

DATED 5<sup>TH</sup> DECEMBER

2018

(1) YORKSHIRE BUILDING SOCIETY

- and -

(2) DAVID VICTOR PAIGE  
CRAIG RICK HUITSON  
STEPHEN HONEYWOOD  
KATHARINE MARY BARKER  
MICHAEL BOAG  
AND  
JANIS SARAH HAMBLING

**DEFINITIVE TRUST DEED  
AND RULES**

relating to  
The Yorkshire Building Society Pension  
Scheme

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**BETWEEN:**

- (1) **YORKSHIRE BUILDING SOCIETY** whose registered office is at Yorkshire House, Yorkshire Drive, Bradford, West Yorkshire BD5 8LJ ("**Society**"); and
- (2) **DAVID VICTOR PAIGE, CRAIG RICK HUITSON, STEPHEN HONEYWOOD, KATHARINE MARY BARKER, MICHAEL BOAG AND JANIS SARAH HAMBLING** all of Yorkshire House as above ("**Trustees**").

**BACKGROUND:**

- A This deed is supplemental (inter alia) to a Definitive Trust Deed dated 1 April 2010 between the Society and the then Trustees and rules attached thereto as amended from time to time and currently governing the occupational pension scheme known as The Yorkshire Building Society Pension Scheme ("**Scheme**").
- B The Society is the principal employer of the Scheme and the Trustees are the present trustees of the Scheme.
- C General Rule 10 of the Trust Deed and Rules permits the Trustees with the consent of the Society to amend any of the provisions of the Scheme.
- D The Trustees with the consent of the Society have determined to adopt this trust deed and the rules attached in place of the Definitive Deed and Rules with effect from 1 January 2019 ("**Revision Date**"), the purpose of which is to:
  - (i) consolidate the Definitive Deed and Rules with all subsequent amending deeds; and
  - (ii) document the terms governing the Barnsley Section, the Chelsea Section and the N&P Section pursuant to the Barnsley Merger Deed, Chelsea Merger Deed and N&P Merger Deed respectively.
- E The Trustees are satisfied that all requirements arising out of the modifications made by this deed under the subsisting rights provisions of section 67 of the Pensions Act 1995 and section 37 of the Pension Schemes Act 1993 have been met.
- F No amendment made by this deed is intended to make the basis of any aspect of (i) the calculation of, (ii) eligibility for, or (iii) conditions of payment of, any benefits, whether in respect of past or future service or otherwise, in respect of any beneficiary of the Scheme more generous than the basis contained in the provisions governing the Scheme immediately prior to the Revision Date. Any provisions of this deed which are inconsistent with this intention are void to the extent of such inconsistency.

**1. OPERATIVE PROVISIONS**

Subject as provided in clause 2, the Trustees with the consent of the Society, alter the Scheme so that with effect from the Revision Date the Existing Rules cease to have effect except for the purpose of determining benefit entitlements in respect of persons who ceased to accrue retirement benefits by reference to the Scheme before the Revision Date or where otherwise expressly provided in the new rules ("**Rules**") scheduled to this deed.

## **2. EFFECTIVE DATE**

- 2.1 In respect of Members who ceased active membership before the Revision Date, the provisions of the Scheme in force up to the Revision Date shall (subject to the Contracting-out Provisions) continue to apply for the purpose of determining their benefits (and benefits payable in respect of them).
- 2.2 In respect of Members who became members of the Scheme pursuant to a merger of the Barnsley Building Society Pension & Assurance Scheme with the Scheme, the provisions of a merger deed dated 24 February 2010 shall apply for the purposes of determining their benefits (and benefits payable in respect of them).
- 2.3 In respect of Members who became members of the Scheme pursuant to a merger of the Chelsea Building Society Retirement Scheme with the Scheme, the provisions of a merger deed dated 28 March 2011 shall apply for the purposes of determining their benefits (and benefits payable in respect of them).
- 2.4 In respect of Members who became members of the Scheme pursuant to a merger of the Norwich and Peterborough Building Society Pension and Life Assurance Scheme with the Scheme, the provisions of a merger deed dated 28 February 2014 shall apply for the purposes of determining their benefits (and benefits payable in respect of them).
- 2.5 For Members who ceased active membership before 6 April 2006, the provisions of the Scheme in force up to 6 April 2006 shall (subject to the Contracting-out Provisions) continue to apply for the purpose of determining their benefits (and benefits payable in respect of them) with such modifications as the Trustees may determine to ensure that benefits payable from the Scheme are not Unauthorised Payments and to comply with Final Salary Rule 7 (Revenue Limits) below. The Trustees shall however in respect of such Members be able to pay benefits as a lump sum whenever and to the extent that would be permitted by the Rules scheduled to this deed.

