate of Pensionable Remuneration. This is calculated for any period by multiplying the Employee's actual Pensionable Remuneration by the number of Standard Hours and dividing the result by the number of the Employee's Contractual Hours;
    3. any fees paid to the Member as a director of one or more of the Employers shall be excluded from this definition to the extent that they exceed the yearly average of those fees calculated over a three year period (or such shorter period during which he has been a Member) ending, in the case of (a) above, on the Termination Date, and, in the case of (b) above, on the same date in whichever of the previous years applies; and
    4. if a Member's Pensionable Remuneration is reduced and within 12 Months of the date of such reduction **("the Reduction Date")** his Employer certifies to him that the reduction is due to a material change in his circumstances, then the following provisions shall apply:-
       1. if the Member's pension or other benefits are to be calculated within 5 years of the Reduction Date, his Final Pensionable Remuneration will (if it exceeds the amount provided under (a) or (b) above) be the greatest of:-
          1. the aggregate amount of his Pensionable Remuneration earned in respect of the year ending on the Reduction Date;
          2. the aggregate amount of his Pensionable Remuneration (whichever amount shall be the greatest) earned in respect of any year ending after and on the anniversary of the Reduction Date;
          3. the yearly average of his Pensionable Remuneration earned in respect of the three consecutive years (or such smaller number of years during which he has been a Member) ending on the Reduction Date; and
          4. the yearly average of his Pensionable Remuneration earned in respect of any period of three consecutive years ending after and on the anniversary of the Reduction Date;
       2. if the Member's pension or other benefits are to be calculated more than 5 years after the Reduction Date and the Reduction Date is not more than 13 years before the Termination Date, his Final Pensionable Remuneration will (if it exceeds the amount provided under (a) or (b) above) be the highest yearly average of his Pensionable Remuneration earned in respect of:-
          1. the three consecutive years (or such smaller number of years during which he has been a Member) ending on the Reduction Date; and
          2. any period of three consecutive years ending after and on the anniversary of the Reduction Date; and
       3. if the Reduction Date is more than 13 years before the Termination Date, his Final Pensionable Remuneration will be the amount provided under (a) or (b) above.

The Employer shall be obliged to certify that a reduction of Pensionable Remuneration is due to a material change in the Member's circumstances if the Member shall request such certificate within 12 Months of the Reduction Date and the change in the Member's circumstances results from his inability to continue to discharge efficiently the duties of his employment or otherwise from circumstances beyond his control.

1. in relation to a WPS Section Member who is an Active Member in full-time Service the greater of:-
   1. the Pensionable Remuneration payable to the Member in the 12 months ending on the last day of his Active Membership or 31 December 2015, if earlier

and

* 1. the highest average Pensionable Remuneration payable to the Member in 3 consecutive tax years ending not earlier than 10 years before Normal Pension Date or the earlier date of cessation of Active Membership or 31 December 2015. In making this calculation each year's Pensionable Remuneration shall be separately increased in proportion to the increase in the Price Index during the period between the end of that year and the end of the penultimate month before the Member's Normal Pension Date or earlier cessation of Active Membership or 31 December 2015.

Final Pensionable Remuneration in respect of an Active Member not in full-time Service shall be calculated as if the employee were in full-time Service at an equivalent rate of Pensionable Remuneration or pensionable remuneration in the Previous Scheme or WMIPS as appropriate.

In any calculation of Final Pensionable Remuneration a certificate of material change **C**

in an employee's circumstances issued for the purpose of the Previous Scheme of

WMIPS shall continue to apply in the manner in which it would have been applied by the Previous Scheme or WMIPS.

**"Final Salary Active Revaluation"** means:

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1. Subject to (2) and (3) below, revaluation of Final Salary Benefits each 1 April following 1 January 2016 by adjusting the relevant benefit by the lower of:
   1. the annual percentage change, for the previous September, in the CPI; and
   2. 2.5%,

provided that no adjustment shall be made if the result of (i) and (ii) above is negative.

The rate of revaluation generated by the calculation in this sub-paragraph (1) shall be referred to as the "Revaluation Rate" in this definition.

1. The first instance of Final Salary Active Revaluation shall take place on 1 April 2016.

The Final Salary Benefits shall be adjusted by n/365 x the Revaluation Rate

where "n" is the number of days of CARE Pensionable Service completed since 1 January 2016 inclusive.

1. Where a Member who is not covered by (2) above ceases to be an Active Member on a date other than 1 April, partial Final Salary Active Revaluation shall be applied to the Final Salary Benefits, both as adjusted by (1) above, so that:
   1. if Active Membership ceases between 2 April and 31 December inclusive, the pension shall be adjusted by:

n/365 x the Revaluation Rate,

where "n" is the number of days of CARE Pensionable Service completed since the previous 2 April inclusive; or

* 1. If Active Membership ceases between 1 January and 31 March inclusive, the pension shall be adjusted by

n/365 x the Revaluation Rate,

where "n" is the number of days of CARE Pensionable Service completed since the previous 1 January inclusive

save that, for this purpose, the annual percentage charge in the CPI to be used in the calculation of the Revaluation Rate shall be for the September in the year before the calendar year previous to the date of cessation of Active Membership.

**"Final Salary Benefits"** means a Member's pension and lump sum entitlements earned in respect of Pensionable Service (or, in the case of a MIS Special Terms Member, Reckonable Service) completed prior to 1 January 2016.

**"Former Definitive Deed and Rules"** means the Definitive Trust Deed and Rules of the Scheme dated 25 March 1998 as amended subsequently to the extent the amendments are effective as at the date being considered for the purposes of this definition.

**"Former MIS Member"** means a Member who on the day immediately before 1 April 2002 was a Member of MIS.

**"Former WPS Member"** means a person who was immediately prior to 1 April 1998 a member of the Northumbrian Section of WPS.

**"Full-time"** means:

1. in relation to an Employee in the Northumbrian Water, Executive or Eightieths Section, a person whose Contractual Hours are at least equal to the Standard Hours.
2. in relation to an Employee in the MIS Special Terms, a person whose Contractual Hours regularly or usually amount to 30 hours or more in each week for at least 45 weeks in a year.

**"Fund"** means the monies, investments and other property from time to time held by the Trustees on the trusts of the Trust Deed.

**"General Rules"** means the rules as set out in Part 1 of the Rules. **"GMP"** has the meaning given in section 8(2) of the PSA 93. **"GMP Model Rules"** means the rules as set out in Schedule I.

**"Guaranteed Amount"** means, in relation to the WPS and Executive Sections, the percentage (which may be a nil percentage) which is the lesser of:-

1. the percentage increase (if any) in the Price Index during the calendar year ending immediately prior to the Increase Date; and
2. 5%.

**"Guaranteed Minimum"** means, in relation to a Member or his Widow or Widower, the guaranteed minimum in relation to the pension provided for the Member under the Scheme in accordance with section 14 of the PSA 93.

**"HMRC"** means HM Revenue & Customs.

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

**"Incapacity"** means, in relation to an Employee (other than an Executive Member, where the term is defined in the rules of the Executive Section), physical or mental ill-health or infirmity which in the Employer's opinion (after considering such medical and other evidence as the Employer determines to be appropriate):

1. is permanent; and
2. prevents the individual from performing those duties for which he is or was employed by the Employer; and
3. prevents the individual from taking up any employment (either with the Employer or any other employer) except at a significantly reduced rate of remuneration. The Employer's determination of what constitutes significantly reduced rate of remuneration is final.

Provided that:

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* 1. in all cases, if a benefit is to be paid before the Member's Minimum Pension Age, the Member satisfies the ill-health condition in paragraph 1 of Schedule 28 to the FA 2004 immediately before he becomes entitled to a pension under the Scheme; and
  2. in relation to Rule 4.5 (early leavers) of the Northumbrian Water and Eightieths (

Sections "Incapacity" means ill-health or infirmity of body or mind which (in the opinion of the Member's Employer, after taking such medical advice (if any) as it considers appropriate) renders the Employee incapable of discharging efficiently the duties of his employment and is likely to be permanent. An incapacity pension is only payable if a medical practitioner approved or appointed by his Employer certifies that such Incapacity is likely to be permanent and the Employer accepts such certificate as evidence of that fact.

* 1. in relation to rule 4.4(2) (early leavers) of the MIS Special Terms, "Incapacity" means physical or mental ill-health or infirmity which in the Employer's opinion:
     1. is permanent; and
     2. prevents the individual from carrying out the normal duties of his employment.

**"Increase Date"** means:

1. in relation to pension accrued by reference to Pensionable Service completed prior to 1 January 2016:
   1. in relation to the Northumbrian Water, Executive and Eightieths Sections (unless the Company shall choose another date), the date specified each year in the Increase Order made for that year being the date by reference to which increases are made pursuant to such Order in respect of any period on or after such date; and
   2. in relation to the WPS Section, the 1 April in any Scheme Year; and
2. in relation to pension accrued in any of the Defined Benefit Sections by reference to

Pensionable Service (or Reckonable Service, as appropriate) completed on or after 1 January 2016, the 1 April in any Scheme Year.

**"Increase Order"** means a Pensions Increase (Review) Order made pursuant to the Pensions (Increase) Act 1971 or section 59 of the Social Security Pensions Act 1975.

**"Insurance Company"** means an insurance company as defined in section 275 of the FA 2004.

**"Interest"** means interest at such rate per annum in respect of any specified period as the Trustees, having regard to the advice of the Actuary, from time to time determine, compounded at each 31st October which is at least one year after the date on which the contribution which is attracting the interest was paid. Interest shall cease to accrue when the Member ceases to be in Service.

Provided that any variation in the rate of interest shall only apply for such period as may be determined and shall not be deemed to be an alteration to the Rules.

**"Last Option Date"** means the date that falls one year before the Member attained "normal pension age", as defined for the purposes of the PSA 93.

**"Late Retirement Factor"** means a factor determined from time to time by the Trustees (after consulting the Actuary and the Company).

**"Lifetime Allowance"** has the meaning given by section 218 of the FA 2004. For the avoidance of doubt, the Lifetime Allowance shall take account of the Lifetime Allowance Enhancement Factor which operates in respect of the Member.

**"Lifetime Allowance Charge"** has the meaning given by section 214 of the FA 2004.

**"Lifetime Allowance Enhancement Factor"** means any of the factors the operation of which is provided for in the provisions listed in section 218(5) of the FA 2004.

**"Linked Qualifying Service"** means any period which in relation to the Scheme is "Linked Qualifying Service" as construed in accordance with section 179 of the PSA 93.

**"Member"** means:

1. in relation to the Northumbrian Water Section, MIS Special Terms, Executive Section and Eightieths Section, a person who having become a Member or been admitted to Membership of such Section remains in Service (but, subject as provided below, does not include a person who opts out pursuant to General Rule 3.3). Provided that when a Member ceases to be in Service, or is treated as having ceased to be in Service under General Rule 3.3 (opting out), his Membership of the Scheme shall also cease (but he shall nevertheless be treated as within the term "Member" for the purposes of any benefit to which he or any person claiming in respect of him may be entitled by virtue of a past period or periods of his Membership);
2. in relation to the WPS Section, a person who has been admitted to Membership and remains entitled to benefit under the WPS Section of the Scheme;
3. in relation to the DC Section, a person who has been admitted to Membership of the DC Section and remains entitled or prospectively entitled to benefits from the DC Section. Where the context expressly requires, the term Member shall additionally include an AVC Member.

Provided that in relation to each of the Employers, any reference to Members means those Members in or formerly in its Service.

**"Membership"** has a corresponding meaning.

**"Minimum Pension Age"** means:

1. before 6 April 2010 a Member's 50th birthday; and
2. on or after 6 April 2010 a Member's 55th birthday.

**"MIS"** means The Water Mirror Image Pension Scheme established with effect as of and from 1 September 1989 and which has since been wound up.

**"MIS Special Terms"** means the Section providing benefits pursuant to Part 4. (

**"Month"** means a period beginning on one day of a calendar month and ending on the day before the corresponding day of the next calendar month. For this purpose the corresponding day is the day of the same date of the next calendar month or, if there is no such day, the first day of the next calendar month but one.

**"New Pension Date"** means the day before the Member attains age 65.

**"Nominated Dependant"** has the meaning given to it by the relevant rule of the Section that applies to the Member.

**"Northumbrian Water Section"** means the Section providing benefits pursuant to Part 2.

**"Northumbrian Water Section Member"** means a Member who has joined the Northumbrian Water Section in accordance with the applicable provisions of the Trust Deed and Rules from time to time.

**"Overseas Service"** in respect of a Member means:-

1. service in the employment of the Employers outside the United Kingdom; or
2. secondment by the Employers to service outside the United Kingdom either with one of the Employers or otherwise on its behalf provided that either
   1. such service is specified to be for a period not exceeding 36 months; or
   2. the Trustee obtains the agreement of HMRC to the continued participation of the Member in the Scheme.

**"PA 95"** means the Pensions Act 1995.

**"Participating Employer"** means the Company and any Associated Employer which has (with the approval of the Company and the Trustees) entered into, and is for the time being bound by, an agreement with the Trustees to observe and perform such of the provisions of the Trust Deed as apply to it.

**"Part-time"** means:

1. in relation to an Employee in the Northumbrian Water, Executive or Eightieths Section, a person whose Contractual Hours are less than the Standard Hours. Provided that up to and including 21st April 1992 a person will only be treated as in Part-time employment if his contract of employment provides that he works not less than 15 hours in any week and 35 weeks in any year; and
2. in relation to an Employee in the MIS Special Terms an Employee other than a Full­ time Employee.

**"Pay Period"** means, in relation to an Employee, the Tax Week, calendar month, four­ weekly period or other period by reference to which he is paid his Pensionable Remuneration by his Employer.

**"Pension Protection Lump Sum Death Benefit"** has the meaning given by paragraph 14 of Schedule 29 to the FA 2004.

**"Pension Salary Sacrifice Arrangement"** means a Salary Sacrifice Arrangement under which a Member sacrifices part of his or her earnings in return for his or her Employer paying contributions to the Scheme in place of that Member's Contributions.

**"Pensionable Remuneration"** means in relation to a Member, subject to General Rule 6.3

(family leave):

1. for benefits accrued on and from 1 January 2008:
   1. in relation to a Northumbrian Water Section Member, a WPS Section Member, an Eightieths Section Member, an Executive Member or a DC Section Member, the basic salary or wages, together with such other remuneration (including the taxable value of any benefits-in-kind) as his Employer determines, paid to him by his Employer in any Pay Period. The amount of a Member's Pensionable Remuneration shall be the amount notified by the Employer to the Trustees and the Trustees may accept such notification as conclusive evidence of the Member's Pensionable Remuneration. The Employer may pro-rate the amount of Pensionable Remuneration referable to any Pay Period where this is necessary for the purposes of determining the Pensionable Remuneration earned by a Member in a CARE Year. Provided that, for any Pay Period in which a Member participates or has participated in a Salary Sacrifice Arrangement, his Pensionable Remuneration shall be his Reference Pay; and
   2. in relation to a MIS Special Terms Member:
      1. who is a Full-Time Employee the greater of:-
         1. Pensionable Earnings in the last 12 months before the earlier of:-

(aa) the cessation of Active Membership; and (bb) 1 January 2016

(such date to be referred to as the "Relevant Date" in this sub­ rule (b);

or

* + - 1. Pensionable Earnings in either of the two years preceding the Relevant Date.
    1. who is a Part-Time Employee the greater of:-
       1. Pensionable Earnings in the last 12 months before the Relevant Date that would have been paid for a comparable employment as a Full-Time Employee, or

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**General Rules**

* + - 1. Pensionable Earnings that would have been paid for a comparable employment as a Full-Time Employee in either of the two years preceding the Relevant Date

Provided that where Active Membership lasts less than 12 months and the Member was not immediately before becoming an Active Member a member of LGPS the Pensionable Earnings payable during his period of Active Membership shall be multiplied by 365/AM where AM is the length in days of Active Membership or by such other fraction as the Trustees feel is reasonable in any particular case.

* + 1. As an alternative to the basis described in (i) or (ii) above in any case (

where an Employer has issued under LGPS or pursuant to rule 2.2 of the MIS Special Terms a certificate that a Member's Pensionable Earnings have been reduced as a result of a material change in his circumstances which are beyond his control, Pensionable Remuneration means either:-

* + - 1. Pensionable Earnings in any consecutive 12 months within the last 5 years ending on the Relevant Date, or
      2. the annual average of the Member's Pensionable Earnings in any 3 consecutive years in the 13 years ending on the Relevant Date

Provided further that in calculating Pensionable Earnings for the purposes of (i), (ii) or (iii) above any fees paid to the Member and any performance-related bonuses paid as a lump sum together with the personal use values of Employer provided cars and any other benefits in kind which were recognised by the Employer as pensionable under LGPS at 31 August 1989 shall be averaged over a period of three or more consecutive years (or over such shorter period during which payment has been made) ending on the date of cessation of Active Membership.

PROVIDED that the benefits payable to and in respect of the Member shall not exceed the limits in Schedule II.

1. for benefits accrued before 1 January 2008:
   1. in relation to a Northumbrian Water Section Member, Executive Member or DC Section Member, Pensionable Remuneration as defined in (1)(a) above.
   2. in relation to a WPS Section Member:
      1. in respect of an Active Member in full-time Service the annual rate of salary and wages payable to him in respect of contractual hours of employment together with the annual rate of:-
         1. local weighting;
         2. all bonus payments (inclusive of overtime and interim productivity payments but excluding performance related

payments and profit related pay unless the Employer otherwise decides);

* + - 1. lead-in payments;
      2. stand-by payments; and
      3. "protected" payments corresponding to any of the above items of pay.

Benefits in kind, payments in lieu or any other payments made to an employee which are not set out above shall not be pensionable, except for benefits in kind in respect of Members ceasing Active Membership on or after 1st April 1989 to the extent that an Employer shall from time to time determine and notify to the Members in its Service and the Trustees; and

* + 1. in respect of an Active Member not in full-time Service an annual rate based on his expected hours of employment in the Scheme Year. The rate shall be decided by the Employer and shall take effect on the first day that the Member joins the Scheme, and shall be reviewed by the Employer with effect from the first day in each Scheme Year.
  1. in relation to a MIS Special Terms Member:
     1. who is a Full-Time Employee the greater of:-
        1. Pensionable Earnings in the last 12 months of Active Membership; or
        2. Pensionable Earnings in either of the two preceding years.
     2. who is a Part-Time Employee the greater of:-
        1. Pensionable Earnings in the last 12 months of Active Membership that would have been paid for a comparable employment as a Full-Time Employee, or
        2. Pensionable Earnings that would have been paid for a comparable employment as a Full-Time Employee in either of the two preceding years

Provided that where Active Membership lasts less than 12 months and the Member was not immediately before becoming an Active Member a member of LGPS the Pensionable Earnings payable during his period of Active Membership shall be multiplied by 365/AM where AM is the length in days of Active Membership or by such other fraction as the Trustees feel is reasonable in any particular case.

* + 1. As an alternative to the basis described in (i) or (ii) above in any case where an Employer has issued under LGPS or pursuant to rule 2.2 of the MIS Special Terms a certificate that a Member's Pensionable Earnings have been reduced as a result of a material change in his circumstances which are beyond his control, Pensionable Remuneration means either:-

{A) Pensionable Earnings in any consecutive 12 months within the last 5 years ending on the date of cessation of Active Membership, or

(8) the annual average of the Member's Pensionable Earnings in any 3 consecutive years in the 13 years ending on the date of cessation of Active Membership

Provided further that in calculating Pensionable Earnings for the purposes of {i), (ii) or (iii) above any fees paid to the Member and any performance-related bonuses paid as a lump sum together with the personal use values of Employer provided cars and any other benefits in kind which were recognised by the Employer as pensionable under LGPS at 31 August 1989 shall be averaged over a period of three or more consecutive years (or over such shorter period during which payment has been made) ending on the date of cessation of Active Membership.

PROVIDED that the benefits payable to and in respect of the Member shall not exceed the limits in Schedule II.

Provided that, for any Pay Period in which a Member participates or has participated in a Salary Sacrifice Arrangement, his Pensionable Remuneration shall be his Reference Pay.

**"Pensioner"** means, in relation to Membership of a Section, a former Member being paid a pension under that Section by virtue of his or her own membership of that Section.

**"Personal Pension Scheme"** has the meaning attributed to it by section 1 of the PSA 93.

**"Prescribed Transfer Credits"** has the meaning given in regulation 3 of the Occupational Pension Schemes (Assignment, Forfeiture, Bankruptcy etc) Regulations 1997 (SI 1997/785).

**"Preservation Regulations"** means The Occupational Pension Schemes (Preservation of Benefit) Regulations 1991.

**"Preservation Requirements"** has the meaning attributed to it by section 69 of the PSA 93.

**"Price Index"** means the Index of Retail Prices published by the Office for National Statistics, or such replacement index as the Company and Trustees shall jointly specify.

**"Protected Condition"** means, in relation to a WCAPS Transferred Member, a condition of his Membership of the Scheme which entitles such Member not to pay any Contributions to the Fund or to pay Contributions to the Fund at a lower rate than that specified in rule 3.1 of Part 2 or Part 6.

**"PSA 93"** means the Pension Schemes Act 1993.

**"Reference Pay"** means in respect of an Active Member who participates in a Salary Sacrifice Arrangement:

1. in relation to the Northumbrian Water Section, WPS Section, Executive Section, Eightieths Section and DC Section, his or her Pensionable Remuneration; or
2. in relation to the MIS Special Terms, his or her Pensionable Earnings,

as it would have been if he had not participated in the Salary Sacrifice Arrangement.

**"Registered Scheme"** has the meaning given by section 150(2) of the FA 2004. References to a scheme's status as a Registered Scheme being prejudiced shall include any act or omission which would or might, whether alone or in conjunction with other acts or omissions, lead directly or indirectly to the scheme ceasing to be a Registered Scheme.

**"RPI"** means the Index of Retail Prices published by the Office for National Statistics.

**"Rules"** means (except where the context otherwise requires) for the purposes of the Trust Deed and the Rules, these General Rules, the Rules in Parts 2 to 7 of this Appendix and the Schedules and appendices to the Rules (including any alteration of them for the time being in force).

**"Salary Sacrifice Arrangement"** means such salary sacrifice arrangement (including a Pension Salary Sacrifice Arrangement and an AVC Salary Sacrifice Arrangement) put in place by the Company or the Member's Employer from time to time and made available to employees of Participating Employers who are in Pensionable Service (or Reckonable Service, as appropriate).

**"Same Sex Spouse"** means a spouse of the same sex as the Member.

**"Schedule"** means a Schedule to the Rules.

**"Scheme"** means the Northumbrian Water Pension Scheme, as set out in the Trust Deed and Rules.

**"Scheme Year"** means the twelve calendar months commencing on 1st January in each year, and ending on 31st December.

**"Section"** means a Section of the Scheme. The Sections are used for reference only and do not create any separation or segregation of assets (unless otherwise stated in the Rules).

**"Service"** means:

1. (except in Schedule I, where it is separately defined) in relation to a Member of one of the Defined Benefit Sections:-
   1. a period during which he is employed by one or more of the Participating Employers; and
   2. such other period or periods as the Company from time to time may determine to be periods of Service.

Provided that:-

1. a Member who having ceased to be employed by a Participating Employer immediately afterwards enters other such employment shall nonetheless be treated as having ceased to be in Service and the periods of Service shall be separate. However, a Member shall not be treated as having ceased to be in Service in such circumstances and the periods of Service shall be continuous if:-
   1. he has transferred his benefits into the Scheme (unless he elects to have the periods of Service treated separately); or
   2. his new Employer so determines;
2. a Member's Service shall not cease by reason only of some change having taken place in the nature of his employment (unless his Employer determines otherwise); and
3. a female Member absent from work on Maternity Leave shall not be deemed to have ceased to be in Service. However, on the termination of Maternity Leave (other than by the Member returning to work with a Participating Employer), a Member will be deemed to have ceased to be in Service unless her Employer otherwise determines.
4. in relation to a Member of the DC Section:
   1. service as an Employee (but, unless the Company otherwise determines, excluding any service with an Employer before it becomes or after it ceases to be one of the Participating Employers); and
   2. any other period that the Company at any time, with the approval of the Trustees, determines to be Service.

**"Short Service Benefit"** has the meaning given by section 71(2) of the PSA 93. A Member is entitled to Short Service Benefit if he satisfies the requirements of section 71(1) of that Act.

**"SMART Member"** means an Active Member of the Scheme who participates in a Pension Salary Sacrifice Arrangement. For the avoidance of doubt, references in the Rules to "Member" or "Active Member" shall be deemed to include "SMART Member" where a Member is a SMART Member. A Member who participates in an AVC Salary Sacrifice Arrangement shall not be a SMART Member.

**"Standard Hours"** means, in relation to an Employee in a particular category, the standard working hours certified by the Employer from time to time as appropriate to Employees of that category being not less than 30 hours in any week.

**"State Pension Age"** has the meaning attributed to pensionable age in section 181(1) of the PSA 93.

**"Tax Week"** has the meaning given in section 122(1) of the Social Security Contributions and Benefits Act 1992.

**"Tax Year"** means a period of one year beginning on a 6th April.

**"Transfer Credits"** has the meaning given by section 181(1) of the PSA 93.

**"Trivial"** means, in relation to a person's pension under the Scheme, that a lump sum extinguishing all pensions payable to the same person under Registered Schemes of the Participating Employers, or any of them, or to which any of the Participating Employers has contributed, and all lump sum benefits so payable would be a trivial commutation lump sum as defined in paragraph 7 of schedule 29 to the FA 2004, a trivial commutation lump sum death benefit as defined in paragraph 20 of schedule 29 to the FA 2004 or an authorised member payment under section 164(1)(f) of the FA 2004, and is consistent with the

Preservation Requirements and the Occupational Pension Schemes (Contracting-out) Regulations 1996.

**"Trust Deed"** means this deed (including its Appendix with Schedules and appendices together comprising the Rules) and any deeds supplemental thereto.

**"Trustees"** means Northumbrian Water Pension Trustees Limited and its successors as trustee or trustees for the time being of the Scheme.

**"United Kingdom"** means the United Kingdom of Great Britain and Northern Ireland. **UK**

has a corresponding meaning.

**"WCAPS"** means The Water Companies' Association Pension Scheme as it was immediately before the WCAPS Transfer Date.

**"WCAPS Deed"** means the definitive trust deed of WCAPS.

**"WCAPS Transfer Date"** means the 1st November 1990.

**"WCAPS Transferred Member"** means a person who is a Member of the Scheme by virtue of his membership of WCAPS immediately before the WCAPS Transfer Date.

**"WCAPS Transferred-in Service"** means the Service of a WCAPS Transferred Member up to the WCAPS Transfer Date which was pensionable for the purposes of WCAPS in respect of his last or only period of membership of such Scheme.

**"Widow" and "Widower"** have the respective meanings specified in rule 1.1 of the GMP Model Rules.

**"WPS"** means the Northumbrian Section of the Water Pension Scheme.

**"WPS Section"** means the Section providing benefits pursuant to Part 3.

**"WPS Section Member"** means a Member who has joined the WPS Section in accordance with the applicable provisions of the Trust Deed and Rules from time to time.

**GENERAL RULE 3 C**

**MEMBERSHIP**

* 1. **ELIGIBILITY**

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1. No Employee has been permitted or been eligible for admission to Membership of the Defined Benefit Sections since 1 January 2008.
2. Prior to 1 January 2008 Employees were admitted to Membership of the Defined Benefit Sections in accordance with the provisions of the Scheme rules in force at the relevant time.
3. Employees are, since its establishment with effect from 1 January 2008, eligible to join the DC Section subject to the rules, including as to eligibility, of the DC Section.
   1. **PENSION SALARY SACRIFICE ARRANGEMENT**

***Defined Benefit Sections***

1. With effect on and from 1 April 2006, each Member of the Defined Benefit Sections of the Scheme who was in Pensionable Service (or Reckonable Service as appropriate) became a SMART Member unless either his Employer determined that the Member was in a category or description of Employees not eligible to participate in the Pension Salary Sacrifice Arrangement or the Member notified his Employer in writing on or before 17 March 2006 that he did not wish to be a SMART Member.
2. An Employee who:
   1. joined the Northumbrian Water Section of the Scheme on or after 1 April 2006 and before 1 January 2008; or
   2. joined the Eightieths Section on 1 January 2008

automatically became a SMART Member unless either his Employer determined that he was in a category or description of Employees not eligible to participate in the Pension Salary Sacrifice Arrangement or he notified his Employer in writing before joining such Section that he did not wish to be a SMART Member. All Employees who joined the Eightieths Section on 1 January 2008 were SMART Members on 31 December 2007 and continued to be SMART Members on and from 1 January 2008.

1. For the avoidance of doubt -
   1. on and with effect from becoming a SMART Member, the Member is required to pay Contributions in accordance with rule 3.1(1)(a) of the Section that applies to him or her; and
   2. on ceasing to be a SMART Member, the Member shall with effect on and from that date pay Contributions in accordance with rule 3.1(1)(b) of the Section that applies to him or her.

***DC Section***

1. An Employee who joined the DC Section before 1 April 2009 may become a SMART Member by giving such notice and complying with such conditions as the Employer shall determine.
2. An Employee who joins the DC Section on or after 1 April 2009 and before 1 July 2013 shall automatically become a SMART Member unless he notifies his Employer in writing before joining the DC Section that he does not wish to become a SMART Member.
3. An Employee or Eligible Person who joins the DC Section on or after 1 July 2013 will either:
   1. automatically become a SMART Member unless he notifies his Employer in writing before joining the DC Section that he does not wish to become a SMART Member; or
   2. become a SMART Member only by giving such notice and complying with such conditions as the Employer shall determine;

Whether an Employee falls under (a) or (b) above shall be determined by his Employer.

***Opting-out***

1. A Member shall cease to be a SMART Member if he opts out of being a SMART Member by giving not less than one month's prior written notice to his Employer or ceases to be in Pensionable Service (or Reckonable Service, as applicable).
2. A Member who elected not to be a SMART Member or who subsequently opts out of being a SMART Member shall not be eligible to become a SMART Member subsequently, unless his Employer consents to him becoming a SMART Member, in which case he shall become a SMART Member with effect on and from such date as may be determined by his Employer.
   1. **OPTING OUT OF ACTIVE MEMBERSHIP**
3. A Member may opt out of Active Membership by giving to the Trustees at least 60 days' (or such shorter period as the Trustees may at their absolute discretion determine in any particular case) notice in writing in such form as the Trustees may require. Such opting-out will take effect on the expiry of the notice (or such earlier or later date as the Trustees may determine).
4. Any Active Member who becomes a "qualifying person" for the purposes of Regulation 2 of the Occupational Pension Schemes (Cross-border Activities) Regulations 2005 will be treated as leaving Service, immediately prior to becoming such a qualifying person.
5. An Active Member who opts out shall be treated as ceasing to be in Service on the date his Active Membership of the Scheme ends. Accordingly he shall cease contributing under General Rule 4 (Members' Contributions) and become entitled to benefits in accordance with rule 5 (Benefits) of the DC Section and/or rule 4 (Retirement Benefits) of the Defined Benefit Section that applies to him or her. Unless the Member concerned shall have exercised an option to take a repayment of

his Contributions and his AVCs (if any) or to have a cash transfer sum paid to another pension scheme he shall be treated as a Deferred Pensioner for the purposes of:

* 1. death benefits that may become payable under rule 6 of the DC Section and/or rule 5 (Death Benefits) of the Defined Benefit Section that applies to him or her; and
  2. transfers out or buy-outs.

1. A Member who has opted out cannot subsequently be re-admitted to Active Membership (other than to Active Membership of the DC Section, subject to the rules, including as to eligibility, of that Section).
2. This General Rule 3.3 is subject to rule 2.6 (Pensions Act 2008 opt-out) and Rule 2.7 (Other opt-out within a month) of the DC Section, where applicable.

**GENERAL RULE 4 CONTRIBUTIONS**

* 1. **MEMBERS' ORDINARY CONTRIBUTIONS**

1. A Member shall pay Contributions in accordance with the rules of the Section that applies to him or her.
2. Contributions shall, subject to General Rules 6.2 and 6.3, cease on the earliest of the following events:
   1. the date the Member ceases to be an Active Member (or is treated as having ceased to be in Pensionable Service or Reckonable Service under General Rule 6.1); and
   2. the date immediately following the last payment of remuneration at, prior to or following his death.
   3. **ADDITIONAL VOLUNTARY CONTRIBUTIONS**

**Members who were paying AVCs on 5 April 2006**

1. Prior to (but not since) 6 April 2006 a Member of one of the Defined Benefit Sections could enter into an agreement to pay AVCs to purchase an additional period of Pensionable Service (or Reckonable Service, as appropriate) in accordance with the provisions of the Scheme rules in force at the relevant time.

Where Active Members were paying AVCs pursuant to this sub-rule immediately prior to 1 January 2016, they will continue to pay AVCs at the same rate as before but the added years of Pensionable Service on and from 1 January 2016 will provide benefits on the basis of:

* 1. additional pension of 1180th; and
  2. additional lump sum of 3/80ths

of Pensionable Remuneration earned in each complete CARE Year. Days of Pensionable Service before or after a complete CARE Year will count on a pro rata basis.1

1. Subject to (14) below, an Active Member of one of the Defined Benefit Sections who was paying AVCs on 5 April 2006 may, with the consent of the Trustees and subject to such terms and conditions as the Trustees may from time to time determine (and in respect of (a) below, subject to any such determination, on the terms applicable under the agreement, rules or publications in force on 5 April 2006) either:
   1. continue to pay AVCs to the Fund and have them applied to secure benefits on a money purchase basis; or
   2. pay AVCs into the DC Section in accordance with (6) to (10) below.

1 As at the date of adoption of these Rules, there were only four members paying AVCs in this category, all of whom are members of the Northumbrian Water Section.

1. A Member may, by written notice to the Trustees, elect to vary or cease making such payments. Such election is exercisable only with the Trustees' consent and is subject to such terms and conditions as the Trustees may from time to time determine.
2. If a Member has opted to apply his AVCs under (2)(a) above the following provisions shall apply:-
   1. the Member may take those AVCs as tax free cash, subject to the lump sum not exceeding the "permitted maximum" as defined in paragraph 2 of Schedule 29 to the FA 2004 (as amended where appropriate by Schedule 36 to the FA 2004)
   2. the Member may, by written notice to the Trustees, elect to defer taking part or all of his benefits in relation to those AVCs beyond the date when his other benefits under the Scheme come into payment.
   3. A Member who makes such an election under (b) above can take his AVCs as cash, subject to the limits described in (a) above.
3. If a Member has opted to apply his AVCs under 2(b) above, he may take his AVCs as tax free cash in accordance with General Rule 5.2 or such other arrangements as the Trustees and the Company agree from time to time.

**Members who start to pay AVCs on or after 1 January 2008**

1. Subject to (14) below, an Active Member or an AVC Member may, with the Trustees' agreement and subject to any restrictions imposed by the Trustees, pay, vary or stop paying AVCs to the DC Section on or after 1 January 2008 in accordance with provisions published by the Trustees and issued to those Members **("the AVC Provisions").** AVCs will be applied by the Trustees to provide additional benefits to or in respect of the Member in accordance with the AVC Provisions.
2. Where an AVC Member pays AVCs to the DC Section:
   1. benefits shall be payable to or in respect of the Member from the DC Section referable to those AVCs;
   2. no other benefits shall be payable to or in respect of the Member from the DC Section (other than benefits referable to any period of Active Membership of the DC Section undertaken by the Member); and
   3. the Member shall not be entitled to any Employer contribution to the DC Section referable to those AVCs.
3. The Trustees may:
   1. require the Member to give them notice (in such form as the Trustees may determine) of intention to pay AVCs at a specified rate or to vary that rate; and
   2. impose a minimum amount for the payment of AVCs.
4. The Member must give the Trustees written notice (which they must comply with as soon as administratively practicable) as to how he or she wishes the AVCs to be invested, within the AVC Provisions.
5. The Member must give the Trustees written notice as to what form of additional benefits, within the AVC Provisions, he or she wishes the proceeds of the AVCs to be applied to provide. The Trustees must comply with that notice, unless and to the extent that to do so might prejudice the Scheme's status as a Registered Scheme. Insofar as the Member does not give notice (or it does not apply in the particular circumstances) the Trustees must apply the proceeds in accordance with the AVC Provisions.

**AVCs - limits**

1. A Member's AVCs in any Tax Year must not, when combined with his or her Contributions (if any) under General Rule 4.1 or any other provision of the Scheme exceed 100% of his or her Pensionable Remuneration (or Pensionable Earnings, as applicable) in respect of that Tax Year.

**AVCs - return of surplus AVCs**

1. If a Member's contributions in any Tax Year exceed such amount as qualifies for tax relief in respect of that Tax Year under section 190 of the FA 2004, the Trustees shall have discretion to pay a refund of those contributions which exceed the annual limit for relief in accordance with paragraph 6 of Schedule 29 of the FA 2004.

**AVCs - absence**

1. Where a Member is Absent but is treated as being in Pensionable Service (or Reckonable Service, as applicable) he may continue to pay AVCs.

**AVC Salary Sacrifice**

1. During any period when a Member participates in an AVC Salary Sacrifice Arrangement, his or her Employer must pay such contributions to the Scheme equal to the AVCs that the Member would have paid under this General Rule 4.2 if he had not been participating in that arrangement.
   1. **METHOD OF COLLECTION OF MEMBERS' CONTRIBUTIONS**
2. Each Member's Contributions and AVCs (if any) shall be deducted from his remuneration by his Employer and shall be paid to the Trustees (or as they shall direct) at such intervals as the Trustees may require but subject to section 49 of the PA 95 and any such regulations made under that section.
3. The Trustees may agree with the Member that his Contributions and/or AVCs shall be paid in some other manner. The Trustees shall at the direction of the Company render an administration charge of such amount as the Company may determine from time to time, payable by the Member, if AVCs are paid in such other manner.
4. Each Member will be personally liable for the payment of his or her AVCs, notwithstanding (1) and (2) above.
   1. **EMPLOYERS' CONTRIBUTIONS - DEFINED BENEFIT SECTIONS**
5. Each Participating Employer shall pay such contributions (if any) to the Fund as may be required from time to time of it under clause 18 of the Trust Deed.
6. Notwithstanding (1) above, unless the Trustees agree otherwise, each Participating Employer shall pay to the Fund an amount equal to the Contributions that each SMART Member in its employ would have paid in that Pay Period if he had not been a SMART Member.
7. Each Participating Employer shall notify the Trustees as soon as possible of the name

of each Member it employs who is not a SMART Member. (

**GENERAL RULE 5 COMMUTATION**

* 1. **TAX FREE CASH**

1. A Member can:
   1. subject to General Rule 5.2, commute pension for a lump sum in accordance with the rules of the Section applicable to him;
   2. commute a trivial pension for a lump sum in accordance with General Rule

##### 5.3;

* 1. commute pension for a lump sum on the grounds of serious ill-health in accordance with General Rule 5.4; and
  2. subject to General Rule 5.2, apply AVCs as cash.
  3. **LIMITS ON TAX FREE CASH**

1. Unless the Company and Trustees jointly determine otherwise, either in an individual case, for a category or categories of Members or generally, where a Member has accrued benefits both in any of the Defined Benefit Sections of the Scheme and in the DC Section, the two elements of their benefits (defined benefit and defined contribution) will be treated separately for the purposes of applying limits on tax-free cash.
2. Where a Member pays AVCs on or after 1 January 2008 to the DC Section:
   1. if that Member pays such contributions to the DC Section whilst remaining as an active member of one of the Defined Benefit Sections the two elements of their benefits (defined benefit and defined contribution) will be treated separately for the purposes of applying limits on tax-free cash;
   2. if that Member pays such contributions to the DC Section whilst an active Member of the DC Section, his or her entire DC Section Benefits (including AVCs) will be amalgamated for the purposes of applying limits on tax-free cash.
3. The limit on tax-free cash referred to in paragraphs (1) and (2) above is that the lump sum will not exceed the "permitted maximum" as defined in paragraph 2 of Schedule 29 to the FA 2004 (as amended where appropriate by Schedule 36 to the FA 2004).
   1. **TRIVIAL COMMUTATION**
4. The Trustees may, provided that they are satisfied that either:
   1. the conditions set out in paragraph 7 of Schedule 29 to the FA 2004; or
   2. the conditions set out in any regulations made pursuant to section 164 of FA 2004

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General Rules

are met, commute all of a Member's benefits under the Scheme, together with the (

benefits payable on his death in return for the payment of a lump sum.

1. The Trustees may, provided that they are satisfied that either:
   1. the conditions set out in paragraph 20 of Schedule 29 to the FA 2004; or
   2. the conditions set out in any regulations made pursuant to section 164 of FA 2004

are met, commute all of the benefits payable to the person or persons entitled to a pension on the death of a Member in return for the payment of a lump sum.

1. The amount of the lump sum payable under (1) and (2) above will be determined by the Trustees having consulted the Actuary. For the avoidance of doubt, the Trustees shall not be under any obligation to commute a Member's pension under (1) above, and may require such evidence or assurance from a Member before doing so as the Trustees in their absolute discretion may decide.
   1. **SERIOUS ILL-HEALTH COMMUTATION**
2. Upon the application of or on behalf of any Member entitled to the payment of a pension under the Scheme who is in such exceptional ill-health that, in the opinion of the Trustees having received advice from a registered medical practitioner, he is expected to live for less than a year, the Trustees may, provided that the criteria set out in paragraph 4 of Schedule 29 to the FA 2004 are satisfied, decide to grant to that Member a lump sum payment instead representing the value of:
   1. his Individual Pension Account under the DC Section; and/or
   2. the pension to which he is or will become entitled at State Pension Age under the Defined Benefit Sections.
3. The amount of the lump sum (in respect of his benefits under the Defined Benefit Sections) shall be certified as reasonable by the Actuary. The lump sum shall be payable on the date on which the Member's pension is due to commence. Where payment of the lump sum is delayed more than 60 days after the date the pension was due to become payable, interest may be added at the Trustees' discretion in respect of all or part of that period between that date and the actual date of payment, other than where the beneficiary caused or contributed to the delay. The interest shall be calculated in the way and at a rate decided on by the Trustees.
4. Commutation under this Rule 5.4 does not affect entitlement to or the amount of any pension payable on the death of the Member to a dependant unless the Trustees decide otherwise, subject to any restrictions under legislation on commuting a dependant's pension. If the Member's pension is commuted under Rule 5.4, any pension which remains payable on his death to a dependant shall form a separate arrangement under the Scheme for the purposes of the Finance Act 2004.

**GENERAL RULE 6**

**BENEFITS**

* 1. **FLEXIBLE RETIREMENT**

1. A Member who has attained Minimum Pension Age may elect, by giving written notice to the Trustees at such time and in such form as they shall determine, to draw benefits whilst continuing in Service. The notice must specify the date from which the Member wishes to draw benefits, which must not be less than 30 days after the date the Trustees receive the notice unless they agree a shorter period.
2. A Member who makes an election in accordance with (1) shall be treated as ceasing to be in Pensionable Service (or Reckonable Service, as applicable) on the date benefits are first drawn, if he has not already opted out of Pensionable or Reckonable Service, as applicable).
3. The Member's benefits shall be calculated in accordance with the relevant provision of rule 4 of the Section which applies to him on the basis that he is treated as ceasing to be in Service on the effective date specified under (1) above.
4. On the Member's subsequent death he shall be treated as a Pensioner and death benefits shall be calculated and payable in accordance with the applicable Rule of the Section which applies to him.
5. If the Member draws his benefits under this flexible retirement facility before Normal Pension Date whilst remaining in Service, the payment of such benefits is subject to any consent requirements set out in the applicable early retirement Rule. Provided that, if the Member draws his benefits before Normal Pension Date and his benefits are reduced:
   1. in respect of accrual on and after 1 January 2008 by reference to Normal Pension Date; and
   2. in respect of accrual prior to 1 January 2008 by reference to age 60 or (if later than 60) the Member's rule of 85 date (that is, the date when his age and Qualifying Service, had he remained an Active Member, would in total have amounted to 85 years),

any consent requirement to the payment of benefits in the applicable early retirement Rule shall not apply.

1. If a Member elects to draw only part of his benefits immediately under this Rule, he must agree the terms of the flexible retirement with the Company and the Trustees.
   1. **ABSENCE - DB SECTIONS**

**NW, EIGHTIETHS AND EXECUTIVE SECTIONS**

1. Paragraph (2) applies to a Northumbrian Water Section Member, Eightieths Section Member or an Executive Member who is Absent, whether or not his contract of employment remains in force. It overrides all other provisions of the Rules.
2. (a) the Member shall be treated as remaining in Service (unless the Employer determines otherwise) and a period of Absence shall be treated as Qualifying Service (unless the Employer determines otherwise);
   1. for the purpose of benefits under rule 4 (Retirement Benefits) of Part 2, 5 or 6 of the Rules (as applicable), the Member shall be treated as being in Pensionable Service for such part (if any) of the period of Absence as the Employer determines. However, not more than 10 years' unpaid Absence may be treated as Pensionable Service unless it is due to sickness or accident or the Employer determines otherwise. In making a determination under this rule the Employer may specify that special terms shall apply regarding contributions, benefits and any other relevant matters as it thinks fit.

Only a period of Absence (or the part thereof) in respect of which the Member pays Contributions under (d), (e), or (f) below (or is otherwise deemed to be paying Contributions), may be treated as Pensionable Service unless the Employer determines otherwise;

* 1. for the purpose of benefits under rule 5 (Death Benefits) of Part 2, 5 or 6 of the Rules (as applicable), a Member who dies while Absent shall be treated as if he died in Pensionable Service so that benefits shall be payable under rule

5.1 of Part 2, 5 or 6 of the Rules (as applicable) and irrespective of whether he has elected to contribute under (e) below. In such a case, Pensionable Remuneration and Final Pensionable Remuneration will be the amounts they would have been if the Member had not been Absent;

* 1. the Member shall be obliged to continue his Contributions in respect of the first 30 days of Absence and by reference to the Pensionable Remuneration he would have received if he had not been Absent. However, this provision does not apply to Absence due to sickness or accident (see (g) below) or to Absence by reason of a trade dispute;
  2. within the first 30 days of Absence (or such longer period as the Employer may determine) the Member may, by written notice to the Trustees, elect to continue his Contributions for the rest of his Absence unless his Employer determines otherwise. In such a case the Member will contribute to the Fund by reference to the Pensionable Remuneration he would have received if he had not been Absent (unless the Employer determines otherwise);
  3. if a Member who has been Absent returns to work and within 30 days of such return (or such longer period as the Employer may determine):-
     1. elects to contribute to the Fund an amount determined by the Trustees on the advice of the Actuary; and
     2. then pays such amount within such period as may be specified by the Trustees,

such Member will be treated as having remained in Pensionable Service during the whole period corresponding to his Absence;

* 1. a Member who is Absent because of sickness or accident and is in receipt of any remuneration from his Employer or any benefits under a long term disability scheme of his Employer, will be obliged to contribute to the Fund by reference to the amount of such remuneration or benefits. However, such a

Member who is not in receipt of any such remuneration or benefits will not be obliged to contribute to the Fund during such Absence, but (so long as there is a definite expectation that he will return to work) will nonetheless be treated as remaining in Pensionable Service and be deemed to be paying Contributions (unless the Employer determines otherwise);

* 1. the amount of the Member's Pensionable Remuneration shall be determined by the Employer. It shall not be more than the Pensionable Remuneration which (in the Employer's opinion) it would have been had the Member not been Absent;
  2. the Member, if his remuneration is reduced because of his Absence, may ask the Trustees to permit him to suspend or reduce the rate of his Contributions. The Trustees may (with the consent of the Employer) grant that permission, imposing such terms (if any) with respect to benefits and other matters as they (with like consent) think fit; and

U) unless the Employer determines otherwise and subject to the Preservation Requirements, periods of Pensionable Service before and during a period of Absence and after the Member returns to work will be treated as continuous.

**WPS SECTION**

1. Paragraphs (4) to (10) below apply if a WPS Section Member is on leave of absence from Service because of ill-health, or because he has been seconded to a United Kingdom government department or is engaged in similar work of national importance, and is receiving no Pensionable Remuneration or a reduced rate of Pensionable Remuneration.
2. Where the Member's absence is due to ill-health then that period of absence shall be treated as Active Membership unless the Employer in its discretion otherwise determines and notifies the Member accordingly in writing. If no such determination is made, the Employer shall, if so advised by the Actuary, itself pay a sum commensurate with the Member's contributions which would otherwise have become due on the basis of the notional Pensionable Remuneration that the Member would have received had he not been absent, as well as the Employer's contributions payable.
3. Where the Member's absence is because he has been seconded to a United Kingdom government department or is engaged in similar work of national importance the Member's Employer may at its discretion direct the Trustee to treat the Member as if he were not absence. An Employer making such a direction shall, if so advised by the Actuary, itself pay a sum commensurate with the Member's contributions which would otherwise have become due on the basis of the notional Pensionable Remuneration that the Member would have received had he not been absent, as well as the Employer's contributions payable.
4. If the Employer exercises its discretion under paragraphs (4) or (5) the Member may elect to pay contributions on the basis of the notional Pensionable Remuneration which he would have received had he not been absent. In that event the Employer shall continue to pay the appropriate Employer's contributions. The Member's election shall be made in writing to the Employer no later than 60 days after the beginning of his leave of absence or at any later date that may be agreed by the Employer with the Trustee's consent.
5. Where payable, Employer's and Member's contributions shall be payable only on the full rate of the Member's notional Pensionable Remuneration.
6. A Member who is on Overseas Service may with the consent of the Employer remain an Active Member unless to do so would prejudice the Scheme's status as a Registered Scheme.
7. If a Member is on leave of absence from Service with the Employer's consent for any reason other than that under paragraphs (3) to (8) above and is receiving no Pensionable Remuneration or a reduced rate of Pensionable Remuneration:
8. the Member may elect to pay his own contributions for up to 36 months on the basis of the notional Pensionable Remuneration that he would have received had he not been absent, and in that event the Employer shall continue to pay the appropriate Employer's contributions. The Member's election shall be made in writing to the Employer no later than 60 days after the beginning of his leave of absence or at any later date that may be agreed by the Employer with the Trustee's consent; and
9. where payable, Employer's and Member's contributions shall be payable only on the full rate of the Member's notional Pensionable Remuneration.
10. If during periods of leave of absence under paragraphs (3) to (9) above contributions on full notional Pensionable Remuneration are maintained by the Member, or if so advised by the Actuary a sum commensurate with them is paid by the Employer, the Member will continue to be an Active Member and those periods will form part of his Pensionable Service. No other absences from Service will count as Pensionable Service.

**MIS SPECIAL TERMS**

1. Provided that there is a reasonable expectation or intention of the MIS Special Terms Member returning to his employment and he does not become a member of any other retirement benefits scheme or arrangement a MIS Special Terms Member who is on leave of absence from Service (other than by reason of ill-health or injury) without or with reduced Pensionable Earnings, shall:-
2. for a period of 30 days beginning on the first day of the leave of absence, or for the period of absence if shorter, or
3. if he gives notice in writing for this purpose to the Company not later than 30 days after:-
   1. the day on which he returns to duty, or
   2. the day on which he leaves Service, whichever is the earlier,

contribute in respect of the period of his absence up to a maximum period of

36 months on the basis of the Pensionable Earnings that he would have received during that period but for the period of his absence.

1. Where the leave of absence was given to enable the Member to attend:-
2. for jury service in pursuance of a Summons under the Juries Act 1974, or
3. as a juror at an inquest under the Coroners' Act 1887,

and such attendance continues for more than 30 days the Member shall be treated as having given the notice mentioned in paragraph (11)(b).

1. A Member to whom paragraph (11) applies shall be entitled to count the period during which he contributes to the Fund in accordance with the provisions of that Rule as Reckonable Service.
2. Where a Member is absent from Service because of ill-health or injury he shall contribute on the basis of his reduced Pensionable Earnings (which shall include any statutory benefit enjoyed by the Member by reason of such ill-health or injury) for so long as those are payable and thereafter shall not be required to pay contributions.
   1. **FAMILY LEAVE- DB SECTIONS**

**NW, EIGHTIETHS AND EXECUTIVE SECTIONS**

1. Subject to Part VIII of the Employment Act the following provisions apply in relation to a female Member of the Northumbrian Water Section, Eightieths Section or Executive Section who is on Maternity Leave:-
2. the Member concerned will be obliged to contribute to the Fund in respect of any period **("a period of paid maternity absence")** for which her Employer pays her any remuneration (including any statutory maternity pay) and by reference to the amount of such remuneration.
3. within 30 days of the expiry of a period of paid maternity absence, the Member concerned may, by written notice to the Trustees, elect to continue her Contributions for the rest of her Maternity Leave. In such a case (unless the Employer determines otherwise) the Member will contribute to the Fund by reference to the Pensionable Remuneration she would have received if she had not been on Maternity Leave;
4. if a Member who has been on Maternity Leave returns to work and within 30 days of such return (or such longer period as her Employer may determine):-
   1. elects to contribute to the Fund an amount determined by the Trustees on the advice of the Actuary; and
   2. then pays such amount within such period as may be specified by the Trustees,

such Member will be treated as having remained in Pensionable Service during the whole period corresponding to her Maternity Leave;

1. unless the Employer determines otherwise, only a period of Maternity Leave in respect of which the Member contributes to the Fund under (a), (b) or (c) above shall be treated as Pensionable Service. Irrespective of whether the Member so contributes, a period of Maternity Leave shall be treated as Qualifying Service;

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**General Rules**

1. a Member who dies while on Maternity Leave shall be entitled to benefit under (

rule 5.1 of Part 2, 5 or 6 of the Rules (as applicable) irrespective of whether she has elected to contribute under (b) or (c) above; and

1. for the purpose of any death benefit that may become payable under rule 5 of Part 2, 5 or 6 of the Rules (as applicable), Pensionable Remuneration and Final Pensionable Remuneration will be the amounts they would have been if the Member had not been on Maternity Leave.
2. For the purposes of (1) above, **"Maternity Leave"** means, in relation to a female Member who is absent from work in the circumstances set out below, the period from the beginning of such absence up to the earliest of the following:-
3. the end of the period of fifty-two weeks (or such other maximum length of maternity leave prescribed by legislation from time to time) beginning with the week in which the absence starts;
4. the loss of her right to return to work;
5. her return to work with a Participating Employer; and
6. the receipt by the Trustees of written notice from her that she wishes to be treated as having ceased to be in Service.

The circumstances referred to above are that she is absent from work wholly or partly because of pregnancy with a right to return to work under Regulation 18 of the Maternity and Parental Leave etc Regulations 1999 or under the contract of employment with her Employer.

**WPS SECTION**

1. ***General Provisions***

A female Active Member who is on Maternity Leave shall remain an Active Member until the cessation of Maternity Leave.

1. ***Benefits and Member's Contributions during Paid Maternity Leave***
2. ***Benefits.*** Benefits shall continue to accrue and be payable in respect of a female Active Member during paid Maternity Leave, and shall be calculated by reference to the notional Pensionable Remuneration (as appropriate, and as determined by the Employer) which would have been applicable to her if she had continued in Active Membership during Paid Maternity Leave.
3. ***Member's Contributions.*** The Member's contributions during Paid Maternity Leave shall continue to be payable, and shall be calculated by reference to her Pensionable Remuneration (including statutory maternity pay) during Paid Maternity Leave.
4. ***Benefits and Member's contributions during Unpaid Maternity Leave***
5. ***Benefits.*** Pension benefits shall continue to accrue in respect of a female Active Member during any period of Unpaid Maternity Leave in respect of which she pays Member's contributions (either during Unpaid Maternity Leave or upon returning to Active Membership). In the event of her death during Unpaid Maternity Leave, a lump sum is payable outside the Scheme.
6. ***Member's contributions.*** The female Active Member may elect whether or not to continue payment of her Member's contributions (based on her Pensionable Remuneration immediately before the commencement of Maternity Leave) in respect of Unpaid Maternity Leave (either during Unpaid Maternity Leave or upon returning to Active Membership.
7. ***TURERA.*** The provisions of these paragraphs (2) to (5) shall be overridden to any extent necessary to comply with the relevant requirements of the Employment Act.
8. ***Definitions***

For the purpose of paragraphs (3) to (5) above:-

1. ***Paid Maternity Leave*** means any period:-
   1. throughout which the female Active Member is on Maternity Leave, and
   2. for which the Employer (or, if she is no longer in its employment, her last previous Employer) pays her any contractual remuneration or statutory maternity pay.
2. ***Unpaid Maternity Leave*** means any period of Maternity Leave which is not Paid Maternity Leave.
3. ***Maternity Leave*** means the period during which a female Active Member is absent from Active Membership with a right to return to Active Membership (following pregnancy) under Regulation 18 of the Maternity and Parental Leave etc Regulations 1999.
4. ***End of Maternity Leave***
5. ***Return to Active Membership.*** If the female Active Member returns to active Service, the two periods of Pensionable Service before and after Maternity Leave shall be treated as continuous Pensionable Service, which shall include any period for which pension benefits have accrued in respect of her, in accordance with paragraph (3) and (if applicable) paragraph (4).
6. ***Non-return to active Service.*** If the female Active Member does not then return to Active Membership, the appropriate provisions of rules 4.1 of Part 2 or 4.2 of Part 6 (normal retirement pension) or 4.5 of Part 2 or 4.8 of Part 6 (early leavers) shall apply.

**DEFINED BENEFIT SECTIONS - GENERAL**

1. Members shall be treated during their periods of maternity, adoption, paternity, parental, shared parental leave and such other forms of family leave as may be

required to comply with relevant legislation and the terms of any relevant policy adopted by the Employer from time to time.

* 1. **PENSION SHARING ON DIVORCE**

The provisions of Schedule II (Pension Sharing on Divorce) apply to the Scheme with effect from 1 December 2000.

* 1. **REVIEW OF INCAPACITY PENSION**

1. The Employer may at any time at its discretion and its expense require a Member who has retired on grounds of Incapacity to undergo a further medical examination or a series of medical examinations at such intervals as it considers appropriate in order to establish whether Incapacity still exists. A Member who refuses to co-operate in undergoing such an examination may, following at least one month's written notice to him and the Trustees by the Employer, have his Incapacity pension reduced or withdrawn at the Employer's discretion.
2. If, following a medical examination a Member who retired on Incapacity grounds is found to have recovered to such an extent that Incapacity is no longer established, the Employer may at its discretion by one month's written notice to the Member and the Trustees reduce or withdraw the Member's pension (subject to any entitlement the Member may have under the Rules to a deferred or early retirement pension).
3. (a) An Employer may at any time for the purposes of this Rule require a Member who has retired on grounds on Incapacity to produce details of his earnings from any new employment and any State benefits. Any Member who refuses to produce such information to the extent deemed appropriate by the Employer may, following one month's written notice to him and to the Trustees by the Employer, have his pension reduced or withdrawn at the Employer's discretion.
   1. If, following the production of evidence that the Member's Incapacity pension and any State benefits and any salary or wages that he may be earning from any new employment are in total more than the Member's salary or wages immediately before his Incapacity pension commenced, but having regard to any increases in salary or wages which the Member could have expected to receive had he remained in employment, then the Employer may at its discretion by one month's written notice to the Member and the Trustees reduce the pension by such amount as will result in the total pension benefits and salary or wages not exceeding the Member's pre-Incapacity salary or wages referred to above.
   2. lf:-
      1. the Member's Incapacity pension was reduced by the Employer as a result of the exercise of the Employer's discretion under General Rule 6.5(3)(b); and
      2. subsequently, following the production of evidence, the Member ceases to be in the employment which gave rise to the Member's Incapacity pension being reduced under General Rule 6.5(3)(b); and
      3. the Member does not take up any new employment whereby the Member's Incapacity pension and any State Benefits and any salary

or wages that he may earn from the new employment are in total more than the member's salary or wages immediately before his Incapacity pension commenced,

the Employer may at its discretion increase the Member's Incapacity pension by such amount as it may decide.

1. This rule shall not apply to a pension referable to a Former MIS Member's Reckonable Service accrued prior to 1 January 2008 that came into payment at the time the Member was a Deferred Pensioner.

**GENERAL RULE 7 MISCELLANEOUS PROVISIONS**

* 1. **NO CLAIMS EXCEPT IN ACCORDANCE WITH TRUST DEED AND RULES**

No person shall have any claim right or interest under the Scheme or any claim against the Trustees, except under or in accordance with the Trust Deed and the Rules.