## **3. INTERPRETATION**

Terms in this deed have the meaning ascribed to them in General Rule 1 of the Rules scheduled hereto.

## **4. COUNTERPARTS**

This deed may be executed in any number of counterparts (but shall not be effective until each party has executed at least one counterpart), each of which, when executed and delivered, shall be an original and which, together, shall have the same effect as if each party had executed and delivered the same.

**IN WITNESS** whereof this deed has been executed by the parties named above and is delivered by each of them on the date of this deed.

**THE COMMON SEAL** of Yorkshire )  
Building Society was affixed hereto in the )  
presence of: )

Director .....

Secretary/Director .....

Executed as a deed by **DAVID VICTOR** )  
**PAIGE** in the presence of: )

Signature .....

Witness signature .....

Witness name  
(block capitals) .....

Witness address .....

.....

.....

Occupation .....

Executed as a deed by **CRAIG RICK** )  
**HUITSON** in the presence of: )

Signature .....

Witness signature .....

Witness name  
(block capitals) .....

Witness address .....

.....

.....

Occupation .....

Executed as a deed by **STEPHEN** )  
**HONEYWOOD** in the presence of: )

Signature .....

Witness signature .....

Witness name  
(block capitals) .....

Witness address .....

.....

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Occupation .....

Executed as a deed by **KATHARINE MARY** )  
**BARKER** in the presence of: )

Signature .....

Witness signature .....

Witness name  
(block capitals) .....

Witness address .....

.....

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Occupation .....

Executed as a deed by **MICHAEL BOAG** in )  
the presence of: )

Signature .....

Witness signature .....

Witness name  
(block capitals) .....

Witness address .....

.....

.....

Occupation .....

Executed as a deed by **JANIS SARAH** )  
**HAMBLING** in the presence of: )

Signature .....

Witness signature .....

Witness name  
(block capitals) .....

Witness address .....

.....

.....

Occupation .....



## SCHEDULE 1:

## PART 1: GENERAL RULES

## 1. DEFINITIONS

In these Rules (unless the context otherwise requires):

**"Active Member"** means an Active Money Purchase Member (as defined in the Money Purchase Section Rules);

**"Actuary"** means a Fellow of the Institute and Faculty of Actuaries (or a firm or company providing the services of such a Fellow) from time to time appointed by the Trustees;

**"Additional Pensionable Service"** means:

- (a) the 2 Year Credit; and
- (b) the 3 Year Credit.

Provided that:

- (i) in determining the period to be counted as Additional Pensionable Service any part of such period during which the Member's employment was on a part-time basis shall be adjusted accordingly; and
- (ii) the Society will finally determine the period to be counted as Additional Pensionable Service.

**"Annual Allowance"** means the annual allowance for tax relief on pension savings for individuals during each tax year as prescribed by statutory legislation;

**"Annual Allowance Capped Member"** means an Active Member who the Society has notified the Trustees is to be treated as an Annual Allowance Capped Member in any Scheme Year and who has confirmed in writing to the Trustees that he wishes to be so treated;

**"Authorised Member Payment"** means a payment permitted by section 164 of FA 2004;

**"Automatic Enrolment Member"** means a person who has been admitted or re-admitted to Membership under Money Purchase Section Rule 3.3.2 or 3.3.3 and whose Active Membership has not ceased since his last such admission or re-admission and who has not ceased to be treated as an Automatic Enrolment Member pursuant to Money Purchase Section Rule 3.7;

**"AVCs"** means additional voluntary contributions (including so much of any transfer into the Scheme as represents the Member's voluntary contributions) and (as appropriate) any accrued investment return thereon;

**"Barnsley Member"** means a member of the Barnsley Section;

**"Barnsley Scheme"** means the Barnsley Building Society Pension & Assurance Scheme referred to in the Barnsley Section Rules;

**"Barnsley Section"** means the Section of the Scheme governed by Part 5 of these Rules;

**"Beneficiary"** means a Member or person otherwise entitled to benefit from the Scheme;

**"Capped Member"** means an Active Member who the Society has, at any time, notified the Trustees is to be treated as a Capped Member (on such terms as the Society notifies to the Trustees) and who has confirmed in writing to the Trustees that he wishes to be so treated. A Capped Member shall remain a Capped Member until such time as the Society notifies the Trustees that he is no longer to be treated as a Capped Member and he has confirmed in writing to the Trustees that he is no longer to be so treated. Becoming a Capped Member shall not affect a Member's status as an Active Member notwithstanding the provisions of Money Purchase Section Rule 4.10 and CARE 65 Section Rule 12;"

**"CARE 65 Section"** means the section of the Scheme governed by Part 4 of these Rules;

**"CARE 65 Member"** means a member of the CARE 65 Section;

**"CARE 65 Pensioner"** means a CARE 65 Member who is being paid a pension under the CARE 65 Section;

**"Category 1 Member"** means a Member who is not a Category 4 Member;

**"Category 1B Member"** means a married female Member who joined Service before 1 April 1985 and who is not in any other Category of Membership;

**"Category 1C Member"** means a married female Member who joined Service between 1 April 1985 and 31 October 1987 and who is not in any other Category of Membership;

**"Category 2 Member"** means a Member who is unmarried or a female Member who joined Service on or after 31 October 1987 and is unmarried and is not in any other Category of Membership;

**"Category 2B Member"** means an unmarried female Member who joined Service before 1 April 1985 and is not in any other Category of Membership;

**"Category 2C Member"** means an unmarried female Member who joined Service between 1 April 1985 and 31 October 1987 and is not in any other Category of Membership;

**"Category 3 Member"** means a female Member as at 31 March 1985 who does not elect to transfer to Category 1 or Category 4 Membership and who does not become a Senior Management Member. There ceased to be any members in this Category with effect from 1 July 1995;

**"Category 4 Member"** means a female Member as at 31 March 1985 who has elected to pay the contributions and receive the benefits applicable to a Category 4 Member and who does not become a Senior Management Member;

**"Chelsea Member"** means a member of the Chelsea Section;

**"Chelsea Scheme"** means the Chelsea Building Society Retirement Benefits Scheme referred to in the Chelsea Section Rules;

**"Chelsea Section"** means the Section of the Scheme governed by Part 6 of these Rules;

**"Civil Partner"** means a person who was a Member's civil partner (as defined in the Civil Partnership Act 2004) immediately prior to his death;

**"Commencement Date"** means 1 January 1959;

**"Contracted-out"** means contracted-out under the 1993 Act and similar expressions have a corresponding meaning;

**"Contracting-out Provisions"** means relevant legislation in relation to Contracting-out (including anti-franking);

**"Deferred CARE 65 Member"** means a CARE 65 Member who is entitled to a deferred pension under the CARE 65 Section that has not yet come into payment;

**"Deferred Pension"** means a pension which is not yet in payment but is prospectively payable from the Scheme to a Member (who has ceased to be an active Member) or other Beneficiary and a **"Deferred Pensioner"** is a Member with a right to a Deferred Pension;

**"Dependant"** of a deceased person means his Spouse, his Civil Partner, his Eligible Child or any individual who in the opinion of the Trustees at his death would be considered to be a "Dependant" for the purposes of paragraph 15 of Schedule 28 to FA 2004;

**"Disclosure Requirements"** means the requirements as to disclosure of information about the Scheme and the form of that information, contained in section 113 of the 1993 Act and the Occupational Pension Schemes (Disclosure of Information) Regulations 1996;

**"Earnings Cap"** means the permitted maximum under Section 590C of the Taxes Act for earnings up to 5 April 2005, £105,600 for the tax year ended 5 April 2006 and for any subsequent tax year shall be £105,600 increased by the percentage increase in the Index between September 2004 and the September preceding the tax year for which the Earnings Cap is being determined provided that if the result is not a multiple of £600 it shall be rounded up to the nearest amount which is such a multiple;

**"Eligible Child"** means:

- (a) except in relation to benefits accrued in the Chelsea Section or N&P Section (in relation to which, Eligible Child is defined below at (b) and (c) respectively), any child or legally adopted child or stepchild (whose treatment as a Dependant would be permitted by FA 2004) of the Member alive at his death or then unborn or any other child who, in the Trustees' opinion, was wholly or partly financially dependent on the Member at the date of death whose treatment as an Eligible Child would be permitted by FA 2004 and in each case who is either less than 18 years old or is under 23 and is undergoing full time education or vocational training. A person shall cease to be an Eligible Child on attaining age 18 (or 23 if he is undergoing full time education or vocational training);
- (b) in relation to benefits accrued in the Chelsea Section, any child or legally adopted child or stepchild (whose treatment as a Dependant would be permitted by FA 2004) of the Chelsea Member alive at his death or then unborn or any other child who, in the Trustees' opinion, was wholly or partly financially dependent on the Member at the date of death whose treatment as an Eligible Child would be permitted by FA 2004 and in each case who is:
  - (i) less than 18 years old; or
  - (ii) is under 25 and is undergoing full time education or vocational training; or