* 1. **CONTRACTUAL RIGHTS UNAFFECTED**

1. The Scheme shall not restrict the right of any of the Participating Employers to terminate the employment of any Member.
2. Where a Member claims damages from a Participating Employer he shall not recover any damages in respect of loss of or reduction in benefits or prospective benefits under the Scheme.
   1. **NOTICES**

Any notice required to be given under the Rules or the GMP Model Rules shall be given to the Trustees in the manner required by the Trustees. The Trustees shall also have power to vary any time limit specified in the Rules.

Where the Rules provide for notices to be given to the Employer, it shall have discretion over how such notice should be given and to vary the appropriate time limits specified in the Rules.

* 1. **POWER TO REMOVE ANOMALIES**

The Trustees shall have power to determine, resolve or remove any doubt, inconsistency or anomaly arising out of any provision in the Scheme and every such determination, resolution or removal shall have effect according to its terms and from such time as may be specified thereby and such time may be the date thereof or any reasonable time previous or subsequent thereto so as to give the determination, resolution or removal retrospective or future effect.

**GENERAL RULE 8 PAYMENT OF BENEFITS**

* 1. **DISCRETIONARY TRUSTS**

1. Where a sum is directed to be held on the Discretionary Trusts, it shall be held or paid and applied as follows:-
   1. the Trustees shall have power (to be exercised, if at all, within 2 years of the earlier of the date on which the Trustees knew of the death of the Member and the date on which the Trustees could reasonably be expected to have known of it):-
      1. to determine that all or any part of the sum shall be held upon trust for all or any of:-
         1. the Member's Dependants (as defined in (3) below); and/or
         2. the persons entitled under his will to any interest in his estate,

at such age or time or respective ages or times and in such shares and either absolutely or for such period or respective periods and with such gifts over and with or subject to such discretionary trusts powers and provisions and generally in such manner in all respects as the Trustees think fit;

* + 1. to pay all or any part of the sum to the Member's personal representatives to be added to and applied as if it was his residuary estate;
  1. subject to (a), the Trustees shall hold the sum upon trust for the person or persons (other than the Crown the Duchy of Lancaster or the Duke of Cornwall for the time being) who under or pursuant to the Administration of Estates Act 1925 would have become entitled to the Member's residuary estate if he had died wholly intestate solvent and domiciled in England. If there is more than one such person they shall take in the shares and in the events specified by the said Act and on the footing that the property falling to be dealt with under this paragraph of this rule comprises his entire residuary estate;
  2. in the exercise of the power referred to in (a) above, the Trustees may have regard to but shall not be bound by any written memorandum submitted to them by the Member at any time prior to his death nominating the Dependant or Dependants to whom or for whose benefit he wished the sum to be paid;
  3. subject to the above, the sum shall be held upon the trusts declared by clause 3 of the Trust Deed as an accretion to the Fund for its general purposes;
  4. the payment by the Trustees of all or any part of the sum to the trustees of any settlement (so as to become subject to the trusts of such settlement), being a settlement which contains trusts for the benefit of all or any to the exclusion of

the others of the persons specified in (a)(i) above (whether or not it contains trusts for the benefit of other persons), shall be deemed to be an application in accordance with this rule;

* 1. without prejudice to the generality of the provisions of (a)(i) above:-
     1. if any Dependant is an infant or under any other incapacity or, if for any other reason, the Company shall so request, the Trustees shall have power to apply all or any part of the sum in payment to such person or persons, body corporate or institution for the benefit of such Dependant as the Trustees shall think fit. The receipt of such person or persons, body corporate or institution shall be a full discharge to the Trustees;
     2. if the Trustees make any payment directly to an infant, his receipt shall also be a full discharge to the Trustees.

1. In relation to any trust arising under (1)(a)(i) above:-
   1. the Trustees may appoint separate trustees of that trust (and any such appointment may provide that the statutory power of appointing new or additional trustees of such trust shall be vested in such person or persons as may be specified and that the power of investment applicable to the Fund shall be varied in its application to such trust and any such provision shall have effect according to its terms);
   2. the Trustees or any separate trustees of any such trust shall be entitled to the payment out of the property subject thereto of all costs charges and expenses incurred by them in the execution thereof and of such reasonable remuneration for their services as trustees thereof as in the case of the Trustees is provided by the Trust Deed and in the case of any such separate trustees is determined by the Trustees on the appointment of such separate trustees but (notwithstanding the foregoing) if the amount of such costs charges and expenses incurred by the Trustees in the execution of any such trust is trivial or is not reasonably ascertainable the Trustees shall be entitled to charge the same to the Fund.
2. In this rule **"Dependants"** means in relation to a Member:-
   1. the Member's spouse (or Civil Partner), the ancestors and descendants (however remote) of the Member or of his spouse (or Civil Partner), the brothers and sisters (whether of the whole-blood or half-blood), and uncles and aunts (being brothers or sisters of the whole-blood or half-blood of a parent) of the Member and his spouse (or Civil Partner), the descendants of such brothers sisters uncles and aunts, the spouse (or Civil Partner) of any of the above-mentioned ancestors descendants brothers sisters uncles and aunts (but so that for the purpose of this definition:
      1. a stepchild, legitimated child, illegitimate child or adopted child of a Member or of a descendant of a Member or any descendant of any such stepchild, legitimated child, illegitimate child or adopted child; and
      2. a person claiming by reason of having been treated as a child of the family

shall be deemed to be a descendant of such Member); and

* 1. any person or body (whether or not charitable) notified to the Trustees by the Member as a possible recipient of a benefit arising on his death; and
  2. any other person who in the opinion of the Trustees:
     1. is or has been financially dependent on the Member or his spouse (or Civil Partner);
     2. for whom in their opinion the Member might have been expected to provide;
     3. has been dependant or partly dependant upon the Member for maintenance or support; or
     4. who had a moral claim on that Member.

For the purpose of this definition:

1. **"spouse"** includes wife, husband, widow, widower and any former wife or husband, and a person with whom the Member has gone through any ceremony of marriage; and
2. a Dependant shall include persons conceived at the date of the Member's death who, if they had been born, would have fallen within the definition of "Dependant" set out above.
3. Where payment of the lump sum under this General Rule 8.1 is delayed more than 60 days from the date of the Member's death, interest may be added at the Trustees' discretion in respect of the period between the date of the Member's death and the actual date of payment. The interest shall be calculated in the way and at a rate decided by the Trustees.

8.1A **SUMS PAYABLE TO PERSONAL REPRESENTATIVES**

1. Subject to (2) and (3) below, the Trustees, in their absolute discretion, may pay any sum payable to the personal representatives of a deceased person to his spouse or Civil Partner any other person who was financially dependent on him at the time of his death. A receipt given by any such person shall operate as a valid discharge to the Trustees in respect of that payment.
2. The discretion under (1) above does not extend to any sum which is directed to be held on the Discretionary Trusts.
3. The power set out in (1) above shall not be exercised after a grant of representation to the deceased's estate has been produced to the Trustees.
   1. **PAYMENT OF BENEFITS FROM THE SCHEME**
4. Subject to the Preservation Requirements, a Member's pension will not start before age 75 (or such other date as the Trustees determine which does not prejudice the Scheme's status as a Registered Scheme) unless the Member has provided evidence to the satisfaction of the Trustees of the amount of personal Lifetime Allowance that is available to him or her (if any).

## C

**General Rules**

###### C

1. If a Member reaches age 75 (or such other date as the Trustees determine which

does not prejudice the Scheme's status as a Registered Scheme), and the pension has not yet come into payment and the Trustees are unable to verify the amount of Lifetime Allowance remaining available to the Member, the Trustees may reduce the Member's prospective entitlement to benefits under the Scheme, determined as if the whole of his or her benefits were chargeable to a Lifetime Allowance Charge and will then account to HMRC for the tax due as if the Member had no personal Lifetime Allowance available.

* 1. **BENEFITS UNDER MORE THAN ONE SECTION**

1. Any person who is to receive benefits under more than one Section must exercise any choice to draw his pension or other benefits from those different Sections under the applicable rules at the same time. If that person exercises any other choice (for example, but not limited to lump sum commutation) the Trustees shall have power to determine the proportions in which the exercise is to be attributed to the benefits accrued in each applicable Section.
2. Unless the Company and Trustees jointly determine otherwise (either in an individual case, for a category or categories of Members or generally), a Member cannot receive benefits referable to Pensionable Service (or Reckonable Service, as appropriate) in the Northumbrian Water Section, the WPS Section, the MIS Special Terms or the Executive Section at a time when he is accruing benefits in the Eightieths Section or the DC Section as a result of electing to join such section.
   1. **INCAPABLE BENEFICIARIES**
3. The Trustees may:
   1. pay all or any part of a benefit due to a minor, or any person who in the Trustees' opinion is incapable of acting (due to physical or mental incapacity, or otherwise) to any person or persons on his behalf. The receipt of such person or persons shall be a full discharge to the Trustees in respect of that payment. The Trustees shall be entitled (but not required) to oversee the application of the payment;
   2. apply for his or her benefit any pension or other benefit due to the individual; and
   3. exercise any option and give any notice under the Rules on behalf of the individual.
4. To the extent that the pension or other benefit is not applied under (1) above the Trustees may hold that amount until the person is again able to act, or for his or her estate, as the case may be.
5. A certificate by a qualified medical practitioner may be accepted by the Trustees as conclusive evidence of the facts stated in it.
6. The Trustees shall also have power to declare in respect of any benefit payable under the Scheme or any part of those benefits, such trusts, terms and limitations including such provisions for maintenance, education or advancement or for accumulation of any income during a minority and including such discretionary trusts and powers as the Trustees shall from time to time by deed revocable or irrevocable appoint. In

exercise of their powers, the Trustees shall not infringe the rule against perpetuities, and any trusts, terms or limitations so declared shall be constituted and administered separately from the trusts of the Scheme. The Trustees shall have power to appoint as trustees of those benefits or part of those benefits any 2 persons or a corporate trustee (whether or not being a trust corporation) and to remove any such trustees and appoint any other trustees in place of any one so removed.

* 1. **PROHIBITION OF ASSIGNMENT AND FORFEITURE OF BENEFITS**

1. A person's entitlement or prospective entitlement to any benefit under the Scheme will terminate if:
   1. he assigns or charges or attempts to assign or charge that interest or any part of it, or does or allows anything to be done which would result in him being deprived of the right to receive that interest for his own benefit or any part of it; or
   2. a bankruptcy order is made against him (subject to the Welfare Reform and Pensions Act 1999).
2. Where a person's entitlement is terminated under (1) above, the Trustees may pay or apply as they think fit any sum which would otherwise have been payable to or in respect of that person to or for the benefit of any one or more of the following persons:-

(i)

(ii)

(iii)

(iv)

(a)

(b)

(c)

(d)

(e)

the person himself; his Surviving Spouse; his Eligible Children;

any person or persons financially dependent on him. Notwithstanding (1) and (2) above:-

no payment shall be made to an assignee or chargee by virtue of any assignment or charge;

no exercise of any statutory or other power referred to or of any right of election contained in the Rules shall cause the termination of a beneficial interest under this rule;

no such termination shall affect the payment or amount of any other pension; this rule shall not apply to any GMP; and

this rule shall be subject to the requirements of sections 91 and 92 (assignment and forfeiture) of the PA 95.

* 1. **BENEFITS NOT CONVERTIBLE**

(1) Unless otherwise provided for in the Trust Deed and Rules, benefits accrued within any of the Sections shall not be capable of conversion into benefits in any of the other Sections.

* 1. **LIEN**

1. The provisions of this rule do not apply to a Guaranteed Minimum or to that part of any pension that constitutes a GMP of a Member or his Widow or Widower and shall be subject to the requirements of section 91 to 94 of the PA 95.
2. The beneficial interest of any Member or person claiming under or in respect of a Member, insofar as it is not attributable to Transfer Credits (other than Prescribed Transfer Credits), shall be subject to a charge or lien on, or set-off against it, for the purpose of enabling the Employer to obtain the discharge by the Member of some monetary obligation due to the Employer (and, in the case of a Member to whom the Preservation Requirements apply, arising out of a criminal, negligent or fraudulent act or omission by the Member). A certificate signed by an officer of such Employer as to the existence and value of any such obligation shall be accepted as conclusive evidence thereof by the Trustees.
3. Notwithstanding (2) above the Employer may recover from, or retain out of the resources of the Fund, any sums in respect of the monetary obligation of the Member referred to in (2) above and (in the case of a Member to whom the Preservation Requirements apply):-
   1. such recovery or retainer shall (subject to any different agreement in writing between the Employer and the Member) be limited to the lesser of the amount of the obligation and:
      1. in relation to benefits in the Defined Benefit Sections the actuarial value of the actual or prospective benefits of such Member at that time; or
      2. in relation to benefits in the DC Section the Member's Balance (excluding Transfer Credits other than Prescribed Transfer Credits) at the time of the criminal negligent or fraudulent act or omission by the Member adjusted in such a manner as the Trustees consider equitable acting on the advice of the Actuary up until the date of the Member's liability being satisfied;
   2. the Member shall be entitled to a certificate showing the amount retained or recovered and its effect on his benefits or prospective benefits; and
   3. in the event of any dispute as to the amount to be retained or recovered, the Employer is not entitled to enforce the charge, lien or set-off except after the obligation has become enforceable under an order of a competent court or the award of an arbitrator or in Scotland an arbitrator to be appointed (failing agreement between the parties) by the sheriff. In any such instance, payment of benefits under the Scheme may be postponed until it has become clear whether the debt is enforceable or not.
4. In the case of a Member to whom the Preservation Requirements do not apply:-
   1. the expression **"monetary obligation"** referred to in (2) and (3) above shall (for the purposes of this rule) be deemed to mean any monetary or other obligation whatsoever of the Member to the Employer; and
   2. recovery or retainer from the Fund under (3) above, shall be limited as set out in (3)(a) above.
5. The powers set out in (3) above shall not limit the powers set out in (2) above.
6. Under (2) or (3) above, the benefits or prospective benefits of or in respect of the Member shall be reduced or extinguished as determined by the Trustees in accordance with the advice of the Actuary.
7. The amount deducted from any benefit or the amount recovered from the Fund under
8. above (in respect of a monetary obligation to the Employer) shall:
   1. in relation to the Defined Benefit Sections, be paid to such Employer, whose receipt shall be a full discharge therefor, or retained in the Fund at the direction of such Employer and such direction whether given at the time of (or in anticipation of) the determination to exercise the charge, lien or set-off, or when the payments would otherwise arise, shall be a full discharge in respect of those payments; or
   2. in relation to the DC Section, be transferred to the Reserve Account. Provided that the Trustees may alternatively allow the Employer to retain an amount equal to the sum charged out of its contributions due under rule 3.2 of the DC Section.
9. A charge, lien or set-off under this rule, or the exercise thereof, shall not give rise to the termination of any interest under General Rule 8.5 and in relation to that rule shall be deemed not to have occurred.
10. It shall be open to the Member to agree in writing some alternative method of recovery.

## TAX

1. The Trustees may deduct from any payment under the Scheme a sum (whether actual or estimated) not exceeding the amount of any tax, duty or imposition that may fall to be payable in respect of or in consequence of such payment including (but not limited to) any charge arising under Chapter 5 of Part 4 of the FA 2004. Provided that the amount of any reduction relating to a Lifetime Allowance Charge payable in respect of a Member shall be determined by the Trustees with the agreement of the Company and the value of that reduction shall not exceed the amount of Lifetime Allowance Charge for which the Member and the Trustees are, or may be, jointly or severally liable to pay to HMRC.
2. The Trustees may, instead of making a deduction in accordance with (1) above, postpone making a payment under the Scheme until any question regarding the incidence of the tax or duty has been resolved or the liability has been met or provision made for it to their satisfaction.
   1. **BENEFITS NOT CLAIMED**
3. Provided the Trustees have taken all reasonable steps to pay or procure the payment of any pension or other benefit payable under the Scheme (including a refund of the Member's contributions) or any instalment of it to the person entitled to that pension or benefit, if it remains unpaid, and is not claimed by the person entitled to it for a period of 6 years from the date it became payable, then the Trustees shall return any moneys forming the whole or part of that pension or other benefit or instalment to the Fund and the pension or benefit shall immediately cease to be payable.
4. Notwithstanding (1) above, the Trustees retain discretion to make any payment or payments if they think fit. No interest will be added on any such payment unless the Trustees decide otherwise.
   1. **PRODUCTION OF INFORMATION**

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(1) Members and other beneficiaries shall be entitled to information in the form and in the manner prescribed from time to time by law. The Trustees may levy a charge for the provision of such information as is consistent with the Disclosure Regulations.

* 1. **RETIREMENT BENEFITS - GMP MODEL RULES**

1. A Member entitled to a pension under rule 4 of the Defined Benefit Section that applies to him or her may also be entitled to a pension in accordance with the GMP Model Rules (Schedule I). If so the initial yearly amount of the pension under rule 4 of the Defined Benefit Section that applies to him or her in respect of Contracted-out Employment before 6 April 1997 shall (to the extent permitted by rule 3.7 of the GMP Model Rules) be reduced by the initial yearly amount of the corresponding entitlement under the GMP Model Rules.
2. In the event of any conflict between this rule and any other Rule, this rule shall override.
   1. **DEATH BENEFITS- GMPS AND REFERENCE PENSION**
3. A person entitled to pension under rule 5 of the Defined Benefit Section that applies to him or her may also be entitled to a GMP under Schedule I (GMP Model Rules) as the deceased Member's Widow or Widower. If so the initial annual amount of the pension under rule 5 of the Section that applies to him or her in respect of Contracted-out Employment before 6 April 1997 shall (to the extent permitted by rule 3.7 of Schedule I) be reduced by the amount of the corresponding entitlement under Schedule I.

Where the deceased Member's Widow or Widower is entitled to a GMP under Schedule I, but is not entitled to a pension under rule 5 of the Defined Benefit Section that applies to him or her, and a different person is entitled to a pension under rule 5 of the Section that applies to him or her, the initial annual amount of the pension payable to that person shall be reduced by the amount of the entitlement of the deceased Member's Widow or Widower under Schedule I.

1. A deceased Member's Widow or Widower shall be entitled to a pension **("the Reference Pension")** in respect of the Member's contracted-out employment by reference to the Scheme after 5th April 1997 and before 6 April 2016 unless the Member marries after having received benefits under the Scheme.

The amount of the Reference Pension shall be the amount which would have been payable to the Widow or Widower by a reference scheme under section 128 of the PSA 93 if the Member had been in membership of that scheme instead of the Scheme and assuming that the Widow or Widower met any payment conditions.

The Reference Pension will be paid -

* 1. if the Widow or Widower is also the Surviving Spouse - as part of the Surviving Spouse's pension under rule 5 of the Section that applies to him or her; or
  2. if the Widow or Widower is not also the Surviving Spouse - as a separate entitlement to the Widow or Widower. If a different person is entitled to a pension under rule 5 of the Section that applies to him or her, the initial annual amount of the pension payable to that person shall be reduced by the amount of the deceased Member's Widow or Widower's Reference Pension under this rule.

1. In the event of any conflict between this rule and any other Rule, this rule shall override.
   1. *{number not used]*
   2. **UNAUTHORISED PAYMENTS**

The Trust Deed and Rules shall be read and construed as follows:

1. as if each benefit payable under the Scheme which, by virtue of section 160 of the FA 2004 would be an unauthorised payment shall be payable at the discretion of the Trustees (except that if under the Former Definitive Deed and Rules in force immediately prior to 6 April 2006 the consent of the Company or one or more Employers was required, such consent must be obtained);
2. as if every discretion or power conferred on the Trustees or the Company under the Scheme shall so far as practicable not be exercised so as to give an individual an entitlement to a payment which, by virtue of section 160 of the FA 2004, would be an unauthorised payment; and
3. the Trustees may, with the consent of the Company and the Member, pay any part of the Member's benefits that are subject to a Lifetime Allowance Charge to the Member in the form of a lump sum that satisfies the conditions set out in paragraph 11 of Schedule 29 to the FA 2004. The amount of the lump sum will be determined by the Trustees (having consulted the Actuary) and agreed with the Company. Alternatively, the Trustees may pay any part of the Member's benefits that are subject to a Lifetime Allowance Charge to the Member in the form of a pension.
   1. **DISMISSAL OF EMPLOYEES: DEDUCTIONS FROM BENEFIT**
4. Nothing in the Scheme shall in any way restrict or fetter the right of an Employer to dismiss any employee.
5. No Member or other person shall have any claim, right or interest upon, to or in respect of the Fund or any interest in it, except in accordance with the provisions of the Scheme.
6. In the event of a Member ceasing to be in Service because of his dismissal (including constructive dismissal) for any reason, the resulting cessation of his Membership shall not be a ground for any damages or any increase in damages in any action brought against the Employer or otherwise in respect of the Member's dismissal.
   1. **EQUIVALENT PENSION BENEFITS**
7. This rule relates to contracting out of the former State graduated pension scheme (closed in 1975) under the National Insurance Act 1965 **("the 1965 Act").** It applies if the Scheme is liable to pay equivalent pension benefits (as defined in the 1965 Act)

to a Member who has been in non-participating employment (as defined in the 1965 (

Act).

1. A Member referred to in (1) above will be entitled to a pension from State Pension Age equal to his equivalent pension benefits, which may be commuted under General Rule 5.3 (trivial commutation) but which may not otherwise be terminated, reduced,

surrendered or assigned except as permitted by the 1965 Act. (

1. Pensions payable under other rules will be inclusive of any equivalent pension benefits and will be increased to such extent (if any) as may be necessary for the total pension to be equal to the equivalent pension benefit.

**PART 2- NORTHUMBRIAN WATER SECTION RULES RULE 1**

**APPLICATION**

* 1. **APPLICATION**

This Part 2 of the Rules shall apply with effect from 1 January 2016 in respect only of Northumbrian Water Section Members who are in Pensionable Service on or after that date (or would have been but for having switched to the Eightieths Section on and from 1 January 2008). Members' ordinary contribution rate is stated in Rule 3 from 1 April 2008; previous rules applied until then.

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**NW Section**

**RULE2 NORTHUMBRIAN WATER SECTION**

**MEMBERSHIP**

* 1. **MEMBERSHIP**
     1. Members of the Scheme who were in Pensionable Service (or Reckonable Service, as applicable) on 31 December 2007 were given a number of options regarding the basis on which future service benefits on and from 1 January 2008 would accrue for and in respect of them. As a result of the exercise of those options, membership of the Northumbrian Water Section comprises Members who:
        1. were in Pensionable Service on 31 December 2007; and
        2. elected to continue in Active Membership of the Northumbrian Water Section or did not make any election from the options given to them (and were therefore deemed to have elected to continue in Active Membership of the Northumbrian Water Section).

Membership of the Northumbrian Water Section includes WCAPS Transferred Members.

* + 1. The Northumbrian Water Section was closed to new Members with effect from the end of 31 December 2007.
    2. Unless otherwise determined by the Trustees in any particular case, continued Active Membership of the Northumbrian Water Section shall be conditional upon the receipt by the Trustees during a Member's current period of Pensionable Service of the contributions (if any) due from him under rule 3.1.
    3. Members of the Northumbrian Water Section who left Pensionable Service before 1 January 2016 shall have their benefits calculated in accordance with the earlier provisions (if any) of the Former Definitive Deed and Rules in force at the date they left Pensionable Service.
    4. **TRANSFERS FROM WPS SECTION IN DECEMBER 2007**

Benefits of members who transferred from the WPS Section under an option available during December 2007 are calculated independently under the respective Section for their periods of Pensionable Service before and after entry to this Section provided that:

* + - 1. if a member wishes benefits from the two Sections to begin to be paid at different times the provisions set out in the Eightieths Section at rule

4.1A will apply (substituting WPS for Eightieths); and

* + - 1. where short term pension is paid after the death of an Active Member of this Section the WPS pension does not begin until the expiry of the short term pension.
  1. **MEMBERSHIP - SPECIAL TERMS**
     1. The Contributions payable to the Fund and/or the prospective benefits payable to or in respect of a Member may be varied by the Employer with the consent of the Trustees and any such variation shall be in writing signed by a person authorised generally or in any individual case in that respect by the Board of Directors of the Employer.
     2. If so requested by a Participating Employer, the Trustees may permit a person to remain an Active Member on special terms and such terms shall be set out in writing by a person authorised as stated in (1) above.
     3. Neither of the powers conferred by (1) and (2) above shall be exercised in a manner inconsistent with the Preservation Requirements, the Equal Treatment Requirements, the Contracting-out Requirements or in a manner that would prejudice the Scheme's status as a Registered Scheme.
     4. The powers set out in (1) and (2) above shall not limit the power of alteration set out in clause 10 of the Trust Deed.
  2. **PENSION SALARY SACRIFICE**

A Member shall participate (or cease to participate) in the Pension Salary Sacrifice Arrangement in accordance with the provisions of General Rule 3.2.

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|  | **RULE3** | **C** |
| **NORTHUMBRIAN WATER SECTION** |  |
| **CONTRIBUTIONS** |  |
| 3.1 | **MEMBERS' ORDINARY CONTRIBUTIONS** |  |
| (1) | (a) each Active Member who is a SMART Member shall contribute to the Fund at the rate of zero % of his Pensionable Remuneration whilst he participates in the Pension Salary Sacrifice Arrangement. |  |
|  | (b) with effect on and from 1 April 2008 each Active Member who is not a SMART Member shall, whilst he does not participate in the Pension Salary Sacrifice Arrangement, contribute to the Fund at either: |  |
|  | (i) the rate of 7% of his Pensionable Remuneration; or |  |
|  | (ii) if he is a WCAPS Transferred Member with a Protected Condition, such rate as is agreed between the WCAPS Transferred Member and his or her Employer (and notified to the Trustees). |  |
| 3.2 | **ADDITIONAL VOLUNTARY CONTRIBUTIONS** |  |
| (1) | Active Members can pay AVCs to the Fund in accordance with the provisions set out in General Rule 4.2. |  |
| 3.3 | **WAIVER ETC OF CONTRIBUTIONS** |  |
| (1) | The Trustees may in special circumstances with the consent of the Employer:- |  |
|  | (a) waive all or part of the Contributions and/or AVCs otherwise due from a |  |
|  | Member; |  |
|  | (b) suspend payment of Contributions and/or AVCs; or |  |
|  | (c) permit the Member to pay Contributions and/or AVCs at a reduced rate. |  |
| (2) | Every such waiver, suspension or reduction of Contributions and/or AVCs shall be for such period and on such terms (as to reduction of benefits and otherwise) as the |  |
|  | Trustees determine. |  |
| (3) | (Notwithstanding (2) above) no period of suspension of Contributions and/or AVCs shall be Pensionable Service, unless the Trustees determine otherwise in an |  |
|  | individual case. |  |

**RULE4 NORTHUMBRIAN WATER SECTION**

**RETIREMENT BENEFITS**

4.1**X CARE BENEFITS AND FINAL SALARY BENEFITS - GENERAL**

**CARE Benefits and Final Salary Benefits**

1. A Member in Pensionable Service on and after 1 January 2016 will accrue benefits on a career average revalued earnings (CARE) basis, namely the CARE Pension and CARE Lump Sum.
2. The CARE Benefits in (1) above are payable in addition to those accrued prior to 1 January 2016 on a final salary basis, namely the NW Pension and NW Lump Sum.

**Timing of benefits**

1. When drawing benefits from the Scheme, notwithstanding any other provision of the Rules to the contrary, a Member must take his CARE Benefits and Final Salary Benefits at the same time.

**Applicable Rules**

1. CARE Benefits and Final Salary Benefits must be drawn subject to and in accordance with the separate Rules applicable to each type of benefit, including any consent requirements or adjustments to reflect early or late payment of the benefit.

**Underpin**

1. Where the Trustees determine, having taken such advice as they consider appropriate, that it would be necessary to meet the requirements of section 67 of the Pensions Act 1995 for the purpose of the amendments made under the interim deed of amendment dated 15 December 2015, they shall ensure that a Member's total pension and any separate lump sum relating to the Member's Final Salary Benefits and CARE Benefits shall not, when they come into payment, be less than the benefits that would have been payable immediately prior to 1 January 2016 had the Member elected to cease to be an Active Member immediately before that date and had become entitled to deferred benefits under the Scheme Rules (the "Underpin").
2. The Trustees have determined, as at 1 January 2016, that the Underpin is necessary. If the Trustees determine at any time that the Underpin is not necessary, that subsequent determination will not apply in respect of Final Salary Benefits and CARE benefits which have already come into payment.
   1. Y **CARE BENEFITS - RETIREMENT AT OR AFTER NEW PENSION DATE**

A Member who ceases to be in Service at New Pension Date (or who, with the consent of his Employer, remains in Service after New Pension Date and then ceases to be in Service) shall be entitled to:

* + 1. the CARE Pension beginning on the day after he ceases to be in Service; and
    2. the CARE Lump Sum payable on the same day as he ceases to be in Service.

The Member shall have the same options in relation to his CARE Benefits as set out in Rule 4.1(2).

* 1. Z **CARE BENEFITS- RETIREMENT BEFORE NEW PENSION DATE**

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A Member who ceases to be in Service on or after Minimum Pension Age but before New Pension Date shall be entitled to:

* + 1. the CARE Pension beginning on the day after he ceases to be in Service; and
    2. the CARE Lump Sum payable on the same day as he ceases to be in Service (

provided that:

* + - 1. if the Member is under age 60, he has obtained his Employer's consent to the application of this sub-rule (unless the Member is entitled to draw his Final Salary Benefits, in which case no such consent shall be required in relation to his CARE benefits); and
      2. both the CARE Pension and the CARE Lump Sum payable under this sub-rule shall be reduced by an Early Retirement Factor, to reflect the number of complete years and days between the CARE Pension and CARE Lump Sum becoming payable and New Pension Date.

The Member shall have the same options in relation to his CARE Benefits as set out in Rule 4.1(2).

4.1 **FINAL SALARY BENEFITS - NORMAL RETIREMENT PENSION**

1. A Member who ceases to be in Service at or after Normal Pension Date but before New Pension Date shall be entitled to:-
   1. the NW Pension for the remainder of his life beginning on the day after he ceases to be in Service; and
   2. the NW Lump Sum payable on the same day as he ceases to be in Service.

Provided that:

* + 1. in relation to benefits accrued on or after 1 January 2008 and prior to 1 January 2016, both the NW Pension and NW Lump Sum shall be reduced by such amount or varying amount as the Trustees (after consulting the Actuary) determine to be appropriate to take account of payment before New Pension Date; and
    2. a Member who began payment of AVCs before November 1992 and:
       1. whose Qualifying Service began after he had attained age 45; and
       2. who, prior to 6 April 2006, paid AVCs to secure an additional period of Pensionable Service,

shall be entitled to a pension in addition to that calculated under (a) above in respect of such additional period of Pensionable Service, the initial yearly amount of which shall be 11240th of his Final Pensionable Remuneration for each additional year of Pensionable Service (days counting as a fraction of a year) secured through payment of such AVCs. This additional pension entitlement shall be in lieu of any lump sum entitlement under (b) above in respect of such additional period of Pensionable Service.

1. A Member shall have the following options in respect of his pension and lump sum entitlements:-
   1. to exchange all or part of the lump sum for an increase in his own pension (see rule 4.7);
   2. to exchange all or part of his pension for a lump sum (see rule 4.7A); and
   3. to surrender part of his pension to provide for a Nominated Dependant's pension payable after his death (see rule 4.8).

###### A FINAL SALARY BENEFITS- LATE RETIREMENT PENSION (AT OR AFTER NEW PENSION DATE)

1. A Member who ceases to be in Service at New Pension Date or who, with the consent of his Employer, remains in Service after New Pension Date and then ceases to be in Service shall be entitled to:
   1. the NW Pension for the remainder of his life beginning on the day after he ceases to be in Service; and
   2. the NW Lump Sum payable on the same day as he ceases to be in Service.
2. The Member shall have the options set out in Rule 4.1(2).

###### FINAL SALARY BENEFITS - EARLY RETIREMENT BEFORE NORMAL PENSION DATE-MEMBER'S OPTION

Early retirement (needing Employer's consent to this sub-rule if under age 60) - pre 1 January 2008 benefits not reduced if member attained Rule of 85 date - or just reduced to take account of payment before that date (which may be before or after age 60) if earlier than Normal Pension Date .

1. A Member who:
   1. has completed 2 years' Qualifying Service;
   2. ceases to be in Service before Normal Pension Date;
   3. has attained Minimum Pension Age;
   4. if he is under age 60, has obtained his Employer's consent to the application of this sub-rule (1); and

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**NW Section**

* 1. is not entitled to a pension and a lump sum under rules 4.2(2), 4.2(3), 4.3 (retirement through Incapacity), 4.4 (early retirement at the Employer's option) or General Rule 6.1 (flexible retirement)

shall be entitled to:-

* + 1. the NW Pension for the remainder of his life beginning on the day after he ceases to be in Service; and
    2. the NW Lump Sum on the same day as he ceases to be in Service.

Provided that both the NW Pension and the NW Lump Sum shall (subject to the last paragraph of (A) below) be reduced by such amount or varying amount as the Trustees (after consulting the Actuary) determine to be appropriate as follows:

* + - 1. in relation to benefits accrued before 1 January 2008, to take account of payment before the earlier of:-
         1. Normal Pension Date; and
         2. the date (if after leaving service) when the Member's age and Qualifying Service, had he remained an Active Member, would in total amount to 85 years.

If, on the date of his ceasing to be in Service, the Member's age and Qualifying Service already in total amount to 85 years or more, there shall be no reduction under this provision (A).

* + - 1. in relation to benefits accrued on or after 1 January 2008 and prior to 1 January 2016, to take account of payment before New Pension Date.

For the avoidance of doubt this rule 4.2(1) does not apply to any pension or lump sum granted under rule 4.2(2) or 4.2(3).

***Retirement before age 60 where Rule of 85 attained and employer consents to application of this sub-rule but not to sub-rule (1)* - *pre 1 January 2008 benefits reduced to take account of payment before age 60.***

1. A Member who:
   1. ceases to be in Service before age 60;
   2. has attained Minimum Pension Age;
   3. has age and Qualifying Service amounting in total to 85 years or more at the date of his ceasing to be in Service; and
   4. is not entitled to a pension and a lump sum under rules 4.2(1), 4.2(3), 4.3 (retirement through Incapacity), 4.4 (early retirement at the Employer's option) or General Rule 6.1 (flexible retirement)

shall, with the consent of his Employer to the application of this sub-rule (2), be entitled to:-

* + 1. the NW Pension for the remainder of his life beginning on the day after he ceases to be in Service; and
    2. the NW Lump Sum on the same day as he ceases to be in Service.

Provided that both the NW Pension and the NW Lump Sum shall be reduced by such amount or varying amount as the Trustees (after consulting the Actuary) determine to be appropriate as follows:

* + - 1. in relation to benefits accrued before 1 January 2008, to take account of payment before age 60; and

(8) in relation to benefits accrued on or after 1 January 2008 and prior to 1 January 2016, to take account of payment before New Pension Date.

Retirement before age 60 where Rule of 85 not attained and employer consents to application of this sub-rule - pre 1 January 2008 benefits reduced to take account of payment before age 60 or, if later, the Rule of 85 date (or, if sooner, Normal Pension Date)

1. A Member who:
   1. ceases to be in Service before age 60;
   2. has attained Minimum Pension Age;
   3. does not have age and Qualifying Service amounting in total to 85 or more years at the date of his retirement, and
   4. is not entitled to a pension and lump sum under rules 4.2(1), 4.2(2), 4.3 (retirement through Incapacity), 4.4 (early retirement at the Employer's option) or General Rule 6.1 (flexible retirement)

shall, with the consent of his Employer to the application of this sub-rule (3), be entitled to:

* + 1. the NW Pension for the remainder of his life beginning on the day after he ceases to be in Service; and
    2. the NW Lump Sum on the same day as he ceases to be in Service.

Provided that both the NW Pension and the NW Lump Sum shall be reduced by such amount or varying amount as the Trustees (after consulting the Actuary) determine to be appropriate as follows:

* + - 1. in relation to benefits accrued before 1 January 2008, to take account of payment before the later of:
         1. age 60; and
         2. the earlier of:

his Normal Pension Date; and (

the date when his age and Qualifying Service (had he remained an Active Member) would amount to 85 years.

* + - 1. in relation to benefits accrued on or after 1 January 2008 and prior to 1

January 2016, to take account of payment before New Pension Date. (

APPLICABLE TO (1)- (3) ABOVE

1. The reduction (if any) of the Member's NW Pension and NW Lump Sum under this rule shall not affect the amount of any pension or other benefits payable under rule 5 (Death Benefits) following the Member's death.
2. This rule shall not apply in any case where the Trustees (after consulting the Actuary) determine that the Member's pension in respect of his Contracted-out Employment before 6 April 1997 would be less than his GMP.
3. A Member to whom this rule applies shall have the same options as apply under rule

4.1(2).

* 1. A **FLEXIBLE RETIREMENT**

A Member may elect to draw benefits whist continuing in Service in accordance with the provisions of General Rule 6.1.

* 1. **RETIREMENT THROUGH INCAPACITY**

1. This rule applies to a Member if he ceases to be in Service on account of Incapacity.
2. A Member to whom this rule applies who has completed 2 years' Qualifying Service shall be entitled to:-
   1. the NW Pension beginning on the day after he ceases to be in Service;
   2. the NW Lump Sum on the same day as he ceases to be in Service;
   3. the CARE Pension beginning on the day after he ceases to be in Service, which for these purposes shall be the sum of:
      1. the CARE Pension calculated as at the date the Member ceases to be in Service; and
      2. the Prospective CARE Pension calculated under (3) below;
   4. the CARE Lump Sum on the same day as he ceases to be in Service, which for these purposes shall be the sum of:
      1. the CARE Lump Sum calculated as at the date the Member ceases to be in Service; and
      2. the Prospective CARE Lump Sum calculated under (3) below;

The pensions payable under (a) and (c) above shall be payable for the remainder of the Member's life unless the provisions for withdrawal, reduction or increases in General Rule 6.5 (if applicable) are invoked

1. For the purposes of 2(c) above, Prospective CARE Pension shall be calculated as 1180th of the Member's Pensionable Remuneration earned in respect of the year ending on the date the Member ceases to be in Service multiplied by half of the potential years and days of Pensionable Service (expressed as the number of whole years and any fraction of a year) which the Member would have completed had he remained an Active Member until New Pension Date.

For the purposes of 2(d) above, Prospective CARE Lump Sum shall be calculated as 3/80th5 of the Member's Pensionable Remuneration earned in respect of the year ending on the date the Member ceases to be in Service multiplied by half of the years and days of Pensionable Service (expressed as the number of whole years and any fraction of a year) which the Member would have completed had he remained an Active Member until New Pension Date.

Provided that:

1. the additional Pensionable Service shall not exceed the total of his actual Pensionable Service (accrued in this Section and the WPS Section, if applicable) as at the last day of his Active Membership (excluding any attributable to AVCs), and
2. if the Member is also a Member of the Eightieths Section, the CARE Pension and CARE Lump Sum under (c) and (d) above shall not be added under this Section but may be added under the Eightieths Section in accordance with the rules of the Eightieths Section.
3. A Member entitled to benefit under (2) above shall have the same options as apply under rule 4.1(2).
4. An incapacity pension may be reviewed in accordance with General Rule 6.5. Where a pension has been withdrawn, reduced (or subsequently increased) under General Rule 6.5, the Trustees (with the consent of the Employer and subject to (6) below) may determine that the provisions of rules 4 and 5 and General Rule 8 shall (in relation to the Pensioner concerned and the persons claiming under him) either:-
   1. have no effect; or
   2. have effect subject to such modifications (if any) as the Trustees decide.
5. Any decision of the Trustees under this rule must not infringe the Preservation Requirements.
6. The Company and Trustees may, to the extent consistent with the Scheme's status as a Registered Scheme, establish one or more separate arrangements under the Scheme so that any pension payable on grounds of Incapacity (whether already in payment or otherwise), to any individual Member or category or categories of Member may be divided between and paid from such separate arrangements. The Company and the Trustees may agree the terms on which benefits are payable (and cease to be payable) under such arrangements.
   1. **EARLY RETIREMENT AT THE EMPLOYER'S OPTION**
7. This rule applies to a Member who ceases to be in Service before Normal Pension Date without becoming entitled to benefits under rule 4.3 (Incapacity). It applies instead of any other benefits under this Section and it only applies to a Member when all of the following requirements are also satisfied:-
   1. he has completed 2 years' Qualifying Service;
   2. he has attained Minimum Pension Age;
   3. his Employer has certified that he has ceased to be in Service by reason of redundancy or severance or in the interests of the efficiency of his Employer or (being the joint holder of an appointment) because the other joint holder has ceased to hold such appointment; and
   4. his Employer determines that this rule shall apply to him.
8. A Member to whom this rule applies shall be entitled to:-
   1. the NW Pension and the CARE Pension for the remainder of his life beginning on the day after he ceases to be in Service; and
   2. the NW Lump Sum and the CARE Lump Sum on the same day as he ceases to be in Service.
9. A Member to whom this rule applies shall have the same options as apply under rule 4.1(2).
   1. **EARLY LEAVERS**
10. A Member who:-
    1. has completed 2 years' Qualifying Service or is otherwise entitled to Short Service Benefit;
    2. ceases to be in Service before Normal Pension Date; and
    3. is not entitled to benefit under rules 4.1Z or 4.2 (early retirement), 4.3 (Incapacity), 4.4 (early retirement at the Employer's option) or General Rule

6.1 (flexible retirement) shall be entitled to:-

1. the NW Pension for the remainder of his life beginning on the day after Normal Pension Date;
2. the NW Lump Sum on Normal Pension Date;
3. the CARE Pension beginning on the day after Normal Pension Date; and
4. the CARE Lump Sum on Normal Pension Date.

Provided that:-

* + 1. Pursuant to Rule 4.1**X(3),** the Member must draw his Final Salary and CARE Benefits at the same time;
    2. In relation to benefits accrued on or after 1 January 2008 and prior to 1 January 2016, both the NW Pension and NW Lump Sum shall be reduced by such amount or varying amount as the Trustees (after consulting the Actuary) determine to be appropriate to take account of payment before New Pension Date; and
    3. The CARE Pension and CARE Lump Sum shall be reduced by an Early Retirement Factor to take account of payment before New Pension Date.

1. The Member shall have the following options in respect of his pension and lump sum entitlements:-

**Taking deferred benefits early**

* 1. to require his pension to begin and his lump sum to be paid earlier than as provided in (1) above in which case the following provisions shall apply:-

1. the Member cannot exercise this option before the earlier of:
   1. his attaining Minimum Pension Age; and
   2. his retiring from employment on account of Incapacity;
2. the Member may only exercise this option in such manner as the Trustees may prescribe and in relation to both pension and lump sum entitlements;
3. unless (and to the extent that) the Employer (with the consent of the Trustees) shall determine otherwise and subject to (iv) below:-
   1. the initial yearly amount of the NW Pension and NW Lump Sum shall be reduced, by such amount or varying amount as the Trustees (after consulting the Actuary) determine to be appropriate as follows:
      1. in relation to benefits accrued before 1 January 2008, to take account of payment before the later of age 60 and the earlier of:-
         1. Normal Pension Date; and
         2. the date when the Member's age and Qualifying Service, had he remained an Active Member, would in total amount to 85 years.

If, on the date of the pension comes into payment, the Member has attained age 60 and his age and Qualifying Service already in total amount to 85 years or more, there shall be no reduction under this sub-paragraph (iii)(a)(A).

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* + 1. in relation to benefits accrued on or after 1 January 2008 and prior to 1 January 2016, to take account of payment before New Pension Date; and
  1. the CARE Pension and the CARE Lump Sum payable under this sub-rule shall be reduced by an Early Retirement Factor, to take account of payment before New Pension Date.

The reduction (if any) of the Member's pension and lump sum entitlements under this sub-paragraph (iii) shall not affect the amount of any pension or other benefits payable under rule 5 (Death Benefits) following the Member's death;

1. the benefits shall not be reduced under (iii) above where the Employer determines that there are compassionate grounds for not reducing benefits or the Member has retired from employment on account of Incapacity;
2. if benefits are not reduced because the Member has retired from employment on account of Incapacity (and such Member's first or only period of Active Membership began after 1 April 1998), then until Normal Pension Date the provisions for withdrawal, reduction or increase of pension under General Rule 6.5 shall apply to the pension payable under this rule;
3. this option shall not apply in any case where the Trustees (after consulting the Actuary) determine that the pension payable in respect of his Contracted-out Employment before 6 April 1997 would be less than the Member's GMP;
4. the Employer reserves the right to refuse to allow a Member to exercise this option;

**Taking deferred benefits late**

* 1. to require his pension to begin and his lump sum to be paid later than as provided in (1) above in which case:

1. the initial yearly amount of the NW Pension and NW Lump Sum may:
   1. in relation to benefits accrued before 1 January 2008, be increased by such amounts (if any), as the Trustees (after consulting the Actuary) determine to be appropriate;
   2. in relation to benefits accrued on or after 1 January 2008 and prior to 1 January 2016:

(aa) if payment is before New Pension Date, be reduced by such amount or varying amount as the Trustees (after consulting the Actuary) determine to be appropriate, to take account of payment before New Pension Date; or

(bb) if payment is after New Pension Date, be increased by such amounts (if any) as the Trustees (after consulting the Actuary) determine to be appropriate; and

1. the initial yearly amount of the CARE Pension and CARE Lump Sum shall:
   1. if payment is before New Pension Date, be reduced by an Early Retirement Factor; or
   2. if payment is after New Pension Date, be increased by a Late Retirement Factor

A Member cannot exercise this option to defer payment of his pension and lump sum beyond New Pension Date unless his Employer has consented;

**Other options**

* 1. to exchange all or part of the lump sum for an increase in his own pension (see rule 4.7);
  2. to exchange all or part of his pension for a lump sum (see rule 4.7A);
  3. to surrender part of his pension to provide for a Nominated Dependant's pension payable after his death (see rule 4.8); and
  4. instead of the options under (a), (b), (c), (d) and (e) above, the statutory right under the PSA 93 (if he fulfils the conditions set out in Part 4ZA Chapter I of that Act and only exercisable before the Last Option Date) to require the Trustees to use the cash equivalent of his benefits in one or more of the ways set out in that Chapter (transfer to another occupational pension scheme or to a Personal Pension Scheme or purchase of one or more annuities from an Insurance Company). The Member must exercise this option in relation to his benefits accrued in the Eightieths Section at the same time as he exercises this option in relation to his benefits accrued in this Section. Provided that the Trustees may allow a Member to transfer part of the cash equivalent of his benefits subject to such terms and conditions as they shall determine.
  5. **LEAVING SERVICE BEFORE NORMAL PENSION DATE (REFUND OF CONTRIBUTIONS OR TRANSFER)**

**Leaving Service before Normal Pension Date**

1. A Member who -
   1. has completed less than 3 months' Qualifying Service; and
   2. ceases to be in Service before Normal Pension Date,

not being entitled to Short Service Benefit shall have the option to take a repayment of the Contributions which he made during any period whilst he was not a SMART Member and his AVCs (if any).

1. A Member who -
   1. has completed at least 3 months' Qualifying Service; and
   2. has completed less than 2 Years' Qualifying Service; and
   3. ceases to be in Service before Normal Pension Date,

not being entitled to Short Service Benefit shall have the following options -

* + 1. to take a repayment of the Contributions which he made during any period whilst he was not a SMART Member and his AVCs (if any); or
    2. to elect to have a cash transfer sum paid to another pension arrangement.

1. Where a Member elects to take a repayment of his Contributions under (1) or (2)(i) above, the Member will also be entitled to Interest on his Contributions if his Employer has certified that he ceased to be in Service by reason of Incapacity or redundancy or severance or in the interests of the efficiency of his Employer or (being the joint holder of an appointment) because the other joint holder has ceased to hold such appointment.
2. Where a Member elects to have a cash transfer sum paid to another pension arrangement in accordance with (2)(ii) above, the cash transfer sum will be calculated on such basis as determined by the Trustees (after consulting the Actuary) and will be used to -
   1. acquire rights under a Registered Scheme; or
   2. purchase one or more annuities with an Insurance Company.

A Member who elects to have a cash transfer sum paid shall not be entitled to a refund of Contributions under (2)(i) above. For the avoidance of doubt, the payment of the cash transfer sum shall mean that no other benefit shall be payable under the Scheme to or in respect of the Member.

1. Within 2 months of the Member ceasing to be in Pensionable Service, the Trustees shall write to him setting out his options under (2) above. The Member may only exercise the options under (2) above by giving written notice to the Trustees within a reasonable period after ceasing to be in Pensionable Service, and in any event such notice must be given within 3 months of the date on which the Trustees write to the Member setting out his available options (unless the Trustees agree to a longer notice period either generally or in an individual case). If it is exercised then no other benefit shall be payable under the Scheme to or in respect of the Member except as required by the GMP Model Rules (Schedule I). If the Member does not give written notice to the Trustees within 3 months (or such longer notice period as may be agreed), the Trustees shall automatically treat the Member as being entitled only to a refund of contributions under (2)(i) above.
2. Any repayment of Contributions and AVCs (if any) under (1) or (2) above shall be made after deduction by the Trustees of -
   1. an amount equal to any tax payable in respect of that payment; and
   2. the amount mentioned in section 61(2) of the PSA 93 calculated in accordance with section 61 of that Act.

The payment, amount and form of the refund must satisfy the requirements of a short service refund lump sum and a scheme administration member payment as those terms are defined in the FA 2004.

1. For avoidance of doubt:
   1. any such repayment under (1) or (2) above shall mean that no other benefit shall be payable under the Scheme to or in respect of the Member.
   2. a Member shall not be entitled to take a repayment of the Contributions under

(1) or (2) above which were made in respect of him during any period whilst he was a SMART Member.

* 1. the Member's Employer may (outside the Scheme) pay an ex-gratia sum to a Member who has participated in a Salary Sacrifice Arrangement.
  2. **EXCHANGE OF LUMP SUM FOR INCREASED PENSION**

A Member who is entitled to both a pension and a lump sum under this Section may, by written notice to the Trustees in such form and within such time limits as they may prescribe, exchange all or part of the lump sum for an increase in his pension of an amount determined by the Trustees after consulting the Actuary. The terms of any such exchange (at the option of the Member) may or may not affect the amount of any pension or other benefits payable under rule 5 (Death Benefits) following the Member's death.

* 1. A **COMMUTATION OF PENSION FOR LUMP SUM**

1. Subject to General Rule 8.3(1), when the pension of a Member becomes payable, he or she may commute for a lump sum any part of the pension, subject to complying with such conditions (including conditions relating to the time and manner for making such an application) as the Trustees may from time to time determine.
2. The factors to be employed in commuting pension for a lump sum in accordance with this Rule 4.7A shall be determined in relation to each Member by:
   1. the Trustees on the advice of the Actuary, insofar as the pension relates to NW Pension; and
   2. the Company on actuarial advice insofar as it relates to CARE Pension.
3. The lump sum must comply with the conditions set out in Schedule 29 to the FA 2004 as amended by Schedule 36 to FA 2004 and the limits set out in General Rule 5.2.
4. The option to exchange pension for a lump sum shall be subject to the Contracting­ out Requirements.
5. A Member's CARE Pension and NW Pension must be commuted proportionately.
   1. **OPTION FOR DEPENDANTS' PENSION**
6. A Member may, by written notice to and with the consent of the Trustees (who may withhold their consent without giving any reason), surrender part of his pension (including any part derived from exchanging the whole or part of the lump sum) to provide a pension payable to another person, who is either his spouse, Civil Partner,

Eligible Child or financially dependent on him, and who satisfies the definition of (

"dependant" in paragraph 15 of Schedule 28 to the FA 2004. The pension in respect of his Contracted-out Employment before 6 April 1997 remaining after surrender must not be less than his GMP and is referred to below as **"the Reduced Pension".**

1. If the Trustees accept the surrender under (1) above, the other person shall become the Member's **Nominated Dependant.**
2. A Member may surrender part of his pension in favour of more than one Nominated Dependant, in which event he may specify the allocation to be made between or amongst them.
3. The amount of the Nominated Dependant's pension shall be determined by the Trustees (acting on the advice of the Actuary) but the pension of the Nominated Dependant (or the total pensions of all the Nominated Dependants) under this rule shall not exceed the Reduced Pension.
4. The Member may exercise his option under this rule by notice given at any time before his pension becomes payable. He may, at any time before then, cancel any surrender under this rule by giving written notice to that effect to the Trustees.
5. On the death of the Member or his Nominated Dependant before the Member's pension begins, any surrender under this rule shall be cancelled.
6. The Nominated Dependant's pension shall begin on the day after the Member's death whilst receiving the Reduced Pension and (except in relation to an Eligible Child of the Member) shall continue during the remainder of the life of the Nominated Dependant. The pension of a Nominated Dependant who is an Eligible Child of the Member shall determine when he ceases to qualify as an Eligible Child (as defined in General Rule 2.2).
7. If a Nominated Dependant pre-deceases a Pensioner, there shall not be any increase in the amount of pension payable to him.
8. The exercise of an option under this rule shall not affect the amount of any pension or other benefits payable under rule 5 following the Member's death.
   1. **SPECIAL PROVISIONS FOR CERTAIN WCAPS TRANSFERRED MEMBERS**

**Service before April 1972**

1. The following provision applies to a male WCAPS Transferred Member who was married and a member of a local government pension scheme immediately before becoming a member of WCAPS at his first opportunity (before 1975).

For such a Member the amount of lump sum entitlement under rule 4.1(2)(b) is limited to 1180th of Final Pensionable Remuneration for each year of Pensionable Service comprised in the Duration of the Member's Pensionable Service, which year began after September 1950 and ended before April 1972.

If, however:-

* 1. the Member's wife died after September 1950 and the Member was still a widower on 31st March 1972; or
  2. after September 1950 and before April 1972, the Member was judicially separated or divorced and thereafter had no liability to maintain his wife or former wife,

then, in either such case, the amount of lump sum entitlement shall be as provided in rule 4.1(2)(b) for each year of Pensionable Service comprised in the Duration of the Member's Pensionable Service and which is (in the case of (a) above) after the death of his wife or (in the case of (b) above) after the liability to maintain his wife or former wife had ceased.

**Offset for Service between 1948 and 1980**

1. For a WCAPS Transferred Member in Service at any time between 1st January 1948 and 31st March 1980 (or, if earlier, the date he became a member of WCAPS), there may be a deduction of an amount not exceeding £1.70 for each complete year between those dates from the amount of any pension payable under this Section provided that the pension in respect of his Contracted-out Employment before 6 April 1997 remaining after such deduction is not less than the Member's GMP.
2. In the event of conflict between this rule and any of the previous rules of this Section, this rule shall override.
   1. **INCREASES TO PENSIONS IN PAYMENT**
3. Subject to (2) below and to section 51 of the PA 95 (indexation), each pension in payment under the Scheme shall be increased in accordance with the following provisions.
4. The provisions of this rule do not apply to:-
   1. that part of any pension that constitutes a GMP in payment, which shall be increased in accordance with the GMP Model Rules (Schedule I);
   2. equivalent pension benefits under the National Insurance Act 1965 where such benefits are the only benefit payable to a Member; and
   3. the part of any pension arising under the Trust Deed and not the Rules, unless the Trustees (in their absolute discretion) decide that it shall be taken into account.
5. (a) Subject to (2) above and (4) below, on the Increase Date in every calendar year, the last yearly amount of each pension in payment (or as it would have been in payment but for any adjustment under rule 4.13) under the Scheme (as previously increased under this rule) shall be increased:
6. insofar as the pension in payment relates to NW Pension, by the same percentage as that specified in the Increase Order coming into force on that Increase Date; and
7. insofar as the pension relates to CARE Pension, by the lower of:
   1. the annual percentage change, for the previous September, in the CPI; and
   2. 2.5%,

(

**NW Section**

provided that no reduction shall be applied if the result of (A) and (B) is (

negative.

1. Increases to pensions in payment pursuant to (a) above shall be subject to:
   1. a maximum of 5 percent per annum, insofar as the pension in payment

is attributable to Pensionable Service on and after 1 January 2008 and (

prior to 1 January 2016; and

* 1. the maximum of 2.5 percent per annum prescribed in (a)(ii)(B) above insofar as the pension in payment relates to CARE Pension

(the **"Maximum Rates").**

To the extent that the percentage increase that would have applied but for this rule exceeds the Maximum Rate applicable to the relevant element of the pension in payment, the Trustees will, if the Company consents, at the same time increase the relevant element or elements (as applicable) of pensions in payment by all or such part of that excess as the Trustees may determine provided that, after consulting the Actuary, they consider that this can be done without an immediate increase in the Employers' ordinary annual contributions. If pensions in payment in any relevant period are not increased by reference to either the whole or part of the excess over either of the Maximum Rates, such pensions in payment shall not be increased in subsequent years to reflect that shortfall.

1. In this rule:-
   1. the increase in the yearly amount of a pension under (3) above applies when the Increase Date is at least one year after the Relevant Date (as described in
2. below);
3. when the Increase Date under (3) above is less than one year after the Relevant Date, then the full increase described in that sub-rule shall not apply, but instead a proportionate increase shall take place in respect of the period from the Relevant Date to the Increase Date. The proportion shall be 1112th of what would have been the full year's increase under (3) above multiplied by the number of complete Months from the Relevant Date until that Increase Date. (For the purpose of this rule, a period of less than a Month shall be treated as a complete Month if it consists of at least 16 days);
4. where the Member concerned is under age 55, increases to a pension under any of the following provisions only become payable once the Member has attained age 55:-
   1. rule 4.2 (early retirement before Normal Pension Date - Member's option);
   2. rule 4.4 (early retirement at the Employer's option); or
   3. rule 4.5(3)(a) (early payment of preserved benefits) except where the pension is not reduced on compassionate grounds or on account of Incapacity (see paragraph (iv) of rule 4.5(3)(a)).

In any such case, each increase until it becomes payable is notionally accrued and is the subject of any further increases that may apply under this rule.

1. In this rule:-
   1. in the case of a Member's own pension, or a pension arising on a Member's death in Service (whether before or after Normal Pension Date), the Relevant Date is the date on which the first instalment thereof became due; and
   2. in the case of a pension arising on a Member's death while entitled to receive a pension, the Relevant Date is the date on which the first instalment of the Member's own pension became due.
2. For the purpose of (3) above, the last yearly amount of an Eligible Child's pension shall be deemed to be that which it would have been, if any event (which happened after the last yearly amount thereof was determined and before the next Increase Date), had happened immediately before such determination.
3. Any larger increase in benefits with effect from an Increase Date partly in exercise of the discretionary power contained in the Trust Deed, shall be deemed to satisfy the foregoing provisions and (as to the part thereof equal to the amount of any increase under this rule) to be the increase under this rule and (as to the balance) the exercise of the said discretionary power.
4. The amount of any increase under this rule or under the discretionary power contained in the Trust Deed shall (to the extent permitted by law) be deemed to satisfy the requirement to increase pensions in payment derived from the PA 95 or any other legislation.
   1. **INCREASES TO PENSIONS IN DEFERMENT AND LUMP SUMS**
5. The amount of the prospective pension of a Deferred Pensioner (in excess of the Annual Equivalent of his Guaranteed Minimum at the date of his leaving Service in Contracted-out Employment) and the amount of his prospective lump sum shall be increased in respect of the period between the date of his leaving Active Membership and the Relevant Date (as defined in (4) below) or the earlier date of the Member's death as follows:
   1. in relation to benefits accrued before 1 January 2008, by the same percentage increase as a pension subject to the Pensions (Increase) Act 1971 would increase during that period or, if greater, by the same percentage increase as required by the provisions of Part IV Chapter II of the PSA 93;
   2. in relation to benefits accrued on or after 1 January 2008 and before 6 April 2009 by the appropriate higher revaluation percentage specified in accordance with paragraph 2(7) of Schedule 3 to the PSA 93; and
   3. in relation to benefits accrued on or after 6 April 2009 and prior to 1 January 2016 by the appropriate lower revaluation percentage specified in accordance with the PSA 93, but as if:
      1. any reference to "2.5 per cent" in the definition of "lower maximum rate" in the appropriate provision of the PSA 93 instead read "5 per cent"; and
      2. the lower revaluation percentage specified by the Secretary of State under that legislation was determined on that basis; and
   4. in relation to benefits accrued on or after 1 January 2016, by either:-
6. the lower of:
   1. the increase in the CPI between the September prior to the date the Member ceased Active Membership and the September prior to the earlier of:
      1. New Pension Date; and
      2. the date the benefits come into payment; and
   2. the percentage that would be the increase in (A) above had the CPI increased at the rate of per 2.5% compound per annum; or
7. if it would result in a higher pension or lump sum than under (i) above, applying the "find salary method" described in Part IV Chapter II of the PSA 93.
8. The amount of the prospective pension of a Deferred Pensioner equal to the Annual Equivalent of his Guaranteed Minimum at the date of his leaving Service shall be increased in accordance with the GMP Model Rules (Schedule I).
9. The provisions of this rule do not apply to:-
   1. equivalent pension benefits under the National Insurance Act 1965; and
   2. any pension or lump sum arising under the Trust Deed and not the Rules, unless the Trustees (in their absolute discretion) decide that it shall be taken into account.
10. In this rule 4.11, "Relevant Date" means -
    1. Normal Pension Date in relation to sub-rule (1)(a); and
    2. New Pension Date in relation to sub-rules (1)(b), (c) and (d).
    3. **PAYMENT OF BENEFITS FROM THE SCHEME**
11. Except where individual rules specifically state otherwise, all pensions under the Rules are payable for life.
12. Pensions that come into payment before 1 January 2011 shall (unless otherwise determined by the Trustees) be payable monthly in advance. The first payment shall be an apportioned part of the monthly amount appropriate to the period between the date upon which the pension begins and the end of that calendar month. The last payment shall be paid in full and not apportioned.
13. Pensions that come into payment on or after 1 January 2011 shall (unless otherwise determined by the Trustees) be payable monthly in advance on the first of the month (with the first payment being paid together with an apportioned part of the monthly amount appropriate to the period (if any) between the date upon which the pension

begins and the date of the first payment of pension). The last payment shall be paid in full and not apportioned.

1. The Trustees may make provision for adjusting the amounts of benefits in any manner so as to avoid fractional amounts, or otherwise to facilitate the calculation or payment of benefits, including (but without limiting the scope of this power) making such arrangements as they think fit as to the method and place of payment. Payments by instruments or cash sent by post shall be at the risk of the beneficiary. The Trustees shall not be responsible for or be bound to take any steps to recover any loss which may arise from payment in accordance with such provisions.
2. All pensions and other benefits under the Scheme are payable in pounds sterling.
   1. **ADJUSTMENT OF PENSION**

A Member may, if his pension begins before State Pension Age, request the Trustees to vary the amount of his pension, with a greater amount being paid until State Pension Age and a smaller amount thereafter (to the intent that his total income from the Scheme and the State scheme should remain approximately constant throughout his retirement). If they agree to this request, the Trustees must be satisfied (having taken the advice of the Actuary) that the actuarial value of the re-arranged pension does not (to any material extent) exceed the actuarial value of the pension before re­ arrangement.

**RULES NORTHUMBRIAN WATER SECTION**

**DEATH BENEFITS**

* 1. A **OVERRIDING PROVISION APPLICABLE TO DEATH BENEFITS**

1. On the death of a Member of both this Section and the Eightieths Section this Rule 5 states the type of benefit that arises. Where the benefit is linked to a benefit or prospective benefit of the deceased Member the calculation under this Section relates only to the part of the deceased's benefit that arose or would have arisen under this Section.
2. On the death of such an Active Member, short-term pension (being based exclusively on Final Pensionable Remuneration) will be deemed to arise only from the Eightieths Section, and in all other respects Rule 5.1 below shall arise (and by reference to the Member's Final Pensionable Remuneration at the date of the Member's death).

5.1 **DEATH IN PENSIONABLE SERVICE**

1. If an Active Member dies in Pensionable Service:-
   1. his Surviving Spouse shall be entitled to:-
      1. a short-term pension for the period of three Months (or for such shorter period as she survives him) beginning on the day after the Member's death; and
      2. a long-term pension for the remainder of her life beginning on the day after the expiry of the three Month period referred to above.

The amount of the short-term pension and the initial yearly amount of the long-term pension are set out in (2) below; and

* 1. the Trustees shall (subject as provided in rule 5.4 below and to any nomination made pursuant to sub-paragraph (2) of the definition of Surviving Spouse) pay the following pensions in respect of his Eligible Children:-
     1. in the case of a Member who dies without leaving a Surviving Spouse, a short-term pension for the period of three Months (or for such shorter period during which at least one Eligible Child of the Member survives him) beginning on the day after the Member's death;
     2. in the case of a Member whose Surviving Spouse dies within the three Month period referred to above, a short-term pension for a period which is equal in duration to the unexpired portion of the deceased Surviving Spouse's short-term pension (or for such shorter period during which at least one Eligible Child of the Member survives him); and
     3. a long-term pension beginning on the day after the expiry of the three Month period referred to above.

The amount of the short-term pension and the initial yearly amount of the long-term pension are set out in (3) below.

**Surviving Spouse's pension**

1. (a) Subject to rule 5.3A, the amount of the Surviving Spouse's short-term pension shall be one twelfth of the Member's Final Pensionable Remuneration for each Month (not exceeding three) that she survives him.
2. Subject to rule 5.3A, the initial yearly amount of the Surviving Spouse's long­ term pension shall be one half of what the yearly amount of the Member's own prospective pension would have been if calculated by adding together the following elements:-
   1. his NW Pension (for the avoidance of doubt, revalued by Final Salary Active Revaluation until the date of his death); and
   2. the CARE Pension payable to the Member had he remained in Pensionable Service until attaining New Pension Date, or (in the case of a Member who (with his Employer's consent) remains in Pensionable Service after attaining New Pension Date) had he ceased to be in Service immediately before his death. For these purposes, the CARE Pension shall be calculated as the sum of the CARE Pension calculated as if the Member had left Service on the day he died and the Prospective Death in Service Pension. The Prospective Death in Service Pension shall be calculated as 1180th of the Member's Pensionable Remuneration earned in respect of the year ending on the day immediately before the Member's death (or such higher amount as the Trustee and the Company agree) multiplied by the potential years and days of Pensionable Service (expressed as the number of whole years and any fraction of a year) which the Member would have completed had he remained an Active Member until New Pension Date;

Provided that the pension in (ii) above shall be calculated as if the total pension had been subject to any increases under rule 4.10 that would have applied during the period from the Member's death.

Provided that, if the Member was also a Member of the Eightieths Section, the Surviving Spouse's long-term pension under (2)(b)(ii) above shall instead be calculated under the Eightieths Section.

**Eligible Children's pensions**

1. (a) The amount of the Eligible Children's short-term pension which shall be an aggregate amount in respect of all of the Member's Eligible Children entitled to such pension, shall be:-
2. (in relation to (1)(b)(i) above), one twelfth of the Member's Final Pensionable Remuneration for each Month (not exceeding 3) that such pension is payable; and
3. (in relation to (1)(b)(ii) above), an amount equal to the further instalment or instalments of the Surviving Spouse's short-term pension

which would have been payable had she survived for the full period of three Months.

1. The initial yearly amount of the Eligible Children's long-term pension, which shall be an aggregate amount in respect of all the Member's Eligible Children entitled to such pension, shall, subject to the provisos below, be:

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* 1. if there is one Eligible Child, one quarter; or
  2. if there are two or more Eligible Children, one half

of what the yearly amount of the Member's own prospective pension would have been, as stated in (2)(b) above.

Provided that:

* + 1. if no long-term pension is payable to a Surviving Spouse under

(2) above, the fraction in (i) above shall be one third instead of one quarter, and the fraction in (ii) above shall be two thirds instead of one half; and

* + 1. If a Surviving Spouse's long-term pension shall cease to be payable under (2)(b) above, the fraction in (i) above shall thenceforth be one third instead of one quarter and the fraction in (ii) above shall thenceforth be two thirds instead of one half.
  1. **DEATH IN RETIREMENT**

1. On the death of a Pensioner:-
   1. if he dies within 5 years from the date his pension began, the Trustees shall hold on the Discretionary Trusts the lump sum set out in (2) below;
   2. his Surviving Spouse shall be entitled to:-
      1. a short-term pension for the period of three Months (or for such shorter period as she survives him) beginning on the day after the Pensioner's death; and
      2. a long-term pension for the remainder of her life beginning on the day after the expiry of the three Month period referred to above.

The amount of the short-term pension and the initial yearly amount of the long-term pension are set out in (3) below; and

* 1. the Trustees shall (subject as provided in rule 5.4 below) pay the following pensions in respect of his Eligible Children:-
     1. in the case of a Pensioner who died without leaving a Surviving Spouse, a short-term pension for the period of three Months (or for such shorter period during which at least one Eligible Child of the Pensioner survives him) beginning on the day after the Pensioner's death;
     2. in the case of a Pensioner whose Surviving Spouse dies within the three Month period referred to above, a short-term pension for a period which is equal in duration to the unexpired portion of the deceased Surviving Spouse's short-term pension (or for such shorter period during which at least one Eligible Child of the Pensioner survives him); and
     3. a long-term pension beginning on the day after the expiry of the three Month period referred to above.

The amount of the short-term pension and the initial yearly amount of the long-term pension are set out in (4) below.

**Lump sum**

1. The lump sum shall be a sum equal to the aggregate amount of the further instalments of the Pensioner's pension which would have been payable if:-
   1. he had lived until the expiry of the period of 5 years from the date his pension began;
   2. increases had ceased to apply on his death;
   3. no adjustment under rule 4.13 had been made; and
   4. in the case of a pension under rule 4.3 (Incapacity), it had continued to be payable without any reduction or withdrawal, but subject to General Rule 6.5 if such pension had already been reduced or withdrawn at the date of the Pensioner's death.

A Member may elect in writing to the Trustees, before his or her pension starts, to have the lump sum payable under this rule 5.2(2) treated as a Pension Protection Lump Sum Death Benefit (in which case the Trustees shall deduct from the lump sum any tax for which they may be liable to account to HMRC under section 206 of the FA 2004). If no such election is made, then the lump sum shall be paid as a Defined Benefits Lump Sum Death Benefit.

**Surviving Spouse's pensions**

1. (a) Subject to rule 5.3A, the amount of the Surviving Spouse's short-term pension shall be one twelfth of the Annual Equivalent of the last instalment of the Pensioner's pension before his death (as adjusted below) for each Month (not exceeding three) that she survives him.

For this purpose the Pensioner's pension shall be calculated after any exchange under rule 4.7 (conversion of lump sum to pension) or rule 4.7A (conversion of pension to lump sum) if the terms of such exchange so provided, but as it would have been if:

1. it had not been actuarially reduced for early payment under rules 4.1Z and 4.2 (voluntary early retirement) or rule 4.5(2) (early payment of preserved benefits); and
2. no part of it had been surrendered under rule 4.8 (Nominated Dependant's pension option), or was the subject of any adjustment under rule 4.13 (adjustment of pension).

And so that an amount equal to any actuarial reduction and any part actually surrendered shall be treated as if increased in the same way as pensions in payment.

(b) Subject to rule 5.3A, the initial yearly amount of the Surviving Spouse's long­ term pension shall be one half of the Annual Equivalent of the last instalment of the Pensioner's pension before his death, calculated as stated in (a) above and assuming it to have been subject to any increases under rule 4.10 that would have applied during the period from the Pensioner's death.

**Eligible Children's pensions**

1. (a) The amount of the Eligible Children's short-term pension which shall be an aggregate amount in respect of all of the Pensioner's Eligible Children entitled to such pension shall be:
2. (in relation to (1)(c)(i) above), one twelfth of the Annual Equivalent of the last instalment of the Pensioner's pension before his death, calculated as stated in (3)(a) above for each Month (not exceeding three) that such pension is payable; and
3. (in relation to (1)(c)(ii) above), an amount equal to the further instalment or instalments of the Surviving Spouse's short-term pension which would have been payable had she survived for the full period of three Months.
4. The initial yearly amount of the Eligible Children's long-term pension which shall be an aggregate amount in respect of all the Member's Eligible Children entitled to such pension, shall, subject to the provisos, below be:
   1. if there is one Eligible Child, one quarter, or
   2. if there are two or more Eligible Children, one half

of the Annual Equivalent of the last instalment of the Pensioner's pension before his death, calculated as stated in (3)(a) above, and assuming it to have been subject to any increases under rule 4.10 that would have applied during the period from the Pensioner's death.

Provided that:

* + 1. if no long-term pension is payable to a Surviving Spouse under

(3) above, the fraction in (i) above shall be one third instead of one quarter and the fraction in (ii) above shall be two thirds instead of one half; and

* + 1. if a Surviving Spouse's long-term pension shall cease to be payable under (3)(b) above, the fraction in (i) above shall thenceforth be one third instead of one quarter and the fraction in (ii) above shall thenceforth be two thirds instead of one half, assuming the Pensioner's pension to have been subject to any

increases under rule 4.10 that would have applied during the period from the Pensioner's death.

* 1. **DEATH IN DEFERMENT**

1. If a Deferred Pensioner dies:
   1. the Trustees shall hold on the Discretionary Trusts a lump sum. The amount of the lump sum is set out in (2) below;
   2. his Surviving Spouse shall be entitled to a pension for the remainder of her life, beginning on the day after his death. The initial yearly amount of the pension is set out in (3) below; and
   3. subject as provided in rule 5.4 below, the Trustees shall pay a pension in respect of his Eligible Children, beginning on the day after his death. The initial yearly amount of the pension is set out in (4) below.

**Lump sum**

1. The lump sum shall be:
   1. in respect of benefits accrued before 1 January 2008, the amount of lump sum the Deferred Pensioner would have been entitled to receive upon attaining Normal Pension Date (assuming no increases to such amount relating to the period after his death); and
   2. in respect of benefits accrued on or after 1 January 2008, equal to:
      1. the Member's ordinary contributions made on or after 1 January 2008 (together with the ordinary contributions that the Member would have made during any period on or after 1 January 2008 when he was a SMART Member, as determined by the Employer); and
      2. interest calculated on an annual basis (with a proportionate credit up to the date the Member ceases to be in Pensionable Service) at such rate as determined by the Trustees (which rate shall be reviewed by the Trustees from time to time to ensure that it is reasonable); less
      3. any tax payable in connection with the refund.

**Surviving Spouse's pension**

1. Subject to rule 5.3A, the initial yearly amount of the Surviving Spouse's pension shall be:
   1. if the Deferred Pensioner dies before attaining Normal Pension Date, one half of the initial yearly amount of the pension which the Deferred Pensioner would have been entitled to receive upon attaining Normal Pension Date (assuming no pension increases relating to the period after his death); or
   2. if the Deferred Pensioner dies after attaining Normal Pension Date, one half of the initial yearly amount of the pension which the Deferred Pensioner would have been entitled to receive if he had started to draw the pension on the day before the date of death.

**Eligible Children's pension**

1. The initial yearly amount of the Eligible Children's pension, which shall be an aggregate amount in respect of all the Member's Eligible Children entitled to such pension, shall, subject to the provisos below, be:
2. if there is one Eligible Child, one quarter; or
3. if there are two or more Eligible Children, one half

of the initial yearly amount of the pension which the Deferred Pensioner would have been entitled to receive, as stated in (3) above.

Provided that:

* 1. if no pension is payable to a Surviving Spouse under (3) above, the fraction in (i) above shall be one third instead of one quarter and the fraction in (ii) above shall be two thirds instead of one half; and
  2. if a Surviving Spouse's pension shall cease to be payable under (3) above, the fraction in (i) above shall thenceforth be one third instead of one quarter and the fraction in (ii) above shall thenceforth be two thirds instead of one half assuming the Deferred Pensioner's pension to have been subject to any increases under rule 4.10 that would have applied during the period from the date of the Deferred Pensioner's death.
  3. A **PROVISIONS RELATING TO SURVIVING SPOUSE'S PENSIONS**

1. Any pension payable to a Surviving Spouse shall not cease on the Surviving Spouse remarrying or entering into a civil partnership or living with another person as husband and wife.
2. Where a Member's Surviving Spouse was born 10 or more years later than the Member, the pension shall be reduced by 2.5 per cent for every complete year (and proportionately for any period of less than a complete year) in excess of 10, provided that:
   1. the Employer may at its discretion waive any such reduction; and
   2. on the death of a Pensioner or Deferred Pensioner, this Rule shall apply only in relation to the Member's benefits accrued on or after 1 January 2008.

Provided further that this Rule 5.3A(2) shall not apply where a valid nomination has been made pursuant to sub-paragraph (2) of the definition of Surviving Spouse and the Nominee (as defined in the definition of Surviving Spouse) is an Eligible Child.

* 1. **PROVISIONS RELATING TO ELIGIBLE CHILDREN'S PENSIONS**

1. The Eligible Children's short-term and long-term pensions (including the payment to Eligible Children of any remaining instalments of a Surviving Spouse's short term pension on the death of that Surviving Spouse) shall be payable to the Member's Eligible Children (if more than one) in such proportions as the Trustees shall determine.
2. The Trustees may pay an Eligible Children's pension directly to the Eligible Child entitled to it, or (if the Trustees so determine) to all or any (to the exclusion of the others or other) of the Member's Eligible Children, or to such person or persons as the Trustees decide to be held or used by such person or persons for the maintenance support and benefit of such Eligible Child, or (if the Trustees so determine) of all or any (to the exclusion of the others or other) of such Eligible Children.
3. The receipt of the person or persons to whom the pension or any part of it is paid shall be a full discharge to the Trustees. The Trustees, if they so wish, shall be entitled (but not bound) to oversee the application of the pension.
4. Any change in the number of the Member's Eligible Children shall, for the purposes of calculating an Eligible Children's pension, take effect from the beginning of the payment period immediately following the change.

**RULE6 NORTHUMBRIAN WATER SECTION**

**EXECUTIVE BENEFITS**

6.1 **EXECUTIVE BENEFITS**

Where an Employee or Director of an Employer has been admitted to Membership of the Northumbrian Water Section and has been invited by his Employer in writing to become an Executive Member of the Scheme, and has confirmed in writing that he wishes to become an Executive Member of the Scheme, he shall be entitled to the benefits set out in the Executive Section and the provisions of rules 1 to 5 (inclusive) of Part 2 of the Rules (Northumbrian Water Section) shall not apply.

**NORTHUMBRIAN WATER SECTION APPENDIX A DEFINITIONS**

The definitions in the General Rules shall apply to this Northumbrian Water Section together with the definitions set out below.

In the event of a conflict between the definitions in the General Rules and those set out below, those below shall prevail.

**"CARE Lump Sum"** means in respect of a Member, a lump sum calculated as follows:

1. For each CARE Year during which the Member is in Pensionable Service on and after 1 January 2016, 3/80ths of the Member's Pensionable Remuneration earned in respect of that CARE Year.
2. Where, on or after 1 January 2016, a Member is in Pensionable Service for less than a complete CARE Year, the Member shall accrue the CARE Lump Sum under (1) above in that CARE Year by reference to the Pensionable Remuneration actually earned during the period the Member was in Pensionable Service.
3. While the Member is an Active Member (and on ceasing to be an Active Member), the CARE Lump Sum accrued in each CARE Year (or part CARE Year) under (1) (and (2), if applicable) above will be revalued by CARE Active Revaluation.

**"Normal Pension Date"** means in relation to a Northumbrian Water Section Member the earlier of the following dates:

1. his 60th birthday or, if later, the date on which he completes or would complete but for the cessation of his Service 25 years' Qualifying Service; and
2. his 65th birthday.

**"NW Lump Sum"** means a lump sum calculated as 3/80ths of the Member's Final Pensionable Remuneration multiplied by the duration of the Member's Pensionable Service completed prior to 1 January 2016 and, while the Member is an Active Member and has not yet received the NW Lump Sum (and up to and including the date on ceasing to be an Active Member), revalued by Final Salary Active Revaluation.

**"NW Pension"** means a pension the initial yearly amount of which shall be 1180th of the Member's Final Pensionable Remuneration multiplied by the Duration of the Member's Pensionable Service completed prior to 1 January 2016 and, while as the Member is an Active Member and is not in receipt of the NW Pension (and up to and including the date on ceasing to be an Active Member), revalued by Final Salary Active Revaluation.

**"Pensionable Service"** means, in relation to a Northumbrian Water Section Member:

* 1. Service as an Employee which occurs during his last or only period of Active Membership including, in relation to a WCAPS Transferred Member, his WCAPS Transferred-in Service;

(

**NW Section**

* 1. periods which are treated as Pensionable Service by virtue of the payment of AVCs to purchase additional periods of Pensionable Service under the Scheme prior to 6 April 2006;
  2. periods which are treated as Pensionable Service by virtue of any Transfer Credits (not already included under (a) above); and
  3. any other period that the Employer (with the Trustees' approval) determines (either generally or in an individual case) to be a period of Pensionable Service.

Provided that:-

* + 1. no period of Service before age 16 will count as Pensionable Service;
    2. in making any such determination the Employer may also impose terms and conditions as to the Member's contributions during and benefits to be provided in respect of that period;
    3. Service with an Employer before it becomes a Participating Employer shall not be Pensionable Service unless the Company otherwise determines;
    4. any period of Service in respect of which the Member pays or is deemed to pay Contributions shall be treated as Pensionable Service for the purpose of lump sum death benefits under rule 5 (Death Benefits) of the Section that applies to him or her;
    5. any period of Service in respect of which the Member does not or is not otherwise deemed to pay Contributions shall not be Pensionable Service unless the Employer so determines or the Member has otherwise ceased to be obliged to contribute under rule 3.1 of the Section that applies to him or her. (A Transferred Member, who is not obliged to contribute to the Fund because he joined WCAPS pursuant to a transfer before 1st January 1975 under the terms of which he was not required to contribute to WCAPS, shall nonetheless be deemed to pay Contributions for purposes of the definition of Pensionable Service);
    6. a period of Maternity Leave in respect of which a female Member contributes to the Fund in accordance with General Rule 6.3(1) shall be treated as Pensionable Service;
    7. an Active Member who (having been Absent) returns to work at the end of his period of Absence and is deemed by the Employer to have contributed to the Fund or who elects to contribute under General Rule 6.2.(2)(f) and then contributes in accordance with such provision, will be treated as having remained in Pensionable Service during the period of his Absence; and
    8. No period shall be counted twice. Any period of Pensionable Service in respect of which a pension is being, will be or has already been paid under the Scheme shall be excluded. Pensionable Service under the Eightieths Section is excluded here.

**"Qualifying Service"** means, in relation to a Northumbrian Water Section Member:

1. any period of continuous Service (within paragraph (1)(a) of the definition of Service) immediately before he became an Active Member;
2. Service which counts as "pensionable service" as defined (in section 70(2) of the PSA

93) for the purpose of the Preservation Requirements;

1. any Linked Qualifying Service. Provided that Linked Qualifying Service shall not be treated as Qualifying Service for the purposes of determining the total of 85 years under rule 4.2 or 4.5 of Part 2 or "Normal Pension Date" in relation to a Member in respect of whom the transfer in which gives rise to that Linked Qualifying Service is made on or after 1 July 2001, unless the transfer is made pursuant to a written request to transfer in received by the Trustees before that date (in which event such Service shall be treated as Qualifying Service for the above purposes);
2. a period of Maternity Leave;
3. a period of Absence unless the Employer determines otherwise (see General Rule

6.2);

1. qualifying service as so defined for the purposes of WCAPS; and
2. Qualifying Service as a Member of the WPS Section.

Provided that:

* 1. Pensionable Service (or Reckonable Service, as appropriate) on and from 1 January 2008, including Pensionable Service as a Member of the DC Section, shall be taken into account for the purposes of a Member's Qualifying Service in determining and calculating benefits in respect of Pensionable Service (or Reckonable Service, as appropriate) up to and including 31 December 2007; and
  2. a period will be treated as Qualifying Service under the foregoing paragraphs only to the extent that it has not already been included.

And **"2 years' Qualifying Service"** has the meaning attributed thereto by section 71(7) of the PSA 93, includes any Linked Qualifying Service and in the case of an Active Member whose pensionable service (as defined in (2) above) has been broken (meaning "broken" in the sense in which the expression "a member's pensionable service is broken" is used in Regulation 21(1) of the Preservation Regulations) shall include, if Regulation 21(3) of those Regulations applies, the period of pensionable service (as defined in (2) above) previously terminated and any Linked Qualifying Service in relation to that period.

**"Surviving Spouse"** means:

1. subject to (2), the person who is the Member's spouse or Civil Partner and ordinarily resident with him at the date of his death but excluding (in the case of a Pensioner or Deferred Pensioner) a spouse or Civil Partner whose last or only marriage to, or civil partnership with, the Member took place after he ceased to be in Service and less than 6 months before his death.

Provided that the Trustees may determine that:-

1. the spouse or Civil Partner of a Member who is not ordinarily resident with him (

shall be deemed to be ordinarily resident with him;

1. the spouse or Civil Partner of a Member whose last or only marriage to or civil partnership with, the Member took place less than 6 Months before the Member's death shall be deemed to have been married to, or in a civil

partnership with, the Member more than 6 Months before his death; and (

1. a person who is in their opinion financially dependent on a Member, not having a spouse or Civil Partner ordinarily resident or deemed to be ordinarily resident with him shall be deemed to be his spouse or Civil Partner and upon his death to become his Surviving Spouse.

Any such determination may be subject to any condition and may be revoked. A person shall only qualify (and continue to qualify) as a dependant if the payment of any benefit to that person would not prejudice the Scheme's status as a Registered Scheme.

*Facility to nominate alternative recipient of the Surviving Spouse's pension* (

1. An Active Member may nominate (in such form and subject to such conditions as may be prescribed by the Trustees from time to time) a person other than his spouse or Civil Partner (the **"Nominee")** to receive any Surviving Spouse's pension payable in the event of his death as an Active Member.

The Nominee shall be deemed to be the Active Member's Surviving Spouse for the purposes of Rule 5.1 provided he is, in the Trustees' opinion (determined as at the date of the Active Member's death), a "dependant" of the Active Member for the purposes of paragraph 15 of Schedule 28 of the FA 2004 and the following shall apply:

1. If the Active Member also has a spouse or Civil Partner at the date of his death, the spouse or Civil Partner shall not be entitled to any benefits except to the extent the Trustees are required to provide the Active Member's surviving widow, widower or Civil Partner a pension under section 12B of the PSA 93, in which case the Nominee shall receive only the pension payable to the Surviving Spouse under Rule 5.1 in excess of the statutory benefit;
2. If the Nominee is an Eligible Child:-
   1. he will not be eligible to receive a separate Eligible Child's pension under Rule 5.1(1)(b);
   2. he will not be counted as an Eligible Child when determining what pensions are payable to Eligible Children under Rule 5.1(3) and Rule

5.4; and

* 1. he will only receive the Surviving Spouse's pension under Rule 5.1 for so long as he continues to be an Eligible Child.

If, at the date of the Active Member's death, the Nominee is not (in the Trustees' opinion) a "dependant" of the Active Member for the purposes of paragraph 15 of Schedule 28 of the FA 2004, death benefits shall be payable in respect of the Active Member under Rule 5.1 as if he had not made any nomination pursuant to this sub­ paragraph (2).

An Active Member may revoke or vary a nomination made pursuant to (2) above by notifying the Trustees in such form and subject to such conditions as the Trustees require.

**PART 3** - **WPS SECTION RULES RULE 1**

**APPLICATION**

* 1. **APPLICATION**

This Part 3 of the Rules shall apply with effect from 1 January 2016 in respect only of WPS Section Members who are in Pensionable Service on or after that date (or would have been but for having switched to the Eightieths Section) on and from 1 January 2008. Members' ordinary contribution rate is stated in Rule 3 from 1 April 2008; previous rules applied until then.

**RULE2 WPS SECTION MEMBERSHIP**

* 1. **MEMBERSHIP**

1. Members of the Scheme who were in Pensionable Service (or Reckonable Service, as applicable) on 31 December 2007 were given a number of options regarding the basis on which future service benefits on and from 1 January 2008 would accrue for and in respect of them. As a result of the exercise of those options, membership of the WPS Section comprises Starter 3% Members, Standard 5% Members, Standard 6% Members and SMART Members who:
2. were in Pensionable Service on 31 December 2007; and
3. elected to continue in Active Membership of the WPS Section or did not make any election from the options given to them (and were therefore deemed to have elected to continue in Active Membership of the WPS Section).
4. The WPS Section was closed to new Members with effect from the end of 31 December 2007.
5. Members of the WPS Section who left Pensionable Service before 1 January 2016 shall have their benefits calculated in accordance with the earlier provisions (if any) of the Former Definitive Deed and Rules in force at the date they left Pensionable Service.
6. Prior to 1 January 2008, the Trustees and the Company permitted certain Active Members of the WPS Section to opt out of continued Active Membership of the WPS Section and to be admitted to Active Membership of the Northumbrian Water Section. Such a Member became a Deferred Pensioner of the WPS Section as at the effective date of having so opted out and shall have his benefits under the WPS Section calculated as set out in rule 4.6.
   1. **DURATION OF MEMBERSHIP**
7. Membership conditions - Trustees may call for information

The Trustees may at any time call upon a Member, beneficiary or prospective beneficiary to supply evidence of age or other information which they may reasonably think necessary for the purposes of the Scheme. The Trustees may withhold payment of benefits due until this information is supplied.

1. Cessation of Active Membership while continuing in Service with the same Employer

An Active Member whose hours of employment are permanently reduced to below 16 hours per week shall remain an Active Member if he continues in Service with the same Employer, unless no later than 60 days after the change in his working hours taking effect he notifies the Trustees in writing that he intends to opt out of Active Membership. In that case, Active Membership shall cease with effect from the date of the change in working hours.

1. ***Resumption of Active Membership***
   1. A person who ceases to be in Active Membership cannot rejoin the WPS Section.
   2. Certain WPS Section Members who ceased and then resumed Active Membership (prior to, but not since, 1 January 2008) had the right to ask the Trustees to allow their previous period of Pensionable Service to be reinstated as an alternative to any preserved benefits. The Trustees were required to grant the Member's request if the Employer so directed. If the Member's previous Pensionable Service has been reinstated, it shall not qualify for any increased or extended benefits granted since the Member first left Service unless the Employer directs otherwise.
   3. A Member who leaves an Employer's Service and who resumes Service with the same Employer after an interval not exceeding 1 month and 1 day shall be treated as if he had not ceased to be an Active Member, except that this period of absence shall be disregarded in calculating the period of his Pensionable Service and Qualifying Service.
   4. A Member who leaves an Employer's Service with an entitlement to preserved benefits under rule 4.6 and who resumes employment with another Employer after 1 month and 1 day, may request that in lieu of those preserved benefits a notional transfer be made to his new Employer's Fund. The benefits to which the Member will be entitled in respect of the earlier Pensionable Service will be calculated on the advice of the Actuary.
   5. A Member who has completed less than 2 years' Qualifying Service (unless a transfer payment in respect of his rights under a Personal Pension Scheme was made to the Scheme) and who resumes Active Membership within 1 month and 1 day with another Employer shall have his benefits in respect of the earlier period of Pensionable Service calculated on the advice of the Actuary.
   6. **PENSION SALARY SACRIFICE**

A Member shall participate (or cease to participate) in the Pension Salary Sacrifice Arrangement in accordance with the provisions of General Rule 3.2.

* 1. **SPECIAL PROVISIONS FOR FORMER WPS MEMBERS AND BENEFICIARIES**

1. A Former WPS Member who elected to contribute to the Fund with effect on and from 1 April 1998 became an Active Member of the WPS Section and (subject to his right to change his category of Membership) contributed to the WPS Section at the rate applicable to him under WPS immediately before 1 April 1998.
2. The following provisions apply to:-
   1. a Former WPS Member who, immediately before 1 April 1998, was entitled to a pension under WPS (whether in deferment or payment); and
   2. a person who, immediately before 1 April 1998, was entitled to benefits under WPS in respect of a former member of WPS.

A person to whom these provisions apply shall be entitled to benefits under the WPS Section, payable in lieu of his benefits under WPS and, if he was receiving a pension, in lieu of it.

The benefits shall be of the same kind, amount and duration to those which would have been payable under WPS except that the provisions of the Trust Deed shall apply to the person and to the benefit payable from the WPS Section.

**RULE3 WPS SECTION**

**CONTRIBUTIONS**

* 1. **MEMBERS' ORDINARY CONTRIBUTIONS**

(1) (a) each Active Member who is a SMART Member shall contribute to the Fund at the rate of zero % of his Pensionable Remuneration whilst he participates in the Pension Salary Sacrifice Arrangement;

(b) with effect on and from 1 April 2008 each Active Member who is not a SMART Member shall, whilst he does not participate in the Pension Salary Sacrifice Arrangement, contribute to the Fund at the rate of 8% of Pensionable Remuneration.

* 1. **ADDITIONAL VOLUNTARY CONTRIBUTIONS**

1. Active Members can pay AVCs to the Fund in accordance with the provisions set out in General Rule 4.2.
2. Subparagraphs (1) to (5) of General Rule 4.2 and this rule 3.2 set out details of the benefits provided for and in respect of Members who were paying AVCs on 5 April 2006.
3. Subparagraphs (6) to (10) of General Rule 4.2 set out the rules applicable to Active Members who start to pay AVCs on or after 1 January 2008.
4. If a Member has opted to apply his AVCs under General Rule 4.2(2)(a), he will have all or part of his AVCs invested in a separately designated account. The annual return on the AVCs invested, as determined by the Trustees, will be added back to the Member's account. At retirement or, if earlier, on the Member's death, the accumulated amount in the Member's account will be available to provide additional retirement benefits for the Member, his Surviving Spouse or his Dependants. These benefits may be taken only in a manner which does not prejudice the Scheme's status as a Registered Scheme and shall so far as possible take the Member's wishes into account. The accumulated amount can normally be used to provide one or more of the following:-
   1. retirement pension;
   2. Surviving Spouse's and/or Dependant's pension;
   3. indexation.
5. The Trustees shall ensure that the value of the additional benefits provided for and in respect of a Member making AVCs under subparagraph (4) above is reasonable having regard to the amount of a Member's AVCs.
   1. **COLLECTION OF MEMBERS' CONTRIBUTIONS**
6. The Trustees may charge interest on a Member's Contributions and AVCs (if any) if they are not received by the Trustees within 60 days of the date they become

payable. The rate of interest to be applied will be that which the Trustees decide. The Trustees shall review the rate of interest from time to time to ensure that it is reasonable. Any interest which becomes payable is a charge for the Employer, which may not recover this amount from a Member unless the delay was directly attributable to the Member concerned.

**RULE4 WPS SECTION**

**RETIREMENT BENEFITS**

4.1**X CARE BENEFITS AND FINAL SALARY BENEFITS - GENERAL**

**CARE Benefits and Final Salary Benefits**

1. A Member in Pensionable Service on and after 1 January 2016 will accrue benefits on a career average revalued earnings (CARE) basis, namely the CARE Pension.
2. The CARE Benefits in (1) above are payable in addition to those accrued prior to 1 January 2016 on a final salary basis, namely the WPS Pension.

**Timing of benefits**

1. When drawing benefits from the Scheme, notwithstanding any other provision of the Rules to the contrary, a Member must take his CARE Benefits and Final Salary Benefits at the same time.

**Applicable Rules**

1. CARE Benefits and Final Salary Benefits must be drawn subject to and in accordance with the separate Rules applicable to each type of benefit, including any consent requirements or adjustments to reflect early or late payment of the benefit.

**Underpin**

1. Where the Trustees determine, having taken such advice as they consider appropriate, that it would be necessary to meet the requirements of section 67 of the Pensions Act 1995 for the purpose of the amendments made under the interim deed of amendment dated 15 December 2015, they shall ensure that a Member's total pension and any separate lump sum relating to the Member's Final Salary Benefits and CARE Benefits shall not, when they come into payment, be less than the benefits that would have been payable immediately prior to 1 January 2016 had the Member elected to cease to be an Active Member immediately before that date and had become entitled to deferred benefits under the Scheme Rules (the "Underpin").
2. The Trustees have determined, as at 1 January 2016, that the Underpin is necessary. If the Trustees determine at any time that the Underpin is not necessary, that subsequent determination will not apply in respect of Final Salary Benefits and CARE benefits which have already come into payment.
   1. Y **CARE BENEFITS - RETIREMENT AT OR AFTER NORMAL PENSION DATE**

A Member who ceases to be in Service at Normal Pension Date (or who, with the consent of his Employer, remains in Service after Normal Pension Date and then ceases to be in Service) shall be entitled to the CARE Pension beginning on the day after he ceases to be in Service.

The Member shall have the same options in relation to his CARE Benefits as set out in rules 4.7 (commutation) and 4.8 (surrender).

* 1. Z **CARE BENEFITS-RETIREMENT BEFORE NORMAL PENSION DATE**

A Member who ceases to be in Service on or after Minimum Pension Age but before Normal Pension Date shall be entitled to the CARE Pension beginning on the day after he ceases to be in Service provided that:

* + 1. if the Member is under age 60, he has obtained his Employer's consent to the application of this sub-rule (unless the Member is entitled to draw his Final Salary Benefits, in which case no such consent shall be required in relation to his CARE benefits); and
    2. the CARE Pension payable under this sub-rule shall be reduced by an Early Retirement Factor, to reflect the number of complete years and days between the CARE Pension becoming payable and Normal Pension Date.

The Member shall have the same options in relation to his CARE Benefits as set out in rules 4.7 (commutation) and 4.8 (surrender).

* 1. **FINAL SALARY BENEFITS - NORMAL RETIREMENT PENSION**

On retirement from Service at Normal Pension Date a Member shall be entitled to an immediate WPS Pension.

* 1. **FINAL SALARY BENEFITS - EARLY RETIREMENT BEFORE NORMAL PENSION DATE-MEMBER'S OPTION**

(1)

(I)

**Final Salary Benefits - Early retirement on reduced pension**

1. ***Entitlement to pension***

A Member may retire from Service before Normal Pension Date and, subject to rule 4.4, receive an immediate reduced WPS Pension if he has by then completed 2 years' Qualifying Service on the first day of his retirement and -

* 1. he has attained Minimum Pension Age and his Employer consents; or
  2. he is aged 60 or more, whether or not his Employer consents.

1. ***Amount of pension***

The Member's WPS Pension shall be reduced (before the exercise of any commutation option (under rule 4.7) or surrender option (under rule 4.8)) in accordance with the relevant factors set out in Appendix A as follows:

* 1. in relation to benefits accrued before 1 January 2008, having regard to the period between the date his pension begins and the date when, had he remained an Active Member, the Member's age and Qualifying Service would in total have amounted to 85 years, or Normal Pension Date if earlier; and
  2. in relation to benefits accrued on or after 1 January 2008 and prior to 1 January 2016, by such amount (or varying amount) as the Trustees (after consulting the Actuary) determine to be appropriate to take account of payment before Normal Pension Date.

The Employer may at its discretion agree to waive the reduction and shall pay the associated cost by such method and at such intervals as the Trustees decide.

(11) (a)

***Entitlement to pension***

A Member:

1. who has attained Minimum Pension Age;
2. whose age and Qualifying Service amount in total to 85 years or more at the date of his retirement; and
3. who is not entitled to receive a pension under rule 4.2(1)(l)(a), 4.2(2),
   1. or General Rule 6.1

shall, subject to rule 4.4, with the consent of his Employer, receive an immediate reduced WPS Pension.

* + 1. ***Amount of pension***

The Member's WPS Pension shall be reduced (before the exercise of any commutation option (under rule 4.7) or surrender option (under rule 4.8)) as follows:

* + - 1. in relation to benefits accrued before 1 January 2008, by such amount or varying amount as the Trustees (after consulting the Actuary) determine to be appropriate having regard to the period between the date his pension begins and age 60; and
      2. in relation to benefits accrued on or after 1 January 2008 and prior to 1 January 2016, by such amount (or varying amount) as the Trustees (after consulting the Actuary) determine to be appropriate to take account of payment before Normal Pension Date.

The Employer may at its discretion agree to waive the reduction and shall pay the associated cost by such method and at such intervals as the Trustees decide.

(Ill) (a) ***Entitlement to pension***

A Member who:

1. retires from Service;
2. has attained Minimum Pension Age;
3. has not yet attained age 60; and
4. whose age and Qualifying Service amount in total to less than 85 years at the date of his retirement,

may, subject to rule 4.4, with the consent of his Employer, be entitled to receive an immediate reduced WPS Pension.

1. ***Amount of pension***

The Member's WPS Pension shall be reduced by such amount or varying amount as the Trustees (after consulting the Actuary) determine to be appropriate as follows:

* 1. in relation to benefits accrued before 1 January 2008, to take account of payment before the later of:
     1. age 60; and

1. the earlier of:
   1. his Normal Pension Date; and
   2. the date when his age and Qualifying Service (had he remained an Active Member) would have amounted to 85 years.
   3. in relation to benefits accrued on or after 1 January 2008 and prior to 1 January 2016, to take account of payment before Normal Pension Date.
2. **Final Salary Benefits and CARE Benefits - Early retirement on partly unreduced pension**
   1. ***Entitlement to WPS pension***

A Member may retire from Service before Normal Pension Date and, subject to rule 4.4 and (c) below, receive an immediate WPS Pension if he has by then completed 2 years' Qualifying Service and on the first day of his retirement:-

* + 1. he has attained Minimum Pension Age and is leaving Service because of redundancy, or in the interests of the efficient exercise of the Employer's business; or
    2. either:-

he has attained Minimum Pension Age and his Employer consents; or

he is aged 60 or more, whether or not his Employer consents,

and at the date of his retirement the Member's age and Qualifying Service in total amount to 85 years or more.

* 1. ***Amount of WPS Pension***
     1. The Member's WPS Pension in relation to benefits accrued before 1 January 2008 shall be unreduced.
     2. The Member's WPS Pension in relation to benefits accrued on or after 1 January 2008 and prior to 1 January 2016 shall be reduced by such amount (or varying amount) as the Trustees (after consulting the Actuary) determine to be appropriate to take account of payment

before Normal Pension Date. Provided that a Member who leaves Service because of redundancy, or in the interests of the efficient exercise of the Employer's business shall not have any reduction applied to his WPS Pension.

* 1. Any Pensionable Service granted in respect of a transfer to the Scheme shall be included for the purposes of this rule 4.2(2) except to the extent that the Member's Employer so determines and notifies to the Member and the Trustees at the time the grant of Pensionable Service was made.
  2. ***Entitlement to and amount of CARE Pension***

If a Member retires pursuant to (2)(a)(i) above, he shall also receive the CARE Pension, which shall not be reduced for early payment.

* 1. A **FLEXIBLE RETIREMENT**

A Member may elect to draw benefits whilst continuing in Service in accordance with the provisions of General Rule 6.1.

* 1. **RETIREMENT THROUGH INCAPACITY**

1. (a) ***Entitlement to pension***

A Member may retire before Normal Pension Date at any time if he is leaving Service due to Incapacity. Subject to rule 4.4, if the Member has by then completed 2 years' Qualifying Service he will receive an immediate pension.

* 1. ***Amount of pension***

The Member's pension shall be equal to the sum of the following elements:

* + 1. the WPS Pension beginning on the day after he ceases to be in Service;
    2. the CARE Pension beginning on the day after he ceases to be in Service, which for these purposes shall be the sum of:
       1. the CARE Pension calculated as at the date the Member ceases to be in Service; and
       2. the Prospective CARE Pension calculated under (3) below;

The pensions payable above shall be payable for the remainder of the Member's life unless the provisions for withdrawal, reduction or increases in General Rule 6.5 (if applicable) are invoked

1. For the purposes of 1(b)(ii)(B) above, Prospective CARE Pension shall be calculated as 1160th of the Member's Pensionable Remuneration earned in respect of the year ending on the date the Member ceases to be in Service multiplied by half of the potential years and days of Pensionable Service (expressed as the number of whole years and any fraction of a year) which the Member would have completed had he remained an Active Member until Normal Pension Date.

Provided that:

1. the additional Pensionable Service shall not exceed the total of his actual Pensionable Service as at the last day of his Active Membership (excluding any attributable to AVCs); and
2. if the Member is also a Member of the Eightieths Section the CARE Pension shall not be added under this Section but may be added under the Eightieths Section in accordance with the rules of the Eightieths Section.
3. The Company and Trustees may, to the extent consistent with the Scheme's status as a Registered Scheme, establish one or more separate arrangements under the Scheme so that any pension payable on grounds of Incapacity (whether already in payment or otherwise), to any individual Member or category or categories of Member may be divided between and paid from such separate arrangements. The Company and the Trustees may agree the terms on which benefits are payable (and cease to be payable) under such arrangements.
4. An incapacity pension may be reviewed in accordance with General Rule 6.5.

###### GMP

Where the Trustees believe, acting on the advice of the Actuary, that the immediate pension payable under rules 4.2 or 4.3 in respect of Contracted-out Employment before 6 April 1997, together with any increases made under rule 4.11 would at state pension age be less than the member's revalued GMP they shall:-

* + 1. not permit the Member to take an immediate pension, unless the Employer agrees to pay the associated cost of bringing up the Member's pension to the appropriate level from state pension age in the way and at the intervals which the Trustees may decide; or
    2. adjust the annual rate of pension payable before state pension age to a reduced rate determined on the advice of the Actuary no part of which shall be available for commutation (rule 4.7) so as to provide for it to be increased to not less than the necessary level from state pension age.

###### FINAL SALARY BENEFITS - LATE RETIREMENT PENSION (AFTER NORMAL PENSION DATE)

1. Subject to the Contracting-Out Requirements, an Active Member who remains in Service after Normal Pension Date shall on his retirement be entitled to an immediate pension under the Scheme. The said pension shall be of an annual amount equal:-
   1. in the case of a Member to whom paragraph (b) of this Rule does not apply, the WPS Pension calculated as at Normal Pension Date, increased by such amount as the Trustees shall determine, after considering the advice of the Actuary, to take account of the later date when the pension comes into payment, or
   2. in the case of a Member who has not ceased payment of contributions (or has not ceased to be a SMART Member) prior to Normal Pension Date, and who elects to continue payment of contributions after that date , or to continue as a SMART Member), the WPS Pension calculated at the date of such retirement.
   3. **EARLY LEAVERS**
2. A Member who:-
   1. has completed 2 or more years' Qualifying Service or is otherwise entitled to Short Service Benefit;
   2. ceases to be in Service before Normal Pension Date;
   3. has not resumed Active Membership within 1 month and 1 day; and
   4. is not entitled to benefit under rules 4.2 (early retirement), 4.3 (Incapacity) or General Rule 6.1 (flexible retirement)

shall be entitled to either :-

* + 1. the WPS Pension and the CARE Pension payable from Normal Pension Date; or
    2. at the Member's option the application of his Cash Equivalent as a transfer payment or as the purchase price of an annuity under Section

19 of the PSA 93 or both providing the GMP is subsumed in one payment. Provided that the Trustees may allow a Member to transfer part of his Cash Equivalent on such terms and conditions as they shall determine.

1. Where a Member has completed at least 2 years' but less than 5 years' Qualifying Service, the Trustees may at their discretion after a period of 12 months has elapsed since the Member ceased to be an Active Member and without the Member's consent secure his benefits by buying an insurance policy or annuity contract from an Insurance Company. Before doing so, the Trustees must give the Member at least 60 days' prior notice and comply in all other respects with the provisions of the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991 as amended from time to time.
2. (a) Subject to rule 4.4, a Member to whom paragraph (1) applies may elect to have his WPS Pension and CARE Pension paid before Normal Pension Date:-
3. if he suffers Incapacity; or,
4. from age 60 or any later date before Normal Pension Date, provided that at the payment date his age and Qualifying Service (on the assumption he had remained an Active Member) amount to 85 years.
5. (i) where a Member elects to have his WPS Pension and CARE Pension paid early in accordance with (a)(i) above, his benefits shall not be reduced.
   1. where a Member elects to have his pension benefits paid early in accordance with (a)(ii) above:
      1. in relation to benefits accrued before 1 January 2008, the WPS Pension shall be unreduced;
      2. in relation to benefits accrued on or after 1 January 2008 and prior to 1 January 2016, the WPS Pension shall be reduced by such amount or varying amount as the Trustees (after consulting the Actuary) determine to be appropriate, to take account of payment before Normal Pension Date; and
      3. the CARE Pension shall be reduced by an Early Retirement Factor to take account of payment before Normal Pension Date.
6. Subject to rule 4.4, and to his Employer's agreement if the date of his retirement is before he attains age 60, a Member may elect to have his WPS Pension and CARE Pension paid at any time from or after he has attained Minimum Pension Age by making a written request to the Trustees. The Member's pension shall be reduced as follows:
   1. in relation to benefits accrued before 1 January 2008, in accordance with the relevant factors set out in Appendix A, having regard to the period between the date his pension begins and age 60 or if later the date when the Member's age and Qualifying Service, had he remained an Active Member, would in total amount to 85 years, or Normal Pension Date if earlier;
   2. in relation to benefits accrued on or after 1 January 2008 and prior to 1 January 2016, in accordance with the relevant factors set out in Appendix A, having regard to the period between the date his pension begins and Normal Pension Date; and
   3. the CARE Pension shall be reduced by an Early Retirement Factor to take account of payment before Normal Pension Date.

The Employer may agree to the pension being paid without this reduction, but shall pay the associated cost by the method and at the intervals that the Trustees decide.

1. All WPS Section Members have completed two or more years' Qualifying Service.
   1. **COMMUTATION OF PENSION FOR LUMP SUM**
2. Subject to General Rule 8.3(1), when the pension of a Member becomes payable he or she may commute for a lump sum any part of the pension, subject to complying with such conditions (including conditions relating to the time and manner for making such an application) as the Trustees may from time to time determine.
3. The factors to be employed in commuting pension for a lump sum in accordance with this Rule 4.7:
   1. insofar as the pension relates to WPS Pension, are set out in Appendix A, provided that the Trustees may determine that more generous factors (as determined by the Trustees on the advice of the Actuary) shall apply; and
   2. insofar as the pension relates to CARE Pension, shall be determined by the Company on actuarial advice.
4. The lump sum must comply with the conditions set out in Schedule 29 to the FA 2004 as amended by Schedule 36 to the FA 2004 and the limits set out in General Rule 5.2.
5. The option to exchange pension for a lump sum shall be subject to the Contracting­ Out Requirements.
6. A Member's CARE Pension and WPS Pension must be commuted proportionately.
   1. **OPTION FOR DEPENDANT'S PENSION**
7. A Member whose pension becomes payable may, subject to the provisions of this Rule, elect by written notice to the Trustees to surrender part of his pension to provide a pension arising after his death for the benefit of his Surviving Spouse and/or one or more Dependants. That pension shall be payable for life.
8. The following conditions apply to the surrender:-
   1. the pension resulting from the surrender:
      1. shall not be more than the pension remaining payable before the exchange of pension for a lump sum, and
      2. shall not be so small as to enable the person to commute it on grounds of triviality as permitted by the Finance Act 2004, or be less than such other amount as the Trustees may from time to time determine;
   2. the pension surrendered must be in whole pounds;
   3. the Member's own pension shall not as a result of the surrender be so small as to enable the Member to commute it on grounds of triviality as permitted by the Finance Act 2004;
   4. the surrender option shall be subject to the Contracting-Out Requirements;
   5. arrangements satisfactory to the Trustees shall have been made in respect of any liability for inheritance tax or any similar tax;
   6. in the case of a Dependant, the consent of the Trustees to that person's nomination shall be necessary. Their consent shall not be given unless they are satisfied that the nominee is a person to whose maintenance or support the Member is contributing or has contributed; and
   7. the Trustees may ask the Member to produce a certificate of good health, regard being taken of his age, from a medical practitioner nominated by the Trustees, and the surrender shall not take effect unless it is satisfied on this point.
9. The pension resulting from the surrender shall take effect only if the person nominated by the Member survives him. Should the person nominated die after the Member's election to surrender has been accepted by the Trustees, the Member's pension shall not on this account be increased.
10. The amount of the pension shall be established by the Trustees on the advice of the Actuary having regard to the amount of the WPS Pension to be surrendered and the respective ages of the Member and the Surviving Spouse or Dependant at the date:-
    1. of the Member's application where he is aged 60 or more and his age and Qualifying Service amount in total to at least 85 years; or
    2. the Member's own pension begins to be paid, as appropriate.
11. The option shall be exercisable by written notice to the Trustees specifying the amount of pension to be surrendered. Notice must be served not earlier than 2 months before the date on which the Member attains age 60 and his age and Qualifying Service amount to 85 years, or if later, when his age and Qualifying Service amount to 85 years, but not later than 60 days after his pension is due to begin. Once the option has been exercised it shall not be revoked without the consent of the Trustees.
    1. **INCREASES TO PENSIONS IN PAYMENT**
12. (a) Increases to pensions in payment by virtue of this rule 4.9 shall also apply to any pension arising as a result of a transfer to the Scheme under clause 22.1 of the Trust Deed unless the Employer notifies otherwise to the Trustees and the Member concerned in writing.

(b) Any increases in the pension in payment to or in respect of a Member under this Rule shall apply only to the amount of pension in excess of the Member's or Surviving Spouse's GMP as appropriate. Increases in GMPs are dealt with in Schedule I.

1. Subject to section 51 of the PA 95 (indexation) the Trustees shall with effect from the Increase Date increase pensions in payment as follows:-
   1. (i) the part of a pension which is attributable to Pensionable Service before 1 January 2008 will increase by:
      1. the Guaranteed Amount, and
      2. in addition, the excess over the Guaranteed Amount if in the calendar year ending immediately before the Increase Date the Price Index has increased by more than 5%, provided that after consulting the Actuary they consider that this can be done without an increase in the Employer's ordinary annual contributions as determined under General Rule 4.4 following the Actuary's initial recommendation or most recent actuarial valuation.
      3. If the Trustees do not consider the condition set out in the proviso to (8) above is satisfied, they shall in addition to the Guaranteed Amount increase pensions in payment by such part of the excess over the Guaranteed Amount (if any) as they consider prudent having regard to the Actuary's advice.
2. If at any Increase Date the Trustees increase the part of a pension in payment which is attributable to Pensionable Service before 1 January 2008 by a percentage which is less than the increase in the Price Index in the calendar year ending immediately before that Increase Date, they shall at the following Increase Date (and at subsequent Increase Dates should a shortfall still exist) in respect only of a pension which has been in payment for at least 1 month before the original

Increase Date pay so much of the shortfall as they determine to be appropriate having considered the advice of the Actuary, provided that

* 1. they have met the current year's increase in full, and
  2. the Actuary has confirmed that no increase in the Employer's ordinary annual contributions would result or the Employer has confirmed his willingness to meet the associated costs under General Rule 4.4.
  3. (i) the part of a pension which is attributable to Pensionable Service on and after 1 January 2008 and prior to 1 January 2016 will increase by:
     1. the Guaranteed Amount; and
     2. in addition, part or all of the excess over the Guaranteed Amount as the Trustees may determine if in the calendar year ending immediately before the Increase Date the Price Index has increased by more than 5%, provided that the Company consents and the Trustees, after consulting the Actuary, consider that this can be done without an immediate increase in the Employer's ordinary annual contributions.

(ii) If the part of a pension in payment in any relevant period which is attributable to Pensionable Service on and after 1 January 2008 and prior to 1 January 2016 is not increased by reference to either the whole or part of the excess over 5%, such pension in payment shall not be increased in subsequent years to reflect that shortfall.

* 1. insofar as the pension relates to CARE Pension by:

1. the lower of:
   1. the annual percentage change, for the previous September, in the CPI; and
   2. 2.5%,

provided that no reduction shall be applied if the result of (A) and (B) is negative; and

1. in addition, part or all of the excess over the resulting amount in

(i) above as the Trustees may determine if the annual percentage change in the CPI for the purposes of (i)(A) above is more than 2.5%, provided that the Company consents and the Trustees, after consulting the Actuary, consider that this can be done without an immediate increase in the Employer's ordinary annual contributions.

1. A pension payable under the Scheme to a Surviving Spouse or Dependant shall be increased on the Increase Date by the same percentage as would have applied in that scheme year to the Member's own pension had he not died.
2. An Employer may direct the Trustees that the pensions currently payable to and in respect of Members formerly in its employment shall be increased to a greater extent than set out above. Before the Trustees comply with the Employer's direction, they shall ascertain on the advice of the Actuary the associated cost, and satisfy themselves that the Employer has sufficient resources to fund the proposed increase.
3. When a pension has been in payment for less than 12 months it shall be increased on the Increase Date in the proportion that the number of complete months since Active Membership ceased bears to a complete year.
   1. **INCREASES TO PENSIONS IN DEFERMENT**
4. (a) Increases to pensions by virtue of this rule 4.10 shall also apply to any pension arising as a result of a transfer to the Scheme under clause 22.1 of the Trust Deed unless the Employer otherwise notifies the Trustees and the Member concerned in writing.

(b) Any increases in the pension payable to or in respect of a Member under this Rule shall apply only to the amount of pension in excess of the Member's or Surviving Spouse's GMP as appropriate. Increases in GMPs are dealt with in Schedule I.

1. A preserved pension shall be increased in respect of the period after Active Membership ceases until its payment date or the earlier date of the Member's death as follows:
2. in relation to benefits accrued before 1 January 2008 by the same percentage increase which applied to pensions in payment in respect of the same period;
3. in relation to benefits accrued on or after 1 January 2008 and before 6 April 2009 by the appropriate higher revaluation percentage specified in accordance with paragraph 2(7) of Schedule 3 to the PSA 93;
4. in relation to benefits accrued on or after 6 April 2009 and prior to 1 January 2016 by the appropriate lower revaluation percentage specified in accordance with the PSA 93, but as if:
   1. any reference to "2.5 per cent" in the definition of "lower maximum rate" in the appropriate provision of the PSA 93 instead read "5 per cent"; and
   2. the lower revaluation percentage specified by the Secretary of State under that legislation was determined on that basis; and
5. in relation to benefits accrued on or after 1 January 2016, by either:-
6. the lower of:
   1. the increase in the CPI between the September prior to the date the Member ceased Active Membership and the September prior to the earlier of:
      1. Normal Pension Date; and
      2. the date the benefits come into payment; and
   2. the percentage that would be the increase in (A) above had the CPI increased at the rate of per 2.5% compound per annum; or
7. if it would result in a higher pension or lump sum than under (i) above, applying the "find salary method" described in Part IV Chapter II of the PSA 93.
8. An Employer may direct the Trustees that a preserved pension shall be increased to a greater extent than set out above. Before the Trustees comply with the Employer's direction they shall ascertain on the advice of the Actuary the associated cost, and satisfy themselves that the Employer has sufficient resources to fund the proposed increase.
9. If the increase which is applied under (2) and (3) above is lower than the amount by which the pension is required to be revalued under the PSA 93 the Member's WPS Pension and any pension payable on his death shall be increased accordingly so as to comply with those requirements.
10. Where a Member becomes entitled to a prescribed alternative to short service benefit as defined in section 71 (2) of the PSA 93 the Trustees shall at the time required by that Act ensure that they are reasonably satisfied that the value or amount of the alternative benefit or payment equals or exceeds the value required by the preservation requirements of that Act.
    1. **PAYMENT OF PENSIONS**
11. ***Member's Pension***
    1. Subject to General Rule 6.5 any WPS Pension shall be payable to the Member for life.
    2. Where such pensions come into payment before 1 January 2011 they shall be payable by monthly instalments in arrears or at such other intervals as the Trustees may decide and notify to the Member. The first instalment shall be payable on the last working day of the month following the Member's retirement or such other date as the Trustees determine. The last instalment shall be that payable on the normal payment date coinciding with or immediately following the date of the Member's death. No apportionment shall be made to the date of death.
    3. Where such pensions come into payment on or after 1 January 2011, unless otherwise determined by the Trustees:
       1. they shall be payable monthly in advance on the first day of the month; and
       2. the first instalment of pension shall be payable on the first day of the month following the date of the Member's retirement (or the date the Member otherwise becomes entitled to the pension) and shall be paid together with an apportioned part of the monthly amount appropriate to the period between the date of the Member's retirement (or the date the Member otherwise becomes entitled to the pension) and the date of the first payment of pension.

The last payment shall be paid in full and not apportioned.

1. ***Spouse's and Dependant's pensions***
   1. Any Surviving Spouse's pension payable under the Scheme which comes into payment before 1 January 2011 shall be payable by monthly instalments in arrears or at such other intervals as the Trustees may decide and notify to the recipient. The last instalment shall be that payable on the normal payment date, coinciding with or immediately following the date of the recipient's death. No apportionment shall be made to the date of death.
   2. The following conditions will apply to any Surviving Spouse's pension payable under the Scheme which comes into payment on or after 1 January 2011, unless otherwise determined by the Trustees:
      1. it shall be payable by monthly instalments in advance; and
      2. the actual date of payment of the first instalment and subsequent instalments of pension shall be determined by the Trustees;

The last payment shall be paid in full and not apportioned.

* 1. The Employer shall:
     1. determine the terms under which any Dependant's pension is payable under the Scheme;
     2. determine the duration of payment of any Dependant's pension payable under the Scheme;
     3. in any event be entitled to review the terms and duration of any Dependant's pension five years after the pension became payable.

1. ***Method of payment***

All pensions payable under the Scheme shall be paid by bank transfer or in any other way which the Trustees may decide, and are payable in pounds sterling.

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**WPS Section**

**RULES WPS SECTION**

**DEATH BENEFITS**

5.1 A **OVERRIDING PROVISION APPLICABLE TO DEATH BENEFITS**

1. On the death of a Member of both this Section and the Eightieths Section this Rule 5 states the type of benefit that arises. Where the benefit is linked to a benefit or prospective benefit of the deceased Member the calculation under this Section relates only to the part of the deceased's benefit that arose or would have arisen under this Section.
2. On the death of such an Active Member, short-term pension (being based exclusively on Final Pensionable Remuneration) will be deemed to arise only from the Eightieths Section, and in all other respects Rule 5.1 below shall arise (and by reference to the Member's Final Pensionable Remuneration or Average Final Pensionable Remuneration (as applicable) at the date of the Member's death).
   1. **DEATH IN PENSIONABLE SERVICE**
3. If an Active Member dies: -
   1. his Surviving Spouse shall be entitled to: -
      1. a short-term pension for the period of three Months (or for such shorter period as she survives him) beginning on the day after the Member's death; and
      2. a long-term pension for the remainder of her life beginning on the day after the expiry of the three Month period referred to above.

The amount of the short-term pension and the initial yearly amount of the long­ term pension are set out in (2) below; and

* 1. the Trustees shall (subject as provided in rule 5.5 below and to any nomination made pursuant to sub-paragraph (2) of the definition of Surviving Spouse) pay the following pensions in respect of his Eligible Children: -
     1. in the case of a Member who dies without leaving a Surviving Spouse, a short-term pension for the period of three Months (or for such shorter period during which at least one Eligible Child of the Member survives him) beginning on the day after the Member's death;
     2. in the case of a Member whose Surviving Spouse dies within the three Month period referred to above, a short-term pension for a period which is equal in duration to the unexpired portion of the deceased Surviving Spouse's short-term pension (or for such shorter period during which at least one Eligible Child of the Member survives him); and
     3. a long-term pension beginning on the day after the expiry of the three Month period referred to above.

The amount of the short-term pension and the initial yearly amount of the long­ term pension are set out in (3) below.

* 1. his surviving adult Dependants may be entitled to a pension in accordance with rule 5.1(4) below.

**Surviving Spouse's pension**

1. (a) Subject to rule 5.4, the amount of the Surviving Spouse's short-term pension shall be one twelfth of the Member's Final Pensionable Remuneration for each Month (not exceeding three) that she survives him.
2. Subject to rule 5.4, the initial yearly amount of the Surviving Spouse's long­ term pension shall be one half of what the yearly amount of the Member's own prospective pension would have been if calculated by adding together the following elements:-
   1. his WPS Pension (for the avoidance of doubt, revalued by Final Salary Active Revaluation until the date of his death); and
   2. the CARE Pension payable to the Member had he remained in Pensionable Service until attaining Normal Pension Date, or (in the case of a Member who (with his Employer's consent) remains in Pensionable Service after attaining Normal Pension Date) had he ceased to be in Service immediately before his death. For these purposes, the CARE Pension shall be calculated as the sum of the CARE Pension calculated as if the Member had left Service on the day he died and the Prospective Death in Service Pension. The Prospective Death in Service Pension shall be calculated as 1160th of the Member's Pensionable Remuneration earned in respect of the year ending on the day immediately before the Member's death (or such higher amount as the Trustee and the Company agree) multiplied by the potential years and days of Pensionable Service (expressed as the number of whole years and any fraction of a year) which the Member would have completed had he remained an Active Member until Normal Pension Date;

Provided that the pension in (ii) above shall be calculated as if the total pension had been subject to any increases under rule 4.9 that would have applied during the period from the Member's death.

Provided that, if the WPS Section Member was also a Member of the Eightieths Section, the Surviving Spouse's long-term pension under (2)(b)(ii) above shall instead be calculated under the Eightieths Section.

**Eligible Children's pension**

1. (a) The amount of the Eligible Children's short-term pension, which shall be an aggregate amount in respect of all of the Member's Eligible Children entitled to such pension, shall be: -
2. (in relation to (1)(b)(i) above), one twelfth of the Member's Final Pensionable Remuneration for each Month (not exceeding three) that such pension is payable; and
3. (in relation to (1)(b)(ii) above), an amount equal to the further instalment or instalments of the Surviving Spouse's short-term pension which would have been payable had she survived for the full period of three months.
4. The initial yearly amount of the Eligible Children's long-term pension, which shall be an aggregate amount in respect of all the Member's Eligible Children entitled to such pension shall, subject to the provisos below, be:
   1. if there is one Eligible Child, one quarter; or
   2. if there are two or more Eligible Children, one half

of what the yearly amount of the Member's own prospective pension would have been, as stated in (2)(b) above.

Provided that:

1. if no long-term pension is payable to a Surviving Spouse under (2) above or to a Dependant under (4) below, the fraction in (i) above shall be one third instead of one quarter and the fraction in (ii) above shall be two thirds instead of one half; and
2. If a Surviving Spouse's long-term pension shall cease to be payable under (2)(b) above or a Dependant's pension shall cease to be payable under (4) below, the fraction in (i) above shall thenceforth be one third instead of one quarter and the fraction in (ii) above shall thenceforth be two thirds instead of one half.

**Dependant's pension**

1. (a) If the Member leaves no Surviving Spouse, but leaves one or more surviving adult Dependants, and if the Trustees so determine, there shall be payable one or more immediate Dependants' pensions in accordance with Rule 4.11(2). The total annual amount of the Dependants' pension shall not exceed one-half of the pension to which the Member would have been entitled had he retired because of Incapacity (Rule 4.3) on the day he died. Any Dependants' pensions shall be payable to one or more of the Member's Dependants and in any shares as the Trustees shall determine.
2. (i) If the Dependant is the Member's common law spouse and was born 10 or more years later than the Member, the pension shall be reduced by 2.5 per cent for every complete year (and proportionately for any period of less than a complete year) in excess of 10. Provided that the Trustees may at their discretion waive any such reduction.
   1. If the Dependant is the Member's common law spouse and was born 10 or more years earlier than the Member the pension shall:
      1. in relation to benefits accrued before 1 January 2008, be increased by 2.5 per cent for each complete year (and proportionally for any period of less than a complete year) in excess of 10; and
      2. in relation to benefits accrued on or after 1 January 2008, have no increase applied to it.
   2. **DEATH IN RETIREMENT**
3. On the death of a Pensioner:
   1. if he dies within 5 years of the date his pension began, the Trustees shall hold on the Discretionary Trusts the lump sum set out in (2) below;
   2. his Surviving Spouse shall be entitled to:
      1. a short-term pension for the period of three Months (or for such shorter period as she survives him) beginning on the day after the Pensioner's death or, if later, the day after the date up to which the last instalment was paid; and
      2. a long-term pension for the remainder of her life beginning on the day after the expiry of the three Month period referred to in (i) above.

The amount of the short-term pension and the initial yearly amount of the long­ term pension are set out in (3) below; and

* 1. the Trustees shall (subject as provided in rule 5.5 below) pay the following pensions in respect of his Eligible Children:
     1. in the case of a Pensioner who died without leaving a Surviving Spouse, a short-term pension for the period of three Months (or for such shorter period during which at least one Eligible Child of the Pensioner survives him) beginning on the day after the Pensioner's death or, if later, the day after the date up to which the last instalment was paid;
     2. in the case of a Pensioner whose Surviving Spouse dies within the three Month period referred to above, a short-term pension for a period which is equal in duration to the unexpired portion of the deceased Surviving Spouse's short-term pension (or for such shorter period during which at least one Eligible Child of the Pensioner survives him); and
     3. a long-term pension beginning on the day after the expiry of the three Month period referred to above.

The amount of the short-term pension and the initial yearly amount of the long­ term pension are set out in (4) below.

* 1. his surviving adult Dependants may be entitled to a pension in accordance with rule 5.2(5) below.

**Lump Sum**

1. (a) The lump sum shall be a sum equal to the aggregate amount of the further instalments of the Pensioner's pension which would have been payable if he had lived until the expiry of the period of 5 years from the date his pension began. In calculating the amount of the lump sum, any increase in the rate of

the Pensioner's pension which had taken effect before he died shall be taken into account. Any increases declared after the date he died shall be ignored, except to the extent that they are back-dated to include the period before the Pensioner's death, in which case they may be included at the Employer's discretion with the Trustees' agreement.

(b) A Member may elect in writing to the Trustees, before his or her pension (

starts, to have the lump sum payable under this rule 5.2(2) treated as a Pension Protection Lump Sum Death Benefit (in which case the Trustees shall deduct from the lump sum any tax for which they may be liable to account to HMRC under section 206 of the FA 2004). If no such election is made, then the lump sum shall be paid as a Defined Benefits Lump Sum Death Benefit.

**Surviving Spouse's pension**

1. (a) Subject to rule 5.4, the amount of the Surviving Spouse's short-term pension shall be one twelfth of the Annual Equivalent of the last instalment of the Pensioner's pension (as adjusted below) before his death for each Month (not exceeding three) that she survives him.

For this purpose the Pensioner's pension shall be calculated after any exchange under rule 4.7 (commutation of pension for lump sum) if the terms of such exchange so provided, but as it would have been if:-

1. it had not been actuarially reduced for early payment under rule 4.2 (voluntary early retirement) or rule 4.6(3) (early payment of preserved benefits); and
2. no part of it had been surrendered under rule 4.8 (Option for Dependant's pension).

And so that an amount equal to any actuarial reduction and any part actually surrendered shall be treated as if increased in the same way as pensions in payment.

1. Subject to rule 5.4, the initial yearly amount of the Surviving Spouse's long­ term pension shall be:
   1. in relation to benefits accrued before 1 January 2008, one half of the Pensioner's pension at the rate in force at the date of his death having taken account of any reduction for early payment under Appendix A and the exercise of any lump sum and/or surrender option (rule 4.7 and 4.8); and
   2. in relation to benefits accrued on or after 1 January 2008, one half of the Annual Equivalent of the last instalment of the Pensioner's pension before his death, calculated as stated in (a) above and assuming it to have been subject to any increases under rule 4.9 that would have applied during the period from the Pensioner's death.

**Eligible Children's pension**

1. (a) The amount of the Eligible Children's short-term pension which shall be an aggregate amount in respect of all of the Pensioner's Eligible Children entitled to such pension shall be:-
2. (in relation to (1)(c)(i) above), one twelfth of the Annual Equivalent of the last instalment of the Pensioner's pension before his death, calculated as stated in (3)(a) above for each Month (not exceeding three) that such pension is payable; and
3. (in relation to (1)(c)(ii) above), an amount equal to the further instalment or instalments of the Surviving Spouse's short-term pension which would have been payable had she survived for the full period of three Months.
4. The initial yearly amount of the Eligible Children's long-term pension, which shall be an aggregate amount in respect of all the Member's Eligible Children entitled to such pension, shall, subject to the provisos below, be:
   1. in relation to benefits accrued before 1 January 2008:
      1. if there is one Eligible Child, one quarter; or
      2. if there are two or more Eligible Children, one half

of the Pensioner's pension at the rate in force at the date of his death having taken account of any reduction for early payment under Appendix A and the exercise of any lump sum and/or surrender option (rule 4.7 and 4.8); and

* 1. in relation to benefits accrued on or after 1 January 2008:
     1. if there is one Eligible Child, one quarter; or
     2. if there are two or more Eligible Children, one half

of the Annual Equivalent of the last instalment of the Pensioner's pension before his death, calculated as stated in (3)(a) above, and assuming it to have been subject to any increases under rule 4.9 that would have applied during the period from the Pensioner's death.

Provided that:

1. if no long-term pension is payable to a Surviving Spouse under (3) above or to a Dependant under (4) below, the fraction in (b)(i)(A) and (b)(ii)(A) above shall be one third instead of one quarter and the fraction in (b)(i)(B) and (b)(ii)(B) above shall be two thirds instead of one half; and
2. if a Surviving Spouse's or Dependant's long-term pension ceases to be payable, the fraction in (b)(i)(A) and (b)(ii)(A) above shall thenceforth be one third instead of one quarter and the fraction in (b)(i)(B) and (b)(ii)(B) above shall thenceforth be two thirds instead of

one half.

**Adult Dependant's pension**

1. (a) If the Member leaves no Surviving Spouse, but leaves one or more surviving adult Dependants, and if the Trustees so determine, there shall be payable

one or more immediate Dependants' pensions in accordance with Rule 4.11(2). The total annual amount of the Dependants' pensions shall not exceed one-half of the Member's WPS Pension at the rate in force at the date of his death having taken account of any reduction for early payment under Appendix A and the exercise of any lump sum and/or surrender option (rules 4.7 and 4.8).

1. (i) If the Dependant is the Member's common law spouse and was born 10 or more years later than the Member, the pension shall be reduced by 2.5 per cent for every complete year (and proportionately for any period of less than a complete year) in excess of 10. Provided that the Trustees may at their discretion waive any such reduction.
   1. If the Dependant is the Member's common law spouse and was born 10 or more years earlier than the Member, the pension shall:
      1. in relation to benefits accrued before 1 January 2008, be increased by 2.5 per cent for every complete year and proportionately for any period of less than a complete year in excess of 10; and
      2. in relation to benefits accrued on or after 1 January 2008, have no increase applied to it.
   2. **DEATH IN DEFERMENT**
2. If a Deferred Pensioner dies, Surviving Spouse's, Eligible Children's (and, where applicable, Dependant's) pensions will be calculated and payable in the manner set out in rule 5.2 for a long term pension as if the deceased Member were in receipt of the initial pension at Normal Pension Date (assuming no pension increases relating to the period after death).
3. (a) Where a Deferred Pensioner dies and no Surviving Spouse's, Dependant's or Eligible Children's pension is payable under this Section the following lump sums will be paid, less any tax payable by the Trustees in connection with the payments:
   1. a refund with interest of contributions up to and including 31 December 2007 which he made during any period whilst he was not a SMART Member and any AVCs used to buy additional Pensionable Service; and
   2. a refund with interest of the Member's ordinary contributions made on or after 1 January 2008 (together with the ordinary contributions that the Member would have made during any period on or after 1 January 2008 when he was a SMART Member, as determined by the Employer).

(b) Where interest is payable under (2)(a) above it will be calculated on an annual basis (with a proportionate credit up to the date the Member ceases Active Membership) at such rate as determined by the Trustees (which rate shall be reviewed by the Trustees from time to time to ensure that it is reasonable).

The lump sums will be held by the Trustees on the discretionary trusts set out in General Rule 8.1.

1. Where a Deferred Pensioner who has made money purchase AVCs or has participated in an AVC Salary Sacrifice Arrangement dies, the accumulated amount in the Member's account in respect of his AVCs and any contributions paid by his Employer under General Rule 4.2 during any period when he participated in an AVC Salary Sacrifice Arrangement (as determined by the Trustees) will be held by the Trustees on the discretionary trusts set out in General Rule 8.1.
   1. **PROVISIONS RELATING TO SURVIVING SPOUSE'S PENSIONS**
2. Any pension payable to a Surviving Spouse shall not cease on the Surviving Spouse remarrying or entering into a civil partnership or living with another person as husband and wife.
3. Where a Member's Surviving Spouse was born 10 or more years later than the Member, the pension shall be reduced by 2.5 per cent for every complete year (and proportionately for any period of less than a complete year) in excess of 10, provided that:
   1. the Employer may at its discretion waive any such reduction; and
   2. on the death of a Pensioner or Deferred Pensioner, this Rule shall apply only in relation to the Member's benefits accrued on or after 1 January 2008.

Provided further that this Rule 5.4(2) shall not apply where a valid nomination has been made pursuant to sub-paragraph (2) of the definition of Surviving Spouse and the Nominee (as defined in the definition of Surviving Spouse) is an Eligible Child.

1. Where the Member's Surviving Spouse (or common law spouse) was born 10 or more years earlier than the Member, the pension shall:
   1. in relation to benefits accrued before 1 January 2008 be increased by 2.5 per cent for every complete year and proportionately for any period of less than a complete year in excess of 10; and
   2. in relation to benefits accrued on or after 1 January 2008 have no such increase applied to it.

Provided that this Rule 5.4(3) shall not apply where a valid nomination has been made pursuant to sub-paragraph (2) of the definition of Surviving Spouse and the Nominee (as defined in the definition of Surviving Spouse) is an Eligible Child.

1. The pension payable to the Surviving Spouse of a Member who married after joining the Scheme and who had not paid additional contributions to avoid the relevant part of his Past Service being treated as Restricted Past Service shall be calculated taking into account only Past Service after 31st March 1972.
   1. **PROVISIONS RELATING TO ELIGIBLE CHILDREN'S PENSIONS**
      1. The Eligible Children's short-term and long-term pension (including the payment to Eligible Children of any remaining instalments of a Surviving Spouse's short term pension on the death of that Surviving Spouse) shall be payable to the Member's Eligible Children (if more than one) in such proportions as the Trustees shall determine
      2. The last instalment of an Eligible Child's pension where that pension comes in to payment before 1 January 2011 shall be that payable on the normal payment date coinciding with or immediately following the date the Eligible Child ceases to qualify as such.
      3. Any pension to or for the benefit of an Eligible Child coming in to payment on or after 1 January 2011 shall, unless the Trustees determine otherwise, be payable by monthly instalments in advance. The actual date of payment of the first instalment and subsequent instalments of pension shall be determined by the Trustees. The last payment of an Eligible Child's pension shall be paid in full and not apportioned.
      4. If when the Member died there were 3 or more Eligible Children who shared or benefited from the aggregate sum available for only 2 Eligible Children, and 1 or more ceases to be an Eligible Child, the Trustees shall reallocate the total sum amongst those still eligible.
      5. Where pensions are payable to or for the benefit of 2 Eligible Children, there shall be no reallocation of the benefit payable to the remaining Eligible Child when the pension payable to the other ceases.

**RULE6 WPS SECTION TRANSFERS**

6.1 **TRANSFERS FROM THE SCHEME**

1. ***Transfers from the Scheme***

If the Member becomes a member of another Registered Scheme or qualifying recognised overseas scheme (as defined in section 169 of the FA 2004) (hereinafter referred to as a **"Receiving Scheme"),** and which is willing and able to accept the transfer payment the Member may ask that a transfer payment is made to the trustee or managers of that Receiving Scheme. The amount of the transfer payment shall be established by the Trustees, upon the advice of the Actuary, as that which is equivalent to the benefits which would otherwise be payable to and in respect of the Member under the Scheme. Subject to the following provisions of this Rule the transfer payment shall not be less than the part of the Member's Cash Equivalent which the Member shall ask to be transferred and in respect of a transfer payment received under Clause 22.1 of the Trust Deed prior to 17 April 2001 shall not be less than the amount of cash or assets received in respect of a transfer under Clause 22.1 of the Trust Deed from any previous retirement benefits scheme, Personal Pension Scheme or arrangement to which the Member belonged (and which, in the case of a transfer from WPS, were applied to secure the benefits to which the member is entitled in respect of the transfer pursuant to Clause 22.1(1)), together with interest on that amount at a rate recommended by the Actuary. If it exceeds that amount any excess shall be payable only with the Employer's consent. The transfer payment shall be subject to the following conditions:-

* 1. the Member's request or consent shall be required, except in the circumstances where legislation permits a transfer without the Member's consent.
  2. the Trustees shall observe the contracting-out requirements of the PSA 93 in relation to a Member who is prospectively entitled to a GMP or to a pension in respect of Contracted-out Employment after 5 April 1997;
  3. the Trustees shall, if required to do so by them, certify to the trustees of the new scheme the amount of the transfer payment which is derived or deemed to be derived from contributions paid by the Member to the Scheme and shall notify the new scheme of any restriction placed on the refund of that amount;
  4. the Trustees shall, if required to do so by them, certify to the new scheme the period of statutory Qualifying Service to which the transfer relates and the maximum permitted lump sum which can be taken in exchange for pension in respect of the transfer payment;
  5. to the extent of the benefits or the Cash Equivalents to which the transfer relates, the receipt of the new scheme shall be a complete discharge to the Trustees and the Fund of all liability in respect of the Member under the Scheme and the Trustee shall be under no liability in respect of the application of the amount transferred; and
  6. unless the transfer is made in consequences of a valid request for a Cash Equivalent (under Rule 6.1(4)), the Trustees shall ensure that the transfer payment is not less than the value of the benefits (or the relevant part of the benefits) payable to and in respect of the Member under the Scheme.

(1A) ***Additional transfer powers***

In addition to the powers to transfer set out under Rule 6.1(1), where a Member has requested a transfer that is not an exercise of his statutory right to transfer under Part

IV Chapter IV of the PSA 93, the Trustees may transfer part or all of the cash equivalent of his benefits subject to such terms and conditions as they shall determine and Rule 6.1(1)(e) and Rule 6.1(3) shall apply to the extent of the benefits or the cash equivalent to which the transfer relates. For the avoidance of doubt, this power to make a transfer is not subject to the requirements as to the amount of the transfer payment set out in Rule 6.1(1), and the cash equivalent may be reduced where permitted by PSA 93.

1. ***Buy-out under Section 95(2)(c) of the PSA 93***
   1. As an alternative to preserved benefits or to a transfer to a new scheme, a Member may ask the Trustees in writing to apply the amount established by the Trustees, on the advice of the Actuary, to be equivalent to the Member's benefits under the Scheme in buying a policy ("the Policy") from an Insurance Company providing benefits for and in respect of him in substitution for the benefits otherwise payable to and in respect of him under the Scheme. The sum shall not be less than the part of the Member's Cash Equivalent which the Member shall ask to be transferred subject to reduction in the manner prescribed by the Occupational Pension Schemes (Transfer Values) Regulations 1996 as amended. If it exceeds that amount any excess shall be payable only with the Employer's consent. The Policy shall be bought with an Insurance Company in the name of the Member or his nominee, the Member or any other person deriving rights to benefit in respect of the Member shall have an absolute right to the benefits derived from it. At the Member's option, the Policy may confer benefits or options which are alternative to the benefits otherwise payable under the Scheme. Provision may also be made either under the Policy or otherwise for any lump sum payable on the death of the Member to be held upon discretionary benefits for the benefit of any one or more of the Dependants (as defined in General Rule 8.1).
   2. The Policy may include a provision which enables a transfer payment to be made with the Member's written consent from the Policy to a new scheme of which the Member becomes a member (except that the transfer payment from the Policy to a new scheme need not include the GMPs of a Member or his Surviving Spouse) and a provision enabling benefits to be provided by the purchaser of another annuity, assurance contract or policy from another Insurance Company which satisfies the requirements of this Rule 6.1(2).
   3. The Trustees shall procure the issue of the Policy only on terms which shall:-
      1. satisfy the requirements of section 95(2)(c) of the PSA 93; and
      2. satisfy the contracting-out requirements of the PSA 93 in relation to a Member who is prospectively entitled to a GMP or to a pension in respect of Contracted-out Employment after 5 April 1997.
2. ***Discharge of Scheme from liability***

The Member and any other person who, but for the payment of a transfer value or the issue of a Policy would derive rights to benefit in respect of the Member, shall have no claim under the Scheme to or in respect of those benefits and the Trustees and the Scheme shall be discharged of all liability for payment of such benefits to the Member and any such person.

1. ***Right to Cash Equivalent***

The following is subject to the requirements of Part IV Chapter IV of the PSA 93 (cash equivalents).

* 1. ***How to exercise that right***

A Member shall exercise his right to a Cash Equivalent by asking the Trustees in writing.

* 1. ***When the right is ineffective***

The request is ineffective unless it, or it and another value request given to the Trustees at the same time, relates to the whole of the Member's Cash Equivalent or, in the case of a request for a transfer payment, the amount of the Member's Cash Equivalent which exceeds the sum required by the Trustees to pay the Member's and his Surviving Spouse's accrued GMPs or the benefits payable in respect of the Member's Contracted-Out Employment after 5 April 1998. Provided that the Trustees may allow a Member to make a request in respect of part of his Cash Equivalent on such terms and conditions as they shall determine. This rule 6.1 shall be construed accordingly.

* 1. ***Withdrawal of request***

A request may be withdrawn by written notice to the Trustees. The notice shall not be effective if, at the time it is given, the Trustees have already entered into an agreement with a third party to use the whole or part of the Member's Cash Equivalent to comply with the Member's request. If the request is effectively withdrawn, the Member may serve another request provided his right has not lapsed in any of the ways shown in (5) below.

* 1. ***Lapse of right to Cash Equivalent***

A Member's right to make a binding request lapses on the earliest of:

* + 1. the date upon which any benefit becomes payable to him under the Scheme;
    2. the later of 1 year before the Member's Normal Pension Date and 6 months after the Member's Active Membership terminates; and
    3. the conclusion of the winding-up of the Scheme.
  1. ***Trustees' duties when request for Cash Equivalent received***

If the Trustees receive a request for a Cash Equivalent they must carry out the request no later than the Performance Date.

* 1. The Trustees shall not be obliged to transfer a Member's Cash Equivalent to a new scheme unless the new scheme is:-
     1. a scheme which is contracted-out and to which the Member's right could be transferred without his consent;
     2. a Registered Scheme; or
     3. a Personal Pension Scheme, in which case if the Member remains in Service the Member's Cash Equivalent shall, unless the Trustees otherwise decide, be reduced in the manner provided for by the Occupational Pension Schemes (Transfer Values) Regulations 1996 (as amended) so as to exclude any amount which relates to actual or credited service completed or benefits accrued before 6 April 1988. If the Member subsequently leaves Service he shall be entitled to a Cash Equivalent in respect of the balance of his accrued rights.

1. ***Adjustment of Cash Equivalent***

The following is subject to the requirements of Part IV of Chapter IV of the PSA 93 (cash equivalents).

* 1. If at any time it is the usual practice of the Scheme to provide additional relevant benefits under rule 4.9(4) or 4.10(3), then the Trustees shall, in accordance with Regulation 7A(3)(c) of the Occupational Pension Schemes (Transfer Value) Regulations 1996, determine the extent to which the Member's Cash Equivalent should be increased to take account of the additional benefits which would accrue to the Member if the practice continued unaltered.
  2. the Member's Cash Equivalent may be reduced if the whole or any part of the benefits to which the Cash Equivalent relates is or has been surrendered, commuted or forfeited before the Trustees comply with the Member's request. In that event, the Cash Equivalent shall be reduced in proportion to the reduction in the total value of those benefits.
  3. In a case where the Actuary certifies that on the date of the certificate the Fund does not have sufficient assets to meet its liability in respect of the whole or any specified part of the accrued rights to benefit of Members, the Cash Equivalent, or, as the case may be, the part of the Cash Equivalent which corresponds with that specified part of those accrued rights, may be reduced by the percentage by which the Fund is shown to be deficient.
  4. If the Trustees fail without reasonable excuse to carry out the Member's request within 6 months of the Relevant Date the Member's Cash Equivalent shall be increased by :-
     1. interest on the Cash Equivalent, calculated on a daily basis *over* the period from the Relevant Date to the date on which the Trustees carry out the Member's request, at an annual rate of one per cent above base rate; or, if it is greater,
     2. the amount, if any, by which the Cash Equivalent is less than it would have been if the Relevant Date had been the date on which the Trustees carry out the Member's request.
  5. If a Cash Equivalent is to be both increased and reduced, the provisions of this rule 6.1(5) shall be applied in the order in which they appear.

1. ***Appropriate independent advice***

The Trustees shall not unless they determine otherwise make a transfer payment under this Rule 6.1 if section 48 of the Pension Schemes Act 2015 requires the Trustees to check that the Member or survivor has received appropriate independent advice before making the proposed transfer payment and either:

* 1. the Trustees are unable to carry out the check by reason of factors outside their control; or
  2. the Trustees have carried out the check but the check did not confirm that the Member or survivor had received appropriate independent advice.

(

**WPS Section**

**RULE 7**

**WPS SECTION**

**7. EXECUTIVE BENEFITS**

**EXECUTIVE BENEFITS**

Where an Employee or Director of an Employer has been admitted to membership of the WPS Section, and has been invited by his Employer in writing to become an Executive Member of the Scheme, and has confirmed in writing that he wishes to become an Executive Member of the Scheme, he shall be entitled to the benefits set out in the Executive Section and the provisions of rules 1 to 6 (inclusive) of Part 3 of the Rules (WPS Section) shall not apply.

**WPS SECTION APPENDIX A**

**LUMP SUM COMMUTATION FACTORS**

1. The factors are appropriate to the exact age, and will have to be interpolated to the actual age at the payment date. The rate appropriate to age 40 will be used for Members retiring under age 40.

|  |  |  |
| --- | --- | --- |
|  | **Age at the payment date of pension** | **Lump sum for each £1 per annum of retirement pension** |
| 65 | 10.80 |
| 64 | 11.04 |
| 63 | 11.28 |
| 62 | 11.52 |
| 61 | 11.76 |
| 60 | 12.00 |
| 59 | 12.24 |
| 58 | 12.48 |
| 57 | 12.72 |
| 56 | 12.96 |
| 55 | 13.20 |
| 54 | 13.44 |
| 53 | 13.68 |
| 52 | 13.92 |
| 51 | 14.16 |
| 50 | 14.40 |
| 49 | 14.64 |
| 48 | 14.88 |
| 47 | 15.12 |
| 46 | 15.36 |
| 45 | 15.60 |
| 44 | 15.84 |
| 43 | 16.08 |
| 42 | 16.32 |
| 41 | 16.56 |
| 40 | 16.80 |
| Note: |  |  |

**Early Retirement Factors**

1. The period by which retirement is early should be calculated to the nearest day.
2. Factors at non-integral numbers of years early shall be calculated by interpolation.
3. The factor should be applied to the accrued pension at retirement payable before commutation or surrender.
4. If the Trustees consider that the foregoing factors are insufficient or inappropriate for a particular purpose it may determine the use of other factors on the advice of the Actuary.

|  |  |  |
| --- | --- | --- |
|  | **Number of years early** | **Early retirement factor** |
| 0 | 1.00 |
| 1 | 0.94 |
| 2 | 0.88 |
| 3 | 0.83 |
| 4 | 0.78 |
| 5 | 0.74 |
| 6 | 0.70 |
| 7 | 0.66 |
| 8 | 0.63 |
| 9 | 0.60 |
| 10 | 0.57 |
| 11 | 0.54 |
| 12 | 0.52 |
| 13 | 0.50 |
| 14 | 0.48 |
| 15 | 0.46 |
| **Notes** |  |  |

**WPS SECTION APPENDIX B DEFINITIONS**

The definitions in the General Rules shall apply to this WPS Section together with the definitions set out below.

In the event of a conflict between the definitions in the General Rules and those set out below, those below shall prevail.

**"Average Final Pensionable Remuneration"** means, in respect of an Active Member in full­ time Service, the highest average Pensionable Remuneration payable to the Member in 3 consecutive tax years ending not earlier than the date 10 years before the earliest of Normal Pension Date, the date of cessation of Active Membership or 31 December 2015.

Provided that in respect of benefits accrued up to and including 31 December 2007, Average Final Pensionable Remuneration is calculated by reference to the same date (and not by reference to 31 December 2007).

Except where the Member was not immediately before becoming an Active Member a pensionable employee of the Previous Scheme or WMIPS, (in which case Average Final Pensionable Remuneration shall be calculated as the annual average of Pensionable Remuneration up to the end of the tax year immediately preceding the date above) if the Member has been an Active Member for less than 3 consecutive tax years the pensionable remuneration payable to him under the Previous Scheme or WMIPS during any of the 3 tax years immediately preceding the date above may be taken into account in order to achieve the required average.

The resulting Average Final Pensionable Remuneration used in this calculation shall be increased in proportion to the increase in the Price Index during the period between the end of the last tax year used and the end of the penultimate month before the Member's Normal Pension Date or the date above, if earlier.

Average Final Pensionable Remuneration in respect of an Active Member not in full-time Service shall be calculated as if he were in full-time Service at an equivalent rate of Pensionable Remuneration or pensionable remuneration of the Previous Scheme or WMIPS as appropriate.

In any calculation of Average Final Pensionable Remuneration a certificate of material change in an employee's circumstances issued for the purposes of the Previous Scheme shall continue to apply in the manner in which it would have been applied by the Previous Scheme.

**"Dependant"** means in relation to Rules 4.9, 5.1(4) and 5.2(5) the Member's child, common law spouse or any other person who, in the opinion of the Trustees, falls into this category being at the date of the Member's death wholly or partly financially dependent or partly dependent upon him for maintenance or support. "Dependants" means all such persons.

Provided that a person shall only qualify (or continue to qualify) as a Dependant if the payment of any benefit to that person would not prejudice the Scheme's status as a Registered Scheme.

**"Normal Pension Date"** means the day before the Member attains age 65.

**"Past Service"** in relation to a member of the Previous Scheme means the years and days of service treated as reckonable under the Previous Scheme (whether credited on transfer or otherwise) excluding any period in respect of which preserved benefits have already been awarded.

**"Pensionable Service"** means, in relation to a WPS Section Member:

1. in respect of a Member in full-time Service, years and days of Active Membership;
2. in respect of a Member not in full-time Service the proportion of years and days of Active Membership that his weekly hours used to determine his Pensionable Remuneration for the appropriate Scheme Years of Pensionable Service bear to those worked by a Member in full-time Service;
3. years and days which under Rule 4.1(2)(d) of Part 3 are to be treated as pensionable under the Scheme in respect of the Member's Past Service;
4. years and days which, determined on the advice of the Actuary, are to be treated as Pensionable Service in respect of a transfer payment made to the Fund (not already included under any of the other provisions of this definition);
5. years and days which are to be treated as Pensionable Service by virtue of the payment of AVCs to purchase additional periods of Pensionable Service under the Scheme prior to 6 April 2006;
6. years and days which are to be treated as Pensionable Service under Rule 4.1(2)(e) of Part 3; and
7. years and days which are to be treated as Pensionable Service by virtue of increases in benefit under Clause 23 of the Trust Deed.

No period shall be counted twice. Any period of Pensionable Service in respect of which a pension is being, will be or has already been paid under the Scheme shall be excluded. Pensionable Service under the Eightieths Section is excluded here.

**"Performance Date"** in relation to a Member who ceases to be an Active Member means the time by which trustees are required to carry out a member's request for a cash equivalent under section 99(2) of the PSA 93.

**"Previous Scheme"** means the statutory scheme administered in accordance with the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, the Local Government Pension Scheme (Administration) Regulations 2008 and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 as amended from time to time.

**"Qualifying Service"** means the aggregate of:-

1. periods of Active Membership whether or not continuous but excluding in each case any Pensionable Service credited under paragraphs (e) and (f) of the definition of that term;
2. periods of employment (whether or nor continuous) which qualify the Member for benefit under the Previous Scheme;
3. (subject to proviso (f) to this definition) every period of membership of another retirement benefits fund, scheme or arrangement in respect of which the Trustees have received a transfer payment, whether or not the whole or any part of any such period is treated as Pensionable Service; and
4. periods of authorised absence from Service by a Member of the Scheme for the reasons specified in General Rules 6.2 and 6.3.

PROVIDED that:-

* 1. no account shall be taken of any period which does not qualify the Member for those benefits under WPS or the WPS Section which would be payable to or in respect of him if he remained in Service until Normal Pension Date;
  2. no period shall be reckoned twice;
  3. Active Membership interrupted by a break of 1 month or less will be treated as continuous but the break will not count as Qualifying Service;
  4. Active Membership interrupted by a break (which with effect from 28 February 1991 shall not exceed an interval of 1 month) because of maternity absences arising from the exercise of a right granted by the Employment Rights Act 1996 will be treated as continuous but the break will not count as Qualifying Service;
  5. with effect from 28 February 1991 Active Membership interrupted by reason of a trade dispute as defined in section 35 (1) of the Jobseekers Act 1995 will be treated as continuous but the break will not count as Qualifying Service.
  6. paragraph (3) above shall not apply (and the periods of membership shall not be treated as Qualifying Service) for the purposes of determining the total of 85 years under rules 4.2, 4.6 or 4.8 in relation to a Member in respect of whom the transfer payment referred to in paragraph (3) above is made on or after 1 July 2001, unless the transfer is made pursuant to a written request to transfer in received by the Trustees before that date (in which event paragraph (3) shall apply and the periods of membership to which that transfer payment relates shall be treated as Qualifying Service for the above purposes).

Pensionable Service (or Reckonable Service, as appropriate) on and from 1 January 2008, including Pensionable Service as a Member of the DC Section, shall be taken into account for the purposes of a Member's Qualifying Service in determining and calculating benefits in respect of Pensionable Service (or Reckonable Service, as appropriate) up to and including 31 December 2007.

**"Relevant Date"** in relation to a Member who ceases to be an Active Member means the appropriate date as defined in section 97(3A) of the PSA 93.

**"Restricted Past Service"** means (except in relation to those members who have paid or are paying additional contributions to avoid this reduction) Past Service in respect of which members of the Previous Scheme would normally have suffered a reduction to their lump sum retiring allowance or death grant of 2/80 of pensionable remuneration payable under that scheme for each year of reckonable service or would have suffered such a reduction had a female Member been treated as a male Member under the Previous Scheme. The applicability of the reduction shall be determined at the date Active Membership of WPS began.

**"Standard 5% Member"** means a Member of the WPS Section who was, prior to 1 January 2008, contributing at the rate of 5% of Pensionable Remuneration, and who joined this category in WPS prior to 1 October 1994.

**"Standard 6% Member"** means a Member of the WPS Section who was, prior to 1 January 2008, contributing at the rate of 6% of Pensionable Remuneration.

**"Starter 3% Member"** means a Member of the WPS Section who was, prior to 1 January 2008, contributing at the rate of 3% of Pensionable Remuneration.

**"Surviving Spouse"** means:

1. Subject to (2), the person (if any) to whom a deceased Member was married, or in a civil partnership with, at the date of his death except where a decree of judicial separation had been made in which case his or her inclusion for benefit is at the Trustees' discretion. Where any benefit is expressed under the Rules as being payable to a Surviving Spouse, it shall be payable as of right only to the person who qualifies as above (or pursuant to (2) below). In the event of the Trustees deciding that there are in consequence 2 or more persons eligible for benefit they may divide the benefit between them in such proportions as they think fit and may exclude one or more persons from benefit if they likewise think fit. A Surviving Spouse shall not include (in the case of a Pensioner or Deferred Pensioner) a spouse or Civil Partner whose last or only marriage to, or civil partnership with, the Member took place after he ceased to be in Service and less than 6 months before his death, unless the Trustees determine that the spouse or Civil Partner shall be deemed to have been married to, or in a civil partnership with the Member more than 6 months before his death.

*Facility to nominate alternative recipient of the Surviving Spouse's pension*

1. An Active Member may nominate (in such form and subject to such conditions as may be prescribed by the Trustees from time to time) a person other than his spouse or Civil Partner (the **"Nominee")** to receive any Surviving Spouse's pension payable in the event of his death as an Active Member.

[Provided the Active Member has made a valid nomination,] The Nominee shall be deemed to be the Active Member's Surviving Spouse for the purposes of Rule 5.1 provided he is, in the Trustees' opinion (determined as at the date of the Active Member's death), a "dependant" of the Active Member for the purposes of paragraph 15 of Schedule 28 of the FA 2004 and the following shall apply:

* 1. If the Active Member also has a spouse or Civil Partner at the date of his death, the spouse or Civil Partner shall not be entitled to any benefits except to the extent the Trustees are required to provide the Active Member's surviving widow, widower or Civil Partner a pension under section 12B of the PSA 93, in which case the Nominee shall receive only the pension payable to the Surviving Spouse under Rule 5.1 in excess of the statutory benefit;
  2. If the Nominee is an Eligible Child:-
     1. he will not be eligible to receive a separate Eligible Child's pension under Rule 5.1(1)(b);
     2. he will not be counted as an Eligible Child when determining what pensions are payable to Eligible Children under Rule 5.1(3) and Rule

5.5; and

* + 1. he will only receive the Surviving Spouse's pension under Rule 5.1 for so long as he continues to be an Eligible Child.

If, at the date of the Active Member's death, the Nominee is not (in the Trustees' opinion) a "dependant" of the Active Member for the purposes of paragraph 15 of Schedule 28 of the FA 2004, death benefits shall be payable in respect of the Active Member under Rule 5.1 as if he had not made any nomination pursuant to this sub­ paragraph (2).

An Active Member may revoke or vary a nomination made pursuant to (2) above by notifying the Trustees in such form and subject to such conditions as the Trustees require.

**"WPS Pension"** means an annual pension calculated as the sum of the following:-

1. For each year (and proportionately for part years) of Pensionable Service prior to 1 January 2008:
   1. as a Standard 6% Member

1/60 x Final Pensionable Remuneration

* 1. as a Standard 5% Member

1/60 x Average Final Pensionable Remuneration

* 1. as a Starter 3% Member, the greater of:

1/90 x Final Pensionable Remuneration; or

the minimum annual rate of pension allowed under Section 12B of the PSA 93 or such other law as may replace it from time to time.

Provided that:

* + 1. in respect of benefits accrued up to and including 31 December 2007, Final Pensionable Remuneration (or Average Final Pensionable Remuneration, as applicable) shall be calculated by reference to the earlier of 31 December 2015 and the date on which the Member actually ceases to be in Pensionable Service (and not by reference to 31 December 2007); and
    2. a SMART Member shall, for the period during which he participates in the Pension Salary Sacrifice Arrangement, have his benefits calculated as set out above on the basis of the category of Membership which would have applied to him, had he not participated in the Pension Salary Sacrifice Arrangement.

1. For each year (and proportionately for part years) of Pensionable Service on or after 1 January 2008 and prior to 1 January 2016:

1/60 x Final Pensionable Remuneration

1. In respect of a member of the Previous Scheme who elected to join WPS before 1st September 1989 and who requested a transfer to WPS of the benefits payable to and in respect of him under the Previous Scheme:-
   1. for each year (and proportionately for part years) of Pensionable Service which is also Past Service but not Restricted Part Service

1/60 x Final Pensionable Remuneration, or for a Member who elected to become a Standard 5% Member, 1/60 x Average Final Pensionable Remuneration; and

* 1. for each year (and proportionately for part years) of Pensionable Service which is also Restricted Past Service

90% x 1/60 x Final Pensionable Remuneration or, for a Member who elected to become a Standard 5% Member, 90% x 1 /60 x Average Final Pensionable Remuneration.

1. In respect of a member of the Previous Scheme who elected to join WPS on or after 1st September 1989 and who agreed to a transfer to WPS of the benefits payable to and in respect of him under the Previous Scheme for Pensionable Service which is also Past Service an amount calculated pursuant to the rules of WPS and notified to the Member in respect of the transfer value received from the Previous Scheme.
2. In respect of a member of WMIPS who elected to join WPS on such special terms and with effect from such date as were notified to him in writing by the Employer and who has agreed to a transfer to WPS of the benefits payable to and in respect of him underWMIPS
   1. for each year (and proportionately for part years) of Pensionable Service which is also Past Service but not Restricted Past Service 1/60 x Final Pensionable Remuneration, or for a Member who has elected to become a Standard 5% Member 1/60 x Average Final Pensionable Remuneration,
   2. for each year (and proportionately for part years) of Pensionable Service which is also Restricted Past Service, 90% x 1/60 x Final Pensionable Remuneration, or for a Member who has elected to become a Standard 5% Member, 90% x 1/60 x Average Final Pensionable Remuneration,
   3. for each year (and proportionately for part years) of reckonable service completed as a Member of WMIPS 1/60 x Final Pensionable Remuneration for members designated for the purposes of that scheme as non-manual employees, and 1/60 x Average Final Pensionable Remuneration for members designated for the purposes of that scheme as manual employees,

provided that while the Member is an Active Member and is not in receipt of the WPS Pension (and on ceasing to be an Active Member), the sum of (a) to (e) above is revalued by Final Salary Active Revaluation.

**PART 4 - MIS SPECIAL TERMS RULE 1**

**APPLICATION**

* 1. **APPLICATION**

1. This Part 4 of the Rules shall apply with effect from 1 January 2016 in respect only of Former MIS Members who are in Reckonable Service on or after that date and in respect of whom a transfer payment has been paid to the Scheme in relation to all their benefits under MIS. Members' ordinary contribution rate is stated in Rule 3 from 1 April 2008; previous rules applied until then.
2. Where a Former MIS Member is entitled to benefits arising from LGPS Service the terms and conditions governing his entitlement to those benefits shall insofar and only to the extent that such terms and conditions are not expressly provided for in the Rules continue to apply to the Member under the Scheme in respect of his Reckonable Service (where appropriate). Provided that this provision shall not be construed as conferring any rights or entitlements in relation to LGPS which are either contrary to any announcement made to Members before the date of the MIS trust deed or which would prejudice the Scheme's status as a Registered Scheme.

(

**MIS Section**

**RULE2**

**MIS SPECIAL TERMS MEMBERSHIP**

* 1. **MEMBERSHIP**

1. Members of the Scheme who were in Pensionable Service (or Reckonable Service, as applicable) on 31 December 2007 were given a number of options regarding the basis on which future service benefits on and from 1 January 2008 would accrue for and in respect of them. As a result of the exercise of those options, membership of the MIS Special Terms comprises Members who:
2. were in Reckonable Service on 31 December 2007; and
3. elected to continue in Active Membership of the MIS Special Terms or did not make any election from the options given to them (and were therefore deemed to have elected to continue in Active Membership of the MIS Special Terms).
4. The MIS Special Terms was closed to new Members with effect from the end of 31 December 2007.
5. Members of the MIS Special Terms who left Reckonable Service before 1 January 2016 shall have their benefits calculated in accordance with the earlier provisions (if any) of the Former Definitive Deed and Rules in force at the date they left Reckonable Service.
6. Where a Member holds two or more separate employments under one Employer, then unless the context otherwise requires these Rules apply in relation to each of those employments.
   1. **REDUCTION IN PENSIONABLE EARNINGS**
7. Where a Member suffers a material reduction in Pensionable Earnings he is, subject to paragraph (5) below, entitled to be issued by his Employer with a certificate to that effect.
8. A person suffers a reduction in Pensionable Earnings if:-
   1. the Pensionable Earnings of an employment which he continues to hold is reduced, or
   2. he is transferred to another employment with the same Employer or to another employment with another company in the same group at reduced Pensionable Earnings.
9. Subject to paragraph (4) below, a reduction in Pensionable Earnings is material if, and only if it is such that the amount of the employee's Pensionable Earnings would be likely to be less than the amount of his Pensionable Earnings in either:
   1. any one or the last 5 of the 13 years ending on the date of cessation of Active Membership, or
   2. any consecutive 3 of those 13 years.

For this purpose the amount of a Member's Pensionable Earnings in a period of 3 consecutive years shall be ascertained by calculating the total of his Pensionable Earnings during that period and dividing that figure by 3.

1. A reduction in Pensionable Earnings is not material if:-
   1. it did not result from circumstances beyond the employee's control, or
   2. it was temporary, or
   3. it resulted from the termination of, or a reduction in, a temporary increase in Pensionable Earnings.
2. The Employer may issue a certificate without an application from the employee, but will not be obliged to do so unless the employee applies for one within 12 months after the date of the reduction.
3. A certificate issued under this Rule 2.2 is to specify the date of the material reduction and the Employer shall keep, for 10 years from that date, a record of the certificate and the employee's Pensionable Earnings.

###### PENSION SALARY SACRIFICE

A Member shall participate (or cease to participate) in the Pension Salary Sacrifice Arrangement in accordance with the provisions of General Rule 3.2.

|  |  |  |
| --- | --- | --- |
|  | **RULE3**  **MIS SPECIAL TERMS** | ( |
| **CONTRIBUTIONS** |  |
| **3.1** | **MEMBERS' ORDINARY CONTRIBUTIONS** | ( |
| (1) | (a) each Active Member who is a SMART Member shall contribute to the Fund |  |
|  | at the rate of zero % of his Pensionable Earnings whilst he participates in the Pension Salary Sacrifice Arrangement. |  |
|  | (b) with effect on and from 1 April 2008 each Active Member who is not a |  |
|  | SMART Member shall, whilst he does not participate in the Pension Salary |  |
|  | Sacrifice Arrangement, contribute to the Fund at the rate of 7% of |  |
|  | Pensionable Earnings. |  |
| **3.2** | **ADDITIONAL CONTRIBUTIONS TO REINSTATE RECKONABLE SERVICE WHERE MEMBER'S ABSENCE DUE TO TRADE DISPUTE** |  |
| (1) | This Rule applies to a Member:- |  |
|  | (a) who has been absent from duty otherwise than on leave of absence, for a |  |
|  | period of at least one day because of a Trade Dispute, or |  |
|  | (b) whose contract of employment is terminated in consequence of a Trade |  |
|  | Dispute, and |  |
|  | (c) who is employed again by the Company immediately after the Trade Dispute |  |
|  | ends. |  |

For the purpose of this Rule it is immaterial whether or not:-

* + 1. the Member is participating in or financing or otherwise directly interested in the Trade Dispute, or
    2. the Company is a party to the Trade Dispute.

1. Subject to paragraph (3) below:-
   1. a person to whom this Rule applies, or
   2. the personal representatives of a person to whom this Rule applied who has died before the end of the 3 month period specified in Rule 3.2(3)(b) (referred to in this Rule as a "deceased employee"),

may give notice in writing to the Company that he intends to pay the amount specified in paragraph (4) below in respect of a Relevant Contribution Period. The Company shall account to the Trustees for any sum it receives by way of full or part payment of that amount.

1. (a) Where all or part of more than one Relevant Contribution Period is included in an absence or absences which occurred in consequence of a single Trade Dispute, notice given under paragraph (2) above in respect of any one of

those periods is of no effect unless notice is given in respect of all of those periods.

(b) Notice must be given within the period of 3 months beginning on the day after the last day of the Relevant Contribution Period or, where paragraph (3)(a) applies, of the last of the Relevant Contribution Periods in respect of which it is given, or in the case of a deceased employee within the period of 12 months beginning on the date of his death (or in either case within such longer period as the Company may allow) to the Company.

1. The amount mentioned in paragraph (2) is an amount equal to 16% of the difference between:-
   1. the Member's Pensionable Earnings (if any) that he received during the Relevant Contribution Period, and
   2. the Pensionable Earnings he would have received for the period if it had not included any period of absence in consequence of a Trade Dispute.
2. A Member who pays contributions under this Rule shall be entitled to count the Relevant Contribution Period or Periods as Reckonable Service.

###### ADDITIONAL CONTRIBUTIONS TO AVOID REDUCTION OF MIS LUMP SUM AND DEATH GRANT

1. This Rule applies to an Active Member:-
   1. who (in the case of a Member who has elected to pay additional contributions) has not attained age 64;
   2. who (unless he has elected to pay by way of a lump sum) has where the Trustees have so resolved, at his own expense, undergone a medical examination to the Trustees' satisfaction; and
   3. whose MIS Lump Sum would be subject to reduction under Rule 4.1(2), or in the event of his death, whose Death Grant would be subject to reduction under rule 5.3(2).
2. A Member who elected, by notice in writing to the Trustees, to pay additional contributions to the Fund in order to avoid all or part of the reduction in his MIS Lump Sum and in any Death Grant that may become payable, can continue to pay such additional contributions. In giving his notice the Member had to specify the period of Reckonable Service in respect of which he was seeking to avoid a reduction. No Member is currently able to elect to pay additional contributions under this rule.
3. (a) additional contributions to avoid the reduction could not be made in respect of Reckonable Service of less than one year unless the whole of the Member's Reckonable Service before 1 April 1972 was less than one year, or the Member had previously made an election and the remainder of Service not covered by it amounted to less than one year.
4. Payment of additional contributions under this Rule could be by way of lump sum, and/or equal instalments or additional contributions. Provided that:
   1. an election to pay by way of a lump sum or equal instalments had to be made within 12 months after first becoming a Member to whom this Rule applies;
   2. an election to pay by way of equal instalments could not be made before the Member had attained age 60 or after he had attained age 65 or after he had made an election to pay by way of additional contributions;
   3. an election to pay by way of additional contributions could not be made after the Member had made an election to pay by way of equal instalments.
5. Payment of additional contributions was made in accordance with Part I, II and Ill of Appendix A of this Part 4 as appropriate.

###### ADDITIONAL VOLUNTARY CONTRIBUTIONS

(1) Active Members can pay AVCs to the Fund in accordance with the provisions set out in General Rule 4.2.

###### CONTINUATION OF CONTRACTS BEGUN UNDER LGPS OR MIS

(1) Any AVCs which commenced under LGPS or MIS shall be continued under the Scheme provided (in the former case) that a transfer value in respect of the Member's LGPS Service was made to MIS.

**RULE4**

**MIS SPECIAL TERMS RETIREMENT BENEFITS**

4.1**X CARE BENEFITS AND FINAL SALARY BENEFITS - GENERAL**

CARE Benefits and Final Salary Benefits

1. A Member in Reckonable Service on and after 1 January 2016 will accrue benefits on a career average revalued earnings (CARE) basis namely the CARE Pension.
2. The CARE Benefits in (1) above are payable in addition to those accrued prior to 1 January 2016 on a final salary basis, namely the MIS Pension and MIS Lump Sum.

Timing of benefits

1. When drawing benefits from the Scheme, notwithstanding any other provision of the Rules to the contrary, a Member must take his CARE Benefits and Final Salary Benefits at the same time.

Applicable Rules

1. CARE Benefits and Final Salary Benefits must be drawn subject to and in accordance with the separate Rules applicable to each type of benefit, including any consent requirements or adjustments to reflect early or late payment of the benefit.

Underpin

1. Where the Trustees determine, having taken such advice as they consider appropriate, that it would be necessary to meet the requirements of section 67 of the Pensions Act 1995 for the purpose of the amendments made under the interim deed of amendment dated 15 December 2015, they shall ensure that a Member's total pension and any separate lump sum relating to the Member's Final Salary Benefits and CARE Benefits shall not, when they come into payment, be less than the benefits that would have been payable immediately prior to 1 January 2016 had the Member elected to cease to be an Active Member immediately before that date and had become entitled to deferred benefits under the Scheme Rules (the "Underpin").
2. The Trustees have determined, as at 1 January 2016, that the Underpin is necessary. If the Trustees determine at any time that the Underpin is not necessary, that subsequent determination will not apply in respect of Final Salary Benefits and CARE benefits which have already come into payment.

###### Y CARE BENEFITS- RETIREMENT AT OR AFTER NEW PENSION DATE

A Member who ceases to be in Service at New Pension Date (or who, with the consent of his Employer, remains in Service after New Pension Date and then ceases to be in Service) shall be entitled to:

* + 1. the CARE Pension beginning on the day after he ceases to be in Service; and
    2. the CARE Lump Sum payable on the same day as he ceases to be in Service.

###### Z CARE BENEFITS - RETIREMENT BEFORE NEW PENSION DATE

A Member who ceases to be in Service on or after Minimum Pension Age but before New Pension Date shall be entitled to:

* + 1. the CARE Pension beginning on the day after he ceases to be in Service; and
    2. the CARE Lump Sum payable on the same day as he ceases to be in Service

provided that:

* + - 1. if the Member is under age 60, he has obtained his Employer's consent to the application of this sub-rule (unless the Member is entitled to draw his Final Salary Benefits, in which case no such consent shall be required in relation to his CARE benefits); and
      2. both the CARE Pension and the CARE Lump Sum payable under this sub­ rule shall be reduced by an Early Retirement Factor, to reflect the number of complete years and days between the CARE Pension and CARE Lump Sum becoming payable and New Pension Date.

###### 4.1 FINAL SALARY BENEFITS - NORMAL RETIREMENT PENSION

1. A Member who retires at or after Normal Pension Date but before New Pension Date shall be entitled to the MIS Pension and the MIS Lump Sum.
2. The MIS Pension and the MIS Lump Sum under (2) above shall, in relation to benefits accrued on or after 1 January 2008 and prior to 1 January 2016, be reduced by such amount or varying amount as the Trustees (after consulting the Actuary) determine to be appropriate to take account of payment before New Pension Date.

###### A FINAL SALARY BENEFITS - LATE RETIREMENT PENSION (AFTER NEW PENSION DATE)

(1) A Member who retires at New Pension Date or who, at the Employer's request, remains in Service after New Pension Date and then retires shall be entitled to the MIS Pension and the MIS Lump Sum.

###### CARE BENEFITS AND FINAL SALARY BENEFITS - EARLY RETIREMENT BEFORE NORMAL PENSION DATE

1. A Member who:
   1. has attained Minimum Pension Age;
   2. completed at least 2 years' Qualifying Service;
   3. has been obliged to take Premature Enforced Retirement; and
   4. has not made an election under rule 4.3A

shall be entitled to a MIS Pension, a MIS Lump Sum, a CARE Pension and a CARE Lump Sum (without any reduction).

1. A Member who:
   1. is aged 60 or over;
   2. has completed at least 2 years' Qualifying Service; and
   3. so elects within 3 months of his 60th birthday or within 3 months of his last day of Reckonable Service as appropriate

shall be entitled to a MIS Pension and a MIS Lump Sum, provided that both the MIS Pension and the MIS Lump Sum shall:

* + 1. in relation to benefits accrued before 1 January 2008 be reduced as stated in rule 4.3A if the Member has completed less than 25 years'

Qualifying Service; and

* + 1. in relation to benefits accrued on and after 1 January 2008 and prior to 1 January 2016, be reduced by such amount or varying amount as the Trustees (after consulting the Actuary) determine to be appropriate to take account of payment before New Pension Date.

1. A Member who:
   1. (i) has attained Minimum Pension Age but not age 60, and with the consent of the Company; or

(ii) is age 60 or more, whether or not the Company consents;

* 1. whose age and Qualifying Service amount in total to 85 years or more at the date of his retirement; and
  2. has not made an election under rule 4.3A

shall be entitled to a MIS Pension and a MIS Lump Sum, provided that both the MIS Pension and MIS Lump Sum shall, in relation to benefits accrued on and after

1 January 2008 and prior to 1 January 2016, be reduced by such amount or varying amount as the Trustees (after consulting the Actuary) determine to be appropriate to take account of payment before New Pension Date.

1. A Member who:
   1. has attained Minimum Pension Age;
   2. is under age 60;
   3. whose age and Qualifying Service amount in total to 85 years or more at the date of his retirement; and
   4. who is not entitled to benefits under paragraphs (1) to (3) above or rule 4.3(1)

shall, if the Company consents, be entitled to a MIS Pension and a MIS Lump Sum. Provided that both the MIS Pension and the MIS Lump Sum shall be reduced by such amount or varying amount as the Trustees (after consulting the Actuary) determine to be appropriate as follows:

* + 1. in relation to benefits accrued before 1 January 2008, to take account of payment before age 60; and
    2. in relation to benefits accrued on or after 1 January 2008 and prior to

1 January 2016, to take account of payment before New Pension Date,

1. (a) A Member who:
2. retires from Service;
3. has attained Minimum Pension Age;
4. has not yet attained age 60; and
5. whose age and Qualifying Service amount in total to less than 85 years at the date of his retirement,

may, with the consent of his Employer, be entitled to a MIS Pension and a MIS Lump Sum. The MIS Pension and MIS Lump Sum shall be reduced as set out in (b) below.

1. The MIS Pension and MIS Lump Sum shall be reduced by such amount or varying amount as the Trustees (after consulting the Actuary) determine to be appropriate as follows:
   1. in relation to benefits accrued before 1 January 2008, having regard to the period between the date his pension is paid and the later of:
      1. age 60; and
      2. the earlier of:
         1. his Normal Pension Date; and
         2. the date when his age and Qualifying Service (had he remained an Active Member) would have amounted to 85 years.
   2. in relation to benefits accrued on or after 1 January 2008 and prior to 1 January 2016, to take account of payment before New Pension Date.
   3. A **FLEXIBLE RETIREMENT**

A Member may elect to draw benefits whilst continuing in Service in accordance with General Rule 6.1.

* 1. **RETIREMENT THROUGH INCAPACITY**

1. This rule applies to a Member if he ceases to be in Service on account of Incapacity.
2. A Member to whom this rule applies who has completed 2 years' Qualifying Service shall be entitled to:-
   1. the MIS Pension beginning on the day after he ceases to be in Service;
   2. the MIS Lump Sum on the same day as he ceases to be in Service;
   3. the CARE Pension beginning on the day after he ceases to be in Service, which for these purposes shall be the sum of:
      1. the CARE Pension calculated as at the date the Member ceases to be in Service; and
      2. the Prospective CARE Pension calculated under (3) below; and
   4. the CARE Lump Sum on the same day as he ceases to be in Service, which for these purposes shall be the sum of:
      1. the CARE Lump Sum calculated as at the date the Member ceases to be in Service; and
      2. the Prospective CARE Lump Sum calculated under (3) below.

The pensions payable above shall be payable for the remainder of the Member's life unless the provisions for withdrawal, reduction or increases in General Rule 6.5 (if applicable) are invoked

1. For the purposes of 2(c) above, Prospective CARE Pension shall be calculated as 1180th of the Member's Pensionable Remuneration earned in respect of the year ending on the date the Member ceases to be in Service multiplied by half of the potential years and days of Reckonable Service (expressed as the number of whole years and any fraction of a year) which the Member would have completed had he remained an Active Member until New Pension Date.

For the purposes of 2(d) above, Prospective CARE Lump Sum shall be calculated as 3/80th5 of the Member's Pensionable Remuneration earned in respect of the year ending on the date the Member ceases to be in Service multiplied by half of the years and days of Reckonable Service (expressed as the number of whole years and any fraction of a year) which the Member would have completed had he remained an Active Member until New Pension Date.

Provided that the additional Reckonable Service shall not exceed the total of his actual Reckonable Service as at the last day of his Active Membership (excluding any attributable to AVCs).

1. The Company and Trustees may, to the extent consistent with the Scheme's status as a Registered Scheme, establish one or more separate arrangements under the Scheme so that any pension payable on grounds of Incapacity (whether already in payment or otherwise), to any individual Member or category or categories of Member may be divided between and paid from such separate arrangements. The

Company and the Trustees may agree the terms on which benefits are payable (and (

cease to be payable) under such arrangements.

###### 4.3A FINAL SALARY BENEFITS - REDUCED BENEFITS PAYABLE ON RETIREMENT AT OR AFTER AGE 60 WITH LESS THAN 25 YEARS' QUALIFYING SERVICE

Where a Member retires from the Scheme at or after age 60 having completed less than 25 years' Qualifying Service and elects to receive his benefits immediately his MIS Pension and MIS Lump Sum shall be reduced to take account of the earlier date of payment as follows:

1. in relation to benefits accrued before 1 January 2008, in accordance with the following Tables or in accordance with such more generous factors as the Trustees agree from time to time on the advice of the Actuary and shall in either case be interpolated on a day by day basis:
   1. in respect of benefits which are attributable to Reckonable Service completed up to 16th May 1990:

|  |  |  |  |
| --- | --- | --- | --- |
| Period remaining (years) to  Minimum Qualifying Date | Percentage reduction | | |
| MIS | Pension | MIS Lump Sum |
| Male | Female | Both sexes |
| 0 | 0 | 0 | 0 |
| 1 | 8 | 7 | 2 |
| 2 | 15 | 13 | 5 |
| 3 | 22 | 18 | 7 |
| 4 | 28 | 23 | 9 |
| 5 | 33 | 27 | 11 |

* 1. in respect of benefits which are attributable to Reckonable Service completed from 17th May 1990 until 31 December 2007:

|  |  |  |
| --- | --- | --- |
| Period remaining  (years) to Minimum Qualifying Date | Percentage reduction | |
| MIS Pension | MIS Lump Sum |
| 0 | 0 | 0 |
| 1 | 7 | 2 |
| 2 | 14 | 5 |
| 3 | 20 | 7 |
| 4 | 25 | 9 |
| 5 | 30 | 11 |

and

1. in relation to benefits accrued on and after 1 January 2008 and prior to 1 January 2016, by such amount or varying amount as the Trustees (after consulting the Actuary) determine to be appropriate to take account of payment before New Pension Date.

PROVIDED that the Member's MIS Pension shall not be paid early if the reduction would result in it being less than the amount of the Member's GMP under Schedule I.

* 1. **EARLY LEAVERS**

1. A Member who:
   1. has completed 2 or more years' Qualifying Service or is otherwise entitled to Short Service Benefit;
   2. ceases to be in Service before Normal Pension Date; and
   3. is not entitled to an immediate MIS Pension and MIS Lump Sum under rules

4.2 (early retirement), 4.3 (retirement through Incapacity) or General Rule 6.1 (flexible retirement)

shall be entitled to either:

* + 1. the following elements of benefits:
       1. an MIS Pension payable from the day following Normal Pension Date;
       2. an MIS Lump Sum payable from the day following Normal Pension Date;
       3. the CARE Pension beginning on the day after Normal Pension Date; and
       4. the CARE Lump Sum on Normal Pension Date.

Provided that:

1. Pursuant to Rule 4.1X(3), the Member must draw his Final Salary and CARE Benefits at the same time;
2. In relation to benefits accrued on or after 1 January 2008 and prior to 1 January 2016, both the MIS Pension and MIS Lump Sum shall be reduced by such amount or varying amount as the Trustees (after consulting the Actuary) determine to be appropriate to take account of payment before New Pension Date; and
3. The CARE Pension and CARE Lump Sum shall be reduced by an Early Retirement Factor to take account of payment before New Pension Date;

or

* + 1. at the Member's option, the application of his Cash Equivalent in one or more of the ways provided under clause 22, providing the GMP is subsumed in one payment or a transfer premium is paid. Provided that the Trustees may allow a Member to transfer part of his Cash

Equivalent on such terms and conditions as they shall determine. Clause 22 shall be construed accordingly.

**Taking deferred benefits early**

1. (a) A Member to whom paragraph (1) applies may elect to have his pension lump sum entitlements paid before Normal Pension Date:-
2. if he suffers Incapacity in relation to the employment in which he was engaged at the date when his Active Membership ceased; or
3. from age 60 provided that he would at that date have completed 25 years' Qualifying Service had he remained an Active Member (or paid from any later date up to Normal Pension Date provided that at that later date he would have completed 25 years' Qualifying Service); or
4. at or after he has attained Minimum Pension Age if the Employer consents on compassionate grounds; or
5. if he does not satisfy (i) to (iii) above, from age 60 or from the day after his last day of Reckonable Service, if later, by making a written request to the Trustees within three months of his 60th birthday or within three months of his last day of Reckonable Service as appropriate.
6. (i) Where a Member has his benefits paid early in accordance with (a)(i) or (iii) above
   1. his MIS Pension and MIS Lump Sum shall not be reduced; and
   2. his CARE Pension and CARE Lump Sum shall not be reduced to take account of payment before New Pension Date.
7. Where a Member has his benefits paid early in accordance with (a)(ii) above
   1. the part of the MIS Pension and MIS Lump Sum accrued on and after 1 January 2008 and prior to 1 January 2016 shall be reduced by such amount or varying amount as the Trustees (after consulting the Actuary) determine to be appropriate to take account of payment before New Pension Date; and
   2. his CARE Pension and CARE Lump Sum shall be reduced by an Early Retirement Factor to take account of payment before New Pension Date.
8. Where a Member has his benefits paid early in accordance with (a)(iv) above
   1. the MIS Pension and the MIS Lump Sum shall be reduced as follows:

(aa) in relation to benefits accrued before 1 January 2008, in accordance with the appropriate Tables in Rule 4.3A

in respect of the period remaining to New Pension Date or if earlier the appropriate date under Rule 4.4(2)(a)(ii);

(bb) in relation to benefits accrued on and after 1 January 2008 and prior to 1 January 2016, by such amount or varying amount as the Trustees (after consulting the Actuary) determine to be appropriate to take account of payment before New Pension Date; and

* 1. his CARE Pension and CARE Lump Sum shall be reduced by an Early Retirement Factor to take account of payment before New Pension Date.

Provided that the Member's MIS Pension shall not be paid early if the reduction would result in it being less than the amount of the Member's GMP.

**Taking deferred benefits late**

1. (a) A Member to whom paragraph (1) applies may, with the consent of his Employer, elect to have his pension and lump sum entitlements paid after Normal Pension Date.
2. Where a Member defers payment of his benefits in accordance with (a) above:
   1. the MIS Pension and MIS Lump Sum may:
      1. in relation to benefits accrued before 1 January 2008, be increased by such amount or varying amount as the Trustees (after consulting the Actuary) determine to be appropriate to take account of payment after Normal Pension Date.
      2. in relation to benefits accrued on or after 1 January 2008 and prior to 1 January 2016:

(aa) if payment is before New Pension Date, be reduced by such amount or varying amount as the Trustees (after consulting the Actuary) determine to be appropriate, to take account of payment before New Pension Date; or

(bb) if payment is on or after New Pension Date, be increased by such amounts (if any) as the Trustees (after consulting the Actuary) determine to be appropriate to take account of payment after New Pension Date; and

* 1. the initial yearly amount of the CARE Pension and CARE Lump Sum shall:
     1. if payment is before New Pension Date, be reduced by an Early Retirement Factor to take account of payment before New Pension Date; or
     2. if payment is after New Pension Date, be increased by a Late Retirement Factor to take account of payment after New Pension Date.

###### COMMUTATION OF PENSION FOR LUMP SUM

* + 1. Subject to General Rule 8.3(1), when the pension of a Member becomes payable, he or she may commute for a lump sum any part of the pension, subject to complying with such conditions (including conditions relating to the time and manner for making such an application) as the Trustees may from time to time determine.
    2. The factors to be employed in commuting pension for a lump sum in accordance with this Rule 4.5 shall be determined in relation to each Member by:
       1. the Trustees on the advice of the Actuary, insofar as the pension relates to MIS Pension; and
       2. by the Company on actuarial advice insofar as it relates to CARE Pension.
    3. The lump sum must comply with the conditions set out in Schedule 29 to the FA 2004 as amended by Schedule 36 to the FA 2004 and the limits set out in General Rule 5.2.
    4. The option to exchange pension for a lump sum shall be subject to the Contracting-Out Requirements.
    5. A Member's CARE Pension and MIS Pension must be commuted proportionately.

###### OPTION FOR DEPENDANT'S PENSION

* + 1. A Member who has attained Minimum Qualifying Date or whose pension has become payable may, subject to the provisions of this Rule 4.6, elect by written notice to the Trustees to surrender part of his pension to provide a pension arising after his death for the benefit of his Surviving Spouse and/or one or more Dependants. That pension shall be payable for life.
    2. The following conditions apply to the surrender:-
       1. the maximum amount of pension which the Member may surrender is 1/3rd of his MIS Pension;
       2. the pension resulting from the surrender:
          1. shall not be more than the pension remaining payable or which would be payable to the Member under the Scheme; and
          2. shall not be so small as to enable the person to commute it on grounds of triviality as permitted by the Finance Act 2004 or be less than such other amount as the Trustees may from time to time determine;
       3. pension surrendered must be in whole pounds;
       4. the Member's own pension shall not as a result of the surrender be so small as to enable the Member to commute it on grounds of triviality as permitted by the Finance Act 2004;
       5. the surrender option shall be subject to the Contracting-Out Requirements;
       6. arrangement satisfactory to the Trustees shall have been made in respect of any liability for inheritance tax or any similar tax;
       7. in the case of a Dependant, the consent of the Trustees to that person's nomination shall be necessary. Its consent shall not be given unless it is satisfied that the nominee is a person to whose maintenance or support the Member is contributing or has contributed; and
       8. the Trustees may ask the Member to produce a certificate of good health regard being taken of his age from a medical practitioner nominated by it, and the surrender shall not take effect unless it is satisfied on this point
    3. The pension resulting from the surrender shall take effect only if the person nominated by the Member survives him. Should the person nominated die after the Member's election to surrender has been accepted by the Trustees, the member's pension shall not on this account be increased.
    4. The amount of the pension shall be established by the Trustees on the advice of the Actuary having regard to the amount of the Member's MIS Pension to be surrendered and the respective ages of the Member and the Surviving Spouse or Dependant at the date:-
       1. of the Member's application; or
       2. the Member's own pension begins to be paid. as appropriate
    5. The option shall be exercisable by written notice to the Trustees specifying the amount of pension to be surrendered. Notices must be served not later than 2 months before the Member's Minimum Qualifying Date nor later than one month after his pension comes in payment and will be effective on the date such notice is received or on the date the pension comes into payment as appropriate. Once the option has been exercised it shall not be revoked without the consent of the Trustees.

###### INCREASES TO PENSIONS IN PAYMENT

* + 1. Any increase to a pension in payment to or in respect of a Member under this Rule shall apply only to the amount of pension in excess of the Member's or Surviving Spouse's GMP as appropriate provided that the increase is being paid as part of the state pension. Increases in GMPs are dealt with in Schedule I.
    2. (a) Subject to paragraphs (b) and (c) below, the provision of the Pension (Increases) Act 1971 and any amendment to it or instrument or order made under it and with effect from 6 April 1979 the provisions of Section 59 of the Social Security and Pensions Act 1975 as amended by the Social Security Act 1986 and any amendment to it or instrument or order made under it shall be deemed to apply to the pension, preserved pension or incapacity pension to which a Member may be entitled (whether in payment or not) to any Surviving Spouse's, Eligible Children or Dependant's pensions (and any corresponding Death Grant), to the same extent as these provisions would apply to any similar benefits which would be payable in circumstances to or in respect of the pensionable employees of a local authority under those Acts.

1. (i) Pensions in payment attributable to Reckonable Service on and after 1 January 2008 and prior to 1 January 2016 shall be increased at such time and by such rate as determined in accordance with Rule 4.7(2)(a), provided that any such increase shall be subject to a maximum of 5 per cent per annum.
   1. To the extent that the percentage increase that would have applied but for this paragraph (b) exceeds 5 percent, the Trustees will, if the Company consents, at the same time increase such pensions in payment by all or such part of that excess as the Trustees may determine provided that, after consulting the Actuary, they consider that this can be done without an immediate increase in the Employers' ordinary annual contributions.
   2. If pensions in payment in any relevant period are not increased by reference to either the whole or part of this excess over 5 percent, such pensions in payment shall not be increased in subsequent years to reflect that shortfall.
2. Insofar as the pension relates to CARE Pension, the pension shall be increased on the Increase Date by the lower of:
3. the annual percentage charge, for the previous September, in the CPI; and
4. 2.5%,

provided that no reduction shall be applied if the result of (i) and

(ii) is negative and further provided that, to the extent that the percentage increase that would have applied but for this paragraph (c) exceeds 2.5 percent, the Trustees will, if the Company consents, at the same time increase such pensions in payment by all or such part of that excess as the Trustees may determine provided that, after consulting the Actuary, they consider that this can be done without an immediate increase in the Employers' ordinary annual contributions.

###### INCREASES TO PENSIONS IN DEFERMENT

* + 1. (a) The Member's preserved MIS Pension and MIS Lump Sum and any pension payable on his death attributable to Reckonable Service up to and including 31 December 2007 shall, to the extent that such increase exceeds the increases made under rule 4.7(2)(a), be increased by the appropriate higher revaluation percentage specified in accordance with the PSA 93.

1. The Member's preserved MIS Pension and MIS Lump Sum and any pension payable on his death attributable to Reckonable Service between 1 January 2008 and 5 April 2009 shall be increased by the appropriate higher revaluation percentage specified in accordance with the PSA 93.
2. The Member's preserved MIS Pension and MIS Lump Sum and any pension payable on his death attributable to Reckonable Service after 5 April 2009 and prior to 1 January 2016 shall be increased by the appropriate lower revaluation percentage specified in accordance with the PSA 93, but as if:
   1. any reference to "2.5 per cent" in the definition of "lower maximum rate" in the appropriate provision of the PSA 93 instead read "5 per cent"; and
   2. the lower revaluation percentage specified by the Secretary of State under that legislation was determined on that basis; and
3. The Member's preserved CARE Pension and CARE Lump Sum and any pension payable on his death attributable to Reckonable Service on and after 1 January 2016 shall be increased by either:-
4. the lower of:
   1. the increase in the CPI between the September prior to the date the Member ceased Active Membership and the September prior to the earlier of:
      1. New Pension Date; and
      2. the date the benefits come into payment; and
   2. the percentage that would be the increase in (A) above had the CPI increased at the rate of per 2.5% compound per annum; or
5. if it would result in a higher pension or lump sum than under (i) above, applying the "find salary method" described in Part IV Chapter II of the PSA 93.
   * 1. Where a Member becomes entitled to a prescribed alternative to short service benefit as defined in the Social Security Act 1973 the Trustees shall at the time required by that Act ensure that they are reasonably satisfied that the value or amount of the alternative benefit or payment equals or exceeds the value required by the preservation requirements of that Act.

**RULES**

**MIS SPECIAL TERMS DEATH BENEFITS**

* 1. **H IN RECKONABLE SERVICE**

1. If an Active Member dies: -
   1. his Surviving Spouse shall be entitled to: -
      1. a short-term pension for the period of three Months (or for such shorter period as she survives him) beginning on the day after the Member's death; and
      2. a long-term pension for the remainder of her life beginning on the day after the expiry of the three Month period referred to above.

The amount of the short-term pension and the initial yearly amount of the long­ term pension are set out in (2) below; and

* 1. the Trustees shall (subject as provided in rule 5.5 below and to any nomination made pursuant to sub-paragraph (2) of the definition of Surviving Spouse) pay the following pensions in respect of his Eligible Children: -
     1. in the case of a Member who dies without leaving a Surviving Spouse, a short-term pension for the period of three Months (or for such shorter period during which at least one Eligible Child of the Member survives him) beginning on the day after the Member's death;
     2. in the case of a Member whose Surviving Spouse dies within the three Month period referred to above, a short-term pension for a period which is equal in duration to the unexpired portion of the deceased Surviving Spouse's short-term pension (or for such shorter period during which at least one Eligible Child of the Member survives him); and
     3. a long-term pension beginning on the day after the expiry of the three Month period referred to above.

The amount of the short-term pension and the initial yearly amount of the long­ term pension are set out in (3) below.

* 1. his surviving Dependants may be entitled to a pension in accordance with rule 5.1(4) below.

**Surviving Spouse's pension**

1. (a) Subject to rule 5.4, the amount of the Surviving Spouse's short-term pension shall be one twelfth of the Member's Pensionable Remuneration for each Month (not exceeding three) that she survives him.
2. Subject to rule 5.4, the initial yearly amount of the Surviving Spouse's long­ term pension shall be one half of what the yearly amount of the Member's own

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**MIS Section**

prospective pension would have been if calculated by adding together the following elements:-

* 1. his MIS Pension (for the avoidance of doubt, revalued by Final Salary Active Revaluation until the date of his death); and
  2. the CARE Pension payable to the Member had he remained in Reckonable Service until attaining Normal Pension Date, or (in the case of a Member who (with his Employer's consent) remains in Reckonable Service after attaining Normal Pension Date) had he ceased to be in Service immediately before his death. For these purposes, the CARE Pension shall be calculated as the sum of the CARE Pension calculated as if the Member had left Service on the day he died and the Prospective Death in Service Pension. The Prospective Death in Service Pension shall be calculated as 1180th of the Member's Pensionable Remuneration earned in respect of the year ending on the day immediately before the Member's death (or such higher amount as the Trustee and the Company agree) multiplied by the potential years and days of Reckonable Service (expressed as the number of whole years and any fraction of a year) which the Member would have completed had he remained an Active Member until New Pension Date;

Provided that the pension in (ii) above shall be calculated as if the total pension had been subject to any increases under rule 4.7 that would have applied during the period from the Member's death.

**Eligible Children's pension**

1. (a) The amount of the Eligible Children's short-term pension, which shall be an aggregate amount in respect of all of the Member's Eligible Children entitled to such pension, shall be: -
2. (in relation to (1)(b)(i) above), one twelfth of the Member's Pensionable Remuneration for each Month (not exceeding three) that such pension is payable; and
3. (in relation to (1)(b)(ii) above), an amount equal to the further instalment or instalments of the Surviving Spouse's short-term pension which would have been payable had she survived for the full period of three months.
4. The initial yearly amount of the Eligible Children's long-term pension, which shall be an aggregate amount in respect of all the Member's Eligible Children entitled to such pension, shall, subject to the provisos below, be:
   1. if there is one Eligible Child, one quarter; or
   2. if there are two or more Eligible Children, one half

of what the yearly amount of the Member's own prospective pension would have been, as stated in (2)(b) above.

Provided that:

1. if no long-term pension is payable to a Surviving Spouse under (2) above or to a Dependant under (4) below, the fraction in (i) above shall be one third instead of one quarter and the fraction in (ii) above shall be two thirds instead of one half; and
2. if a Surviving Spouse's long-term pension shall cease to be payable under (2)(b) above, the fraction in (i) above shall thenceforth be one third instead of one quarter and the fraction in (ii) above shall thenceforth be two thirds instead of one half.

Dependant's pension

1. If the Member leaves no Surviving Spouse or Eligible Children, but leaves one or more surviving Dependants, and if the Trustees so determine, there shall be payable immediate pensions to such one or more of the Member's Dependants as the Trustees in their sole discretion determine to be appropriate, provided that the pension (or total of the pensions, if more than one) shall not exceed the pension that would have been payable to the Member's Surviving Spouse (had there been one).

###### H IN RETIREMENT

* + 1. e death of a Pensioner:
       1. h Grant shall become payable calculated as in (2) below;
       2. Surviving Spouse shall be entitled to:

(i) a short-term pension for the period of three Months (or for such shorter period as she survives him) beginning on the day after the Pensioner's death; and

(ii) a long-term pension for the remainder of her life beginning on the day after the expiry of the three Month period referred to in

(i) above.

The amount of the short-term pension and the initial yearly amount of the long-term pension are set out in (3) below; and

* + - 1. Trustees shall (subject as provided in rule 5.5 below) pay the following pensions in respect of his Eligible Children:
         1. e case of a Pensioner who died without leaving a Surviving Spouse, a short-term pension for the period of three Months (or for such shorter period during which at least one Eligible Child of the Pensioner survives him) beginning on the day after the Pensioner's death;
         2. e case of a Pensioner whose Surviving Spouse dies within the three Month period referred to above, a short-term pension for a period which is equal in duration to the unexpired portion of the deceased Surviving Spouse's short-term pension (or for such shorter period during which at least one Eligible Child of the Pensioner survives him); and
         3. m pension beginning on the day after the expiry of the three Month period referred to above.

The amount of the short-term pension and the initial yearly amount of the long-term pension are set out in (4) below.

* + - 1. surviving Dependants may be entitled to a pension in accordance with rule 5.2(5) below.

**Death Grant**

* + 1. (i) The amount of the Death Grant shall be equal to:

1. four times the Member's Pensionable Remuneration earned in respect of the year ending on the earlier of the date the Member ceased to be an Active Member or retired;

less

1. the total of the MIS Lump Sum, the CARE Lump Sum and all pension payments made to him (or where the pension had been partly surrendered under Rule 4.6 the amount that would have been made had there been no surrender) in the period between his retirement and his death.

The resulting amount (if any) shall then be increased by indexation awarded under Rule 4.7 from the date of the Member's retirement to the date of death.

(ii) The Death Grant payable on the death of a Pensioner whose Reckonable Service began before 1 April 1972 and in respect of whom a Surviving Spouse's long-term pension is payable shall be reduced by 2/80ths of the Pensioner's Pensionable Remuneration for each year of Reckonable Service completed before that date unless additional contributions have been paid pursuant to rule 3.3 to avoid the reduction.

(iii) Where the payment of the Death Grant is delayed more than 30 days from the date of the Member's death, interest shall be added in respect of the period commencing 30 days after the date of the Member's death and ending on the actual date of payment. The interest shall be calculated in accordance with clause 18(d).

(b) A Member may elect in writing to the Trustees, before his or her pension starts, to have the Death Grant payable under this rule 5.2(2) treated as a Pension Protection Lump Sum Death Benefit (in which case the Trustees shall deduct from the Death Grant any tax for which they may be liable to account to HMRC under section 206 of the FA 2004). If no such election is made, then the Death Grant shall be paid as a Defined Benefits Lump Sum Death Benefit.

**Surviving Spouse's pension**

* + 1. Subject to rule 5.4, the amount of the Surviving Spouse's short-term pension shall be one twelfth of the Annual Equivalent of the last instalment of the Pensioner's pension before his death (as adjusted below) for each Month (not exceeding three) that she survives him.

For this purpose, the Pensioner's pension shall be calculated as it would have been if:-

1. it had not been actuarially reduced for early payment on voluntary retirement under rule 4.2 or on the early payment of preserved benefits under rule 4.4(2); and
2. no part of it had been surrendered under rule 4.6 (Dependant's pension option).

And so that an amount equal to any actuarial reduction and any part actually surrendered shall be treated as if increased in the same way as pensions in payment.

1. Subject to rule 5.4, the initial yearly amount of the Surviving Spouse's long-term pension shall, subject to the proviso below, be:
   1. in relation to benefits accrued before 1 January 2008, one half of the Annual Equivalent of the last instalment of the Pensioner's pension before his death ignoring:
      1. any additional pension attributable to Purchased Reckonable Service in accordance with the provisions of the Scheme rules in force at the relevant time;
      2. any actuarial reduction made where a Member retires at or after age 60 with less than 25 years' Qualifying Service;
      3. any surrender of pension which the Pensioner may have previously made under rule 4.6;
      4. any reduction in the Pensioner's pension which is associated with State retirement benefits; and
   2. in relation to benefits accrued on or after 1 January 2008, one half of the Annual Equivalent of the last instalment of the Pensioner's pension before his death, calculated as stated in
2. above and assuming it to have been subject to any increases under rule 4.7 that would have applied during the period from the Pensioner's death.

Provided that the long term pension payable on the death of a female member shall (unless rule 5.2(4A) applies) be calculated taking into account only Reckonable Service after 5 April 1988 including any enhancement allowed under Rule 4.3.

1. Where the Member married (or entered into a civil partnership) after the date of his retirement, the short- and long-term pensions payable under this Rule 5.2 shall be calculated taking into account only the Member's Service under the Scheme after 5 April 1978 (in respect of a male Member) or after 5 April 1988 (in respect of a female Member) and ending at the date of attainment of State pension age or the earlier date of leaving Service and shall exclude any enhancement allowed under Rule 4.3.

**Eligible Children's pension**

* + 1. The amount of the Eligible Children's short-term pension which shall be an aggregate amount in respect of all of the Pensioner's Eligible Children entitled to such pension shall be:-

1. in relation to (1)(c)(i) above, one twelfth of the Annual Equivalent of the last instalment of the Pensioner's pension before his death, calculated as stated in (3)(a) above for each Month (not exceeding three) that such pension is payable; and
2. in relation to (1)(c)(ii) above (in respect only of benefits accrued on or after 1 January 2008), an amount equal to the further instalment or instalments of the Surviving Spouse's short-term pension which would have been payable had she survived for the full period of three Months.
3. The initial yearly amount of the Eligible Children's long-term pension, which shall be an aggregate amount in respect of all the Member's Eligible Children shall, subject to the provisos below, be:
   1. in relation to benefits accrued before 1 January 2008:
      1. if there is one Eligible Child, one quarter; or
      2. if there are two or more Eligible Children, one half

of the Pensioner's pension at the rate in force at the date of his death, ignoring:

* + - 1. any additional pension attributable to Purchased Reckonable Service in accordance with the provisions of the Scheme rules in force at the relevant time;
      2. any actuarial reduction made where a Member retires at or after age 60 with less than 25 years' Qualifying Service;
      3. any surrender of pension which the Pensioner may have previously made under rule 4.6;
      4. any reduction in the Pensioner's pension which is associated with State retirement benefits;
      5. in relation to a married female Member (other than a married female Member to whom Rule 5.2(4A) applies) any part of her pension attributable to Reckonable Service completed before 17 May 1990;and
  1. in relation to benefits accrued on or after 1 January 2008:
     1. if there is one Eligible Child, one quarter; or
     2. if there are two or more Eligible Children, one half

of the Annual Equivalent of the last instalment of the Pensioner's pension before his death, calculated as stated in (3)(a)(ii) *above,* and assuming it to have been subject to any increase under rule 4.7 that would have applied during the period from the Pensioner's death.

Provided that:

1. if no long-term pension is payable to a Surviving Spouse under

(3) *above* or to a Dependant under (5) below:

* 1. the fraction in (i)(A) and (ii)(A) *above* shall be one third instead of one quarter; and
  2. the fraction in (i)(B) and (ii)(B) *above* shall be two-thirds instead of one half;

and

1. if a Surviving Spouse's or Dependant's long-term pension ceases to be payable:
2. the fraction in (i)(A) and (ii)(A) *above* shall henceforth be one third instead of one quarter; and
3. the fraction in (i)(B) and (ii)(B) *above* shall henceforth be two-thirds instead of one half.

Option for certain female Members to secure additional widower's pension in respect of pre 6 April 1988 service

(4A) (a) A female Member whose continuous membership began before 6 April 1988 and whose Surviving Spouse is:

1. seriously and permanently handicapped; and
2. financially dependant on her,

may by written notice to the Trustees elect to be treated in the same manner as a man for the purpose of a Surviving Spouse's and Eligible Child's long­ term pension payable under rule 5.2(3) and (4) and in the event of her death a

Surviving Spouse's pension and Eligible Children's pension will become payable in respect of her total Reckonable Service.

**Dependant's pension**

1. If the Member leaves no Surviving Spouse or Eligible Children, but leaves one or more surviving Dependants, and if the Trustees so determine, there shall be payable immediate pensions to such one or more of the Member's Dependants as the Trustees in their sole discretion determine to be appropriate, provided that the pension (or total of the pensions, if more than one) shall not exceed the pension that would have been payable to the Member's Surviving Spouse (had there been one).

**Retirement on grounds of Incapacity**

1. On the death of a Pensioner who retired on grounds of Incapacity his Reckonable Service for the purposes of calculating death benefits under this Rule 5.2 shall be increased as set out in rule 4.3. Provided that, if the Pensioner retired on grounds of Incapacity prior to 1 January 2008, his Reckonable Service shall be increased in accordance with the provisions of the Scheme rules in force at the relevant time.
   1. **H IN DEFERMENT**
      1. Deferred Pensioner dies:
         1. Trustees shall hold on the Discretionary Trusts a Death Grant. The amount of the Death Grant is set out in (2) below;
         2. Trustees shall pay a long-term pension in respect of his Eligible Children and his Surviving Spouse, beginning on the day after his death. The initial yearly amount of the pension is set out in (3) below,
         3. surviving Dependants may be entitled to a pension in accordance with (4) below.

**Death Grant**

* + 1. Death Grant shall be:
       1. of benefits accrued before 1 January 2008, 3/80th's of the Member's Pensionable Remuneration for each year of Reckonable Service. The Death Grant payable on the death of a Member whose Reckonable Service began before 1 April 1972 and in respect of whom a Surviving Spouse's long-term pension under Rule 5.3(3) is payable or in respect of whom proviso (ii) in Rule 4.1(2)(b) applies shall be reduced by 2/80th's of the Member's Pensionable Remuneration for each year of Reckonable Service completed before the appropriate date unless he has paid additional contributions to avoid the reduction pursuant to Rule 3.3.

{b) in respect of benefits accrued on or after 1 January 2008, equal to:

{i) the Member's ordinary contributions made on or after 1 January 2008 (together with the ordinary contributions that the Member would have made during any period on or after 1 January 2008

when he was a SMART Member, as determined by the Employer); and

1. interest calculated on an annual basis (with a proportionate credit up to the date the Member ceases Active Membership) at such rate as determined by the Trustees (which rate shall be reviewed by the Trustees from time to time to ensure that it is reasonable); less
2. any tax payable in connection with the refund.

Provided that if the Deferred Pensioner has made money purchase AVCs (or has participated in a Salary Sacrifice Arrangement) the accumulated amount in the Member's account in respect of his AVCs and any contributions paid by his Employer under General Rule 4.2(14) during any period when he participated in an AVC Salary Sacrifice Arrangement (as determined by the Trustees) shall be held by the Trustees on the discretionary trusts set out in General Rule 8.1.

Surviving Spouse's and Eligible Children's long-term pensions

* + 1. rviving Spouse's and Eligible Children's long-term pension will be calculated and payable in the manner set out in rule 5.2 for a long term pension:
       1. e Deferred Pensioner dies before reaching Normal Pension Date, as if the deceased Member were in receipt of the initial pension at Normal Pension Date (assuming no pension increases relating to the period after death); or
       2. e Deferred Pensioner dies after reaching Normal Pension Date, as if the deceased Member had started to draw his pension on the day before the date of death.

Dependant's pension

* + 1. e Member leaves no Surviving Spouse or Eligible Children, but leaves one or more surviving Dependants, and if the Trustees so determine, there shall be payable immediate pensions to such one or more of the Member's Dependants as the Trustees in their sole discretion determine to be appropriate, provided that the pension (or total of the pensions, if more than one) shall not exceed the pension that would have been payable to the Member's Surviving Spouse (had there been one).

###### S RELATING TO SURVIVING SPOUSE'S PENSIONS

* + 1. pension payable to a Surviving Spouse shall not cease on the Surviving Spouse remarrying or entering into a civil partnership or living with another person as husband and wife.
    2. e a Member's Surviving Spouse was born 10 or more years later than the Member, the pension shall be reduced by 2.5 per cent for every complete year (and proportionately for any period of less than a complete year) in excess of 10, provided that:

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**MIS Section**

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* + - 1. Employer may at its discretion waive any such reduction; and
      2. e death of a Pensioner or Deferred Pensioner, this Rule shall apply only in relation to the Member's benefits accrued on or after 1 January 2008.

Provided further that this Rule 5.4(2) shall not apply where a valid nomination has been made pursuant to sub-paragraph (2) of the definition of Surviving Spouse and the Nominee (as defined in the definition of Surviving Spouse) is an Eligible Child.

* 1. **S RELATING TO ELIGIBLE CHILDREN'S PENSIONS**
     1. Eligible Children's short-term and long-term pensions (including the payment to Eligible Children of any remaining instalments of a Surviving Spouse's short term pension on the death of that Surviving Spouse) shall be payable to the Member's Eligible Children (if more than one) in such proportions as the Trustees shall determine.
     2. e one Eligible Child ceases to qualify as such the pensions of the remaining Eligible Children will be recalculated.

**MIS Section**

**RULE6**

**MIS SPECIAL TERMS EXECUTIVE BENEFITS**

1. **EXECUTIVE BENEFITS**

Where a Member who on the day immediately before 1 April 2002 was a Member of MIS, and has been invited by his Employer in writing to become an Executive Member of the Scheme, and has confirmed in writing that he wishes to become an Executive Member of the Scheme, he shall be entitled to the benefits set out in the Executive Section and the provisions of rules 1 to 5 (inclusive) of Part 4 of the Rules (MIS Special Terms) shall not apply.

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**MIS Section**

**MIS SPECIAL TERMS APPENDIX A**

**PAYMENT TO AVOID REDUCTION OF MIS LUMP SUM (Rule 3.3)**

**PARTI** (

**LUMP SUM PAYMENT**

1. The amount to be paid by a Member who has under Rule 3.3 elected to make payment by a lump sum is:-

A x Bx C 100

where:-

* 1. is the length of the period of Reckonable Service specified in his notice of election, expressed in complete years and any fraction of a year,
  2. is his Pensionable Earnings at the date of the election, and
  3. is, in the case of a man, the figure specified in column 2 of the Table below against his age on his birthday following the date of the election; and in the case of a woman, a figure to be specified by the Actuary.

1. The amount is to be paid within one month after the date of the election.

Age on birthday next following election

# TABLE

Figure to be used

|  |  |
| --- | --- |
| 25 | 2.76 |
| 26 | 2.61 |
| 27 | 2.51 |
| 28 | 2.44 |
| 29 | 2.39 |
| 30 | 2.35 |
| 31 | 2.31 |
| 32 | 2.28 |
| 33 | 2.25 |
| 34 | 2.23 |
| 35 | 2.21 |
| 36 | 2.20 |
| 37 | 2.18 |
| 38 | 2.17 |
| 39 | 2.16 |
| 40 | 2.15 |
| 41 | 2.14 |
| 42 | 2.13 |
| 43 | 2.12 |
| 44 | 2.11 |
| 45 | 2.10 |
| 46 | 2.09 |
| 47 | 2.08 |
| 48 | 2.08 |
| 49 | 2.09 |
| 50 | 2.10 |
| 51 | 2.12 |
| 52 | 2.14 |
| 53 | 2.16 |
| 54 | 2.18 |
| 55 | 2.20 |
| 56 | 2.22 |
| 57 | 2.24 |
| 58 | 2.26 |
| 59 | 2.28 |
| 60 | 2.30 |
| 61 | 2.31 |
| 62 | 2.32 |
| 63 | 2.33 |
| 64 | 2.34 |

**PART II PAYMENT BY INSTALMENTS**

1. The amount to be paid by a Member who has under Rule 3.3(3)(b) elected to make payment by instalments is the amount he would have been required to pay under Part I of this Appendix if he had on the same date elected to make payment by a lump sum, increased by 5% for each complete year, and pro rata for any fraction of a year, during which under paragraph 4 instalments are due to be paid.
2. The Member is to specify in his notice of election the date up to which instalments are to be paid, which may not be later than the date on which he would attain age 65 PROVIDED that instalments shall cease to be payable on such earlier date as the Member elects to discontinue payment.
3. Instalments are to be of equal amounts and are to be paid at such intervals as the Trustees may determine, the first instalment being due to be paid not later than one month after the date of the election.

**PART 111**

**PAYMENT BY ADDITIONAL CONTRIBUTIONS**

1. The amount to be paid by way of additional contributions by an employee who has under Rule 3.3(3)(b) elected to make payment in that manner is:-

#### A x Bx C

100

where:-

* 1. is the length of the period of Reckonable Service specified in his notice of election, expressed in complete years and any fraction of a year,
  2. is his Pensionable Earnings for the time being, and
  3. is, in the case of a man, the figure in the Table below appropriate to his age on his birthday next following the date of the election and to his specified birthday (within the meaning of paragraph 8); and in the case of a woman, a figure to be specified by the Actuary.

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| --- | --- | --- |
|  |  | **MIS Section** |
|  | **TABLE** |  |
| Age on birthday | Figure to be used by reference to the under-mentioned |  |
| next following | specified birthday |  |
| election | 60 61 62 63 64 65 |  |
| 25 | 0.07 |  |
| 26 | 0.07 |  |
| 27 | 0.07 |  |
| 28 | 0.07 |  |
| 29 | 0.08 |  |
| 30 | 0.08 |  |
| 31 | 0.08 |  |
| 32 | 0.08 |  |
| 33 | 0.09 |  |
| 34 | 0.09 |  |
| 35 | 0.09 |  |
| 36 | 0.10 |  |
| 37 | 0.10 0.10 |  |
| 38 | 0.11 0.10 0.10 |  |
| 39 | 0.12 0.11 0.10 0.09 |  |
| 40 | 0.12 0.11 0.11 0.10 0.09 |  |
| 41 | 0.13 0.12 0.11 0.10 0.10 0.09 |  |
| 42 | 0.14 0.13 0.12 0.11 0.10 0.10 |  |
| 43 | 0.14 0.13 0.12 0.12 0.11 0.10 |  |
| 44 | 0.15 0.14 0.13 0.12 0.11 0.11 |  |
| 45 | 0.16 0.15 0.14 0.13 0.12 0.11 |  |
| 46 | 0.17 0.16 0.15 0.14 0.13 0.12 |  |
| 47 | 0.19 0.17 0.16 0.15 0.14 0.13 |  |
| 48 | 0.21 0.19 0.17 0.16 0.15 0.14 |  |
| 49 | 0.23 0.21 0.18 0.17 0.16 0.15 |  |
| 50 | 0.25 0.23 0.20 0.18 0.17 0.16 |  |
| 51 | 0.28 0.25 0.22 0.20 0.18 0.17 |  |
| 52 | 0.32 0.28 0.25 0.22 0.20 0.18 |  |
| 53 | 0.37 0.32 0.28 0.24 0.22 0.20 |  |
| 54 | 0.43 0.36 0.31 0.27 0.24 0.22 |  |
| 55 | 0.52 0.42 0.36 0.31 0.27 0.24 |  |
| 56 | 0.65 0.51 0.42 0.35 0.30 0.27 |  |
| 57 | 0.87 0.63 0.50 0.41 0.34 0.30 |  |
| 58 | 1.30 0.84 0.62 0.49 0.40 0.35 |  |
| 59 | 2.62 1.26 0.83 0.61 0.48 0.41 |  |
| 60 | 2.53 1.24 0.82 0.60 0.48 |  |
| 61 | 2.48 1.22 0.80 0.60 |  |
| 62 | 2.40 1.20 0.80 |  |
| 63 | 2.37 1.21 |  |
| 64 | 2.39 |  |

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1. (1) For the purposes of paragraph 6, in relation to any additional contribution falling to be paid by a Member his Pensionable Earnings for the time being is, subject to sub-paragraph (2), the Pensionable Earnings received by him for the interval (being an interval determined under paragraph 9) at the end of which the additional contribution falls to be paid.
   1. For the purposes of sub-paragraph (1):-
      1. a Member is to be taken to have received for any period for which, while a contract of employment subsisted, he was absent from duty with reduced Pensionable Earnings or without Pensionable Earnings, otherwise than by reason of illness or injury, the Pensionable Earnings that he would have received but for his absence from duty, and
      2. any reduction in Pensionable Earnings by reason of the actual or assumed enjoyment by the Member during any period of absence from duty of any statutory entitlement shall be disregarded.
2. A Member is to specify in his notice of election the birthday ("the specified birthday") up to which additional contributions are to be paid, which may not be later than attainment of age 65 nor earlier than Minimum Qualifying Date. Provided that additional contributions shall cease to be payable on such earlier date as the Member elects to discontinue his contributions.
3. Additional contributions are to be paid, at such intervals as the Trustees may determine, from the Member's birthday next following the date of the election.

**PART IV**

**INCOMPLETE PAYMENTS WHERE ACTIVE MEMBERSHIP CEASES**

1. This Part applies where a Member has under Rule 3.3(2) elected to make payment by instalments or by way of additional contributions and has commenced payment but before the additional contributions would normally cease the Member:-
2. elects to cease paying contributions; or
3. ceases to be an Active Member; or
4. dies.
5. Where a Member has elected to cease paying contributions or has ceased to be an Active Member other than on grounds of Incapacity or because he has died the period of Reckonable Service in respect of which the election was made is to be treated as having been

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where:-

1. is the length of the period during which instalments or additional contributions have been paid,
2. is the length of the period of Reckonable Service in respect of which the election was made, and
3. is the length of the period during which, under Part II or Part Ill of Appendix A, instalments or additional contributions were to have been paid.

each period being expressed in complete years and any fraction of a year.

1. Where the Member has died or has ceased to be an Active Member on grounds of Incapacity all payments which would have been due under Part II or Ill of Appendix A shall be deemed to have been made.
2. (1) Where the Member has completed at least 2 years' Qualifying Service and ceases Active Membership in the circumstances appropriate to Premature Enforced Retirement and
3. the last day of his employment is not less than 12 months after the date of receipt of his notice of election under Rule 3.3(2); and
4. he gives notice in writing for the purpose to the Trustees within the period of 3 months beginning on the day after the last day of his employment,

he may pay within the period specified in sub-paragraph (2) an amount calculated by the Actuary to represent the capital value of the instalments or additional contributions remaining to be paid, and in that event all payments which would have been due under Part II or Ill of Appendix A shall be deemed to have been made.

1. The period for making a payment under sub-paragraph (1) is the period of one month beginning on the date on which the person is notified by the Trustees of the amount calculated as mentioned in that sub-paragraph.
2. The Trustees may accept a notice given under sub-paragraph (1)(b) notwithstanding that sub-paragraph (1)(a) is not satisfied.

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**MIS Section**

**MIS SPECIAL TERMS** (

**APPENDIX B DEFINITIONS**

The definitions in the General Rules shall apply to the MIS Special Terms together with the definitions set out below.

In the event of a conflict between the definitions in the General Rules and those set out below, those below shall prevail.

**"Appropriate Time"** means the earliest of:-

1. the first day of the period that the Member is entitled to reckon as Reckonable Service under the provisions of the Scheme,
2. the first day of the period of Reckonable Service which is local government employment,
3. the first day of the period of non-local government employment as a member of a statutory pension scheme that the Member was entitled to reckon as reckonable service under the provisions of the LGPS.

**"CARE Lump Sum"** means in respect of <;1 Member, a lump sum calculated as follows:

1. For each CARE Year during which the Member is in Reckonable Service on and after 1 January 2016, 3/80ths of the Member's Pensionable Remuneration earned in respect of that CARE Year.
2. Where, on or after 1 January 2016, a Member is in Reckonable Service for less than a complete CARE Year, the Member shall accrue the CARE Lump Sum under (1) above in that CARE Year by reference to the Pensionable Remuneration actually earned during the period the Member was in Reckonable Service.
3. While the Member is an Active Member (and on ceasing to be an Active Member), the CARE Lump Sum accrued in each CARE Year (or part CARE Year) under (1) (and (2), if applicable) above will be revalued by CARE Active Revaluation.

**"Death Grant"** means a lump sum payable under rule 5.2 or rule 5.3.

**"Dependant"** means the Member's Eligible Child, common-law spouse or any other person who, in the opinion of the Trustees, falls into this category being financially dependent or partly dependent upon him for maintenance and support. Provided that a person shall only qualify (or continue to qualify) as a Dependant if the payment of any benefit to that person would not prejudice the Scheme's status as a Registered Scheme.

**"Indexed Training Rate"** means the annual rate at which an official pension within the meaning of the Pensions (Increase) Act 1971 would for the time being be payable if it had begun on 1st April 1974 and had then been payable at an annual rate of £250.

**"LGPS"** means the Local Government Pension Scheme (formerly known as the Local Government Superannuation Scheme).

**"LGPS Service"** means in relation to a member of LGPS who had before 1 January 1990 requested a transfer payment in respect of his rights thereunder the years and days of service treated as reckonable under LGPS (whether credited on transfer to LGPS or otherwise) excluding any period in respect of which preserved benefits have already been awarded.

**"Minimum Qualifying Date"** means the earliest of:

1. the date of attainment of age 60 where the Member had or would have completed at least 25 years' Qualifying Service; or
2. any date between age 60 and 65 when at least 25 years' Qualifying Service has been or would have been completed; or
3. the date of attainment of age 65.

Provided that, for the purposes of rule 4.6 of the MIS Special Terms, it means the date of attainment of age 65.

**"MIS Lump Sum"** means a lump sum (subject to the proviso below) calculated at the rate of 3/80ths of the Member's Pensionable Remuneration for each year of Reckonable Service completed prior to 1 January 2016 (excluding Purchased Reckonable Service in the case of a Member to whom the proviso in (a) above applies) and, while the Member is an Active Member and is not in receipt of the MIS Pension (and on ceasing to be an Active Member), revalued by Final Salary Active Revaluation. Interest shall be added for the period commencing 30 days after the due date of payment until the actual date of payment at the rate calculated in accordance with clause 18(d).

Provided that:

* 1. The MIS Lump Sum payable to a male Member whose Reckonable Service began before 1st April 1972 and in respect of whom a Surviving Spouse's long term pension under Rule 5.1(2) is payable or would have been payable but for the circumstances referred to in proviso (ii) below shall be reduced by 2/80ths of the Member's Pensionable Remuneration for each year of Reckonable Service completed before that date unless additional contributions have been paid pursuant to Rule 3.3 to avoid the reduction.
  2. Where a Member's marriage ended on his Surviving Spouse's death or as a result of divorce or judicial separation on terms where the husband was not contributing to his wife's maintenance during the period between 30th September 1950 and 1st April 1972 the reduced rate referred to in (i) shall only apply to Reckonable Service completed up to the date of termination of the marriage and shall not in any event apply where additional contributions have been paid to avoid the reduction.
  3. Subject to rule 1.1(2), a Member who was contributing to LGPS on 30th September 1954 and whose Reckonable Service includes Reckonable Service before 1st October 1950 shall be entitled to a MIS Lump Sum calculated as in paragraph (b) but increased by one half of a per cent for each year of Reckonable Service up to 30th September 1950.

The MIS Lump Sum shall (if applicable) be reduced in such manner as set out in the relevant benefit Rule.

**"MIS Pension"** means an annual pension (subject to the proviso below) calculated at the (

rate of 1180th of the Member's Pensionable Remuneration for each year of Reckonable Service completed prior to 1 January 2016 and, while the Member is an Active Member and is not in receipt of the MIS Pension (and on ceasing to be an Active Member), revalued by Final Salary Active Revaluation.

Provided that in the case of a Member who at the Appropriate Time had attained age 45 that (

part of his MIS Pension which is attributable to Purchased Reckonable Service shall be increased by 11240th of his Pensionable Remuneration for each year of Purchased Reckonable Service.

The MIS Pension shall (if applicable) be increased or reduced in such manner as set out in the relevant benefit Rule.

**"MIS Service"** means active service as a Member of MIS.

**"Normal Pension Date"** means the earlier of:-

1. the day before the date of attainment of age 65, or
2. the date of attainment of age 60 having completed 40 years' Reckonable Service,
3. the date that a Member who has attained age 60 completes 40 years' Reckonable Service (excluding Purchased Reckonable Service),

Provided that, for the purposes of (2) and (3) above, Reckonable Service includes any Pensionable Service on and from 1 January 2008 (whether in the Defined Benefit Sections or the Defined Contribution Section).

**"Pensionable Earnings"** means in respect of an Active Member:

1. for benefits accrued on and from 1 January 2008, Pensionable Remuneration as defined in paragraph (1)(a) of the definition of Pensionable Remuneration in General Rule 2.2; and
2. for benefits accrued before 1 January 2008 salary, wages and fees payable to him and any other payments in the nature of salary or wages made to him which are treated by the Employer as pensionable together with:-
   1. local weighting,
   2. lead-in payments,
   3. bonus payments (inclusive of overtime and interim productivity payments but excluding performance-related bonus payments),
   4. stand-by and (where appropriate) call-out payments,
   5. performance-related bonus payments paid as a percentage of, or flat rate increase in, salary and forming part of the composite salary level,
   6. performance-related bonus payments paid as a lump sum and treated by the Employer as pensionable,
   7. 'protected' payments corresponding to any of the above items of pay, and
   8. the money value of any benefits in kind which are treated by the Employer as pensionable,

but excluding

1. payments for non-contractual overtime,
2. any allowance to cover the cost of office accommodation or clerical assistance,
3. any travelling or subsistence allowance or other moneys to be spent, or to cover expenses incurred by him, for the purposes of his employment, or
4. any payment made to him on his ceasing to hold his employment in consideration of loss of holidays, or
5. any payment accepted by him in lieu of notice to terminate his employment,

Provided that

* 1. any reduction in earnings by reason of the actual or assumed enjoyment by the Member during any period of absence from duty of any statutory entitlement shall be disregarded;
  2. for any Pay Period in which a Member participates or has participated in a Salary Sacrifice Arrangement, his Pensionable Earnings shall be his Reference Pay.

**"Premature Enforced Retirement"** means retirement on grounds of:

1. redundancy; or
2. in the interests of the efficient exercise of the Employer's business.

**"Purchased Reckonable Service"** means the period of Reckonable Service secured by the payment of AVCs prior to 6 April 2006.

**"Qualifying Service"** means, in relation to the MIS Special Terms:-

1. any period of continuous Service (within paragraph (1)(a) of the definition of Service) immediately before he became an Active Member;
2. Service which counts as "pensionable service" as defined (in section 70(2) of the PSA

93) for the purpose of the Preservation Requirements;

1. any Linked Qualifying Service. Provided that Linked Qualifying Service shall not be treated as Qualifying Service for the purposes of determining the total of 85 years under rule 4.2 or 4.4 of Part 4 or "Normal Pension Date" in relation to a Member in respect of whom the transfer in which gives rise to that Linked Qualifying Service is made on or after 1 July 2001, unless the transfer is made pursuant to a written request to transfer in received by the Trustees before that date (in which event such Service shall be treated as Qualifying Service for the above purposes);
2. a period of Maternity Leave; and

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**MIS Section**

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1. a period of Absence unless the Employer determines otherwise (see General Rule

6.2)

Provided that:

* 1. Pensionable Service (or Reckonable Service, as appropriate) on and from 1 (

January 2008, including Pensionable Service as a Member of the DC Section, shall be taken into account for the purposes of a Member's Qualifying Service in determining and calculating benefits in respect of Pensionable Service (or Reckonable Service, as appropriate) up to and including 31 December 2007; and

* 1. a period will be treated as Qualifying Service under the foregoing paragraphs only to the extent that it has not already been included.

And **"2 years' Qualifying Service"** has the meaning attributed thereto by section 71(7) of the PSA 93, includes any Linked Qualifying Service and in the case of an Active Member whose pensionable service (as defined in (b) above) has been broken (meaning "broken" in the sense in which the expression "a member's pensionable service is broken" is used in Regulation 21(1) of the Preservation Regulations) shall include, if Regulation 21(3) of those Regulations applies, the period of pensionable service (as defined in (b) above) previously terminated and any Linked Qualifying Service in relation to that period.

**"Reckonable Service"** means:

1. in respect of a Member who is a Full-Time Employee, years and days of Active Membership,
2. in respect of a Member who is a Part-Time Employee, the proportion of years and days of Active Membership that his weekly hours used to determine his Pensionable Earnings bear to those worked by a Member who is a Full-Time Employee,
3. years and days of the Member's MIS Service,
4. years and days of the Member's LGPS Service,
5. years and days which, determined on the advice of the Actuary, are to be treated as Reckonable Service in respect of a transfer payment made to the Fund other than those which constitute LGPS or MIS Service,
6. years and days which are to be treated as Reckonable Service by virtue of increases in benefit under Clause 23, and
7. years and days of Purchased Reckonable Service,

Provided that

* 1. no period shall be reckoned twice,
  2. any period of Reckonable Service in respect of which a pension is being or has already been paid under the Scheme shall be excluded.

**"Relevant Contribution Period"** means a period which:

1. is co-extensive with one of the intervals at which a person to whom Rule 3.3 applies was required to contribute to the Fund, and
2. includes all or part of a strike absence.

**"Subsidiary"** means a subsidiary as defined by Section 736 of the Companies Act 1985 or an associated undertaking, and for these purposes an undertaking shall be deemed to be associated with an Employer if that Employer has voting control over such undertaking.

**"Surviving Spouse"** means:

1. Subject to (2), the person (if any) to whom a deceased Member was married (or in a civil partnership with) at the date of his death except (in the case of a decree made before 5 April 1988) where a judicial separation (other than on terms where the husband is requested to contribute to the wife's maintenance) was in force at that date or the earlier date the Member became entitled to a retirement pension, in which case his or her exclusion for benefit is at the Trustees' discretion.

Where any benefit is expressed under the Rules as being payable to a Surviving Spouse it shall be payable as of right only to the person who qualifies above. In the event of the Trustees deciding that there are in consequence 2 or more persons eligible for benefit they shall divide the benefit between them in equal proportions as they think fit.

Where a Member was married (or in a civil partnership) at the date that he becomes entitled to a retirement pension, is divorced (or ceases to be in a civil partnership) on that date and subsequently remarries (or enters into a civil partnership with) the same person, such person shall qualify as a Surviving Spouse for the purposes of entitlement to Surviving Spouse's pension on the Member's death after retirement.

A Surviving Spouse shall not include (in the case of a Pensioner or Deferred Pensioner) a spouse or Civil Partner whose last or only marriage to, or civil partnership with, the Member took place after he ceased to be in Service and less than 6 months before his death, unless the Trustees determine that the spouse or Civil Partner shall be deemed to have been married to, or in a civil partnership with the Member more than 6 months before his death.

*Facility to nominate alternative recipient of the Surviving* Spouse's *pension*

1. An Active Member may nominate (in such form and subject to such conditions as may be prescribed by the Trustees from time to time) a person other than his spouse or Civil Partner (the **"Nominee")** to receive any Surviving Spouse's pension payable in the event of his death as an Active Member.

The Nominee shall be deemed to be the Active Member's Surviving Spouse for the purposes of Rule 5.1 provided he is, in the Trustees' opinion (determined as at the date of the Active Member's death), a "dependant" of the Active Member for the purposes of paragraph 15 of Schedule 28 of the FA 2004 and the following shall apply:

* 1. If the Active Member also has a spouse or Civil Partner at the date of his death, the spouse or Civil Partner shall not be entitled to any benefits except to the extent the Trustees are required to provide the Active Member's surviving widow, widower or Civil Partner a pension under section 12B of the

PSA 93, in which case the Nominee shall receive only the pension payable to the Surviving Spouse under Rule 5.1 in excess of the statutory benefit;

* 1. If the Nominee is an Eligible Child:-
     1. he will not be eligible to receive a separate Eligible Child's pension under Rule 5.1(1)(b);
     2. he will not be counted as an Eligible Child when determining what pensions are payable to Eligible Children under Rule 5.1(3) and Rule

5.5; and

* + 1. he will only receive the Surviving Spouse's pension under Rule 5.1 for so long as he continues to be an Eligible Child.

If, at the date of the Active Member's death, the Nominee is not (in the Trustees' opinion) a "dependant" of the Active Member for the purposes of paragraph 15 of Schedule 28 of the FA 2004, death benefits shall be payable in respect of the Active Member under Rule 5.1 as if he had not made any nomination pursuant to this sub­ paragraph (2).

An Active Member may revoke or vary a nomination made pursuant to (2) above by notifying the Trustees in such form and subject to such conditions as the Trustees require.

**"Trade Dispute"** has the meaning given by Section 29 of the Trade Union and Labour Relations Act 1974.

**PART 5 - EIGHTIETHS SECTION RULES RULE 1**

**APPLICATION**

* 1. **APPLICATION**

This Part 5 of the Rules shall apply with effect from 1 January 2016 in respect only of Eightieths Section Members who are in Pensionable Service on or after that date. Members' ordinary contribution rate is stated in Rule 3 from 1 April 2008; previous announcements applied until then.

**RULE2 EIGHTIETHS SECTION**

**MEMBERSHIP**

* 1. **MEMBERSHIP**

1. Members of the Scheme who were in Pensionable Service (or Reckonable Service, as applicable) on 31 December 2007 were given a number of options regarding the basis on which future service benefits on and from 1 January 2008 would accrue for and in respect of them. As a result of the exercise of those options, membership of the Eightieths Section comprises Members who:
   1. were in Pensionable Service on 31 December 2007; and
   2. elected to join the Eightieths Section on and from 1 January 2008.
2. Membership of the Eightieths Section was only open to Members who elected to join it on and from 1 January 2008 in accordance with rule 2.1(1) above. No other Members or Employees are or were entitled to join the Eightieths Section. No MIS Special Terms Members or Executive Members elected to join the Eightieths Section. The Eightieths Section is closed to new Members.
3. Unless otherwise determined by the Trustees in any particular case, continued Active Membership of the Eightieths Section shall be conditional upon the receipt by the Trustees during a Member's current period of Pensionable Service of the contributions (if any) due from him under rule 3.1.
4. As the Eightieths Section was only established with effect from 1 January 2008, Pensionable Service in this Section only accrues on and from that date.
   1. **MEMBERSHIP - SPECIAL TERMS**
5. The Contributions payable to the Fund and/or the prospective benefits payable to or in respect of a Member may be varied by the Employer with the consent of the Trustees and any such variation shall be in writing signed by a person authorised generally or in any individual case in that respect by the Board of Directors of the Employer.
6. If so requested by a Participating Employer, the Trustees may permit a person to remain an Active Member on special terms and such terms shall be set out in writing by a person authorised as stated in (1) above.
7. Neither of the powers conferred by (1) and (2) above shall be exercised in a manner inconsistent with the Preservation Requirements, the Equal Treatment Requirements, the Contracting-out Requirements or in a manner that would prejudice the Scheme's status as a Registered Scheme.
8. The powers set out in (1) and (2) above shall not limit the power of alteration set out in clause 10 of the Trust Deed.
   1. **PENSION SALARY SACRIFICE**

A Member shall participate (or cease to participate) in the Pension Salary Sacrifice Arrangement in accordance with the provisions of General Rule 3.2.

**RULE3 EIGHTIETHS SECTION**

**CONTRIBUTIONS**

* 1. **MEMBERS' ORDINARY CONTRIBUTIONS**

(1) (a) each Active Member who is a SMART Member shall contribute to the Fund at the rate of zero % of his Pensionable Remuneration whilst he participates in the Pension Salary Sacrifice Arrangement;

(b) with effect on and from 1 April 2008 each Active Member who is not a SMART Member shall, whilst he does not participate in the Pension Salary Sacrifice Arrangement, contribute to the Fund at the rate of 6% of his Pensionable Remuneration.

* 1. **ADDITIONAL VOLUNTARY CONTRIBUTIONS**

(1) Active Members can pay AVCs to the Fund in accordance with the provisions set out in General Rule 4.2.

* 1. **WAIVER ETC OF CONTRIBUTIONS**

1. The Trustees may in special circumstances with the consent of the Employer:-
   1. waive all or part of the Contributions and/or AVCs otherwise due from a Member;
   2. suspend payment of Contributions and/or AVCs; or
   3. permit the Member to pay Contributions and/or AVCs at a reduced rate.
2. Every such waiver, suspension or reduction of Contributions and/or AVCs shall be for such period and on such terms (as to reduction of benefits and otherwise) as the Trustees determine.
3. (Notwithstanding (2) above) no period of suspension of Contributions and/or AVCs shall be Pensionable Service, unless the Trustees determine otherwise in an individual case.

**RULE4 EIGHTIETHS SECTION RETIREMENT BENEFITS**

4.1A **OVERRIDING PROVISION APPLICABLE TO RETIREMENT BENEFITS**

1. General Rule 8.3(1) (benefits under more than one Section) provides that any person who is to receive benefits under more than one Section must exercise any choice to draw his pension or other benefits from those different Sections under the applicable rules at the same time. If that person exercises any other choice (for example, but not limited to lump sum commutation) the Trustees shall have power to determine the proportions in which the exercise is to be attributed to the benefits accrued in each applicable Section.
2. General Rule 8.3(2) (benefits under more than one Section) provides that unless the Company and the Trustees jointly determine otherwise (either in an individual case, for a category or categories of Members or generally), a Member cannot receive benefits referable to Pensionable Service up to and including 31 December 2007 at a time when he is accruing benefits in the Eightieths Section.
3. An Active Member who draws his benefits under the Eightieths Section and the Northumbrian Water Section or WPS Section (as applicable) at the same time shall be treated as if he was an Active Member of the Northumbrian Water Section or WPS Section (as applicable) and ceasing to be in Service for the purposes of establishing which provision of rule 4 of the Northumbrian Water Section or WPS Section (as applicable) applies to him. For the avoidance of doubt, the Member will not accrue any Pensionable Service in the Northumbrian Water Section or WPS Section after 31 December 2007.
4. In respect of Pensionable Service accrued prior to 1 January 2008, benefits shall be calculated in accordance with the rules of the Northumbrian Water Section or WPS Section (as applicable) but by reference to the Member's Final Pensionable Remuneration or Average Final Pensionable Remuneration (as applicable) on the date on which the Member actually ceases to be in Active Membership under the Scheme (and not by reference to 31 December 2007).
5. As stated in Rule 2.1(4), Pensionable Service in this Section only accrues on and from 1 January 2008.

**CARE Benefits and Final Salary Benefits**

1. A Member in Pensionable Service on and after 1 January 2016 will accrue benefits on a career average revalued earnings (CARE) basis, namely the CARE Pension.
2. The CARE Benefits in (1) above are payable in addition to those accrued prior to 1 January 2016 on a final salary basis, namely the Eightieths Pension.

**Timing of benefits**

1. When drawing benefits from the Scheme, notwithstanding any other provision of the Rules to the contrary, a Member must take his CARE Benefits and Final Salary Benefits at the same time.

**Applicable Rules**

1. CARE Benefits and Final Salary Benefits must be drawn subject to and in accordance with the separate Rules applicable to each type of benefit, including any consent requirements or adjustments to reflect early or late payment of the benefit.

**Underpin**

1. Where the Trustees determine, having taken such advice as they consider appropriate, that it would be necessary to meet the requirements of section 67 of the Pensions Act 1995 for the purpose of the amendments made under the interim deed of amendment dated 15 December 2015, they shall ensure that a Member's total pension and any separate lump sum relating to the Member's Final Salary Benefits and CARE Benefits shall not, when they come into payment, be less than the benefits that would have been payable immediately prior to 1 January 2016 had the Member elected to cease to be an Active Member immediately before that date and had become entitled to deferred benefits under the Scheme Rules (the "Underpin").
2. The Trustees have determined, as at 1 January 2016, that the Underpin is necessary. If the Trustees determine at any time that the Underpin is not necessary, that subsequent determination will not apply in respect of Final Salary Benefits and CARE benefits which have already come into payment.
   1. **NORMAL OR LATE RETIREMENT PENSION**
3. A Member who ceases to be in Service at Normal Pension Date, or who remains in Service after Normal Pension Date with the consent of his Employer and then ceases to be in Service, shall be entitled to the Eightieths Pension and the CARE Pension for the remainder of his life beginning on the day after he ceases to be in Service.
4. A Member shall have the option to exchange all or part of his pension for a lump sum (see rule 4.7).
   1. **EARLY RETIREMENT BEFORE NORMAL PENSION DATE· MEMBER'S OPTION**
5. A Member who:
   1. has completed 2 years' Qualifying Service;
   2. ceases to be in Service before Normal Pension Date;
   3. has attained Minimum Pension Age;
   4. has obtained his Employer's consent if he is under age 60; and
   5. is not entitled to a pension under rule 4.3 (retirement through Incapacity), 4.4 (early retirement at the Employer's option) or General Rule 6.1 (flexible retirement)

shall be entitled to the Eightieths Pension and the CARE Pension for the remainder of his life beginning on the day after he ceases to be in Service. Provided that:

* + 1. the Eightieths Pension shall be reduced by such amount or varying amount as the Trustees (after consulting the Actuary) determine to be appropriate to take account of payment before Normal Pension Date; and
    2. the CARE Pension shall be reduced by an Early Retirement Factor to reflect complete years and days between the CARE Pension becoming payable and Normal Pension Date.

1. The reduction of the Member's Eightieths Pension and CARE Pension under this rule shall not affect the amount of any pension or other benefits payable under rule 5 (Death Benefits) following the Member's death.
2. A Member to whom this rule applies shall have the same option as applies under rule 4.1(2).
   1. A **FLEXIBLE RETIREMENT**

A Member may elect to draw benefits whist continuing in Service in accordance with the provisions of General Rule 6.1.

* 1. **RETIREMENT THROUGH INCAPACITY**

1. This rule applies to a Member if he ceases to be in Service on account of Incapacity.
2. A Member to whom this rule applies who has completed 2 years' Qualifying Service shall be entitled to:-
   1. the Eightieths Pension beginning on the day after he ceases to be in Service;
   2. the CARE Pension beginning on the day after he ceases to be in Service, which for these purposes shall be the sum of:
      1. the CARE Pension calculated as at the date the Member ceases to be in Service; and
      2. the Prospective CARE Pension calculated under (3) below;

The pensions payable above shall be payable for the remainder of the Member's life unless the provisions for withdrawal, reduction or increases in General Rule 6.5 (if applicable) are invoked

1. For the purposes of 2(b)(ii) above, Prospective CARE Pension shall be calculated as 1180th of the Member's Pensionable Remuneration earned in respect of the year ending on the date the Member ceases to be in Service multiplied by half of the potential years and days of Pensionable Service (expressed as the number of whole years and any fraction of a year) which the Member would have completed had he remained an Active Member until Normal Pension Date.

Provided that the additional Pensionable Service shall not exceed the total of his actual Pensionable Service (accrued in this Section and the Northumbrian Water Section or WPS Section, as applicable) as at the last day of his Active Membership (excluding any attributable to AVCs).

1. A Member entitled to benefit under (2) above shall have the same options as apply under rule 4.1(2).
2. An incapacity pension may be reviewed in accordance with General Rule 6.5. Where a pension has been withdrawn, reduced (or subsequently increased) under General Rule 6.5, the Trustees (with the consent of the Employer and subject to (6) below) may determine that the provisions of rules 4 and 5 and General Rule 8 shall (in relation to the Pensioner concerned and the persons claiming under him) either:-
   1. have no effect; or
   2. have effect subject to such modifications (if any) as the Trustees decide.
3. Any decision of the Trustees under this rule must not infringe the Preservation Requirements.

(8) The Company and Trustees may, to the extent consistent with the Scheme's status as

?a Registered Scheme, establish one or more separate arrangements under the Scheme so that any pension payable on grounds of Incapacity (whether already in payment or otherwise), to any individual Member or category or categories of Member may be divided between and paid from such separate arrangements. The Company and the Trustees may agree the terms on which benefits are payable (and cease to be payable) under such arrangements.

* 1. **EARLY RETIREMENT AT THE EMPLOYER'S OPTION**

1. This rule applies to a Member who ceases to be in Service before Normal Pension Date without becoming entitled to benefits under rule 4.3 (Incapacity). It applies instead of any other benefits under this Section and it only applies to a Member when all of the following requirements are also satisfied:-
   1. he has completed 2 years' Qualifying Service;
   2. he has attained Minimum Pension Age;
   3. his Employer has certified that he has ceased to be in Service by reason of redundancy or severance or in the interests of the efficiency of his Employer or (being the joint holder of an appointment) because the other joint holder has ceased to hold such appointment; and
   4. his Employer determines that this rule shall apply to him.
2. A Member to whom this rule applies shall be entitled to the Eightieths Pension and the CARE Pension for the remainder of his life beginning on the day after he ceases to be in Service.
3. A Member to whom this rule applies shall have the same option as applies under rule

4.1(2).

* 1. **EARLY LEAVERS**

1. A Member who:-
   1. has completed 2 years' Qualifying Service or is otherwise entitled to Short Service Benefit;
   2. ceases to be in Service before Normal Pension Date; and
   3. is not entitled to benefit under rules 4.2 (early retirement), 4.3 (Incapacity),

4.4 (early retirement at the Employer's option) or General Rule 6.1 (flexible retirement)

shall be entitled to the Eightieths Pension and the CARE Pension for the remainder of his life beginning on the day after Normal Pension Date.

1. The Member shall have the following options in respect of his pension entitlement:­

**Taking deferred benefits early**

* 1. to require his pension to begin earlier than as provided in (1) above in which case the following provisions shall apply:-
     1. the Member cannot exercise this option before the earlier of:
        1. his attaining Minimum Pension Age; and
        2. his retiring from employment on account of Incapacity;
     2. the Member may only exercise this option in such manner as the Trustees may prescribe;
     3. unless (and to the extent that) the Employer (with the consent of the Trustees) shall determine otherwise and subject to (iv) below:
        1. the initial yearly amount of the Eightieths Pension shall be reduced, by such amount or varying amount as the Trustees (after consulting the Actuary) determine to be appropriate to take account of payment before Normal Pension Date; and
        2. the initial yearly amount of the CARE Pension shall be reduced by an Early Retirement Factor, to take account of payment before Normal Pension Date.

The reduction (if any) of the Member's pension entitlement under this sub-paragraph (iii) shall not affect the amount of any pension or other benefits payable under rule 5 (Death Benefits) following the Member's death;

* + 1. the benefits shall not be reduced under (iii) above where the Employer determines that there are compassionate grounds for not reducing benefits or the Member has retired from employment on account of Incapacity;
    2. if benefits are not reduced because the Member has retired from employment on account of Incapacity (and such Member's first or only period of Active Membership of the Northumbrian Water Section or WPS Section (as applicable) began after 1 April 1998), then until Normal Pension Date the provisions for withdrawal, reduction or increase of pension under General Rule 6.5 shall apply to the pension payable under this rule;
    3. the Employer reserves the right to refuse to allow a Member to exercise this option;

**Taking deferred benefits late**

* 1. to require his pension to begin later than as provided in (1) above in which case:
     1. the initial yearly amount of the Eightieths Pension may be increased by such amounts (if any) as the Trustees (after consulting the Actuary) determine to be appropriate; and
     2. the initial yearly amount of the CARE Pension shall be increased by a Late Retirement Factor to take account of payment after Normal Pension Date.

This option cannot be exercised unless his Employer has consented to deferring payment of his pension.

**Other options**

* 1. to exchange all or part of his pension for a lump sum (see rule 4.7); and
  2. instead of the options under (a), (b) and (c) above, the statutory right under the PSA 93 (if he fulfils the conditions set out in Part IV Chapter IV of that Act and only exercisable before the Last Option Date) to require the Trustees to use the cash equivalent of his benefits in one or more of the ways set out in that Chapter (transfer to another occupational pension scheme or to a Personal Pension Scheme or purchase of one or more annuities from an Insurance Company). The Member must exercise this option in relation to his benefits accrued in the Northumbrian Water Section or the WPS Section (as applicable) at the same time as he exercises this option in relation to his benefits accrued in this Section.
  3. **LEAVING SERVICE BEFORE NORMAL PENSION DATE (REFUND OF CONTRIBUTIONS OR TRANSFER)**

1. A Member who -
   1. has completed at least 3 months' Qualifying Service; and
   2. has completed less than 2 Years' Qualifying Service; and
   3. ceases to be in Service before Normal Pension Date,

not being entitled to Short Service Benefit shall have the following options -

* + 1. to take a repayment of the Contributions which he made during any period whilst he was not a SMART Member and his AVCs (if any); or
    2. to elect to have a cash transfer sum paid to another pension arrangement.

1. Where a Member elects to take a repayment of his Contributions under (1)(i) above, the Member will also be entitled to Interest on his Contributions if his Employer has

certified that he ceased to be in Service by reason of Incapacity or redundancy or severance or in the interests of the efficiency of his Employer or (being the joint holder of an appointment) because the other joint holder has ceased to hold such appointment.

1. Where a Member elects to have a cash transfer sum paid to another pension arrangement in accordance with (1)(ii) above, the cash transfer sum will be calculated on such basis as determined by the Trustees (after consulting the Actuary) and will be used to -
   1. acquire rights under a Registered Scheme; or
   2. purchase one or more annuities with an Insurance Company.

A Member who elects to have a cash transfer sum paid shall not be entitled to a refund of Contributions under (1)(i) above. For the avoidance of doubt, the payment of the cash transfer sum shall mean that no other benefit shall be payable under the Scheme to or in respect of the Member.

1. Within 2 months of the Member ceasing to be in Pensionable Service, the Trustees shall write to him setting out his options under (1) above. The Member may only exercise the options under (1) above by giving written notice to the Trustees within a reasonable period after ceasing to be in Pensionable Service, and in any event such notice must be given within 3 months of the date on which the Trustees write to the Member setting out his available options (unless the Trustees agree to a longer notice period either generally or in an individual case). If it is exercised then no other benefit shall be payable under the Scheme to or in respect of the Member except as required by the GMP Model Rules (Schedule I). If the Member does not give written notice to the Trustees within 3 months (or such longer notice period as may be agreed), the Trustees shall automatically treat the Member as being entitled only to a refund of contributions under (1)(i) above.
2. Any repayment of Contributions and AVCs (if any) under (1) above shall be made after deduction by the Trustees of -
   1. an amount equal to any tax payable in respect of that payment; and
   2. the amount mentioned in section 61(2) of the PSA 93 calculated in accordance with section 61 of that Act.

The payment, amount and form of the refund must satisfy the requirements of a short service refund lump sum and a scheme administration member payment as those terms are defined in the FA 2004.

1. For avoidance of doubt:
   1. any such repayment under (1) above shall mean that no other benefit shall be payable under the Scheme to or in respect of the Member.
   2. a Member shall not be entitled to take a repayment of the Contributions under

(1) above which were made in respect of him during any period whilst he was a SMART Member.

* 1. the Member's Employer may (outside the Scheme) pay an ex-gratia sum to a Member who has participated in a Salary Sacrifice Arrangement.
  2. **COMMUTATION OF PENSION FOR LUMP SUM**

1. Subject to General Rule 8.3(1), when the pension of a Member becomes payable, he or she may commute for a lump sum any part of the pension, subject to complying with such conditions (including conditions relating to the time and manner for making such an application) as the Trustees may from time to time determine.
2. The factors to be employed in commuting pension for a lump sum in accordance with this Rule 4.7 shall be determined in relation to each Member by:
   1. the Trustees on the advice of the Actuary, insofar as the pension relates to Eightieths Pension; and
   2. by the Company on actuarial advice insofar as the pension relates to CARE Pension.
3. The lump sum must comply with the conditions set out in Schedule 29 to the FA 2004 as amended by Schedule 36 to FA 2004 and the limits set out in General Rule 5.2.
4. The option to exchange pension for a lump sum shall be subject to the Contracting­ Out Requirements.
5. A Member's CARE Pension and Eightieths Pension must be commuted proportionately.
   1. **INCREASES TO PENSIONS IN PAYMENT**
6. Subject to (2) below and to section 51 of the PA 95 (indexation), each pension in payment under this Section of the Scheme shall be increased in accordance with the following provisions.
7. The provisions of this rule do not apply to the part of any pension arising under the Trust Deed and not the Rules, unless the Trustees (in their absolute discretion) decide that it shall be taken into account.
8. (a) Subject to (2) above and (4) below, on the Increase Date in every calendar year, the last yearly amount of each pension in payment (or as it would have been in payment but for any adjustment under rule 4.12) under this Section of the Scheme (as previously increased under this rule) shall be increased:
   1. insofar as the pension in payment relates to Eightieths Pension, by the same percentage as that specified in the Increase Order coming into force on that Increase Date; and
   2. insofar as the pension relates to CARE Pension, by the lower of:
      1. the annual percentage change, for the previous September, in the CPI; and
      2. 2.5%,

provided that no reduction shall be applied if the result of (A) and (B) is negative.

1. Increases to pensions in payment pursuant to (a) above shall be subject to:
   1. a maximum of 5 percent per annum, insofar as the pension in payment relates to Eightieths Pension; and
   2. the maximum of 2.5 percent per annum prescribed in (a)(ii)(B) above insofar as the pension in payment relates to CARE Pension

(the **"Maximum Rates").**

To the extent that the percentage increase that would have applied but for this rule exceeds the Maximum Rate applicable to the relevant element of the pension in payment, the Trustees will, if the Company consents, at the same time increase the relevant element or elements (as applicable) of pensions in payment by all or such part of that excess as the Trustees may determine provided that, after consulting the Actuary, they consider that this can be done without an immediate increase in the Employers' ordinary annual contributions. If pensions in payment in any relevant period are not increased by reference to either the whole or part of the excess over either of the Maximum Rates, such pensions in payment shall not be increased in subsequent years to reflect that shortfall.

1. In this rule:-
2. the increase in the yearly amount of a pension under (3) above applies when the Increase Date is at least one year after the Relevant Date (as described in
3. below);
4. when the Increase Date under (3) above is less than one year after the Relevant Date, then the full increase described in that sub-rule shall not apply, but instead a proportionate increase shall take place in respect of the period from the Relevant Date to the Increase Date. The proportion shall be 1112th of what would have been the full year's increase under (3) above multiplied by the number of complete Months from the Relevant Date until that Increase Date. (For the purpose of this rule, a period of less than a Month shall be treated as a complete Month if it consists of at least 16 days);
5. where the Member concerned is under age 55, increases to a pension under any of the following provisions only become payable once the Member has attained age 55:-
   1. rule 4.2 (early retirement before Normal Pension Date - Member's option);
   2. rule 4.4 (early retirement at the Employer's option); or
   3. rule 4.5(3)(a) (early payment of preserved benefits) except where the pension is not reduced on compassionate grounds or on account of Incapacity (see paragraph (iv) of rule 4.5(3)(a)).

In any such case, each increase until it becomes payable is notionally accrued and is the subject of any further increases that may apply under this rule.

1. In this rule:-
   1. in the case of a Member's own pension, or a pension arising on a Member's death in Service (whether before or after Normal Pension Date), the Relevant Date is the date on which the first instalment thereof became due; and
   2. in the case of a pension arising on a Member's death while entitled to receive a pension, the Relevant Date is the date on which the first instalment of the Member's own pension became due.
2. For the purpose of (3) above, the last yearly amount of an Eligible Child's pension shall be deemed to be that which it would have been, if any event (which happened after the last yearly amount thereof was determined and before the next Increase Date), had happened immediately before such determination.
3. Any larger increase in benefits with effect from an Increase Date partly in exercise of the discretionary power contained in the Trust Deed, shall be deemed to satisfy the foregoing provisions and (as to the part thereof equal to the amount of any increase under this rule) to be the increase under this rule and (as to the balance) the exercise of the said discretionary power.
4. The amount of any increase under this rule or under the discretionary power contained in the Trust Deed shall (to the extent permitted by law) be deemed to satisfy the requirement to increase pensions in payment derived from the PA 95 or any other legislation.
   1. **INCREASES TO PENSIONS IN DEFERMENT**
5. The amount of the prospective pension of a Deferred Pensioner shall be increased in respect of the period between the date of his leaving Active Membership and Normal Pension Date or the earlier date of the Member's death as follows:
   1. in relation to benefits accrued before 6 April 2009 by the appropriate higher revaluation percentage specified in accordance with paragraph 2(7) of Schedule 3 to the PSA 93; and
   2. in relation to benefits accrued on or after 6 April 2009 and prior to 1 January 2016 by the appropriate lower revaluation percentage specified in accordance with the PSA 93, but as if:
      1. any reference to "2.5 per cent" in the definition of "lower maximum rate" in the appropriate provision of the PSA 93 instead read "5 per cent"; and
      2. the lower revaluation percentage specified by the Secretary of State under that legislation was determined on that basis; and
   3. in relation to benefits accrued on or after 1 January 2016, by either:-
      1. the lower of:
         1. the increase in the CPI between the September prior to the date the Member ceased Active Membership and the September prior to the earlier of:
            1. New Pension Date; and
            2. the date the benefits come into payment; and
         2. the percentage that would be the increase in (A) above had the CPI increased at the rate of per 2.5% compound per annum; or
      2. if it would result in a higher pension or lump sum than under (i) above, applying the "find salary method" described in Part IV Chapter II of the PSA 93.
6. The provisions of this rule do not apply to any pension arising under the Trust Deed and not the Rules, unless the Trustees (in their absolute discretion) decide that it shall be taken into account.
   1. **PAYMENT OF BENEFITS FROM THE SCHEME**
7. Except where individual rules specifically state otherwise, all pensions under the Rules are payable for life.
8. Pensions that come into payment before 1 January 2011 shall (unless otherwise determined by the Trustees) be payable monthly in advance. The first payment shall be an apportioned part of the monthly amount appropriate to the period between the date upon which the pension begins and the end of that calendar month. The last payment shall be paid in full and not apportioned.
9. Pensions that come into payment on or after 1 January 2011 shall (unless otherwise determined by the Trustees) be payable monthly in advance on the first of the month (with the first payment being paid together with an apportioned part of the monthly amount appropriate to the period (if any) between the date upon which the pension begins and the date of the first payment of pension). The last payment shall be paid in full and not apportioned.
10. The Trustees may make provision for adjusting the amounts of benefits in any manner so as to avoid fractional amounts, or otherwise to facilitate the calculation or payment of benefits, including (but without limiting the scope of this power) making such arrangements as they think fit as to the method and place of payment. Payments by instruments or cash sent by post shall be at the risk of the beneficiary. The Trustees shall not be responsible for or be bound to take any steps to recover any loss which may arise from payment in accordance with such provisions.
11. All pensions and other benefits under the Scheme are payable in pounds sterling.
    1. **ADJUSTMENT OF PENSION**

A Member may, if his pension begins before State Pension Age, request the Trustees to vary the amount of his pension, with a greater amount being paid until State Pension Age and a smaller amount thereafter (to the intent that his total income from the Scheme and the State scheme should remain approximately constant throughout his retirement). If they agree to this request, the Trustees must be satisfied (having taken the advice of the Actuary) that the actuarial value of the re-arranged pension does not (to any material extent) exceed the actuarial value of the pension before re­ arrangement.

**RULES EIGHTIETHS SECTION**

**DEATH BENEFITS**

* 1. A **OVERRIDING PROVISION APPLICABLE TO DEATH BENEFITS**

1. On the death of a Member of the Eightieths Section this Rule 5 states the type of benefit that arises. Where the benefit is linked to a benefit or prospective benefit of the deceased Member the calculation under this Section relates only to the part of the deceased's benefit that arose or would have arisen under this Section. The Northumbrian Water Section and WPS Section respectively provide for the calculation applicable to whichever is relevant.
2. On the death of an Active Member of the Eightieths Section, short-term pension (being based exclusively on Final Pensionable Remuneration) will be deemed to arise only from the Eightieths Section. In other respects (except in relation to benefits to which rule 2.1(4) of Part 3 applies), the Northumbrian Water and WPS Sections (as applicable to the member in respect of accrual up to 31 December 2007) shall apply as if he were an Active Member thereunder, subject to the adjustments within those rules reflecting his Membership of the two Sections.

5.1 **DEATH IN PENSIONABLE SERVICE**

1. If an Active Member dies in Pensionable Service:-
   1. his Surviving Spouse shall be entitled to:-
      1. a short-term pension for the period of three Months (or for such shorter period as she survives him) beginning on the day after the Member's death; and
      2. a long-term pension for the remainder of her life beginning on the day after the expiry of the three Month period referred to above.

The amount of the short-term pension and the initial yearly amount of the long-term pension are set out in (2) below; and

* 1. the Trustees shall (subject as provided in rule 5.4 below and to any nomination made pursuant to sub-paragraph (2) of the definition of Surviving Spouse) pay the following pensions in respect of his Eligible Children:-
     1. in the case of a Member who dies without leaving a Surviving Spouse, a short-term pension for the period of three Months (or for such shorter period during which at least one Eligible Child of the Member survives him) beginning on the day after the Member's death;
     2. in the case of a Member whose Surviving Spouse dies within the three Month period referred to above, a short-term pension for a period which is equal in duration to the unexpired portion of the deceased Surviving Spouse's short-term pension (or for such shorter period during which at least one Eligible Child of the Member survives him); and
     3. a long-term pension beginning on the day after the expiry of the three Month period referred to above.

The amount of the short-term pension and the initial yearly amount of the long-term pension are set out in (3) below.

**Surviving Spouse's pension**

1. (a) Subject to rule 5.3A, the amount of the Surviving Spouse's short-term pension shall be one twelfth of the Member's Final Pensionable Remuneration for each Month (not exceeding three) that she survives him.
2. Subject to rule 5.3A, the initial yearly amount of the Surviving Spouse's long­ term pension shall be one half of what the yearly amount of the Member's own prospective pension would have been if calculated by adding together the following elements:-
   1. his Eightieths Pension (for the avoidance of doubt, revalued by Final Salary Active Revaluation until the date of his death); and
   2. the CARE Pension payable to the Member had he remained in Pensionable Service until attaining Normal Pension Date, or (in the case of a Member who (with his Employer's consent) remains in Pensionable Service after attaining Normal Pension Date) had he ceased to be in Service immediately before his death. For these purposes, the CARE Pension shall be calculated as the sum of the CARE Pension calculated as if the Member had left Service on the day he died and the Prospective Death in Service Pension. The Prospective Death in Service Pension shall be calculated as 1180th of the Member's Pensionable Remuneration earned in respect of the year ending on the day immediately before the Member's death (or such higher amount as the Trustee and the Company agree) multiplied by the potential years and days of Pensionable Service (expressed as the number of whole years and any fraction of a year) which the Member would have completed had he remained an Active Member until Normal Pension Date;

Provided that the pension in (ii) above shall be calculated as if the total pension had been subject to any increases under rule 4.8 that would have applied during the period from the Member's death.

**Eligible Children's pensions**

1. (a) The amount of the Eligible Children's short-term pension which shall be an aggregate amount in respect of all of the Member's Eligible Children entitled to such pension, shall be:-
2. (in relation to (1)(b)(i) above), one twelfth of the Member's Final Pensionable Remuneration for each Month (not exceeding three) that such pension is payable; and
3. (in relation to (1)(b)(ii) above), an amount equal to the further instalment or instalments of the Surviving Spouse's short-term pension

which would have been payable had she survived for the full period of three Months.

1. The initial yearly amount of the Eligible Children's long-term pension, which shall be an aggregate amount in respect of all the Member's Eligible Children entitled to such pension, shall, subject to the provisos below, be:
   1. if there is one Eligible Child, one quarter; or
   2. if there are two or more Eligible Children, one half

of what the yearly amount of the Member's own prospective pension would have been, as stated in (2)(b) above.

Provided that:

1. if no long-term pension is payable to a Surviving Spouse under (2) above, the fraction in (i) above shall be one third instead of one quarter and the fraction in (ii) above shall be two thirds instead of one half; and
2. If a Surviving Spouse's long-term pension shall cease to be payable under (2)(b) above, the fraction in (i) above shall thenceforth be one third instead of one quarter and the fraction in (ii) above shall thenceforth be two thirds instead of one half.
   1. **DEATH IN RETIREMENT**
3. On the death of a Pensioner:-
   1. if he dies within 5 years from the date his pension began, the Trustees shall hold on the Discretionary Trusts the lump sum set out in (2) below;
   2. his Surviving Spouse shall be entitled to:-
      1. a short-term pension for the period of three Months (or for such shorter period as she survives him) beginning on the day after the Pensioner's death; and
      2. a long-term pension for the remainder of her life beginning on the day after the expiry of the three Month period referred to above.

The amount of the short-term pension and the initial yearly amount of the long-term pension are set out in (3) below; and

* 1. the Trustees shall (subject as provided in rule 5.4 below) pay the following pensions in respect of his Eligible Children:-
     1. in the case of a Pensioner who died without leaving a Surviving Spouse, a short-term pension for the period of three Months (or for such shorter period during which at least one Eligible Child of the Pensioner survives him) beginning on the day after the Pensioner's death;
     2. in the case of a Pensioner whose Surviving Spouse dies within the three Month period referred to above, a short-term pension for a period

which is equal in duration to the unexpired portion of the deceased Surviving Spouse's short-term pension (or for such shorter period during which at least one Eligible Child of the Pensioner survives him); and

* + 1. a long-term pension beginning on the day after the expiry of the three Month period referred to above.

The amount of the short-term pension and the initial yearly amount of the long-term pension are set out in (4) below.

**Lump sum**

1. The lump sum shall be a sum equal to the aggregate amount of the further instalments of the Pensioner's pension which would have been payable if:-
   1. he had lived until the expiry of the period of 5 years from the date his pension began;
   2. increases had ceased to apply on his death;
   3. no adjustment under rule 4.11 had been made; and
   4. in the case of a pension under rule 4.3 (Incapacity), it had continued to be payable without any reduction or withdrawal, but subject to General Rule 6.5 if such pension had already been reduced or withdrawn at the date of the Pensioner's death.

A Member may elect in writing to the Trustees, before his or her pension starts, to have the lump sum payable under this rule 5.2(2) treated as a Pension Protection Lump Sum Death Benefit (in which case the Trustees shall deduct from the lump sum any tax for which they may be liable to account to HMRC under section 206 of the FA 2004). If no such election is made, then the lump sum shall be paid as a Defined Benefits Lump Sum Death Benefit.

**Surviving Spouse's pensions**

1. (a) Subject to rule 5.3A, the amount of the Surviving Spouse's short-term pension shall be one twelfth of the Annual Equivalent of the last instalment of the Pensioner's pension before his death (as adjusted below) for each Month (not exceeding three) that she survives him.

For this purpose the Pensioner's pension shall be calculated as it would have been if:

1. it had not been actuarially reduced for early payment under rule 4.2 (voluntary early retirement) or rule 4.5(2) (early payment of preserved benefits); and
2. no part of it was the subject of any adjustment under rule 4.11 (adjustment of pension).

And so that an amount equal to any actuarial reduction and any part actually surrendered shall be treated as if increased in the same way as pensions in payment.

(b) Subject to rule 5.3A, the initial yearly amount of the Surviving Spouse's long­ term pension shall be one half of the Annual Equivalent of the last instalment of the Pensioner's pension before his death, calculated as stated in (a) above and assuming it to have been subject to any increases under rule 4.8 that would have applied during the period from the Pensioner's death.

**Eligible Children's pensions**

1. (a) The amount of the Eligible Children's short-term pension which shall be an aggregate amount in respect of all of the Pensioner's Eligible Children entitled to such pension shall be:
2. (in relation to (1)(c)(i) above), one twelfth of the Annual Equivalent of the last instalment of the Pensioner's pension before his death, calculated as stated in (3)(a) above for each Month (not exceeding three) that such pension is payable; and
3. (in relation to (1)(c)(ii) above), an amount equal to the further instalment or instalments of the Surviving Spouse's short-term pension which would have been payable had she survived for the full period of three Months.
4. The initial yearly amount of the Eligible Children's long-term pension, which shall be an aggregate amount in respect of all the Member's Eligible Children entitled to such pension, shall, subject to the provisos below, be:
   1. if there is one Eligible Child, one quarter; or
   2. if there are two or more Eligible Children, one half

of the Annual Equivalent of the last instalment of the Pensioner's pension before his death, calculated as stated in (3)(a) above, and assuming it to have been subject to any increases under rule 4.8 that would have applied during the period from the Pensioner's death.

Provided that:

1. if no long-term pension is payable to a Surviving Spouse under (3) above, the fraction in (i) above shall be one third instead of one quarter and the fraction in (ii) above shall be two thirds instead of one half; and
2. if a Surviving Spouse's long-term pension shall cease to be payable under (3)(b) above, the fraction in (i) above shall thenceforth be one third instead of one quarter and the fraction in (ii) above shall thenceforth be two thirds instead of one half, assuming the Pensioner's pension to have been subject to any increases under rule 4.8 that would have applied during the period from the Pensioner's death.
   1. **DEATH IN DEFERMENT**
3. If a Deferred Pensioner dies:
   1. the Trustees shall, if no Surviving Spouse's, Dependant's or Eligible Child's pension is payable under:
      1. this Section; or
      2. the Northumbrian Water Section or WPS Section (as applicable),

hold on the Discretionary Trusts a lump sum. The amount of the lump sum is set out in (2) below;

* 1. his Surviving Spouse shall be entitled to a pension for the remainder of her life, beginning on the day after his death. The initial yearly amount of the pension is set out in (3) below; and
  2. subject as provided in rule 5.4 below, the Trustees shall pay a pension in respect of his Eligible Children, beginning on the day after his death. The initial yearly amount of the pension is set out in (4) below.

**Lump sum**

1. The lump sum shall be equal to:
   1. the Member's ordinary contributions (together with the ordinary contributions that the Member would have made during any period when he was a SMART Member, as determined by the Employer); and
   2. interest calculated on an annual basis (with a proportionate credit up to the date the Member ceases to be in Pensionable Service) at such rate as determined by the Trustees (which rate shall be reviewed by the Trustees from time to time to ensure that it is reasonable); less
   3. any tax payable in connection with the refund.

**Surviving Spouse's pension**

1. Subject to rule 5.3A, the initial yearly amount of the Surviving Spouse's pension shall be:
   1. if the Deferred Pensioner dies before attaining Normal Pension Date, one half of the initial yearly amount of the pension which the Deferred Pensioner would have been entitled to receive upon attaining Normal Pension Date (assuming no pension increases relating to the period after his death); or
   2. if the Deferred Pensioner dies after attaining Normal Pension Date, one half of the initial yearly amount of the pension which the Deferred Pensioner would have been entitled to receive if he had started to draw the pension on the day before the date of death.

**Eligible Children's pension**

1. (a) The initial yearly amount of the Eligible Children's pension, which shall be an aggregate amount in respect of all the Member's Eligible Children entitled to such pension, shall, subject to the provisos below, be:
2. if there is one Eligible Child, one quarter; or
3. if there are two or more Eligible Children, one half

of the initial yearly amount of the pension which the Deferred Pensioner would have been entitled to receive, as stated in (3) above.

Provided that:

1. if no pension is payable to a Surviving Spouse under (3) above, the fraction in (i) above shall be one third instead of one quarter and the fraction in (ii) above shall be two thirds instead of one half; and
2. if a Surviving Spouse's pension shall cease to be payable under (3) above, the fraction in (i) above shall thenceforth be one third instead of one quarter and the fraction in (ii) above shall thenceforth be two thirds instead of one half, including any percentage increases applied to the Surviving Spouse's pension during the period from the date of the Deferred Pensioner's death.
   1. A **PROVISIONS RELATING TO SURVIVING SPOUSE'S PENSIONS**
3. Any pension payable to a Surviving Spouse shall not cease on the Surviving Spouse remarrying or entering into a civil partnership or living with another person as husband and wife.
4. Where a Member's Surviving Spouse was born 10 or more years later than the Member, the pension shall be reduced by 2.5 per cent for every complete year (and proportionately for any period of less than a complete year) in excess of 10, provided that the Employer may at its discretion waive any such reduction.

Provided that this Rule 5.3A(2) shall not apply where a valid nomination has been made pursuant to sub-paragraph (2) of the definition of Surviving Spouse and the Nominee (as defined in the definition of Surviving Spouse) is an Eligible Child.

* 1. **PROVISIONS RELATING TO ELIGIBLE CHILDREN'S PENSIONS**

1. The Eligible Children's short-term and long-term pensions (including the payment to Eligible Children of any remaining instalments of a Surviving Spouse's short term pension on the death of that Surviving Spouse) shall be payable to the Member's Eligible Children (if more than one) in such proportions as the Trustees shall determine.
2. The Trustees may pay an Eligible Children's pension directly to the Eligible Child entitled to it, or (if the Trustees so determine) to all or any (to the exclusion of the others or other) of the Member's Eligible Children, or to such person or persons as the Trustees decide to be held or used by such person or persons for the maintenance support and benefit of such Eligible Child, or (if the Trustees so determine) of all or any (to the exclusion of the others or other) of such Eligible Children.
3. The receipt of the person or persons to whom the pension or any part of it is paid shall be a full discharge to the Trustees. The Trustees, if they so wish, shall be entitled (but not bound) to oversee the application of the pension.
4. Any change in the number of the Member's Eligible Children shall, for the purposes of calculating a Eligible Children's pension, take effect from the beginning of the payment period immediately following the change.

**EIGHTIETHS SECTION APPENDIX A DEFINITIONS**

The definitions in the General Rules shall apply to this Eightieths Section together with the definitions set out below.

In the event of a conflict between the definitions in the General Rules and those set out below, those below shall prevail.

**"Eightieths Pension"** means a pension the initial yearly amount which shall be 1180th of the Member's Final Pensionable Remuneration multiplied by the Duration of the Member's Pensionable Service completed prior to 1 January 2016 and, while the Member is an Active Member and is not in receipt of the Eightieths Pension (and on ceasing to be an Active Member), revalued by Final Salary Active Revaluation.

**"Normal Pension Date"** means the day before the Member attains age 65.

**"Pensionable Service"** means, in relation to an Eightieths Section Member:

1. Service as an Employee which occurs during his last or only period of Active Membership on and from 1 January 2008 in relation to Eightieths Section benefits;
2. periods which are treated as Pensionable Service by virtue of any Transfer Credits (not already included under (1) above); and
3. any other period that the Employer (with the Trustees' approval) determines (either generally or in an individual case) to be a period of Pensionable Service.

Provided that:-

* 1. no period of Service before age 16 will count as Pensionable Service;
  2. in making any such determination the Employer may also impose terms and conditions as to the Member's contributions during and benefits to be provided in respect of that period;
  3. Service with an Employer before it becomes a Participating Employer shall not be Pensionable Service unless the Company otherwise determines;
  4. any period of Service in respect of which the Member pays or is deemed to pay Contributions shall be treated as Pensionable Service for the purpose of lump sum death benefits under rule 5 (Death Benefits) of the Section that applies to him or her;
  5. any period of Service in respect of which the Member does not or is not otherwise deemed to pay Contributions shall not be Pensionable Service unless the Employer so determines or the Member has otherwise ceased to be obliged to contribute under rule 3.1 of the Section that applies to him or her. A Transferred Member, who is not obliged to contribute to the Fund because he joined WCAPS pursuant to a transfer before 1st January 1975 under the terms of which he was not required to contribute to WCAPS, shall nonetheless

be deemed to pay Contributions for purposes of the definition of Pensionable Service;

* 1. a period of Maternity Leave may be treated as Pensionable Service in accordance with General Rule 6.3; and
  2. an Active Member who (having been Absent) returns to work at the end of his period of Absence and is deemed by the Employer to have contributed to the Fund or who elects to contribute under General Rule 6.2(2)(f) and then contributes in accordance with such provision, will be treated as having remained in Pensionable Service during the period of his Absence.

**"Qualifying Service"** means, in relation to an Eightieths Section Member's benefits under the Eightieths Section:

1. Service which counts as "pensionable service" as defined (in section 70(2) of the PSA

93) for the purpose of the Preservation Requirements;

1. any Linked Qualifying Service;
2. a period of Maternity Leave;
3. a period of Absence unless the Employer determines otherwise (see General Rule 6.2); and
4. Qualifying Service as a Member of the Northumbrian Water Section or WPS Section (as applicable).

Provided that a period will be treated as Qualifying Service under the foregoing paragraphs only to the extent that it has not already been included for this purpose.

And **"2 years' Qualifying Service"** has the meaning attributed thereto by section 71(7) of the PSA 93, includes any Linked Qualifying Service and in the case of an Active Member whose pensionable service (as defined in (2) above) has been broken (meaning "broken" in the sense in which the expression "a member's pensionable service is broken" is used in Regulation 21(1) of the Preservation Regulations) shall include, if Regulation 21(3) of those Regulations applies, the period of pensionable service (as defined in (2) above) previously terminated and any Linked Qualifying Service in relation to that period.

**"Surviving Spouse"** means:

1. Subject to (2), in relation to an Eightieths Section Member, the person who is his spouse or Civil Partner and ordinarily resident with him at the date of his death but excluding (in the case of a Pensioner or Deferred Pensioner) a spouse or Civil Partner whose last or only marriage to, or civil partnership with, the Member took place after he ceased to be in Service and less than 6 months before his death.

Provided that the Trustees may determine that:-

1. the spouse or Civil Partner of a Member who is not ordinarily resident with him shall be deemed to be ordinarily resident with him;
2. the spouse or Civil Partner of a Member whose last or only marriage to or civil partnership with, the Member took place less than 6 Months before the

Member's death shall be deemed to have been married to, or in a civil partnership with, the Member more than 6 Months before his death; and

1. a person who is in their opinion financially dependent on a Member, not having a spouse or Civil Partner ordinarily resident or deemed to be ordinarily resident with him shall be deemed to be his spouse or Civil Partner and upon his death to become his Surviving Spouse.

Any such determination may be subject to any condition and may be revoked. A person shall only qualify (and continue to qualify) as a dependant if the payment of any benefit to that person would not prejudice the Scheme's status as a Registered Scheme.

*Facility to nominate alternative recipient of the Surviving Spouse's pension*

1. An Active Member may nominate (in such form and subject to such conditions as may be prescribed by the Trustees from time to time) a person other than his spouse or Civil Partner (the **"Nominee")** to receive any Surviving Spouse's pension payable in the event of his death as an Active Member.

The Nominee shall be deemed to be the Active Member's Surviving Spouse for the purposes of Rule 5.1 provided he is, in the Trustees' opinion (determined as at the date of the Active Member's death), a "dependant" of the Active Member for the purposes of paragraph 15 of Schedule 28 of the FA 2004 and the following shall apply:

1. If the Active Member also has a spouse or Civil Partner at the date of his death, the spouse or Civil Partner shall not be entitled to any benefits except to the extent the Trustees are required to provide the Active Member's surviving widow, widower or Civil Partner a pension under section 12B of the PSA 93, in which case the Nominee shall receive only the pension payable to the Surviving Spouse under Rule 5.1 in excess of the statutory benefit;
2. If the Nominee is an Eligible Child:-
   1. he will not be eligible to receive a separate Eligible Child's pension under Rule 5.1(1)(b);
   2. he will not be counted as an Eligible Child when determining what pensions are payable to Eligible Children under Rule 5.1(3) and Rule

5.4; and

* 1. he will only receive the Surviving Spouse's pension under Rule 5.1 for so long as he continues to be an Eligible Child.

If, at the date of the Active Member's death, the Nominee is not (in the Trustees' opinion) a "dependant" of the Active Member for the purposes of paragraph 15 of Schedule 28 of the FA 2004, death benefits shall be payable in respect of the Active Member under Rule 5.1 as if he had not made any nomination pursuant to this sub­ paragraph (2).

An Active Member may revoke or vary a nomination made pursuant to (2) above by notifying the Trustees in such form and subject to such conditions as the Trustees require.

**PART 6- EXECUTIVE SECTION RULES RULE 1**

**APPLICATION**

* 1. **APPLICATION**

This Part 6 of the Rules shall apply with effect from 1 January 2016 in respect only of Executive Members who are in Pensionable Service on or after that date.

**RULE2 EXECUTIVE SECTION**

**MEMBERSHIP**

* 1. **MEMBERSHIP**

1. Members of the Scheme who were in Pensionable Service (or Reckonable Service, as applicable) on 31 December 2007 were given a number of options regarding the basis on which future service benefits on and from 1 January 2008 would accrue for and in respect of them. As a result of the exercise of those options, membership of the Executive Section comprises Members who:
2. were in Pensionable Service on 31 December 2007; and
3. elected to continue in Active Membership of the Executive Section or did not make any election from the options given to them (and were therefore deemed to have elected to continue in Active Membership of the Executive Section).

Membership of the Executive Section includes WCAPS Transferred Members.

1. The Executive Section was closed to new Members with effect from the end of 31 December 2007.
2. Members of the Executive Section who left Pensionable Service before 1 January 2016 shall have their benefits calculated in accordance with the earlier provisions (if any) of the Former Definitive Deed and Rules in force at the date they left Pensionable Service.
   1. **MEMBERSHIP - SPECIAL TERMS**
3. The Contributions payable to the Fund and/or the prospective benefits payable to or in respect of an Executive Member may be varied by the Employer with the consent of the Trustees and any such variation shall be in writing signed by a person authorised generally or in any individual case in that respect by the Board of Directors of the Employer.
4. If so requested by a Participating Employer, the Trustees may permit a person to remain an Active Member on special terms and such terms shall be set out in writing by a person authorised as stated in (1) above.
5. Neither of the powers conferred by (1) and (2) above shall be exercised in a manner inconsistent with the Preservation Requirements, the Equal Treatment Requirements, the Contracting-out Requirements or in a manner that would prejudice the Scheme's status as a Registered Scheme.
6. The powers set out in (1) and (2) above shall not limit the power of alteration set out in clause 10 of the Trust Deed.
   1. **PENSION SALARY SACRIFICE**

An Executive Member shall participate (or cease to participate) in the Pension Salary Sacrifice Arrangement in accordance with the provisions of General Rule 3.2.

**RULE3 EXECUTIVE SECTION**

**CONTRIBUTIONS**

* 1. **MEMBERS' ORDINARY CONTRIBUTIONS**

1. (a) each Active Member who is a SMART Member shall contribute to the Fund at the rate of zero % of his Pensionable Remuneration whilst he participates in the Pension Salary Sacrifice Arrangement;
   1. each Active Member who is not a SMART Member shall, whilst he does not participate in the Pension Salary Sacrifice Arrangement, contribute to the Fund at either:
      1. such percentage of his Pensionable Remuneration as the Principal Company shall decide and notify to the Executive Members and Trustees from time to time; or
      2. if he is a WCAPS Transferred Member with a Protected Condition, such rate as is agreed between the WCAPS Transferred Member and his or her Employer (and notified to the Trustees).
   2. **ADDITIONAL VOLUNTARY CONTRIBUTIONS**

(1) Active Members can pay AVCs to the Fund in accordance with the provisions set out in General Rule 4.2.

* 1. **WAIVER ETC OF CONTRIBUTIONS**

1. The Trustees may in special circumstances with the consent of the Employer:-
   1. waive all or part of the Contributions and/or AVCs otherwise due from an Executive Member;
   2. suspend payment of Contributions and/or AVCs; or
   3. permit the Executive Member to pay Contributions and/or AVCs at a reduced rate.
2. Every such waiver, suspension or reduction of Contributions and/or AVCs shall be for such period and on such terms (as to reduction of benefits and otherwise) as the Trustees determine.
3. Notwithstanding (2) above no period of suspension of Contributions and/or AVCs shall be Pensionable Service, unless the Trustees determine otherwise in an individual case.

**RULE4 EXECUTIVE SECTION**

**RETIREMENT BENEFITS**

4.1**X CARE BENEFITS AND FINAL SALARY BENEFITS - GENERAL**

**CARE Benefits and Final Salary Benefits**

1. A Member in Pensionable Service on and after 1 January 2016 will accrue benefits on a career average revalued earnings (CARE) basis namely the CARE Pension.
2. The CARE Benefits in (1) above are payable in addition to those accrued prior to 1 January 2016 on a final salary basis namely the Executive Pension.

**Timing of benefits**

1. When drawing benefits from the Scheme, notwithstanding any other provision of the Rules to the contrary, a Member must take his CARE Benefits and Final Salary Benefits at the same time.

**Applicable Rules**

1. CARE Benefits and Final Salary Benefits must be drawn subject to and in accordance with the separate Rules applicable to each type of benefit, including any consent requirements or adjustments to reflect early or late payment of the benefit.

**Underpin**

1. Where the Trustees determine, having taken such advice as they consider appropriate, that it would be necessary to meet the requirements of section 67 of the Pensions Act 1995 for the purpose of the amendments made under the interim deed of amendment dated 15 December 2015, they shall ensure that a Member's total pension and any separate lump sum relating to the Member's Final Salary Benefits and CARE Benefits shall not, when they come into payment, be less than the benefits that would have been payable immediately prior to 1 January 2016 had the Member elected to cease to be an Active Member immediately before that date and had become entitled to deferred benefits under the Scheme Rules (the "Underpin").
2. The Trustees have determined, as at 1 January 2016, that the Underpin is necessary. If the Trustees determine at any time that the Underpin is not necessary, that subsequent determination will not apply in respect of Final Salary Benefits and CARE benefits which have already come into payment.
   1. Y **CARE BENEFITS- RETIREMENT AT OR AFTER NEW PENSION DATE**

A Member who ceases to be in Service at Normal Pension Date (or who, with the consent of his Employer, remains in Service after Normal Pension Date and then ceases to be in Service) shall be entitled to the CARE Pension beginning on the day after he ceases to be in Service.

* 1. Z **CARE BENEFITS - RETIREMENT BEFORE NEW PENSION DATE**

A Member who ceases to be in Service on or after Minimum Pension Age but before New Pension Date shall be entitled to the CARE Pension beginning on the day after he ceases to be in Service provided that:

* + 1. if the Member is under age 60, he has obtained his Employer's consent to the application of this sub-rule (unless the Member is entitled to draw his Final Salary Benefits, in which case no such consent shall be required in relation to his CARE benefits); and
    2. both the CARE Pension and the CARE Lump Sum payable under this sub-rule shall be reduced by an Early Retirement Factor, to reflect the number of complete years and days between the CARE Pension and CARE Lump Sum becoming payable and New Pension Date.

4.1 **EXECUTIVE BENEFITS**

1. On ceasing to be in Service in the circumstances where rules 4.2 to 4.8 (inclusive) below apply, an Executive Member shall be entitled to:
   1. the benefits described in this rule 4 in respect of Pensionable Service on or after the Executive Membership Date and prior to 1 January 2016; and
   2. a Converted Pension in respect of the Member's Pensionable Service (or Reckonable Service, as appropriate) prior to the Executive Membership Date (in the Northumbrian Water, WPS or MIS Sections as applicable to the Member).
   3. **FINAL SALARY BENEFITS - NORMAL RETIREMENT PENSION**
2. An Executive Member who ceases to be in Service at or after Normal Pension Date but before New Pension Date shall be entitled to the Executive Pension for the remainder of his life beginning on the day after he ceases to be in Service provided that:
   1. in relation to benefits accrued on or after 1 January 2008 and prior to 1 January 2016, the Executive Pension shall be reduced by such amount or varying amount as the Trustees (after consulting the Actuary) determine to be appropriate to take account of payment before New Pension Date; and
   2. a Member who began payment of AVCs before November 1992 and:
      1. whose Qualifying Service began after he had attained age 45; and
      2. who, prior to 6 April 2006, paid AVCs to secure an additional period of Pensionable Service,

shall be entitled to a pension in addition to that calculated under (2) above in respect of such additional period of Pensionable Service, the initial yearly amount of which shall be 11240th of his Final Pensionable Remuneration for each additional year of Pensionable Service (days counting as a fraction of a year) secured through payment of such AVCs.

1. An Executive Member shall have the following options in respect of his pension entitlement:-
   1. to exchange all or part of his pension for a lump sum (see rule 4.9); and/or
   2. to surrender part of his pension to provide for a Nominated Dependant's pension payable after his death (see rule 4.10).

###### FINAL SALARY BENEFITS-LATE RETIREMENT PENSION (AT OR AFTER NEW PENSION DATE)

1. An Executive Member who ceases to be in Service at New Pension Date or who, with the consent of his Employer, remains in Service after New Pension Date and then ceases to be in Service shall be entitled to the Executive Pension for the remainder of his life beginning on the day after he ceases to be in Service.
2. The Executive Member shall have the options set out in Rule 4.2(2).

###### FINAL SALARY BENEFITS - EARLY RETIREMENT BEFORE NORMAL PENSION DATE- EXECUTIVE MEMBER'S OPTION

1. An Executive Member who:
   1. has completed 2 years' Qualifying Service;
   2. ceases to be in Service before Normal Pension Date;
   3. has attained Minimum Pension Age;
   4. has obtained his Employer's consent; and
   5. is not entitled to a pension under rules 4.6 (retirement through Incapacity), 4.7 (early retirement at the Employer's option) or General Rule 6.1 (flexible retirement)

shall be entitled to the Executive Pension for the remainder of his life beginning on the day after he ceases to be in Service. Provided that the Executive Pension shall be reduced by such amount or varying amount as the Trustees (after consulting the Actuary) determine to be appropriate as follows:

1. in relation to benefits accrued before 1 January 2008, to take account of payment before the earlier of:-
   1. Normal Pension Date; and
   2. the date when the Executive Member's age and Qualifying Service, had he remained an Active Member, would in total amount to 85 years.

If, on the date of his ceasing to be in Service, the Executive Member's age and Qualifying Service already in total amount to 85 years or more, provided the Employer consents, there shall be no reduction under this sub-rule (a).

1. in relation to benefits accrued on or after 1 January 2008 and prior to 1 January 2016, to take account of payment before New Pension Date.
2. The reduction (if any) of the Executive Member's Executive Pension under this rule shall not affect the amount of any pension or other benefits payable under rule 5 (Death Benefits) following the Executive Member's death.
3. This rule shall not apply in any case where the Trustees (after consulting the Actuary) determine that the Executive Member's pension in respect of his Contracted-out Employment before 6 April 1997 would be less than his GMP.
4. An Executive Member to whom this rule applies shall have the same options as apply under rule 4.2(2).
   1. **FLEXIBLE RETIREMENT**

An Executive Member may elect to draw benefits whist continuing in Service in accordance with the provisions of General Rule 6.1.

* 1. **RETIREMENT THROUGH INCAPACITY**

1. This rule applies to an Executive Member if he ceases to be in Service on account of Incapacity.
2. An Executive Member to whom this rule applies who has completed 2 years' Qualifying Service shall be entitled to:-
   1. the Executive Pension beginning on the day after he ceases to be in Service;
   2. the CARE Pension beginning on the day after he ceases to be in Service, which for these purposes shall be the sum of:
      1. the CARE Pension calculated as at the date the Member ceases to be in Service; and
      2. the Prospective CARE Pension calculated under (3) below.

The pensions payable above shall be payable for the remainder of the Member's life unless the provisions for withdrawal, reduction or increases in General Rule 6.5 (if applicable) are invoked

1. For the purposes of 2(b) above, Prospective CARE Pension shall be calculated as 1145th of the Member's Pensionable Remuneration earned in respect of the year ending on the date the Member ceases to be in Service multiplied by half of the potential years and days of Pensionable Service (expressed as the number of whole years and any fraction of a year) which the Member would have completed had he remained an Active Member until New Pension Date.

Provided that the additional Pensionable Service shall not exceed the Duration of the Executive Member Pensionable Service.

1. An Executive Member entitled to benefit under (2) above shall have the same options as apply under rule 4.2(2).
2. An incapacity pension may be reviewed in accordance with General Rule 6.5. Where a pension has been withdrawn, reduced or increased under General Rule 6.5, the Trustees (with the consent of the Employer and subject to (7) below) may determine

that the provisions of rules 4 and 5 and General Rule 8 shall (in relation to the Pensioner concerned and the persons claiming under him) either:-

* 1. have no effect; or
  2. have effect subject to such modifications (if any) as the Trustees decide.

1. Any decision of the Trustees under this rule must not infringe the Preservation Requirements.
2. The Company and Trustees may, to the extent consistent with the Scheme's status as a Registered Scheme, establish one or more separate arrangements under the Scheme so that any pension payable on grounds of Incapacity (whether already in payment or otherwise), to any individual Member or category or categories of Member may be divided between and paid from such separate arrangements. The Company and the Trustees may agree the terms on which benefits are payable (and cease to be payable) under such arrangements.
   1. **EARLY RETIREMENT AT THE EMPLOYER'S OPTION**
3. This rule applies to an Executive Member who ceases to be in Service before Normal Pension Date without becoming entitled to benefits under rule 4.6 (Incapacity). It applies instead of any other benefits under this Section and it only applies to an Executive Member when all of the following requirements are also satisfied:-
   1. he has completed 2 years' Qualifying Service;
   2. he has attained Minimum Pension Age;
   3. his Employer has certified that he has ceased to be in Service by reason of redundancy or severance or in the interests of the efficiency of his Employer or (being the joint holder of an appointment) because the other joint holder has ceased to hold such appointment; and
   4. his Employer determines that this rule shall apply to him.
4. An Executive Member to whom this rule applies shall be entitled to the Executive Pension and the CARE Pension for the remainder of his life beginning on the day after he ceases to be in Service.
5. An Executive Member to whom this rule applies shall have the same options as apply under rule 4.2(2).
   1. **EARLY LEAVERS**
6. An Executive Memberwho:-
   1. has completed 2 years' Qualifying Service or is otherwise entitled to Short Service Benefit;
   2. ceases to be in Service before Normal Pension Date; and
   3. is not entitled to benefit under rules 4.4 (early retirement), 4.6 (Incapacity),

4.7 (early retirement at the Employer's option) or General Rule 6.1 (flexible retirement)

shall be entitled to the Executive Pension and the CARE Pension for the remainder of his life beginning on the day after Normal Pension Date.

Provided that:-

* + 1. Pursuant to Rule 4.1X(3), the Member must draw his Executive Pension and CARE Pension at the same time;
    2. In relation to benefits accrued on or after 1 January 2008 and prior to 1 January 2016, the Executive Pension shall be reduced by such amount or varying amount as the Trustees (after consulting the Actuary) determine to be appropriate to take account of payment before New Pension Date; and
    3. The CARE Pension shall be reduced by an Early Retirement Factor to take account of payment before New Pension Date.

1. The Executive Member shall have the following options in respect of his pension entitlement:-

**Taking deferred benefits early**

* 1. to require his pension to begin before the day after Normal Pension Date in which case the following provisions shall apply:-

1. the Executive Member cannot exercise this option before the earlier of:
   1. his attaining Minimum Pension Age; and
   2. his retiring from employment on account of Incapacity;
2. the Executive Member may only exercise this option in such manner as the Trustees may prescribe;
3. unless (and to the extent that) the Employer (with the consent of the Trustees) shall determine otherwise and subject to (iv) below:-
   1. the initial yearly amount of the Executive Pension shall be reduced, by such amount or varying amount as the Trustees (after consulting the Actuary) determine to be appropriate as follows:

(aa) in relation to benefits accrued before 1 January 2008, to take account of payment before Normal Pension Date.

(bb) in relation to benefits accrued on or after 1 January 2008 and prior to 1 January 2016, to take account of payment before New Pension Date; and

* 1. the CARE Pension payable under this sub-rule shall be reduced by an Early Retirement Factor, to take account of payment before New Pension Date.

The reduction (if any) of the Executive Member's pension entitlement under this sub-paragraph (iii) shall not affect the amount of any pension

or other benefits payable under rule 5 (Death Benefits) following the Executive Member's death;

1. benefits shall not be reduced under (iii) above where the Employer determines that there are compassionate grounds for not reducing the benefits or the Executive Member has retired from employment on account of Incapacity;
2. if the Executive Pension is not reduced because the Executive Member has retired from employment on account of Incapacity, then until New Pension Date the provisions for withdrawal, reduction or increase of pension under General Rule 6.5 shall apply to the pension payable under this rule;
3. this option shall not apply in any case where the Trustees (after consulting the Actuary) determine that the pension payable in respect of his Contracted-out Employment before 6 April 1997 would be less than the Executive Member's GMP;
4. the Employer reserves the right to refuse to allow an Executive Member to exercise this option;

**Taking deferred benefits late**

* 1. to require his pension to begin after the day after Normal Pension Date in which case:-

1. the initial yearly amount of the Executive Pension may:
   1. in relation to benefits accrued before 1 January 2008, be increased by such amounts (if any), as the Trustees (after consulting the Actuary) determine to be appropriate;
   2. in relation to benefits accrued on or after 1 January 2008 and prior to 1 January 2016:

(aa) if payment is before New Pension Date, be reduced by such amount or varying amount as the Trustees (after consulting the Actuary) determine to be appropriate, to take account of payment before New Pension Date; or

(bb) if payment is on or after New Pension Date, be increased by such amounts (if any) as the Trustees (after consulting the Actuary) determine to be appropriate; and

1. the initial yearly amount of the CARE Pension shall:
   1. if payment is before New Pension Date, be reduced by an Early Retirement Factor; or
   2. if payment is after New Pension Date, be increased by a Late Retirement Factor.

This option cannot be exercised unless his Employer has consented to deferring payment of his pension;

**Other options**

* 1. the same options as apply under rule 4.2(2); and
  2. instead of the options under (a), (b) and (c) above, the statutory right under the PSA 93 (if he fulfils the conditions set out in Part IV Chapter IV of that Act and only exercisable before the Last Option Date) to require the Trustees to use the cash equivalent of his benefits in one or more of the ways set out in that Chapter (transfer to another occupational pension scheme or to a Personal Pension Scheme or purchase of one or more annuities from an Insurance Company). Provided that the Trustees may allow a Member to transfer part of the cash equivalent of his benefits subject to such terms and conditions as they shall determine.
  3. **COMMUTATION OF PENSION FOR LUMP SUM**

1. Subject to General Rule 8.3(1), when an Executive Member's pension becomes payable, he or she may commute for a lump sum any part of the pension, subject to complying with such conditions (including conditions relating to the time and manner for making such an application) as the Trustees may from time to time determine.
2. The factors to be employed in commuting pension for a lump sum in accordance with this Rule 4.9 shall be determined by:-
   1. the Trustees from time to time on the advice of the Actuary, insofar as the pension relates to Executive Pension; and
   2. by the Company on actuarial advice insofar as it relates to CARE Pension.
3. The lump sum must comply with the conditions set out in Schedule 29 to the FA 2004 as amended by Schedule 36 to FA 2004 and the limits set out in General Rule 5.2.
4. The option to exchange pension for a lump sum shall be subject to the Contracting­ Out Requirements.
5. Commuting pension for cash under this rule 4.9 does not affect the entitlement to or amount of any pension payable under rule 5 following the Executive Member's death.
6. A Member's CARE Pension and Executive Pension must be commuted proportionately.
   1. **OPTION FOR DEPENDANTS' PENSION**
7. An Executive Member may, by written notice to and with the consent of the Trustees (who may withhold their consent without giving any reason), surrender part of his pension to provide a pension payable to another person, who is either his spouse, Civil Partner, Eligible Child or financially dependent on him, and who satisfies the definition of "dependant" in paragraph 15 of Schedule 28 to the FA 2004. The pension in respect of his Contracted-out Employment before 6 April 1997 remaining after surrender must not be less than his GMP and is referred to below as **"the Reduced Pension".**
8. If the Trustees accept the surrender under (1) above, the other person shall become the Executive Member's **Nominated Dependant.**
9. An Executive Member may surrender part of his pension in favour of more than one Nominated Dependant, in which event he may specify the allocation to be made between or amongst them.
10. The amount of the Nominated Dependant's pension shall be determined by the Trustees (acting on the advice of the Actuary) but the pension of the Nominated Dependant (or the total pensions of all the Nominated Dependants) under this rule shall not exceed the Reduced Pension.
11. The Executive Member may exercise his option under this rule by notice given at any time before his pension becomes payable. He may, at any time before then, cancel any surrender under this rule by giving written notice to that effect to the Trustees.
12. On the death of the Executive Member or his Nominated Dependant before the Executive Member's pension begins, any surrender under this rule shall be cancelled.
13. The Nominated Dependant's pension shall begin on the day after the Executive Member's death whilst receiving the Reduced Pension and (except in relation to an Eligible Child of the Executive Member) shall continue during the remainder of the life of the Nominated Dependant. The pension of a Nominated Dependant who is an Eligible Child of the Executive Member shall determine when he ceases to qualify as an Eligible Child (as defined in General Rule 2.2).
14. If a Nominated Dependant pre-deceases a Pensioner, there shall not be any increase in the amount of pension payable to him.
15. The exercise of an option under this rule shall not affect the amount of any pension or other benefits payable under rule 5 following the Executive Member's death.
    1. **EQUIVALENT PENSION BENEFITS**
16. This rule relates to contracting out of the State graduated pension scheme under the National Insurance Act 1965 **("the 1965 Act").** It applies if the Scheme is liable to pay equivalent pension benefits (as defined in the 1965 Act) to an Executive Member who has been in non-participating employment (as defined in the 1965 Act).
17. An Executive Member referred to in (1) above will be entitled to a pension from State Pension Age equal to his equivalent pension benefits, which may be commuted under General Rule 5.3 (trivial commutation) but which may not otherwise be terminated, reduced, surrendered or assigned except as permitted by the 1965 Act.
18. Pensions payable under other rules will be inclusive of any equivalent pension benefits and will be increased to such extent (if any) as may be necessary for the total pension to be equal to the equivalent pension benefit.
    1. **INCREASES TO PENSIONS IN PAYMENT**
19. Subject to (2) below and to section 51 of the PA 95 (indexation), each pension in payment under the Scheme shall be increased in accordance with the following provisions.
20. The provisions of this rule do not apply to:-
    1. that part of any pension that constitutes a GMP in payment, which shall be increased in accordance with the GMP Model Rules (Schedule I);
    2. equivalent pension benefits under the National Insurance Act 1965 where such benefits are the only benefit payable to an Executive Member; and
    3. the part of any pension arising under the Trust Deed and not the Rules, unless the Trustees (in their absolute discretion) decide that it shall be taken into account.
21. Subject to (2) above and (4) below, the Trustees shall with effect from the Increase Date in each calendar year, increase the yearly amount of each pension in payment:-
    1. insofar as the pension relates to Executive Pension, by the Guaranteed Amount; and
    2. insofar as the pension relates to CARE Pension, by the lower of:
       1. the annual percentage change, for the previous September, in the CPI; and
       2. 2.5%,

provided that no reduction shall be applied if the result of (i) and (ii) is negative.

1. In this rule:-
   1. the increase in the yearly amount of a pension under (3) above applies when the Increase Date is at least one year after the Relevant Date (as described in
2. below);
3. when the Increase Date under (3) above is less than one year after the Relevant Date, then the full increase described in that sub-rule shall not apply, but instead a proportionate increase shall take place in respect of the period from the Relevant Date to the Increase Date. The proportion shall be 1112th of what would have been the full year's increase under (3) above multiplied by the number of complete Months from the Relevant Date until that Increase Date. (For the purpose of this rule, a period of less than a Month shall be treated as a complete Month if it consists of at least 16 days);
4. where the Executive Member concerned is under age 55, increases to a pension under any of the following provisions only become payable once the Executive Member has attained age 55:-
   1. rule 4.4 (early retirement before Normal Pension Date - Executive Member's option);
   2. rule 4.7 (early retirement at the Employer's option); or
   3. rule 4.8(2)(a) (early payment of preserved benefits) except where the pension is not reduced on compassionate grounds or on account of Incapacity (see paragraph (iv) of rule 4.8(2)(a)).

In any such case, each increase until it becomes payable is notionally accrued and is the subject of any further increases that may apply under this rule.

1. In this rule:-
   1. in the case of an Executive Member's own pension, or a pension arising on an Executive Member's death in Service or death as a Deferred Pensioner (whether before or after Normal Pension Date), the Relevant Date is the date on which the first instalment thereof became due; and
   2. in the case of a pension arising on an Executive Member's death while entitled to receive a pension, the Relevant Date is the date on which the first instalment of the Executive Member's own pension became due.
2. For the purpose of (3) above, the last yearly amount of an Eligible Child's pension shall be deemed to be that which it would have been, if any event (which happened after the last yearly amount thereof was determined and before the next Increase Date), had happened immediately before such determination.
3. The Company, with the consent of the Trustees, shall have power to provide greater increases than those set out at (3) above. If the Company does so, any larger increase in benefits with effect from an Increase Date partly in exercise of the discretionary power contained in the Trust Deed, shall be deemed to satisfy the foregoing provisions and (as to the part thereof equal to the amount of any increase under this rule) to be the increase under this rule and (as to the balance) the exercise of the said discretionary power.
4. The amount of any increase under this rule or under the discretionary power contained in the Trust Deed shall (to the extent permitted by law) be deemed to satisfy the requirement to increase pensions in payment derived from the PA 95 or any other legislation.
   1. **INCREASES TO PENSIONS IN DEFERMENT**
5. The amount of the prospective pension of a Deferred Pensioner (in excess of the Annual Equivalent of his Guaranteed Minimum at the date of his leaving Service in Contracted-out Employment) shall be increased in respect of the period between the date of his leaving Active Membership and the Relevant Date (as defined in (6) below) or the earlier date of the Member's death as follows:
   1. in relation to benefits accrued before 1 January 2008, by the same percentage increase as a pension subject to the Pensions (Increase) Act 1971 would increase during that period or, if greater, by the same percentage increase as required by the provisions of Part IV Chapter II of the PSA 93;
   2. in relation to benefits accrued on or after 1 January 2008 and before 6 April 2009 by the appropriate higher revaluation percentage specified in accordance with paragraph 2(7) of Schedule 3 to the PSA 93;
   3. in relation to benefits accrued on or after 6 April 2009 and prior to 1 January 2016 by the appropriate lower revaluation percentage specified in accordance with the PSA 93, but as if:
      1. any reference to "2.5 per cent" in the definition of "lower maximum rate" in the appropriate provision of the PSA 93 instead read "5 per cent"; and
      2. the lower revaluation percentage specified by the Secretary of State under that legislation was determined on that basis; and
   4. in relation to benefits accrued on or after 1 January 2016, by either:-
      1. the lower of:
         1. the increase in the CPI between the September prior to the date the Member ceased Active Membership and the September prior to the earlier of:

(aa) New Pension Date; and

(bb) the date the benefits come into payment; and

* + - 1. the percentage that would be the increase in {A) above had the CPI increased at the rate of per 2.5% compound per annum; or
    1. if it would result in a higher pension or lump sum than under (i) above, applying the "find salary method" described in Part IV Chapter II of the PSA 93.

1. The amount of the prospective pension of a Deferred Pensioner equal to the Annual Equivalent of his Guaranteed Minimum at the date of his leaving Service shall be increased in accordance with the GMP Model Rules (Schedule I).
2. The provisions of this rule do not apply to:-
   1. equivalent pension benefits under the National Insurance Act 1965; and
   2. any pension or lump sum arising under the Trust Deed and not the Rules, unless the Trustees (in their absolute discretion) decide that it shall be taken into account.
3. The Company, with the consent of the Trustees, shall have power to provide greater increases than those set out in this rule. If the Company does so, any larger increase in benefits with effect from an Increase Date partly in exercise of the discretionary power contained in the Trust Deed, shall be deemed to satisfy the foregoing provisions and (as to the part thereof equal to the amount of any increase under this rule) to be the increase under this rule and (as to the balance) the exercise of the said discretionary power.
4. The amount of any increase under this rule or under the discretionary power contained in the Trust Deed shall (to the extent permitted by law) be deemed to satisfy the requirement to increase pensions in payment derived from the PA 95 or any other legislation.
5. In this rule 4.13, "Relevant Date" means -
6. Normal Pension Date in relation to sub-rule (1)(a); and
7. New Pension Date in relation to sub-rules (1)(b), (c) and (d).
   1. **PAYMENT OF BENEFITS FROM THE SCHEME**
8. Except where individual rules specifically state otherwise, all pensions under the Rules are payable for life.
9. Pensions that come into payment before 1 January 2011 shall (unless otherwise determined by the Trustees) be payable monthly in advance. The first payment shall be an apportioned part of the monthly amount appropriate to the period between the date upon which the pension begins and the end of that calendar month. The last payment shall be paid in full and not apportioned.
10. Pensions that come into payment on or after 1 January 2011 shall (unless otherwise determined by the Trustees) be payable monthly in advance on the first of the month (with the first payment being paid together with an apportioned part of the monthly amount appropriate to the period (if any) between the date upon which the pension begins and the date of the first payment of pension). The last payment shall be paid in full and not apportioned.
11. The Trustees may make provIsIon for adjusting the amounts of benefits in any manner so as to avoid fractional amounts, or otherwise to facilitate the calculation or payment of benefits, including (but without limiting the scope of this power) making such arrangements as they think fit as to the method and place of payment. Payments by instruments or cash sent by post shall be at the risk of the beneficiary. The Trustees shall not be responsible for or be bound to take any steps to recover any loss which may arise from payment in accordance with such provisions.
12. All pensions and other benefits under the Scheme are payable in pounds sterling.
    1. **ADJUSTMENT OF PENSION**

An Executive Member may, if his pension begins before State Pension Age, request the Trustees to vary the amount of his pension, with a greater amount being paid until State Pension Age and a smaller amount thereafter (to the intent that his total income from the Scheme and the State scheme should remain approximately constant throughout his retirement). If they agree to this request, the Trustees must be satisfied (having taken the advice of the Actuary) that the actuarial value of the re­ arranged pension does not (to any material extent) exceed the actuarial value of the pension before re-arrangement.

**RULES EXECUTIVE SECTION**

**DEATH BENEFITS**

* 1. **DEATH IN PENSIONABLE SERVICE**

1. If an Executive Member dies in Pensionable Service:-
   1. his Surviving Spouse shall be entitled to:-
      1. a short-term pension for the period of three Months (or for such shorter period as she survives him) beginning on the day after the Executive Member's death; and
      2. a long-term pension for the remainder of her life beginning on the day after the expiry of the three Month period referred to above.

The amount of the short-term pension and the initial yearly amount of the long-term pension are set out in (2) below; and

* 1. the Trustees shall (subject as provided in rule 5.4 below and to any nomination made pursuant to sub-paragraph (2) of the definition of Surviving Spouse) pay the following pensions in respect of his Eligible Children:-
     1. in the case of an Executive Member who dies without leaving a Surviving Spouse, a short-term pension for the period of three Months (or for such shorter period during which at least one Eligible Child of the Executive Member survives him) beginning on the day after the Executive Member's death;
     2. in the case of an Executive Member whose Surviving Spouse dies within the three Month period referred to above, a short-term pension for a period which is equal in duration to the unexpired portion of the deceased Surviving Spouse's short-term pension (or for such shorter period during which at least one Eligible Child of the Executive Member survives him); and
     3. a long-term pension beginning on the day after the expiry of the three Month period referred to above.

The amount of the short-term pension and the initial yearly amount of the long-term pension are set out in (3) below.

**Surviving Spouse's pension**

1. (a) Subject to rule 5.3A, the amount of the Surviving Spouse's short-term pension shall be one twelfth of the Executive Member's Final Pensionable Remuneration for each Month (not exceeding three) that she survives him.
2. Subject to rule 5.3A, the initial yearly amount of the Surviving Spouse's long­ term pension shall be two thirds of what the yearly amount of the Executive

Member's own prospective pension would have been calculated by adding together the following elements:-

* 1. his Executive Pension (for the avoidance of doubt, revalued by Final Salary Active Revaluation until the date of his death); and
  2. the CARE Pension payable to the Member had he remained in Pensionable Service until attaining Normal Pension Date, or (in the case of a Member who (with his Employer's consent) remains in Pensionable Service after attaining Normal Pension Date) had he ceased to be in Service immediately before his death. For these purposes, the CARE Pension shall be calculated as the sum of the CARE Pension calculated as if the Member had left Service on the day he died and the Prospective Death in Service Pension. The Prospective Death in Service Pension shall be calculated as 1145th of the Member's Pensionable Remuneration earned in respect of the year ending on the day immediately before the Member's death (or such higher amount as the Trustee and the Company agree) multiplied by the potential years and days of Pensionable Service (expressed as the number of whole years and any fraction of a year) which the Member would have completed had he remained an Active Member until Normal Pension Date;

Provided that the pension in (ii) above shall be calculated as if the total pension had been subject to any increases under rule 4.12 that would have applied during the period from the Member's death.

**Eligible Children's pensions**

1. (a) The amount of the Eligible Children's short-term pension which shall be an aggregate amount in respect of all of the Executive Member's Eligible Children entitled to such pension, shall be:-
2. (in relation to (1)(b)(i) above), one twelfth of the Executive Member's Final Pensionable Remuneration for each Month (not exceeding three) that such pension is payable; and
3. (in relation to (1)(b)(ii) above), an amount equal to the further instalment or instalments of the Surviving Spouse's short-term pension which would have been payable had she survived for the full period of three Months.
4. The initial yearly amount of the Eligible Children's long-term pension, which shall be an aggregate amount in respect of all the Member's Eligible Children entitled to such pension, shall, subject to the provisos below, be:
   1. if there is one Eligible Child, one sixth; or
   2. if there are two or more Eligible Children, one third

of what the yearly amount of the Executive Member's own prospective pension would have been, as stated in (2)(b) above.

Provided that:

1. if no long-term pension is payable to a Surviving Spouse under (2) above, the fraction in (i) above shall be one third instead of one sixth and the fraction in (ii) above shall be two thirds instead of one third
2. if a Surviving Spouse's long-term pension shall cease to be payable under (2)(b) above, the fraction in (i) above shall thenceforth be one third instead of one sixth and the fraction in (ii) above shall thenceforth be two thirds instead of one third.
   1. **DEATH IN RETIREMENT**
3. On the death of a Pensioner:-
   1. if he dies within 5 years from the date his pension began, the Trustees shall hold on the Discretionary Trusts the lump sum set out in (2) below;
   2. his Surviving Spouse shall be entitled to:-
      1. a short-term pension for the period of three Months (or for such shorter period as she survives him) beginning on the day after the Pensioner's death; and
      2. a long-term pension for the remainder of her life beginning on the day after the expiry of the three Month period referred to above.

The amount of the short-term pension and the initial yearly amount of the long-term pension are set out in (3) below; and

* 1. the Trustees shall (subject as provided in rule 5.4 below) pay the following pensions in respect of his Eligible Children:-
     1. in the case of a Pensioner who died without leaving a Surviving Spouse, a short-term pension for the period of three Months (or for such shorter period during which at least one Eligible Child of the Pensioner survives him) beginning on the day after the Pensioner's death;
     2. in the case of a Pensioner whose Surviving Spouse dies within the three Month period referred to above, a short-term pension for a period which is equal in duration to the unexpired portion of the deceased Surviving Spouse's short-term pension (or for such shorter period during which at least one Eligible Child of the Pensioner survives him); and
     3. a long-term pension beginning on the day after the expiry of the three Month period referred to above.

The amount of the short-term pension and the initial yearly amount of the long-term pension are set out in (4) below.

**Lump sum**

1. The lump sum shall be a sum equal to the aggregate amount of the further instalments of the Pensioner's pension which would have been payable if:-
   1. he had lived until the expiry of the period of 5 years from the date his pension began;
   2. increases had ceased to apply on his death;
   3. no adjustment under rule 4.15 had been made; and
   4. (in the case of a pension under rule 4.6 (Incapacity)), it had continued to be payable without any reduction or withdrawal, but subject to General Rule 6.5 if such pension had already been reduced or withdrawn at the date of the Pensioner's death.

A Member may elect in writing to the Trustees, before his or her pension starts, to have the lump sum payable under this rule 5.2(2) treated as a Pension Protection Lump Sum Death Benefit (in which case the Trustees shall deduct from the lump sum any tax for which they may be liable to account to HMRC under section 206 of the FA 2004). If no such election is made, then the lump sum shall be paid as a Defined Benefits Lump Sum Death Benefit.

**Surviving Spouse's pensions**

1. (a) Subject to rule 5.3A, the amount of the Surviving Spouse's short-term pension shall be one twelfth of the Annual Equivalent of the last instalment of the Pensioner's pension before his death (as adjusted below) for each Month (not exceeding three) that she survives him.

For this purpose the Pensioner's pension shall be calculated as it would have been if:-

1. it had not been actuarially reduced for early payment under rule 4.4 (voluntary early retirement) or rule 4.8(2)(a) (early payment of preserved benefits);
2. no part of it had been surrendered under rule 4.10 (Nominated Dependant's pension option), or was the subject of any adjustment under rule 4.15 (adjustment of pension); and
3. no part of it had been commuted for cash under rule 4.9.

And so that an amount equal to any actuarial reduction and any part actually surrendered shall be treated as if increased in the same way as pensions in payment.

(b) Subject to rule 5.3A, the initial yearly amount of the Surviving Spouse's long­ term pension shall be two thirds of the Annual Equivalent of the last instalment of the Pensioner's pension before his death, calculated as stated in (a) above and assuming it to have been subject to any increases under rule 4.12 that would have applied during the period from the Pensioner's death.

**Eligible Children's pensions**

1. (a) The amount of the Eligible Children's short-term pension which shall be an aggregate amount in respect of all of the Pensioner's Eligible Children entitled to such pension shall be:-
2. (in relation to (1)(c)(i) above), one twelfth of the Annual Equivalent of the last instalment of the Pensioner's pension before his death, calculated as stated in (3)(a) above for each Month (not exceeding three) that such pension is payable; and
3. (in relation to (1)(c)(ii) above), an amount equal to the further instalment or instalments of the Surviving Spouse's short-term pension which would have been payable had she survived for the full period of three Months.
4. The initial yearly amount of the Eligible Children's long-term pension, which shall be an aggregate amount in respect of all the Member's Eligible Children entitled to such pension, shall, subject to the provisos below, be:
   1. if there is one Eligible Child, one sixth; or
   2. if there are two or more Eligible Children, one third

of the Annual Equivalent of the last instalment of the Pensioner's pension before his death, calculated as stated in (3)(a) above, and assuming it to have been subject to any increases under rule 4.12 that would have applied during the period from the Pensioner's death.

Provided that:

1. if no long-term pension is payable to a Surviving Spouse under (3) above, the fraction in (i) above shall be one third instead of one sixth and the fraction in (ii) above shall be two thirds instead of one third; and
2. If a Surviving Spouse's long-term pension shall cease to be payable under (3)(b) above, the fraction under (i) above shall thenceforth be one third instead of one sixth and the fraction in (ii) above shall thenceforth be two thirds instead of one third, assuming the Pensioner's pension to have been subject to any increases under rule

4.12 that would have applied during the period from the Pensioner's death.

* 1. **DEATH IN DEFERMENT**

1. If an Executive Member dies whilst a Deferred Pensioner his Surviving Spouse's and Eligible Children's pensions will be calculated and payable in the manner set out in (3) and (4) below.
2. (a) If an Executive Member dies whilst a Deferred Pensioner and no Surviving Spouse's or Eligible Child's pension is payable under (3) or (4) below, a refund of Contributions and AVCs (if any) with interest will be paid, calculated in accordance with (b) and (c) below. The total amount will be held by the Trustees on the Discretionary Trusts.
   1. The Executive Member will be entitled to Interest on his Contributions if his Employer has certified that he ceased to be in Service by reason of Incapacity or redundancy or severance or in the interests of the efficiency of his Employer or (being the joint holder of an appointment) because the other joint holder has ceased to hold such appointment.
   2. Any repayment of Contributions and AVCs (if any) shall be made after deduction by the Trustees of:
      1. an amount equal to any tax payable in respect of the payment; and
      2. the amount mentioned in section 61(2) of the PSA 93 calculated in accordance with section 61 of that Act.

**Surviving Spouse's pension**

1. (a) Subject to rule 5.3A, where an Executive Member who is a Deferred Pensioner dies an annual pension shall be paid to his Surviving Spouse. The pension shall equal:
2. if the Deferred Pensioner dies before attaining New Pension Date, two thirds of the pension the Deferred Pensioner would have been entitled to receive (assuming no pension increases relating to the period after his death) upon attaining New Pension Date; or
3. if the Deferred Pensioner dies after attaining New Pension Date, two thirds of the initial yearly amount of the pension which the Deferred Pensioner would have been entitled to receive if he had started to draw the pension on the day before the date of death.
4. Where the Surviving Spouse was born 10 or more years earlier than the Deferred Pensioner, the Surviving Spouse's pension shall:
   1. in relation to benefits accrued before 1 January 2008 be increased by

2.5 per cent for every complete year and proportionately for any period of less than a complete year in excess of 10; and

* 1. in relation to benefits accrued on or after 1 January 2008 have no such increase applied to it.

**Eligible Children's pension**

1. Where an Executive Member who is a Deferred Pensioner dies, a pension shall be payable to or for the benefit of the Member's Eligible Children. The initial yearly amount of the Eligible Children's long-term pension, which shall be an aggregate amount in respect of all the Member's Eligible Children entitled to such pension, shall, subject to the proviso below, be:
2. if there is one Eligible Child, one quarter; or
3. if there are two or more Eligible Children, one half

of the Surviving Spouse's pension payable under rule 5.3(3) above. Provided that if no pension is payable to a Surviving Spouse under (3) above, the fraction in (i) above shall be increased to one half instead of one quarter and the pension payable under

(ii) above shall be equal to the Surviving Spouse's pension payable under rule 5.3(3) above.

* 1. A **PROVISIONS RELATING TO SURVIVING SPOUSE'S PENSIONS**

1. Any pension payable to a Surviving Spouse shall not cease on the Surviving Spouse remarrying or entering into a civil partnership or living with another person as husband and wife.
2. Where an Executive Member's Surviving Spouse was born 10 or more years later than the Executive Member, the pension shall be reduced by 2.5 per cent for every complete year (and proportionately for any period of less than a complete year) in excess of 10, provided that:
   1. the Employer may at its discretion waive any such reduction; and
   2. on the death of a Pensioner or Deferred Pensioner, this Rule shall apply only in relation to the Executive Member's benefits accrued on or after 1 January 2008.

Provided that this Rule 5.3A(2) shall not apply where a valid nomination has been made pursuant to sub-paragraph (2) of the definition of Surviving Spouse and the Nominee (as defined in the definition of Surviving Spouse) is an Eligible Child.

1. Such part of the benefits payable to the Surviving Spouse as relate to the Converted Pension are subject to a separate calculation in accordance with the meaning of that term as defined in Appendix A.
   1. **PROVISIONS RELATING TO ELIGIBLE CHILDREN'S PENSIONS**
2. The Eligible Children's short-term and long-term pensions (including the payment to Eligible Children of any remaining instalments of a Surviving Spouse's short term pension on the death of that Surviving Spouse) shall be payable to the Member's Eligible Children (if more than one) in such proportions as the Trustees shall determine.
3. The Trustees may pay an Eligible Children's pension directly to the Eligible Child entitled to it, or (if the Trustees so determine) to all or any (to the exclusion of the others or other) of the Executive Member's Eligible Children, or to such person or persons as the Trustees decide to be held or used by such person or persons for the maintenance support and benefit of such Eligible Child, or (if the Trustees so determine) of all or any (to the exclusion of the others or other) of such Eligible Children.
4. The receipt of the person or persons to whom the pension or any part of it is paid shall be a full discharge to the Trustees. The Trustees, if they so wish, shall be entitled (but not bound) to oversee the application of the pension.
5. Any change in the number of the Executive Member's Eligible Children shall, for the purposes of calculating a Eligible Children's pension, take effect from the beginning of the payment period immediately following the change.

**EXECUTIVE SECTION APPENDIX A DEFINITIONS**

The definitions in the General Rules shall apply to this Executive Section (except that the word "Member" shall be replaced by "Executive Member" wherever it occurs in a defined term applicable to this Part 6) together with the definitions set out below.

In the event of a conflict between the definitions in the General Rules and those set out below, those below shall prevail.

**"Converted Pension"** means any of the following benefits which an Executive Member accrued in respect of Pensionable Service prior to the Executive Membership Date:

* + under the Northumbrian Water Section as a Former Northumbrian Water Section Member; or
  + under the WPS Section as a Former WPS Section Member; or
  + under the MIS Special Terms as a Former MIS Section Member.

Such benefits were, on the advice of the Actuary and with the consent of the Employer (with the Trustees' agreement) converted to Executive Member's benefits as set out in this Part 6 and adjusted so that the benefits payable in respect of an Executive Member in the Executive Section were, at the time of conversion, actuarially equivalent in value to the benefits prior to the Executive Membership Date calculated under the Northumbrian Water Section, WPS Section or MIS Special Terms (whichever was applicable). The conversion was expressed as an addition to the Duration of the Executive Member's Pensionable Service. For individuals who chose Option 2 of the two options offered to the initial Executive Members the said Duration was calculated separately for the purposes of the calculation of benefits under rules 4 and 5 of this Section.

**"Duration of Executive Member's Pensionable Service"** means in relation to an Executive Member, the duration of his Pensionable Service as a Member of the Executive Section expressed as a whole number of years and (if necessary) as a fraction of a year (days counting as a fraction of a year).

**"Executive Membership Date"** means the date on which a Member was admitted to become an Executive Member of the Executive Section (see Appendix B).

**"Executive Pension"** means an annual pension the initial amount of which shall be calculated as 1145th of the Executive Member's Final Pensionable Remuneration multiplied by the Duration of the Executive Member's Pensionable Service as an Executive Member completed prior to 1 January 2016 plus any applicable Converted Pension and, while the Member is an Active Member and is not in receipt of the Executive Pension (and on ceasing to be an Active Member), revalued by Final Salary Active Revaluation.

The Executive Pension shall (if applicable) be increased or reduced in such manner as set out in the relevant benefit Rule.

**"Former MIS Section Member"** means an Executive Member who was, immediately before the Executive Membership Date, an Active Member of the MIS Special Terms Section of the Rules.

**"Former Northumbrian Water Section Member"** means an Executive Member who was, immediately before the Executive Membership Date, an Active Member of the Northumbrian Water Section of the Rules.

**"Former WPS Section Member"** means an Executive Member who was, immediately before the Executive Membership Date, an Active Member of the WPS Section of the Rules.

**"Incapacity"** means ill-health or infirmity of body or mind which (in the opinion of the Executive Member's Employer, after taking such medical advice (if any) as it considers appropriate) renders the Employee incapable of discharging efficiently the duties of his employment and is likely to be permanent. An incapacity pension is only payable if:

1. a medical practitioner approved or appointed by his Employer certifies that such Incapacity is likely to be permanent and the Employer accepts such certificate as evidence of that fact unless the employer waives such requirement; and
2. where the benefit is to be paid before the Executive Member's Minimum Pension Age, the Executive Member satisfies the ill-health condition in paragraph 1 of Schedule 28 to the FA 2004 immediately before he becomes entitled to a pension under the Scheme.

**"Normal Pension Date"** means in relation to an Executive Member, his or her 60th birthday or such other date as is agreed in writing between the Executive Member and his or her Employer and notified to the Trustees in writing by the Employer.

**"Pensionable Service"** means, in relation to an Executive Member:

1. Service as an Employee which occurs during his last or only period of Active Membership including, in relation to a WCAPS Transferred Member, his WCAPS Transferred-in Service;
2. periods which are treated as Pensionable Service by virtue of the payment of AVCs to purchase additional periods of Pensionable Service under the Scheme prior to 6 April 2006;
3. periods which are treated as Pensionable Service by virtue of any Transfer Credits (not already included under (1) above); and
4. any other period that the Employer (with the Trustees' approval) determines (either generally or in an individual case) to be a period of Pensionable Service.

Provided that:

* 1. no period of Service before age 16 will count as Pensionable Service;
  2. in making any such determination the Employer may also impose terms and conditions as to the Member's contributions during and benefits to be provided in respect of that period;
  3. Service with an Employer before it becomes a Participating Employer shall not be Pensionable Service unless the Company otherwise determines;
  4. any period of Service in respect of which the Member pays or is deemed to pay Contributions shall be treated as Pensionable Service for the purpose of

lump sum death benefits under rule 5 (Death Benefits) of the Section that applies to him or her;

* 1. any period of Service in respect of which the Member does not or is not otherwise deemed to pay Contributions shall not be Pensionable Service unless the Employer so determines or the Member has otherwise ceased to be obliged to contribute under rule 3.1 of the Section that applies to him or her. (A Transferred Member, who is not obliged to contribute to the Fund because he joined WCAPS pursuant to a transfer before 1st January 1975 under the terms of which he was not required to contribute to WCAPS, shall nonetheless be deemed to pay Contributions for purposes of the definition of Pensionable Service);
  2. a period of Maternity Leave may be treated as Pensionable Service in accordance with General Rule 6.3; and
  3. an Active Member who (having been Absent) returns to work at the end of his period of Absence and is deemed by the Employer to have contributed to the Fund or who elects to contribute under General Rule 6.2(2)(f) and then contributes in accordance with such provision, will be treated as having remained in Pensionable Service during the period of his Absence.

**"Qualifying Service"** means, in relation to an Executive Member:

1. any period of continuous Service (within paragraph (1)(a) of the definition of Service) immediately before he became an Active Member;
2. Service which counts as "pensionable service" as defined (in section 70(2) of the PSA

93) for the purpose of the Preservation Requirements;

1. any Linked Qualifying Service. Provided that Linked Qualifying Service shall not be treated as Qualifying Service for the purposes of determining the total of 85 years under rule 4.4 or "Normal Pension Date" in relation to a Member in respect of whom the transfer in which gives rise to that Linked Qualifying Service is made on or after 1 July 2001, unless the transfer is made pursuant to a written request to transfer in received by the Trustees before that date (in which event such Service shall be treated as Qualifying Service for the above purposes);
2. a period of Maternity Leave;
3. a period of Absence unless the Employer determines otherwise (see General Rule 6.2);
4. qualifying service as so defined for the purposes of WCAPS; and
5. Qualifying Service as a Member of the Northumbrian Water Section, WPS Section or MIS Section (as appropriate).

Provided that:

* 1. Pensionable Service (or Reckonable Service, as appropriate) on and from 1 January 2008, including Pensionable Service as a Member of the DC Section, shall be taken into account for the purposes of a Member's Qualifying Service in determining and calculating benefits in respect of Pensionable Service (or

Reckonable Service, as appropriate) up to and including 31 December 2007; and

* 1. A period will be treated as Qualifying Service under the foregoing paragraphs only to the extent that it has not already been included.

And **"2 years' Qualifying Service"** has the meaning attributed thereto by section 71(7) of the PSA 93, includes any Linked Qualifying Service and in the case of an Active Member whose pensionable service (as defined in (2) above) has been broken (meaning "broken" in the sense in which the expression "a member's pensionable service is broken" is used in Regulation 21(1) of the Preservation Regulations) shall include, if Regulation 21(3) of those Regulations applies, the period of pensionable service (as defined in (2) above) previously terminated and any Linked Qualifying Service in relation to that period.

**"Surviving Spouse"** means:

1. Subject to (2) in relation to an Executive Member, the person who is his spouse or Civil Partner and ordinarily resident with him at the date of his death but excluding (in the case of a Pensioner or Deferred Pensioner) a spouse or Civil Partner whose last or only marriage to, or civil partnership with, the Executive Member took place after he ceased to be in Service and less than 6 months before his death.

Provided that the Trustees may determine that:-

1. the spouse or Civil Partner of an Executive Member who is not ordinarily resident with him shall be deemed to be ordinarily resident with him;
2. the spouse or Civil Partner of an Executive Member whose last or only marriage to or civil partnership with, the Executive Member took place less than 6 Months before the Executive Member's death shall be deemed to have been married to, or in a civil partnership with, the Executive Member more than 6 Months before his death; and
3. a person who is in their opinion financially dependent on an Executive Member, not having a spouse or Civil Partner ordinarily resident or deemed to be ordinarily resident with him shall be deemed to be his spouse or Civil Partner and upon his death to become his Surviving Spouse.

Any such determination may be subject to any condition and may be revoked. A person shall only qualify (and continue to qualify) as a dependant (under (iii) above) if the payment of any benefit to that person would not prejudice the Scheme's status as a Registered Scheme.

*Facility to nominate alternative recipient of the Surviving Spouse's pension*

1. An Active Member may nominate (in such form and subject to such conditions as may be prescribed by the Trustees from time to time) a person other than his spouse or Civil Partner (the **"Nominee")** to receive any Surviving Spouse's pension payable in the event of his death as an Active Member.

The Nominee shall be deemed to be the Active Member's Surviving Spouse for the purposes of Rule 5.1 provided he is, in the Trustees' opinion (determined as at the date of the Active Member's death), a "dependant" of the Active Member for the purposes of paragraph 15 of Schedule 28 of the FA 2004 and the following shall apply:

1. If the Active Member also has a spouse or Civil Partner at the date of his death, the spouse or Civil Partner shall not be entitled to any benefits except to the extent the Trustees are required to provide the Active Member's surviving widow, widower or Civil Partner a pension under section 12B of the PSA 93, in which case the Nominee shall receive only the pension payable to the Surviving Spouse under Rule 5.1 in excess of the statutory benefit;
2. If the Nominee is an Eligible Child:-
   1. he will not be eligible to receive a separate Eligible Child's pension under Rule 5.1(1)(b);
   2. he will not be counted as an Eligible Child when determining what pensions are payable to Eligible Children under Rule 5.1(3) and Rule

5.4; and

* 1. he will only receive the Surviving Spouse's pension under Rule 5.1 for so long as he continues to be an Eligible Child.

If, at the date of the Active Member's death, the Nominee is not (in the Trustees' opinion) a "dependant" of the Active Member for the purposes of paragraph 15 of Schedule 28 of the FA 2004, death benefits shall be payable in respect of the Active Member under Rule 5.1 as if he had not made any nomination pursuant to this sub­ paragraph (2).

An Active Member may revoke or vary a nomination made pursuant to (2) above by notifying the Trustees in such form and subject to such conditions as the Trustees require.

**APPENDIX B**

*(reference is in definition "Executive Membership Date" in preceding Appendix A)*

**DATES OF ADMISSION TO THE EXECUTIVE SECTION**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Nino** | **Suma me** | **First name** | **lnit ials** | **D.0.B** | **Sex** | **Curr ent Stat**  **us** | **Date Joined Exec**  **Section** | **Date Joined Schem**  **e** | **Employ er** | **PEM PIO** |
| WE41 5444 | Devall | JG | JG | 01/06/  1959 | Male | Acti ve | 01/09/19  97 | 04/09/1  978 | ESSEX | 8915  4 |
| YT463  140 | McGre  evy | M | M | 12/09/  1953 | Male | Acti  ve | 01/06/20  01 | 31/03/1  978 | NORTH  UMB | 9139  8 |
| NH354 237 | Jones | Andrew Geri | AC | 18/09/  1965 | Male | Acti ve | 01/04/19  98 | 16/02/1  998 | NORTH WPS | 1823  57 |
| WB86  4196 | Donald | Ian Geoffrey | IG | 22/08/  1956 | Male | Acti  ve | 01/07/20  02 | 13/10/1  975 | NORTH  WPS | 1075  91 |
| WE63 4592 | Parker | Martin | M | 20/06/  1959 | Male | Acti ve | 01/01/20  04 | 23/07/1  990 | NORTH WPS | 1076  55 |
| WP24 4999 | Morton | Diane | D | 06/01/  1962 | Fem ale | Acti ve | 01/04/19  94 | 01/04/1  994 | NORTH WPS | 5921  16 |
| YM992 015 | Price | Alfred Colin | AC | 20/06/  1952 | Male | Acti ve | 06/09/19  76 | 06/09/1  976 | NORTH WPS | 1083  31 |
| YX732 541 | Wilson | Henry Mark | H M | 14/05/  1955 | Male | Acti ve | 01/04/19  98 | 11/11/1  991 | NORTH WPS | 1087  22 |
| YZ210 141 | Green | Christopher Michael | C M | 11/10/  1954 | Male | Acti ve | 01/09/19  97 | 22/01/1  990 | NORTH WPS | 1088  27 |
| YZ420 022 | Neave | Graham | G | 07/11/  1955 | Male | Acti ve | 01/04/19  96 | 19/07/1  976 | NORTH WPS | 1088  47 |

**PART 7 - DC SECTION RULES RULE 1**

**APPLICATION**

* 1. **APPLICATION**

This Part 7 of the Rules shall apply with effect from the Effective Date (1 January 2008) in respect only of DC Section Members who are in Pensionable Service on or after that date.

###### RULE2 DC SECTION MEMBERSHIP

* 1. **ELIGIBILITY**

1. Asofright

Subject to (2) below, an Employee will be eligible at any age before age 75 (or such later age as would not prejudice the Scheme's status as a Registered Scheme) for admission to membership of the DC Section as an Active Member if he or she:

1. is employed by the Employer on terms (or is otherwise informed by the Employer in writing) that he or she is eligible to be a Member; and
2. has completed such probationary period of Service as either the Employer or the Company shall determine; and
3. has not opted-out of Active Membership of the DC Section under General Rule

3.3 (Opting-Out of Active Membership).

1. Members of other Sections

A Member of one of the Defined Benefit Sections may either:

1. with the consent of the Trustees and Company, elect to join the DC Section for future service by giving to the Trustees at least 60 days' (or such shorter period as the Trustees may at their absolute discretion determine in any particular case) notice in writing in such form and subject to such conditions as the Trustees may require. The Member will join the DC Section with effect from the day following expiry of that notice (subject to satisfying the information requirements set out in rule 2.2(2)); or
2. elect to join the DC Section for the purposes of contributing AVCs or applying a transfer payment in accordance with the Scheme Rules; or
3. be eligible to join the DC Section if the Company and Trustees determine (either generally or in any individual case).
4. Discretionary

If an Employee or class of persons is not eligible for membership as an Active Member of the DC Section, or did not join the DC Section at the first opportunity, such Employee or class of persons may if the Company so determines (but not otherwise) be eligible for admission to membership as an Active Member of the DC Section from such date and on such terms as the Company may decide. Admission to membership shall be subject to the person having satisfied all requirements for inclusion as the Trustees may prescribe and by such date as they may decide.

The Trustees must notify such Employee or class of persons in writing of the terms on which he or she or they are admitted to membership.

1. **Auto-enrolment**

The Company may determine that the conditions for eligibility under this rule 2.1 shall be disapplied, in whole or in part, in relation to an individual Employee or any class of Employee and that instead, such individual Employee or class of Employee shall be admitted to the DC Section with effect from such dates and on such terms as the Company directs and notifies to the Trustees.

* 1. **ADMISSION**

1. **Date of admission**

Subject to Rule 2.8 (Exclusion of Employees or Variation of Terms of Membership) and rule 2.1(2)(a), an eligible Employee will be admitted to membership of the DC Section as an Active Member on the first day of the month coincident with or immediately following receipt by the Trustees of such information as is required under this Rule or such other date as the Company determines and notifies to the Trustees, either in relation to an individual Employee or any class of Employees.

1. **Requirements, terms and conditions for entry**
   1. Admission to the DC Section is subject to the Employee having:
      1. satisfied all requirements for inclusion on normal terms that relate to evidence of age, marital status, family circumstances, health and any other matters as the Trustees may prescribe and by such date as they may decide; and(ii) properly completed and signed such forms and provided such medical information and undergone such medical examination as the Trustees may require and by such date as they may decide.

If an Employee does not comply with the requirements set out in this sub-Rule at the first time on which he or she becomes eligible to be admitted to the DC Section, he or she may only become a Member under rule 2.1(3) (Discretionary).

* 1. the Company may determine that any of the requirements, terms or conditions of entry set out in (a) above shall not apply to an Employee or class of Employees.

1. **Unsatisfactory Evidence and Incorrect Information**
   1. If an Employee fails to provide the Trustees with the information required by them, the Trustees may refuse to admit the Employee to membership or exercise their discretion under (c) below, except that the Company may direct that this power does not apply in respect of an Employee admitted under rule 2.1(4) (Auto-enrolment).
   2. If any of the information supplied by or on behalf of an Employee to the Trustees is incorrect, the Trustees may exercise their discretion in (c) below.
   3. The discretion referred to in (a) and (b) above is that the Trustees may modify or restrict the benefits provided for, or in respect of, the Employee in such manner as they may agree with the Company

{d) If the Trustees exercise their discretion referred to above, they shall notify the Employee in writing of their decision.

(e) Any contributions paid by an Employer in respect of an Employee who is refused admission under (a) above will, if not refunded to the Employer, be transferred to the Reserve Account.

1. Disability Discrimination Act

This rule 2.2 is subject to the provisions of the Disability Discrimination Act 1995.

1. Evidence given to Employers

The Trustees may act and rely on:

* 1. any evidence or information supplied by an Employee to any of the Employers; or
  2. a medical examination undergone by an Employee for any of the Employers or for any Insurance Company.

###### MEMBERSHIP - SPECIAL TERMS

Notwithstanding rule 2.1:

1. an individual or a class of Employee may be admitted to or remain in Membership on special terms under rule 7.2;
2. the re-admission to Active Membership of a Deferred Pensioner or Pensioner is subject to rule 2.4.

###### RE-ADMISSION OF A DEFERRED PENSIONER OR PENSIONER

1. The Trustees at the direction of the Company shall re-admit a Deferred Pensioner or Pensioner as an Active Member under rule 2.1, if he or she is eligible under that Rule. Subject to (2) below, the re-admission will be from such date and on such terms as the Company may decide.
2. The Trustees must notify such person in writing of any special terms on which he or she is re-admitted to Active Membership.
3. The above terms of re-admission must not prejudice the Scheme's status as a Registered Scheme or be inconsistent with the Preservation Requirements. In particular, if the Member became entitled to Short Service Benefit when Pensionable Service previously terminated, he or she must be entitled to Short Service Benefit in respect of Pensionable Service following re-admission under (1) above.

###### COMPULSORY CESSATION OF ACTIVE MEMBERSHIP

1. Subject to Rules 7.3 (Family Leave) and 7.4 (Other Absences), a Member will cease to be an Active Member if he or she:
   1. ceases to be an Employee;
   2. opts out of Active Membership of the DC Section under General Rule 3.3, or rule 2.6 (Pensions Act 2008 opt-out) or rule 2.7 (Other opt-out within a month) below; or
   3. ceases to be an Active Member as a result of the Company notifying the Trustees in writing of such cessation with effect from a specified date.
2. On the date of the occurrence of the relevant event referred to in (1) above, the Member will cease to be in Pensionable Service of the DC Section.

###### PENSIONS ACT 2008 OPT-OUT

(1) Notwithstanding any other provision of these Rules, where an Active Member exercises a right to opt-out by giving a notice to his or her Employer under section 8 of the Pensions Act 2008, he or she will be treated for all purposes as not having become an Active Member of the Scheme. The Company will notify the Trustees of any such opt-out and, to the extent any contributions have already been paid to the Scheme under Rule 3.1 or 3.2 by or in respect of the Active Member, the Trustees shall return these contributions to the Active Member's Employer in accordance with the requirements of the Pensions Act 2008 (excluding any interest).

###### OTHER OPT-OUT WITHIN A MONTH

1. Notwithstanding any other provision of these Rules, where the Company determines in relation to an Active Member or class of Active Members, an Active Member who:
   1. opts out of Active Membership by giving notice to the Trustees with an effective date that is less than 30 days after the start of Active Membership and who would have less than 30 days Qualifying Service on Active Membership ceasing; or
   2. otherwise leaves Active Membership with less than 30 days' Qualifying Service;

shall be subject to the provisions of (2) below.

1. An Active Member who is subject to this Rule 2.7(2) shall be treated for all purposes as not having become an Active Member of the Scheme. To the extent any contributions have already been paid to the Scheme under Rule 3.1 or 3.2 by or in respect of the Active Member the Trustees shall return those contributions (excluding any interest) to the Active Member's Employer, who must refund to the Member any contributions under Rule 3.1 and any contributions paid by the Employer on behalf of the Active Member under a Pension Salary Sacrifice Arrangement.

###### EXCLUSION OF EMPLOYEES OR VARIATION OF TERMS OF MEMBERSHIP

1. The Company may by notice in writing to the Trustees direct that any person or class of person is not to be admitted to the DC Section.
2. The Company may by notice in writing to the Trustees direct that membership of the DC Section shall be closed to new entrants.
3. The Company may at any time by notice in writing to the Trustees revoke any direction under (1) and/or (2) above.

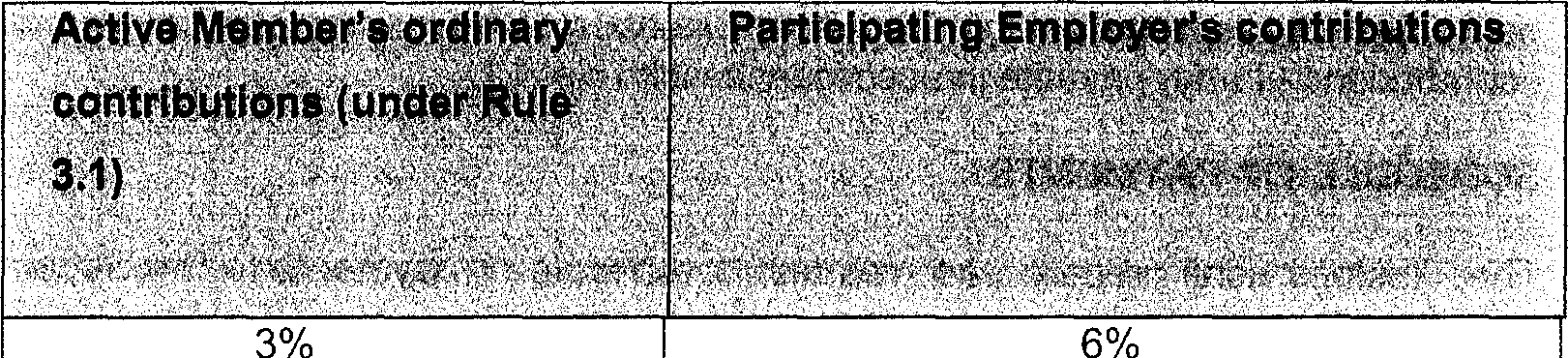
**RULE3 DC SECTION**

**CONTRIBUTIONS**

* 1. **MEMBERS' ORDINARY CONTRIBUTIONS**

1. An Active Member shall contribute to the DC Section at such one of the following rates as he or she may elect by notice in writing to the Trustees and to his or her Employer (in such manner as the Trustees may from time to time determine): 3%, 4% or 5% (or, in the case of an Executive Active Member, 8%). Each rate is expressed as a percentage of his or her Pensionable Remuneration. Provided that:
   1. during any period when an Active Member participates in a Pension Salary Sacrifice Arrangement, his or her actual contributions shall be at such percentage of Pensionable Remuneration as is agreed between that Member and his or her Employer, as notified to the Trustees by the Employer;
   2. an Active Member may contribute to the DC Section at such other rate as may from time to time be agreed between that Member and his or her Employer, as notified to the Trustees by the Employer;
   3. where the Company determines and notifies the Trustees, either in respect of an individual Active Member or class of Active Members, an Active Member will initially contribute at the rate of 3% (or, in the case of an Executive Active Member, 8%) and may only elect a different rate once he has been an Active Member for at least one month; and
   4. where an Active Member is admitted to Active Membership of the DC Section having previously taken benefits under General Rule 6.1, or otherwise previously drawn benefits under the Scheme, the Company may determine that the Active Member may only contribute to the DC Section at a rate of 3%.
2. An Active Member may vary the rate of his or her contributions by notice in writing to the Trustees and to his or her Employer. Unless the Company and Trustees agree otherwise, only one such variation may be made each year, to take effect from the following 1 April (or such other date as the Trustees may agree with the Company and notify to the Members). The notice must be received by the Trustees by 31 January preceding the date on which the variation is to take effect, unless the Trustees determine otherwise. Where the Company and Trustees agree that more than one variation may be made by an Active Member, notice must be received by the Trustees by such date, and the variation will take effect from such date, as the Trustees determine.
3. During Family Leave or Absence, a Member who contributes under (1) above must contribute in accordance with Rule 7.3 or 7.4 respectively.

###### EMPLOYERS' CONTRIBUTIONS

1. Subject to (2) below, each Participating Employer must, in respect of each Active Member employed by it, pay or credit contributions to the DC Section:
   1. at the rate set out in the table below (where each rate is expressed as a percentage of the Member's Pensionable Remuneration) by reference to the applicable rate of the Member's ordinary contributions pursuant to rule 3.1, but as a maximum not exceeding 8% (or, in the case of an Executive Active Member, 15%) of such Pensionable Remuneration; or
   2. where rule 3.1(1)(b) applies, at such other rate as may from time to time be agreed between the Member and his or her Employer (and notified to the Trustees by the Employer).

|  |  |
| --- | --- |
|  |  |
| 4% | 7% |
| 5% | 8% |
| 8%  (Applicable to Executive Active  Members only) | 15%  (Applicable to Executive Active Members only) |

1. During any period when an Active Member participates in a Pension Salary Sacrifice Arrangement, his or her Employer must additionally pay or credit contributions to the DC Section equal to the contributions that the Member would have paid in accordance with rule 3.1 if he had not been participating in that arrangement, or at such other rate as agreed between that Member and his or her Employer (as notified to the Trustees by the Employer).
2. A Participating Employer may at any time elect to pay:
   1. such additional contributions in respect of an Active Member as it determines; and
   2. additional contributions into the Reserve Account, to be held according to rule

### 4.3.

1. The Company may direct the Trustees that a Participating Employer's obligations under (1) or (3)(a) above are to be satisfied either in whole or in part by a transfer from the Reserve Account to the relevant Member's Individual Pension Account or otherwise, of the amount otherwise payable.
2. If an Active Member is Absent as a result of being on long-term disability leave (as notified to the Trustees by the Company), the Participating Employer shall pay or credit contributions in respect of the Active Member under (1) (and if applicable (2)) above during the period of long-term disability leave when (unless the Company directs otherwise) the Member is receiving long-term disability benefit, at the applicable rate determined by the rate of the Active Member's contributions and the table at rule 3.2(1), but by reference to the actual long-term disability benefit received by the Member (as notified to the Trustees by the Company). For the avoidance of any doubt, the Participating Employer's obligation to pay or credit contributions shall be subject to the payment by the Active Member of his or her applicable ordinary contributions (if any) payable in accordance with rule 3.1.

###### SCHEDULE OF PAYMENTS

The Trustees shall prepare and maintain a schedule of payments to the Scheme in respect of the DC Section conforming in all respects with section 87 of the PA 95 and any regulations made under that section.

###### ANNUAL ALLOWANCE ARRANGEMENTS

1. A Member may agree with the Company (or his or her Employer, as appropriate) that the Employer contributions otherwise to be paid (or credited) to the DC Section by the Employer in respect of the Member are restricted, together with any other consequential amendments to the DC Section in respect of the Member, with the aim that the Member does not exceed the annual allowance under section 228 of FA 2004 (an "Annual Allowance Arrangement"). Any Annual Allowance Arrangement must be in writing and must be made before the contributions to which it relates are paid or credited to the DC Section. The provisions of the DC Section shall be modified in relation to any Member who has agreed an Annual Allowance Arrangement, to the extent permitted by law, in order to give effect to its terms while it is in force.
2. The Company (or, where relevant, the Employer) must notify the Trustee in writing of:
   1. the details of any Annual Allowance Arrangement; and
   2. any agreement that is reached with the Member to terminate, suspend or amend an Annual Allowance Arrangement;

as soon as practicable.

**RULE4 DC SECTION**

**INDIVIDUAL PENSION ACCOUNTS AND RESERVE ACCOUNT**

* 1. **GENERAL**

1. The Trustees must maintain an Individual Pension Account in respect of each Member, but the maintenance of that account shall not confer on the Member, or any person claiming by reference to the Member's participation, any right to the balance shown on the account, other than rights conferred by the Scheme.
2. The Trustees must maintain a Reserve Account for the Employers.

###### MEMBER'S BALANCE

1. The Trustees shall, in relation to any Member, from time to time determine his or her Member's Balance by reference to the following calculation:
   1. by adding together the following:
      1. any Employer's contributions in respect of the Member to date under rule 3.2;
      2. any contributions made by the Member under rule 3.1;
      3. any amounts credited to the Member's Individual Pension Account under rule 7.4 (Augmentation and Provision of New Benefits);
      4. any amounts credited to the Member's Individual Pension Account under General Rule 6.3 (Family Leave);
      5. any amount credited to the Member's Account by way of transfer in under rule 7.1 (Transfers-in); and
      6. any other accretion to the assets of the Fund referable to the DC Section to be applied for the benefit of the Member;
   2. by deducting from the amount ascertained in accordance with (a) above the following:
      1. sums paid or known to be payable to the Member under rule 5.4 (Cash Sum) or General Rule 5.3 (Triviality);
      2. sums paid from the Fund attributable to investment expenses under rule 4.6 (Investment Expenses) and referable to the Member;
      3. sums paid from the Fund that are Administrative Expenses determined to be borne out of the Member's Individual Pension Accounts under rule 4.5 (Administrative Expenses);
      4. sums transferred to the Reserve Account under rule 10.6 (Encashment of Units);
      5. sums required to be paid out of the Fund for taxation in respect of the Member's Individual Pension Account on its application;
      6. sums applied under rule 9 (Transfers Out and Buy Outs);
      7. sums deducted under General Rule 8.7 (Lien);
      8. sums transferred to the Reserve Account in accordance with rule 5.3(5) (Early Leavers);
      9. sums applied under rule 7.4 (Divorce) or General Rule 6.4 (Pension sharing); and
      10. any other deductions made by the Trustees from the Member's Individual Pension Account as authorised by these Rules or by law;
   3. by adjusting the sum of the amounts in (a) and (b) above from time to time in such manner as the Trustees may determine having regard, where appropriate, to the net investment return on the Nominated Funds chosen by the Member under rule 1O (or where the Member has not made a choice, to the net investment return on the Member's Default Fund).
2. A Member's Balance may be expressed (or partially expressed) as a number of units in one or more Nominated Funds (as defined in rule 10.1) or as a value equal to the number of such units multiplied by the unit price determined or recognised by the Trustees. Income, profits, gains, and losses within a Nominated Fund need not be recorded by the Trustees where they are reflected in the unit price.
   1. **THE RESERVE ACCOUNT**
3. The Trustees shall maintain a Reserve Account which is available to be applied by the Trustees at the direction of the Company (subject to the adequacy of the Reserve Account and any requirements of law), including for any of the following purposes:
   1. paying administrative and other expenses of the Scheme including expenses incurred in connection with the termination of the Scheme;
   2. the insurance premiums for any insurance policy effected under rule 10.7;
   3. creating a reserve out of which Member's Individual Pension Accounts may be augmented under rule 7.4;
   4. providing benefits in respect of Beneficiaries under rules 5 and 6; or
   5. financing contributions under rule 3.2 (Employer's Contributions) or General Rule 6.3 (Family Leave).
4. Notwithstanding the provisions of (3) and (4) below, the balance on the Reserve Account shall never be less than zero.
5. The Trustees shall credit to the Reserve Account:
   1. any contribution or accretion to the Fund which the Trustees determine is referable to the DC Section and is not required under the Rules to be credited to Member's Individual Pension Accounts; and
   2. any other assets of the Fund as agreed by the Trustees and the Company to be used to pay expenses or benefits referable to the DC Section, subject to any restriction in the Scheme Rules on the use of the Fund's assets for this purpose.
6. The Trustees shall deduct from the Reserve Account such amounts as the Trustees determine are authorised by the Scheme Rules or by the law.

###### ADJUSTMENT OF MEMBERS' INDIVIDUAL PENSION ACCOUNTS

The Trustees may at any time (but shall not be obliged to) review that part of the Fund referable to the DC Section and the Reserve Account and, after taking such professional advice as they consider appropriate, with the consent of the Company either augment or reduce the Members' Individual Pension Accounts in such manner as they think equitable so as to avoid fractional amounts or otherwise facilitate computation or payment of benefits.

###### ADMINISTRATIVE EXPENSES

1. **"Administrative Expenses"** means all costs and administrative expenses (except those referable to the investment of the DC Section assets under rule 4.6) which the Trustees determine are incurred in connection with the administration of the DC Section of the Scheme.
2. Administrative Expenses shall (unless the Company directs otherwise) be borne out of the Members' Individual Pension Accounts in such proportions or varying proportions and on such basis as the Trustees may from time to time determine.
3. The Company may direct that Administrative Expenses shall be payable either:
4. by the Company, in which case the other Participating Employers shall reimburse the Company to such extent and in such proportions as the Company decides (plus VAT if relevant); or
5. out of the Reserve Account, to the extent that there is sufficient credit in the Reserve Account.

The Company may direct that part of the Administrative Expenses shall be payable by the Company pursuant to (a) and part shall be payable out of the Reserve Account pursuant to (b).

1. The Company may direct that part of the Administrative Expenses shall be borne out of the Members' Individual Pension Accounts pursuant to (2) above and part paid by the Company and/or out of the Reserve Account pursuant to (3).
2. Any switching charges incurred in connection with the investment of a Member's Individual Pension Account and imposed by the Company, a third party or otherwise shall be borne out of the Member's Individual Pension Account unless the Company directs otherwise.
   1. **INVESTMENT EXPENSES**
3. **"Investment Expenses"** means any costs or expenses whether explicit or implicit which the Trustees determine are incurred in connection with or in relation to the investment or investment management of the assets of the Fund referable to the DC Section.
4. Investment Expenses shall (unless the Company directs otherwise) be borne out of the Members' Individual Pension Accounts in such proportions or varying proportions and on such basis as the Trustees may from time to time determine.
   1. **TERMINATION EXPENSES**
5. **"Termination Expenses"** means all costs and expenses (other than Administrative Expenses or Investment Expenses) which the Trustees determine are incurred as a result of the termination of the Scheme and are referable to the DC Section.
6. The amount of the Termination Expenses determined under (1) above shall be payable in the following manner:
   1. **FIRSTLY** out of the Reserve Account (unless the Company elects to pay some or all of the Termination Expenses itself);
   2. **SECONDLY** (if the Termination Expenses cannot be met in full out of the Reserve Account) by the Company, in which case the other Participating Employers shall reimburse the Company to such extent and in such proportions as the Company decides (plus VAT if relevant);
   3. **THIRDLY** if the Company defaults in its obligation to pay under (b) above, by the Participating Employers in such proportions as the Trustees decide (plus VAT if relevant); and
   4. **FINALLY** if the Company and the Participating Employers default on their obligations to pay under (b) or (c) above, out of the Scheme assets in accordance with clause 28 of the Trust Deed.

**RULES DC SECTION**

**BENEFITS**

* 1. **RETIREMENT BENEFITS**

1. When a Member becomes entitled to retirement benefits under the DC Section, the Trustees must use his or her Individual Pension Account to provide immediate benefits for the Member. Subject to any direction by the Member under (2) below, benefits will be provided in accordance with (3) below.
2. To the extent that the Trustees, with the agreement of the Company, make available to a Member or to Members such one or more of the following options, the Member may require that:
   1. all or part of his or her Individual Pension Account be paid to the Member as a cash sum (rather than used to provide a pension) in accordance with rule 5.4;
   2. the Trustees use part of his or her Individual Pension Account to provide a Dependant's pension chosen by the Member in accordance with rule 5.5;
   3. the Member's own pension shall be:
      1. payable for a guaranteed period in accordance with rule 5.6;
      2. increased or otherwise adjusted, whilst in payment, in the manner determined in accordance with rule 5.7; and/or
      3. payable from such date and/or at such other intervals as the Trustees agree;
   4. all or part of his or her Individual Pension Account be applied to provide such other benefits as the Member may determine,

provided that the Scheme's status as a Registered Scheme would not be prejudiced.

1. If no direction is made by the Member under (2) above within such period as the Trustees may specify, the Trustees must (subject to General Rule 5.3 (Triviality)) use the Individual Pension Account to provide such benefits for and in respect of the Member on such terms as the Trustees shall at their absolute discretion decide provided the Scheme's status as a Registered Scheme would not be prejudiced. Any pension to be paid in accordance with this Rule to or in respect of a Member shall be secured by the purchase of an annuity from an Insurance Company in accordance with rule 8.1 or paid from the Scheme in accordance with rule 8.2.
2. Any pension under this Rule must not be less than that required by the Preservation Requirements.

###### ENTITLEMENT TO RETIREMENT BENEFITS

1. Subject to Rule 5.3 a Member who leaves Service shall be entitled to receive retirement benefits under the DC Section:
   1. at any time after reaching Minimum Pension Age and before age 75, as selected by the Member (such selection to be made on giving to the Trustees such period of prior notice as the Trustees may determine) provided that the selection is consistent with General Rule 8.3, which provides that where a Member is entitled to benefits both from the DC Section and from any other Section (or Sections) of the Scheme, benefits from the different Sections of the Scheme (including the DC Section) must be drawn at the same time and provided that the Trustees' consent is required to the selection of an age before Normal Pension Date;
   2. subject to the consent of his or her Employer, at any earlier time provided the Member is Incapacitated; or
   3. where no selection is made before Normal Pension Date in accordance with

(a) above and the Member has not become entitled to receive benefits in accordance with (b) *above,* at his or her Normal Pension Date (or at such other time as the Trustees may determine (either in relation to an individual Member or in relation to any group or category of Members) provided the Scheme's status as a Registered Scheme would not be prejudiced).

1. A Member who has reached the Minimum Pension Age may elect (with the consent of the Trustees before Normal Pension Date) to receive his or her pension (but not only part of it) whilst in Service, beginning immediately, in accordance with rule 5.1, provided that the election is consistent with General Rule 8.3, which provides that where a Member is entitled to benefits both from the DC Section and from any other Section (or Sections) of the Scheme, benefits from the different Sections of the Scheme (including the DC Section) must be drawn at the same time. The Member will be treated as leaving Active Membership of the DC Section. Readmission to the DC Section will be subject to the provisions of rule 2.4.
   1. **EARLY LEAVERS**
2. If a Member ceases to be an Active Member before Normal Pension Date without immediately becoming entitled to retirement benefits under Rule 5.2, and
   1. has completed:
      1. for Members who *have* Qualifying Service which began before 1 October 2015, 2 or more years' Qualifying Service;
      2. for Members who *have* Qualifying Service which began on or after 1 October 2015, 30 or more days' Qualifying Service; or
   2. the Trustees have received a transfer payment from a Personal Pension Scheme in respect of him or her; or
   3. the Member has a right to Short Service Benefit in respect of a previous period of membership of the Scheme,

the Member shall become entitled to retirement benefits in accordance with rule 5.1, at his or her Normal Pension Date.

1. A Deferred Pensioner entitled to benefits under (1) above may:
   1. exercise his or her statutory right to transfer the cash equivalent of his or her accrued benefits in accordance with rule 9; or
   2. elect for the payment of retirement benefits at such earlier or later date which does not prejudice the Scheme's status as a Registered Scheme, which is consistent with the Preservation Requirements and which is consistent with General Rule 8.3, which provides that where a Member is entitled to benefits both from the DC Section and from any other Section (or Sections) of the Scheme, benefits from the different Sections of the Scheme (including the DC Section) must be drawn at the same time.

Provided that the Trustees may allow a Member to transfer part of the Cash Equivalent of his or her accrued benefits, subject to such terms and conditions as they shall determine. Rule 9 shall be construed accordingly.

1. A Member who has Qualifying Service which began before 1 October 2015 and who ceases to be an Active Member before Normal Pension Date and:
   1. has completed at least 3 months' but less than 2 years' Qualifying Service; and
   2. has not made a transfer from a Personal Pension Scheme into the Scheme; and
   3. does not in respect of a previous period of membership of the Scheme retain a right to Short Service Benefits,

acquires a right to either a contribution refund or a cash transfer sum (for the purposes of this Rule, in each case within the meaning of section 101AB of the PSA

93). For this purpose, a Member who does not acquire a statutory right to such a contribution refund or cash transfer sum shall be treated as if he or she has such a right.

The Member may exercise his or her right in accordance with section 101AD of that Act. If the Member fails to exercise his or her right, and the conditions in section 101AH of the PSA 93 are satisfied, the Trustees may pay to the Member the contribution refund (which may be zero in respect of a Member who participated in a Salary Sacrifice Arrangement during his or her Active Membership of the DC Section).

The Trustees may make such arrangements as they deem fit and appropriate in order to satisfy the requirements of sections 101AA to 101AI of the PSA 93 including agreeing such time limits as they consider appropriate.

Once either:

1. the cash transfer sum or the contribution refund (if any) has been paid; or
2. where the Member's contributions refund is zero and the Member fails to exercise his or her right to a cash transfer sum within the applicable time

and in addition to any statutory discharge provided under section 101AG or 101AH of the PSA 93, as the case may be:

* 1. the person or persons in respect of whom it has been made, his or her personal representatives and any person claiming through him or her will have no entitlement under the DC Section;
  2. in the case of the payment of a cash transfer sum, the receipt by the trustees or managers of the receiving scheme will be a complete discharge to the Trustees in respect of that person or persons; and
  3. in the case of the payment of a cash transfer sum, the Trustees will not be under an obligation to oversee the application of the amount transferred.

A Member who ceases to be an Active Member under this Rule 5.3.3(3) after age 55 may choose to be treated as becoming a Deferred Pensioner under Rule 5.3.(1) and

(2) instead of receiving a refund of contributions.

1. A Member who ceases to be an Active Member before Normal Pension Date and:
   1. either:
      1. has Qualifying Service which began before 1 October 2015 and has completed less than 3 months' Qualifying Service; or
      2. has Qualifying Service which began on or after 1 October 2015 and has completed less than 30 days' Qualifying Service;
   2. has not made a transfer from a Personal Pension Scheme into the Scheme;
   3. does not in respect of a previous period of membership of the Scheme retain a right to Short Service Benefit; and
   4. has not opted out under rule 2.6 (Pensions Act 2008 opt-out) or rule 2.7 (Other opt-out within a month)

will be entitled to receive a refund equal to:

1. that part of the Member's Balance determined by the Trustees to be attributable to his or her contributions only (as adjusted under rule 4.2(1)(c));
2. less any tax payable in connection with the refund.

Provided that the Member's Employer may (outside the Scheme) pay an ex-gratia sum to a Member who has participated in a Salary Sacrifice Arrangement.

A Member who ceases to be an Active Member under this Rule 5.3(4) after age 55 may choose to be treated as becoming a Deferred Pensioner under Rule 5.3(1) and

(2) instead of receiving a refund of contributions.

1. Following a refund under (3) or (4) above, and after payment of any tax payable in connection with the refund, the Trustees must transfer the balance of the Member's Individual Pension Account to the Reserve Account.

###### CASH SUM

1. A Member may elect, at any time before the date his or her pension (in respect of benefits accrued in the DC Section) commences, to receive a cash sum of such amount as the Member selects, subject to the limits set out in General Rule 5.2.

(1A) If the Trustees, with the agreement of the Company, have made this option available under rule 5.1(2), a Member may elect (in respect of benefits accrued in the DC Section) to receive an uncrystallised funds pension lump sum or series of uncrystallised funds pension lump sums as defined in paragraph 4 of Schedule 29 to the FA 2004 subject to such conditions (including but not limited to conditions relating to the number of lump sums and the time and manner for making such an application) as the Trustees may from time to time determine.

1. The cash sum shall usually be paid when the Member's pension commences, but may instead be paid at any other time if payment would not prejudice the Scheme's status as a Registered Scheme.
2. In this Rule, the expression "pension commences" (and derivative expressions) means the date on which the Member's Individual Pension Account is applied.

###### OPTION FOR DEPENDANT'S PENSIONS

1. A Member who claims retirement benefits in accordance with rule 5.1 may elect that part of his or her Individual Pension Account shall be applied by the Trustees to provide a pension for another person or persons who is or are a Dependant of the Member.
2. Such a pension:
   1. will be provided by the purchase of an annuity from an Insurance Company unless the Company and the Trustees agree that it should be paid from the Scheme;
   2. will become payable on the death of the Member (or if later, on the date when the Member's pension ends);
   3. may be of such amount as the Member determines and, if the pension is to be provided by the purchase of an annuity, is agreed with the Insurance Company providing the annuity; and
   4. shall not prejudice the Scheme's status as a Registered Scheme.
3. Such a pension may increase in the manner determined under rule 5.7.

###### GUARANTEED PERIOD

A Member may request that any pension or annuity, to which he or she becomes entitled, may be paid with or without a guarantee that it will continue for at least a specified period after the Member's retirement pension commences (subject to the provisions of the PA 95 and to the Scheme's status as a Registered Scheme not being prejudiced).

###### INCREASES TO PENSIONS IN PAYMENT

Any pension or annuity to which a Member becomes entitled under rule 5.1 may be increased on such date as may be agreed with the Insurance Company or otherwise as the Trustees decide at the rate selected by the Member (subject to the Scheme's status as a Registered Scheme not being prejudiced) at the time the pension or annuity is purchased.

###### INCREASES TO PENSIONS IN DEFERMENT

Until a Member to whom rule 9.1 applies exercises his or her statutory right to transfer the cash equivalent of his or her accrued benefits, the Member's Individual Pension Account shall increase between the date the Member left Pensionable Service and Normal Pension Date in such manner as the Trustees determine and conforms with the "money purchase method" (as defined in Schedule 3 of the PSA 93) in Chapter II of Part IV of that Act.

**RULES DC SECTION**

**DEATH BENEFITS**

* 1. **DEATH IN PENSIONABLE SERVICE**

1. If an Active Member dies in Pensionable Service, the Trustees shall apply his Member's Individual Pension Account either:
   1. to hold on the Discretionary Trusts a cash sum equal to the realised value of the Member's Balance; or
   2. to provide a pension for another person or persons who is or are a Dependant of the Member (provided that the Scheme's status as a Registered Scheme would not be prejudiced).
2. Any part of the Member's Individual Pension Account not applied to provide the above benefit shall be transferred to the Reserve Account.

###### DEATH IN RETIREMENT

If a Member dies in retirement having received the benefits on retirement to which he or she was entitled under these Rules, the only further benefits payable in respect of him or her from the DC Section shall be any benefits which he or she secured on his or her retirement with his or her Individual Pension Account as being payable on his or her subsequent death.

###### DEATH IN DEFERMENT

If a Deferred Pensioner dies, the Trustees will apply his Member's Individual Pension Account in accordance with rule 6.1.

###### INSURED RISK ONLY PAYABLE IF INSURANCE COMPANY PAYS

If any of the benefits payable under this Rule are for the time being insured with or arranged (whether wholly or in part) through an Insurance Company, then:

* + 1. the benefits shall be subject to such restrictions and shall be payable only in such circumstances as the Trustees may agree with the Insurance Company; and
    2. the benefits will cease to be payable upon the insolvency or administration of the Insurance Company except to the extent that any payments (either from the Insurance Company or the Policyholders Protection Board) are actually received.

###### UNINSURED DEATH BENEFITS SUBJECT TO RESTRICTIONS IMPOSED BY TRUSTEES AND COMPANY

If any of the benefits payable under this Rule are not insured, they shall be subject to such restrictions and shall be payable only in such circumstances as the Trustees may agree with the Company.

**RULE 7 DC SECTION**

**NON-STANDARD BENEFITS**

* 1. **TRANSFERS-IN**

1. Provided that the transfer would not prejudice the Scheme's status as a Registered Scheme, the Trustees may (subject to the approval of the Company) accept into the DC Section a transfer in respect of a person (which, for the avoidance of doubt, may include active members, deferred pensioners and pensioners, other beneficiaries and members of the Scheme who are not otherwise Members of the DC Section) from another arrangement.
2. In consideration of the transfer referred to in (1) above, such benefits will be provided as the Trustees decide are appropriate provided that they are consistent with the Scheme's status as a Registered Scheme and the Preservation Requirements relating to Transfer Credits.
3. Any transfer shall be subject to such restrictions as are notified to the Trustees by the trustees or managers of the transferring scheme. The Trustees must ascertain from the trustees or managers of the transferring scheme the period of service in the transferring scheme which is qualifying service in that scheme.

###### MEMBERSHIP ON SPECIAL TERMS

Notwithstanding the other provisions of the DC Section, the Company may direct the Trustees to:

* + 1. admit an Employee to membership of the DC Section; or
    2. permit a person to remain a Member

upon such special terms (if any) as the Company determines. These terms must not prejudice the Scheme's status as a Registered Scheme and must be consistent with the Preservation Requirements. The Trustees must notify such person in writing of the terms on which he or she is admitted to membership.

###### FAMILY LEAVE

1. This Rule applies to Active Members during Maternity Absence, Adoption Leave, Paternity Leave or Parental Leave and overrides any other provisions of the Rules of the DC Section. In this Rule:

**"Adoption Leave"** means absence authorised by or pursuant to the terms of Chapter IA of Part VIII of the Employment Act and any extension of those terms allowed by the Employer.

**"Maternity Absence"** means absence authorised by or pursuant to the terms of Chapter I of Part VIII of the Employment Act and any extension of those terms allowed by the Employer.

**"Paternity Leave"** means absence authorised by or pursuant to the terms of Chapter Ill of Part VIII of the Employment Act and any extension of those terms allowed by the Employer.

**"Parental Leave"** means absence authorised by or pursuant to the terms of Chapter II of Part VIII of the Employment Act and any extension of those terms allowed by the Employer.

**"Shared Parental Leave"** means leave authorised by or pursuant to the terms of section 75E or 75G of the Employment Act and Parts 2 and 3 of the Shared Parental Leave Regulations 2014 and any extension of those terms allowed by the Employer.

In this Rule, "Adoption Leave", "Maternity Absence", "Shared Parental Leave", "Parental Leave" and "Paternity Leave" are jointly referred to as **"Family Leave".**

1. The following provisions apply to an Active Member during Family Leave:
   1. An Active Member shall not be permitted to participate for the purposes of the Scheme in a Salary Sacrifice Arrangement during a period of Family Leave unless the Member and his or her Employer otherwise agree;
   2. a period of Family Leave in respect of which an Active Member is entitled to, and receives, remuneration (including statutory maternity, paternity, shared parental or adoption pay) from the Employer **("Paid Family Leave")** will be Pensionable Service;
   3. during a period of Paid Family Leave:
      1. the Member may continue to pay ordinary contributions under Rule 3.1 (and may pay AVCs) based on the Pensionable Remuneration actually paid to him or her in respect of the period for which the contributions are made;
      2. where the Member pays contributions under Rule 3.1, the Employer will pay or credit contributions as required under Rule 3.2, but based on the Active Member's Pensionable Remuneration as it would have been had he or she not been on Family Leave except that, in the case of Parental Leave, Employer contributions are based on Pensionable Remuneration actually paid to the Member.

Provided that, if the Member is participating in a Salary Sacrifice Arrangement immediately before the commencement of Family Leave, and to the extent the Member and his or her Employer agree:

* + - 1. the Member shall not, during a period of Paid Family Leave, be required to pay ordinary contributions under Rule 3.1; and
      2. the Employer shall, during a period of Paid Family Leave, pay or credit such contributions to the DC Section as the Member and his or her Employer shall agree (and the Employer shall notify to the Trustees); and
  1. a period of Family Leave in respect of which an Active Member is not in receipt of remuneration (including statutory maternity, paternity, shared

parental or adoption pay) from the Employer will not be Service or Pensionable Service (unless the Company otherwise determines).

1. If the Member does not return to work after the period of Family Leave, he or she shall be deemed to have ceased to be an Active Member on a date determined by the Company and notified to the Trustees. The date shall not be earlier than the end of the Paid Family Leave.
2. If an Active Member returns to work after the period of Family Leave, and the Company so determines, contributions may be made (on such terms and in such period as the Company determines) by and in respect of such Member in respect of any period of unpaid Family Leave.
   1. **OTHER ABSENCES**
3. This Rule applies where an Active Member is for the time being Absent, if (when the Absence started) Rule 7.3 (Family Leave) does not apply.
4. The following provisions will apply to a Member during Absence:
   1. a period of Absence in respect of which a Member is in receipt of remuneration from the Employer **("Paid Absence")** will be Pensionable Service (unless the Company otherwise determines);
   2. during a period of Paid Absence:
      1. if the Member pays ordinary contributions under rule 3.1, the Employer will pay contributions under rule 3.2(1), both based on the Member's actual Pensionable Remuneration (or such greater amount as may be determined by the Company under (f) below), and
      2. the Member may pay AVCs;
   3. a period of Absence in respect of which an Active Member is not in receipt of remuneration from the Employer **("Unpaid Absence")** will not be Pensionable Service (unless the Company otherwise determines);
   4. in the case of a Member who has no Pensionable Remuneration or whose Pensionable Remuneration by reason of his/her Absence is less than it would have been if the Member had not been Absent, the Company may determine the amount of Member's Pensionable Remuneration for the purposes of this Rule 7.4, but it shall not be more than that which in the opinion of the Company would have been payable if the Member had not been Absent;
   5. if a Member's contract of employment is terminated during Absence he or she shall (unless the Company determines otherwise) cease to be in Pensionable Service; and
   6. the amount of remuneration of a Member whose ordinary place of employment is for the time being outside the United Kingdom and whose remuneration is for the time being expressed in a currency other than that of the United Kingdom may be such amount expressed in the currency of the United Kingdom (not being greater than the greater of that which in the opinion of the Trustees is or would be the amount of remuneration of a person performing comparable duties in the United Kingdom and the equivalent,

according to such current rate of exchange as the Trustees determine to be appropriate, of such remuneration) as is determined by agreement between the Company and the Member or, in default of agreement, by the Trustees.

1. If an Active Member returns to work after a period of Unpaid Absence, and the Company so determines, contributions may be made (on such terms and in such period as the Company determines) by and in respect of such Member in respect of the period of Unpaid Absence. Where the Member pays ordinary contributions under rule 3.1 in respect of the period of Unpaid Absence, the Employer will pay contributions as required under rule 3.2(1) in respect of that period, but based on the Active Member's Pensionable Remuneration as it would have been had he or she not been on Unpaid Leave.

###### AUGMENTATION AND PROVISION OF NEW BENEFITS

1. Subject to (2) and (3) below the Trustees must, at the request of the Company:
   1. augment any of the benefits to which any individual may be entitled under the DC Section;
   2. provide benefits for Employees or former Employees of any Employer or any predecessor in business; or
   3. provide benefits for any Dependant of any such individual as that Employer, with the consent of the Company, shall direct,

so long as the Scheme's status as a Registered Scheme is not prejudiced by doing so.

1. (a) Subject to section 73(2) of the PSA 93 (Form of short service benefit and its alternatives), the Trustees with the consent of the Company and the individual so affected may provide benefits in a different form or on different terms from those to which that individual is otherwise entitled under the DC Section.

(b) The total benefits payable under (a) shall be as determined by the Trustees and certified by the Actuary as being at least actuarially equivalent to those benefits which the individual affected would have been entitled to receive under the DC Section other than pursuant to this sub-Rule and the amount and form of such benefits shall not prejudice the Scheme's status as a Registered Scheme.

1. The Trustees' duty under (1) above only arises where:
   1. the relevant Employer agrees to pay or credit such amount of additional contributions; or
   2. the Company directs that a transfer of such amount from the Reserve Account be made

as, in each case, the Trustees, having taken such actuarial advice as they deem necessary, consider appropriate to secure the benefits or additional benefits under (1) above.

* 1. **DIVORCE**

1. In this Rule:
   1. **"Order"** means an order of a competent court made pursuant to sections 25B, 25C and 25D of the 1973 Act;
   2. **"Former Spouse"** means a Member's former spouse (or civil partner) to whom benefits are payable pursuant to an Order; and
   3. **"1973 Act"** means the Matrimonial Causes Act 1973.
2. If the Trustees are required by an Order to pay to a Member's Former Spouse:
   1. all or part (not exceeding the whole) of the Member's Individual Pension Account, the Trustees shall make that payment and the amount payable to the Member shall be reduced by those amounts;
   2. all or part of any cash sum payable on the death of the Member in accordance with rule 6, the Trustees shall exercise their powers under the Rules to give effect to the Order and the rights of other persons shall be adjusted appropriately.
3. Whilst an Order is in place in respect of a Member, the Trustees shall give any notices required by the 1973 Act on the transfer (or certain other applications) of the Member's Individual Pension Account or any change of circumstances relevant to the Order.
4. An Order shall not have the effect of terminating the Member's interest in accordance with General Rule 8.5 (Prohibition of assignment and forfeiture of benefits).
   1. **QUALIFYING SERVICE**
5. If a Member:
   1. is prospectively entitled at Normal Pension Date to increased benefits because of "supplementary credits" (as defined in section 75 of the PSA 93); and
   2. leaves Service before Normal Pension Date entitled to Short Service Benefit

his or her Short Service Benefit must include a due proportion of all the supplementary credits to the extent required under that section 75.

1. The Trustees may make any determination they think necessary for ensuring that the DC Section of the Scheme complies with the Preservation Requirements. The provisions of such determination will override any provision of the Rules to the extent that they are inconsistent.

**RULES DC SECTION**

**PAYMENT OF BENEFITS**

* 1. **PURCHASE OF ANNUITIES AT RETIREMENT AND PAYMENT OF OTHER BENEFITS**

1. Subject to the requirements set out in (2) below, any pension or allowance payable under the DC Section must (unless the Company and the Trustees otherwise agree) be provided by the purchase of an annuity or other policy (in a form which would not prejudice the Scheme's status as a Registered Scheme) from an Insurance Company. Such policy shall be in the name of the Beneficiary unless the Trustees decide that it will be in their name for the benefit of the Beneficiary. Such annuity:
   1. shall be payable during the life of the annuitant;
   2. may be payable for a guaranteed period;
   3. may include provision for a Member's Dependants;
   4. may include provision for increases;
   5. shall be non-commutable, save to the extent that would not prejudice the Scheme's status as a Registered Scheme; and
   6. shall correspond or substantially correspond with the benefits to the provision of which it relates.
2. The annuity policy must comply with the requirements set out below:
   1. the consent of the Beneficiary shall first be obtained if required by the Preservation Requirements or the requirements of HMRC. For this purpose, the consent of a Member is deemed to include the consent of any other person entitled to benefits under the DC Section in respect of his or her membership;
   2. the terms of the policy will be such as will comply with the requirements set out in (a) above;
   3. the benefits payable under the policy will be such as will not prejudice the Scheme's Status as a Registered Scheme; and
   4. the Trustees must be reasonably satisfied that the amount paid by them to the Insurance Company is not less than will meet any applicable requirement of the Preservation Requirements as to the value of that amount at any particular time.
3. Where a policy is purchased, assigned or otherwise provided in accordance with this rule 8.1:
   1. the benefits in substitution for which the benefits under the policy are being provided shall cease to be payable under the Scheme;
   2. the persons to whom those benefits would otherwise have been payable shall cease to have any rights under the Scheme to those benefits; and
   3. no rights under the Scheme shall arise in respect of the benefits to be provided under the policy.
4. Where the Trustees are required to use all or part of a Member's Individual Pension Account to provide a pension for any person by the purchase of an annuity, the Trustees shall allow that person to select, by notice in writing to the Trustees, the Insurance Company from which any annuity for him or her is to be purchased. Such notice must be received by the Trustees within such period as the Trustees determine. If the Member makes a selection and gives the appropriate notice required in accordance with this sub-Rule (4), the Trustees shall purchase the annuity from the Insurance Company selected by the Member. If a properly completed notice is not received within such period as the Trustees determine, the Trustees shall purchase an annuity from an Insurance Company selected by them. The Trustees may deduct from the Member's Individual Pension Account some or all of the costs incurred in purchasing an annuity under this sub-Rule (4), including the cost of any financial advice taken by the Trustees in selecting an Insurance Company.

###### PAYMENT OF BENEFITS FROM THE SCHEME

In the event that the Trustees and the Company determine that benefits are to be paid from the Scheme, the Trustees shall pay benefits in such manner and at such times as they decide. In particular:

* + 1. the payment of any benefit or any part of it by direct transfer to any bank or building society or other account last notified by the Beneficiary to the Trustees shall be a complete discharge to the Trustees of the obligation to pay that benefit or that part of that benefit (whether or not the Beneficiary actually receives the payment);
    2. where any payment of any benefit or any part of it is made by cheque, the posting of that cheque to the Beneficiary in a postage paid envelope addressed to the Beneficiary at the last address of the Beneficiary held in the Trustees' or in their paying agents' records shall be a complete discharge to the Trustees of the obligation to pay that benefit or that part of that benefit so long as the cheque is met on presentation (whether or not the Beneficiary actually received the payment); and
    3. no interest shall be payable on any payment due from the DC Section which is paid after its due date unless the Trustees otherwise determine.

###### PRODUCTION OF INFORMATION

1. Payment of any pension or other benefit under the DC Section is subject to the production to the Trustees of such relevant information and evidence as they may require. The Trustees may send to a person's last known address a request for continued existence and, in the absence of a reply within the period specified in the request, may assume that the person is no longer alive.
2. If any person shall make any mis-statement as to the matters referred to in (1) above, the Trustees on discovering the mistake shall have power, acting on the advice of the

Actuary, to make such arrangements as they consider just by way of adjustment or cancellation of any benefit.

**RULE9 DC SECTION**

**TRANSFERS OUT AND BUY OUTS**

* 1. **MEMBERS' STATUTORY RIGHTS**

1. Certain Members have a statutory right (under Part IV of Chapter IV of the PSA 93) to require the Trustees to use the cash equivalent of their accrued benefits to:
   1. acquire rights under another occupational pension scheme or under a personal pension scheme;
   2. purchase one or more "buy-out" annuities with one or more insurance companies.
2. The Trustees will, to the extent that they are obliged to do so under Part IV of Chapter IV, comply with a Member's requirement as to the use of his or her cash equivalent.

###### TRANSFER OUT

1. If a Member does not have the statutory right referred to in rule 9.1 above, or has it but has not exercised it, the Trustees may nevertheless apply the whole of the Member's Cash Equivalent in one of the ways described in rule 9.1(1) above.
2. The Member's Cash Equivalent shall be equal to the realisable value of the Member's Balance.
3. In making a transfer under (1) above, the Trustees must comply with any relevant requirements of HMRC and the Preservation Requirements. In particular:
   1. no transfer shall be made that is not to the trustees or managers of another Registered Scheme or qualifying recognised overseas scheme (as defined in section 169 of the FA04);
   2. the Trustees will provide the trustees or managers of the Receiving Plan with any certificates (relating to maximum lump sum benefits, the amount of a Member's own contributions to the Scheme, or any other matter) required by HMRC in connection with the transfer; and
   3. if a Member is entitled to Short Service Benefit a transfer to another occupational pension scheme may be made without his or her consent only in the circumstances and subject to the conditions prescribed by regulation 12 of The Occupational Pension Schemes (Preservation of Benefit) Regulations 1991. Any consent given by a Member shall be deemed to include the consent of any person contingently entitled to any benefit determined by reference to that person.
4. The Trustees may enter into an agreement with the trustees or managers of a Receiving Plan, to transfer under (1) above. The agreement may include whatever provisions the Trustees think appropriate (including, with the Company's consent, a

provIsIon allowing the transfer of an amount greater than the Member's Cash Equivalent).

1. Once the transfer has been completed then (except to the extent (if any) that the terms of transfer provide to the contrary):
   1. the person or persons in respect of whom it has been made and any person contingently entitled to any benefit determined by reference to that person will have no entitlement under the DC Section;
   2. the receipt by the trustees or managers of the Receiving Plan will be a complete discharge to the Trustees in respect of that person or persons; and
   3. the Trustees will not be under any obligation to oversee the application of the transfer (in particular, they have no duty or obligation to any person who is contingently entitled to any benefit determined by reference to a Member under the Scheme to ascertain whether the benefits to be provided by the Receiving Plan in return for the Cash Equivalent includes any provision for any such person).
2. In (1) to (5) above **"Receiving Plan"** means the pension scheme (as defined in section 150 of the FA 2004) to which any transfer is made from the Scheme in respect of benefits accrued by a Member in the DC Section.

###### BUY-OUT OF BENEFITS BEFORE RETIREMENT

1. If a Member does not have the statutory right referred to in rule 9.1 above, or has it but has not exercised it, the Trustees may nevertheless apply the whole of a Member's Cash Equivalent to purchase one or more "buy-out" annuities with one or more Insurance Companies.
2. Any insurance policy or annuity contract effected under (1) above must comply with any relevant requirements of HMRC and the Preservation Requirements. In particular:
   1. it must provide only benefits which do not prejudice the Scheme's Status as a Registered Scheme and contain any other provisions (relating to non­ assignment, maximum lump sum benefits, or any other matter) required by **HMRC;**
   2. it must satisfy the conditions of sections 19 and 81 of the PSA 93 (relating to the discharge of Short Service Benefit liability); and
   3. the Trustees must be reasonably satisfied that the payment made to the Insurance Company at least equals the value of the benefits that would otherwise have been provided under the DC Section.
3. The Trustees may, in the case of a Deferred Pensioner with less than 5 years' Qualifying Service, exercise their buy-out power under (1) above without his or her request or consent. However, they may not purchase the insurance policy or annuity contract:
   1. within 12 months of the Deferred Pensioner's Pensionable Service ceasing; or

{b) if he or she has an outstanding application for a cash equivalent (under Chapter IV of the PSA 93).

1. Once the purchase has been completed then (unless the terms of purchase provide to the contrary):
   1. the person or persons in respect of whom it has been made will have no entitlement under the DC Section;
   2. the receipt by the Insurance Company will be a complete discharge to the Trustees in respect of that person or persons; and
   3. the Trustees will not be under any liability to oversee the performance by the Insurance Company of its obligation under the policy or contract

**RULE10 DC SECTION**

**INVESTMENT PROVISIONS**

* 1. **NOMINATED FUNDS**

Notwithstanding the Trustees' powers of investment under clause 5 of the Trust Deed, the Trustees shall make available investment funds or other types of investment vehicles (the **"Nominated Funds")** for the investment of that part of the Fund notionally allocated to Members' Individual Pension Accounts. The Trustees may from time to time make additional Nominated Funds available and may withdraw Nominated Funds.

###### DEFAULT FUNDS

1. The Trustees shall make available an investment fund or other type of investment vehicle, or a combination or one or more funds or vehicles, to be the default fund for the investment of that part of the Fund notionally allocated to Members' Individual Pension Accounts for Members who have not made a notification under rule 10.3 below.
2. The Trustees may choose different Default Funds for different Members or categories of Members and may from time to time vary the constitution of the Default Fund or Funds or make additional Default Funds available or terminate Default Funds. On any such variation, the Trustees may (but shall not be obliged to) make a corresponding change applicable to any assets accrued in existing Members' Default Funds. The Trustees may also continue such Default Funds after ceasing to allocate similarly any new Member's Default Funds. Where, in the opinion of the Trustees, the circumstances so require, they shall notify Members affected by any such variation or termination but the absence of notification (including the inadvertent failure to notify any individual or category of individuals) shall not invalidate any such variation or termination.

###### MEMBER'S CHOICE OF INVESTMENT

1. Where the Trustees make available more than one Nominated Fund, each Member shall from time to time (but no more frequently than the Trustees determine) notify the Trustees of one or more of the Nominated Funds for the investment of that part of the Fund notionally allocated to his or her Individual Pension Account and for the investment of contributions paid by and in respect of that Member. The Trustees shall act in accordance with the Member's directions. If the Member chooses more than one Nominated Fund, the Member shall also notify the Trustees of the proportions in which such assets and/or contributions are to be invested in those Nominated Funds. The Trustees may adjust such proportions for rounding purposes. Any notification complying with this Rule may switch the notional allocation of the Member's Individual Pension Account in whole or in part.
2. If there is a Default Fund and no directions are received from the Member under (1) above or the Trustees are unable for whatever reason to comply with any such direction, then (insofar as that part of the Fund notionally allocated to his or her Individual Pension Account is not already invested in one of the Nominated Funds)

the Trustees shall invest that part of the Fund notionally allocated to that Individual Pension Account in the Default Fund.

1. Where the Trustees follow any directions of a Member under this Rule, or where a Member gives no direction (or the Trustees are unable to comply with such direction) the Trustees shall be under no duty, obligation or liability to the Member (or to any person whose benefits under the DC Section arise on the death of that Member) in respect of any loss or reduction in the value of that part of the Fund which results from the investment of that part of the Fund, whether in accordance with the Member's directions or in the Default Fund if the Member gives no directions (or the Trustees are unable to comply with any directions given by the Member).
2. The Trustees shall have power to vary or terminate any Nominated Fund for the allocation of subsequent monies equivalent to future contributions or future credits. On any variation the Trustees may (but they shall not be obliged to) make a corresponding change applicable to any assets accrued in the Nominated Fund. Where, in the opinion of the Trustees, the circumstances so require, they shall notify Members affected by any such variation or termination but the absence of notification (including the inadvertent failure to notify any individual or category of individuals) shall not invalidate any such variation or termination.
3. In making arrangements under this rule, the Trustees may in their discretion impose such terms and conditions as they think fit, and may alter or cancel the arrangements in any way, at any time, whether in general or in an individual case.
4. Any notice under this rule shall be in such form as the Trustees may from time to time prescribe.

###### INVESTMENT OF RESERVE ACCOUNT

The Trustees will invest that part of the Fund notionally allocated to the Reserve Account in cash unless the Trustees in consultation with the Company and having considered such investment advice as they think appropriate, decide that all or part of it should be invested differently.

* 1. **APPLICATION OF MEMBERS' INDIVIDUAL PENSION ACCOUNTS**

### When a Member's Individual Pension Account is required to be applied under the terms of the DC Section, the Trustees shall raise out of the assets of the Fund a cash sum equal to the balance on the Member's Individual Pension Account and apply that sum in the manner in which they are required to hold, pay or apply the Member's Individual Pension Account under the terms of the DC Section.

###### ENCASHMENT OF UNITS

On the death of a Member or where a Member becomes entitled to claim retirement benefits under the rules and the Trustees are required to use the Member's Individual Pension Account to provide an immediate pension for or in respect of the Member from the Scheme, the Trustees shall as soon as practicable (unless they decide otherwise):

* + 1. encash the units forming the investment of that part of the Fund notionally allocated to the Member's Individual Pension Account; and
    2. transfer the Member's Balance to the Reserve Account where it will be invested in accordance with rule 10.4 above.

###### INSURANCE

The Trustees may effect and maintain in their name on such terms as they determine and which shall not prejudice the Scheme's Status as a Registered Scheme such assurance or insurance as they consider prudent and may vary the terms of, surrender, sell or otherwise dispose of the same or exchange the same for a substituted assurance or insurance.

**DC SECTION APPENDIX A DEFINITIONS**

The definitions in the General Rules shall apply to this DC Section together with the definitions set out below.

In the event of a conflict between the definitions in the General Rules and those set out below, those below shall prevail.

**"Absence"** means absence from Service as an Employee, except on normal holiday leave or Family Leave and includes absence due to being laid off, on strike or suspended from employment with the Employer. "Absent" has a corresponding meaning.

**"Administrative Expenses"** has the meaning given in rule 4.5.

**"Beneficiary"** means any person entitled or prospectively entitled to any immediate, deferred, contingent or reversionary benefit under the DC Section.

**"Default Fund"** has the meaning given in rule 10.2.

**"Dependant"** means in relation to an individual:

1. any Eligible Child of the individual;
2. any Spouse (or Civil Partner) of the individual; and
3. any person who, in the opinion of the Trustees, is (or was at the date of the Member's death) either:
   1. financially dependent upon the Member;
   2. in a financial relationship of mutual dependence with the Member; or
   3. dependent on the Member because of physical or mental impairment.

Provided that a person shall only qualify (or continue to qualify) as a Dependant if the payment of any benefit to that person would not prejudice the Scheme's status as a Registered Scheme.

**"Executive Active Member"** means an Active Member of the DC Section who has been notified in writing by the Company or by his or her Employer that he or she is eligible to make enhanced Member ordinary contributions to the DC Section.

**"Individual Pension Account"** means, in relation to a Member, an account maintained for him or her by the Trustees recording the Member's balance from time to time.

**"Investment Expenses"** has the meaning given in rule 4.6.

**"Member's Balance"** means, in relation to a Member, the amount from time to time standing to the credit of his or her Individual Pension Account as determined by the Trustees in accordance with rule 4.2.

**"Nominated Fund"** has the meaning given in rule 10.1. **"Normal Pension Date"** means the age of 65 years. **"Pensionable Service"** means:

1. a Member's last or only continuous period of Service whilst an Active Member of the DC Section; and
2. any additional period of Service credited under the Rules and referable to the DC Section.

Provided that an AVC Member shall be deemed to be in Pensionable Service whilst he or she pays AVCs to the DC Section (or participates in an AVC Salary Sacrifice Arrangement referable to the DC Section), but only for the purposes of benefits referable to those AVCs. An AVC Member will cease to be in such (deemed) Pensionable Service when he or she leaves (or is deemed to have left) Pensionable Service (or Reckonable Service, as appropriate) under the other Section of the Scheme of which he or she is or was concurrently a Member.

**"Qualifying Service"** means:

1. "pensionable service" as defined for the purpose of the Preservation Requirements;
2. any period which, following a transfer in, is "linked qualifying service" under section 179 of the PSA 93; and
3. any period of Service referable to the DC Section which does not fall within (1) or (2) above.

**"Reserve Account"** means an account maintained by the Trustees recording the balance from time to time of that part of the Fund referable to the DC Section which is not allocated to the Members' Individual Pension Accounts.

**"Spouse"** means a person to whom the Member was lawfully married at the time of his or her death.

**"Termination Expenses"** has the meaning given in rule 4.7.

**SCHEDULE** I

**GMP RULES**

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###### GMP RULES

1. **DEFINITIONS**

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

**"PSA 93"** means the Pension Schemes Act 1993.

**"EPB"** means an equivalent pension benefit within the meaning of the National Insurance Act 1965.

**"Fixed Rate Revaluation"** means the method of revaluing a GMP before State Pension Age described in Rule 4.1 (C) below.

**"Insurer"** means an insurance company, an EC company or a friendly society complying with any applicable contracting-out requirements of the PSA 93.

**"Limited Revaluation"** means the method of revaluing a GMP before State Pension Age described in Rule 4.1 (B) below.

**"Pre-97 Protected Rights"** means Protected Rights derived from payments or contributions to an occupational or personal pension scheme in respect of employment before 6 April 1997.

**"Protected Rights"** has the same meaning as in section 10 of the PSA 93.

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

**"Secretary of State"** means the Secretary of State for Social Security or the Department of Social Security or other body or person to whom the relevant function has been delegated.

**"Section 148 Revaluation"** means the method of revaluing a GMP before State Pension Age described in Rule 4.1 (A) below.

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

###### OVERRIDING EFFECT ON THESE MODEL RULES

These Rules will only apply for so long as anyone has a GMP or a prospective right to receive a GMP under the Scheme. These Rules override any inconsistent provisions elsewhere in the Scheme but if there is a conflict between these Rules and PSA 93 or any other relevant legislative requirements then PSA93 and the relevant legislative requirements will prevail.

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

1. **ENTITLEMENT TO GMP**
   1. **Guaranteed Minimum.** This Rule 3 applies to a Member, Widow or Widower where the Member has a guaranteed minimum in relation to the pension provided for the Member under the Scheme in accordance with section 14 of the PSA 93.
   2. **Member's GMP.** The Member shall be entitled to a pension for life paid at a rate equivalent to a weekly rate of not less than that guaranteed minimum. The pension will be paid from State Pension Age but commencement of the pension may be postponed for any period during which the Member remains in employment after State Pension Age:-
      1. if the employment is employment to which the Scheme relates and the postponement is not for more than 5 years after State Pension Age; or
      2. if the Member consents to the postponement.
   3. **Widow's GMP.** Where the Member is a man and dies leaving a Widow, she shall be entitled to receive a pension from the Scheme paid at a rate equivalent to a weekly rate of not less than half that guaranteed minimum.
   4. **Payment of Widow's GMP.**
      1. In the case of a Widow of a Member of the Northumbrian Water Section, the pension shall be paid for life.
      2. In the case of a Widow of a Member of the WPS Section, the pension shall cease if she remarries before her 60th birthday, but otherwise it will be payable for life.
   5. **Widower's GMP.** Where the Member is a woman and dies leaving a Widower, he shall be entitled to receive a pension from the Scheme paid at a rate equivalent to a weekly rate of not less than half of that part of the guaranteed minimum which is attributable to earnings for the Tax Year 1988/1989 and subsequent Tax Years.
   6. **Payment of Widower's GMP.**
      1. In the case of a Widower of a Member of the Northumbrian Water Section, the pension shall be paid for life.
      2. In the case of a Widower of a Member of the WPS Section, the pension shall cease if the Widower remarries before his 65th birthday, but otherwise it shall be payable for life.
   7. **Offsetting pension against GMP.** Any pension payable to the Member, Widow or Widower under any other provision of the Scheme may be offset against the pension entitlement under this Rule 3 except to the extent that:-
      1. any part of the pension is an EPB; or
      2. any part of the pension is an increase, calculated in accordance with Schedule 3 of the PSA 93 and added to the amount that would be payable but for Chapter II of Part IV of the PSA 93 or regulations made under it; or
      3. offsetting would contravene the anti-franking legislation (see Rule 6 below).
2. **REVALUATION OF GMP**
   1. **Revaluation before State Pension Age.** Where before 6 April 2016 other than as a result of the abolition of contracting-out a Member ceases to be in Contracted-out Employment before State Pension Age, the Member's GMP at State Pension Age or at the Member's earlier death will be calculated by increasing the accrued rights to GMP at cessation of Contracted-out Employment under one of the options (A) or (C) below (option (B) being unavailable after 5 April 1997).
3. **Section 148 Revaluation.**

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

1. **Limited Revaluation.**

The increase will be by the lesser of:-

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

The Trustees must pay a limited revaluation premium in respect of the Member to the Secretary of State.

(B) **Fixed Rate Revaluation.**

The increase will be by such rate as regulations made under section 55(5) of the PSA 93 specify as being relevant at the date Contracted-out Employment ceases, for each complete Tax Year after the Tax Year containing that date up to and including the last complete Tax Year before the Member reaches State Pension Age (or dies, if earlier).

The Trustee and the Company shall decide which of the options (A) or (C) applies to the Scheme. They may at any time decide that the other method shall be used, instead of the method currently being used, for all Members ceasing to be in Contracted-out Employment after a specified date. They must notify the Secretary of State whenever the method of revaluation for the Scheme is changed.

Where a Member who ceased to be in Contracted-out Employment as a result of the abolition of contracting-out ceases to be in pensionable service before State Pension Age, the Member's GMP at State Pension Age or at the Member's earlier death will be calculated on the basis that the GMP built up by the date the Member leaves pensionable service will be increased in such manner as is permitted under section 16 of the 1993 Act and as is chosen by the Trustees and the Company

* 1. **Transfers in.** Where a transfer payment is received before 6 April 2016 in respect of a Member from another scheme ("the transferring scheme") which includes accrued rights of the Member to a GMP (or includes protected rights in respect of which the receiving scheme will provide a GMP) the earnings factors used in calculating that GMP will normally be revalued using Section 148 Revaluation during the Member's Contracted-out Employment, and 4.1 above will apply if that Contracted-out Employment ceases before State Pension Age. The Trustees may, however, decide, if the provisions of the transferring scheme so allow, to use either Limited Revaluation or Fixed Rate Revaluation from the date on which the Member ceased to be in contracted­ out employment by reference to the transferring scheme until the Member attains State Pension Age (or dies, if earlier) but:-
     1. Limited Revaluation may not be used as regards any part of the GMP being transferred which arose from contracted-out employment in relation to a previous scheme and which the transferring scheme is already revaluing by Fixed Rate Revaluation (or vice versa); and
     2. the Trustees may not make that decision if, on becoming a Member, the Member's contracted-out employment in relation to a previous scheme is treated as continuing for the purposes of the PSA 93.

Where, under this Rule 4.2, Limited Revaluation is to be used, the Trustees shall have power to pay out of the transfer payment in respect of that Member any limited revaluation premium payable as a result of the Member ceasing to be in contracted-out employment by reference to the transferring scheme.

Where before 6 April 2016 the Scheme accepts the proceeds of, or the assignment of, an insurance policy which consists of, or includes, accrued rights to GMP, the Trustees may use either Section 148 Revaluation or the method of revaluation that was in use under the policy (and condition (1) above applies).

Where on or after 6 April 2016 a transfer payment is received in respect of a member from another scheme or policy which includes accrued rights to GMP, revaluation of the GMP must be on terms set by the Trustees which are consistent with and permitted by the provisions of applicable legislation.

* 1. **Transfers out.** Where a Member's accrued rights to GMP are transferred to another contracted-out salary related scheme the Trustees may agree with the

administrator of that scheme that the Member's GMP shall, instead of being revalued using the method currently being adopted under 4.1 above, be revalued using the other method which would be permitted if that scheme contained a rule in the same terms as 4.2 above.

1. **INCREASE OF GMP**
   1. **Increase after State Pension Age.** If the commencement of any Member's GMP is postponed for any period after State Pension Age, that GMP shall be increased to the extent, if any, specified in section 15 of the PSA 93.
   2. **Increase after State Pension Age or Member's death.** Any GMP to which a Member, Widow or Widower is entitled under Rule 3 above shall, insofar as it is attributable to earnings in the Tax Years from and including 1988/1989, be increased in accordance with the requirements of section 109 of the PSA 93.
2. **ANTI-FRANKING**

Except as provided in sections 87-92 and 110 of the PSA 93, no part of a Member's, Widow's or Widower's pension under the Scheme may be used to frank an increase in the Member's, Widow's or Widower's GMP under Rule 4 or Rule 5 above.

1. **TRANSFERS INTO THE SCHEME**
   1. **Acceptance of transfers.** The Trustees may accept:-
      1. a transfer payment in respect of the Member's accrued rights to GMPs under a contracted-out salary related scheme or a policy of insurance or an annuity contract of the type described in section 19 of the PSA 93;
      2. a transfer of the liability for the payment of GMPs to, or in respect of, any person who has become entitled to them;
      3. a transfer of pre-1997 Protected Rights
         1. in respect of the Member or a former Member from another scheme which is, or was, an appropriate personal pension scheme
         2. in respect of the Member or a former Member from another scheme which is, or was, a scheme contracted-out on a money purchase basis.

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

* 1. **Effect of transfers.** Where a transfer is accepted under 7.1 above, any GMP will be increased in accordance with applicable legislation.

Where a transfer is accepted under 7.1(3) above, the Member's, Widow's and Widower's GMPs under the Scheme will be increased by amounts equal to the GMPs to which they would have been treated as entitled by reason of the Member's membership of the transferring scheme if the transfer payment had not been made.

Accrued rights to GMPs arising from a transfer will be revalued in accordance with 4.2 above.

1. **COMMUTATION OF GMP**

A Member's, Widow's or Widower's GMP may be commuted in the circumstances set out in, and in accordance with, regulation 60 of The Occupational Pension Schemes (Contracting-out) Regulations 1996. The commutation rate will be in accordance with commutation tables provided by the Actuary.

1. **FORFEITURE OF GMP**

Any instalment of a GMP may be forfeited where permitted by legislation if the Trustees do not know the whereabouts of the recipient.

1. **CONTRIBUTIONS EQUIVALENT PREMIUMS**
   1. A contributions equivalent premium shall be paid, subject to 10.2 below, in respect of a Member who ceases to be in Contracted-out Employment before whichever is the earlier of the Member's Normal Retirement Date and the end of the Tax Year preceding that in which the Member will reach State Pension Age with less than 2 years' Qualifying Service and less than 2 years' Contracted-out Employment. A contributions equivalent premium shall not be paid where the Member's accrued rights include rights transferred from a personal pension, nor where the Member is a woman who dies in Contracted­ out Employment in respect of Widower's GMP.

Payment of the contributions equivalent premium extinguishes the Member's accrued rights to GMPs under the Scheme and (in relation to Service after 5 April 1997) rights to pensions under the Scheme so far as attributable to the amount of the premium. Therefore, where the premium is paid, any refund of contributions to the Member or any transfer payment from the Scheme in respect of a Member shall be reduced by the certified amount (as defined in the PSA 93) in relation to that premium and any pension benefit under the Scheme for the Member or the Member's Widow or Widower shall be reduced so as to allow for the fact that their accrued rights to GMPs and other pension rights have been extinguished.

* 1. The premium shall not be payable if:-
     1. its amount is less than £17 (or such greater amount as is specified in regulations made under the PSA 93);
     2. the Member's accrued rights to GMPs are transferred to another scheme, policy or contract;
     3. the Member has become entitled to an immediate or a deferred pension under the Scheme on ceasing to be in Contracted-out Employment.

**SCHEDULE II**

**PENSION SHARING ON DIVORCE**

**PENSION SHARING ON DIVORCE - RULES**

***Summary***

* Definitions applicable to this Schedule (Rule 1)
* Implementing a pension sharing order (Rule 2)
* Ex-spouse Participants (Rule 3)
* Impact of Pension Sharing on Members (Rule 4)
* Death of an Ex-Spouse before pension sharing order implemented (Rule 5)
* Charging (Rule 6)

###### DEFINITIONS APPLICABLE TO THIS SCHEDULE

In this Schedule, the following expressions have the meanings set out below:­

**"Ex-Spouse"** means a person who has been or will be granted Pension Credit Rights following a Pension Sharing Order.

**"Ex-Spouse Participant"** means an Ex-Spouse who the Trustees have determined may participate in the Scheme either:-

* 1. solely for the provision of a Pension Credit Benefit; or
  2. for the wholly separate provision of a Pension Credit Benefit, where the Ex- Spouse is already a Member or dependant of a Member or former Member.

**"Pension Credit"** means a credit under section 29(I)(b) of the 1999 Act or under corresponding Northern Ireland legislation.

**"Pension Credit Benefit"** means the benefits (if any) which the Trustees have determined will be payable under the Scheme in respect of a Pension Credit.

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

**"Pension Debit"** means a debit under section 29(1)(a) of the 1999 Act or under corresponding Northern Ireland legislation.

**"Pension Sharing Order"** means any order or provision as is mentioned in section 28(1) of the 1999 Act or under corresponding Northern Ireland legislation.

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

###### IMPLEMENTING A PENSION SHARING ORDER

* 1. If a Pension Sharing Order is made in respect of a Member's or Ex-Spouse Participant's benefits, the Trustees shall reduce those benefits by the amount of the Pension Debit and provide the Ex-Spouse with a Pension Credit.
  2. The Trustees shall discharge their liability in respect of the Pension Credit by:-
     1. transferring the Pension Credit to another pension arrangement; or
     2. admitting the Ex-Spouse to participation in the Scheme as an Ex­ Spouse Participant, on the terms set out in Rule 3 below;

in each case with the Ex-Spouse's consent and in accordance with Schedule 5 of the 1999 Act (method of discharging Pension Credits).

* 1. Participation in the Scheme pursuant to (2)(b) above may be restricted to such individuals or categories of individuals, or be permitted in such circumstances, as the Trustees may from time to time decide.
  2. If the Ex-Spouse fails to give his or her consent under (2) above, the Trustees may nevertheless make a transfer, or grant participation in the Scheme, under

(2) (a) or (b) (as appropriate) in the circumstances permitted by Schedule 5 of the 1999 Act. Subject to section 33 of the PA 95 (investment powers: duty of care), the Trustees shall not be liable for any resulting loss whatsoever which may be suffered by the Ex-Spouse.

* 1. General Rule 8.5 (Prohibition of Assignment) is amended to permit:-
     1. the assignment of part or all of the Member's benefits or rights to benefits under the Scheme to his or her Ex-Spouse; or
     2. the assignment of part or all of any Ex-Spouse Participant's benefits or rights to benefits under the Scheme to his or her or Ex-Spouse;

to the extent necessary to comply with a Pension Sharing Order.

###### EX-SPOUSE PARTICIPANTS

* 1. This Rule 3 applies to:-
     1. Ex-Spouse Participants admitted to the Scheme pursuant to Rule 2(2)(b) above; and
     2. Members or Ex-Spouse Participants who acquire the status of Ex­ Spouse Participants by virtue of Rule 4(2) (transferred-in Pension Credit Benefits) but only in respect of such Pension Credit Benefits.
  2. The Pension Credit Benefits to be provided for an Ex-Spouse Participant shall be in such form and payable on such terms as (in either case) the Trustees shall determine.
  3. Any Pension Credit Benefits under the Scheme shall be treated as provided separately from any benefits provided under the Scheme for the same person as a Member or as the dependant of a Member or former Member.
  4. The Trust Deed of the Scheme will be subject to the following modifications in respect of an Ex-Spouse Participant:-
     1. Priority SECOND in clause 28(1) (order of priority on winding-up) shall include the benefits payable to and in respect of Ex-Spouse Participants who are in receipt of their pensions; and
     2. Priority FIFTH shall be deemed to include the balance of their entitlements;

provided that if an Ex-Spouse Participant is also a Member or dependant of a Member or former Member, the above modifications shall apply only in respect of his or her Pension Credit Benefits.

* 1. (a) The Ex-Spouse Participant may request that the Trustees arrange a transfer of his/her Pension Credit Rights to:-

1. another Registered Scheme if he or she is already a member of that scheme or an ex-spouse participant in that scheme;
2. to any other scheme if the transfer would not prejudice the Scheme's status as a Registered Scheme; or
3. to any other scheme if the HMRC's requirements are satisfied in relation to a transfer to that scheme.
4. If the Ex-Spouse Participant is also a Member of the Scheme:-
   1. the transfer of Pension Credit Rights will only be permitted if the Ex-Spouse Participant also requests a transfer of his or her other Scheme benefits under Clause 22.2 of the Trust Deed (transfers); and
   2. a transfer of the Ex-Spouse Participant's other Scheme benefits under Clause 22.2 of the Trust Deed (transfers) will only be permitted if he/she also requests a transfer of his or her Pension Credit Rights.
5. The Trustees must confirm to the receiving scheme or arrangement, that a transfer value consists wholly or partly of Pension Credit Rights for the benefit of an Ex-Spouse Participant.
   1. The rights to a Pension Credit Benefit under the Scheme shall not be absolute, but shall be forfeited upon the bankruptcy of the Ex-Spouse Participant (subject to the 1999 Act). Such benefits may then be paid to any individuals or individual as specified by the Trustees, in their absolute discretion.

###### IMPACT OF PENSION SHARING ON MEMBERS

* 1. Where:-
     1. the Trustees accept a transfer payment for a person who is already a Member of the Scheme; and
     2. are informed by the transferor that the transfer value consists wholly or

partly of Pension Credit Rights;

the Trustees must separately identify the transfer payment, or the part of the transfer payment, relating to the Pension Credit Rights from the person's other benefits in the Scheme. Furthermore the Trustees must comply with the requirements of Rule 3(2) above in respect of the transferred-in Pension Credit Rights.

The Member will then acquire the status of an Ex-Spouse Participant in the Scheme in relation to his or her transferred-in Pension Credit Benefits.

###### DEATH OF AN EX-SPOUSE BEFORE PENSION SHARING ORDER IS IMPLEMENTED

* 1. If an Ex-Spouse dies after a Pension Sharing Order is made but before the Trustees have discharged their liability in accordance with Rule 2, a lump sum death benefit shall be paid pursuant to General Rule 8.1 (discretionary trusts) as appropriate, as though the Ex-Spouse were a Member.
  2. The lump sum shall be equal to 25% of the amount which would have comprised the Ex-Spouse's Pension Credit.
  3. If the Trustees so determine, the balance (or such part of it as the Trustees determine) of the amount which would have comprised the Ex-Spouse's Pension Credit may be used to provide a non-commutable pension to a dependant of the Ex-Spouse.

###### CHARGING

The Trustees may, if they so determine, impose charges in respect of the provision of information and/or implementation of any Pension Sharing Order made in respect of the Scheme; such charges being imposed in accordance with section 41 of the 1999 Act and the regulations made thereunder.