- (iii) for an Eligible Child who is over age 23, the benefit continues until the Eligible Child's death if the Child was dependent on the Chelsea Member because of physical or mental impairment at the time of the Chelsea Member's death and became so before age 18 (or age 23 where the Eligible Child was at that time in full time education or vocational training),
- (c) in relation to benefits accrued in the N&P Section, means any child of the N&P Member or pensioner who was already conceived at the time of the N&P Member's or pensioner's death (or at retirement, if death occurs after retirement) and is under age 23. For the purposes of this definition, "child" means any biological child of the N&P Member or pensioner, and any legally adopted child or a stepchild (provided that such stepchild is a Dependant) but not, unless the Trustees otherwise decide, a foster child;

**"Eligible Recipients"** in relation to a Member, means his Spouse, Same Sex Spouse or Civil Partner, his ancestors and his Spouse's, Same Sex Spouse's or Civil Partner's ancestors, his grandparents' and his Spouse's, Same Sex Spouse's or Civil Partner's grandparents' descendants, such descendants' spouses, same sex spouses, or civil partners, his Dependants, persons interested in his estate and persons whom he has nominated to the Trustees in writing; for the purpose of applying this definition any natural, adopted or step child will be regarded as a lawful child;

**"Employee"** means a person in full-time or part-time Service;

**"Employer"** means the Society and any employer for the time being participating in the Scheme under General Rule 8;

**"Established Partner"** means the person (if any) living with the Member as his partner as if that Member's Spouse or Civil Partner and as at the date of the Member's death is able to demonstrate financial dependency on the Member;

**"Ex-Spouse"** means an individual to whom Pension Credit Rights have been or are to be credited following a Pension Sharing Order, agreement or equivalent provision;

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

**"Female Member A"** means a female Member (other than a Senior Management Member) who:

- (a) was in Service on 31 March 1985; and
- (b) was in Pensionable Service on 1 July 1995;

**"Female Member B"** means a female Member (other than a Senior Management Member) who:

- (a) joined Service between 1 April 1985 and 1 November 1987; and
- (b) was in Pensionable Service on 1 July 1995;

**"Final Pensionable Salary"** means:

- (a) for a Final Salary Member who left Service before 31 December 2015, the greatest annual average of the Member's Pensionable Salaries for a period of 12 consecutive months in the complete and consecutive five years immediately preceding the earlier of:
- (i) the date he reaches his Normal Pension Age (or in the case of a Late Retirement Male Member A or Late Retirement Male Member B, the date of his retirement); and
  - (ii) the date he ceases to be an Active Final Salary Member or, in the case of a Member who becomes an Active CARE 65 Member on 1 April 2010, the date he ceases to be an Active CARE 65 Member.
- (b) for an In Service DB Member, the greatest annual average of the Member's Pensionable Salaries for a period of 12 consecutive months in the complete and consecutive five years immediately preceding the Salary Link Cessation Date.

If a Member's Pensionable Service is less than 12 months or five years, that shorter period will be substituted.

In the case of a Member who has been employed by an Employer on a part-time basis during any period referred to above, the remuneration as a part-time employee during that period will be multiplied by the number of hours in the normal working week applicable to a full-time employee of the Employer who in the opinion of that Employer is in a comparable category of employment to the Member and divided by the number of hours in the normal working week applicable to the Member;

**"Final Salary Member"** means a Member of the Final Salary Section of the Scheme;

**"Final Salary Section"** means the Section of the Scheme governed by Part 3 of these Rules;

**"Former FS Member"** means a Member who was a Final Salary Member up to and including 31 March 2010 and who became an Active CARE 65 Member on 1 April 2010 and from that date until the closure of the CARE Section did not cease to be an Active CARE 65 Member;

**"Fund"** means all contributions, monies, property, rights, options, interests and other assets held by the Trustees for the purposes of the Scheme;

**"General Rules"** means the Rules in Part 1 of the Rules;

**"GMP"** means a guaranteed minimum pension (or accrued right to one) under the 1993 Act and where appropriate includes any revaluation thereof;

**"Guaranteed Period"** means the period between the date the Member's pension starts and the earlier of:

- (a) the expiry of 10 years from that date; and
- (b) the date on which the Member would have attained age 70;

**"Incapacity"** means:

- (a) in the case of a Money Purchase Member, physical or mental impairment which is, in the opinion of the Society (having due regard to such independent medical evidence as it considers necessary) serious enough to prevent the Member from following his normal occupation or any occupation, provided that the Trustees have received evidence from a registered medical practitioner that the Member is, and will continue to be, incapable of carrying on the Member's occupation because of physical or mental impairment and the Member has in fact ceased to carry on his occupation;
- (b) in the case of a Final Salary Member, physical or mental impairment which is, in the opinion of the Society (having due regard to such independent medical evidence as it considers necessary), serious enough to prevent the Member from following his normal occupation and to seriously impair his earning ability, provided that the Trustees have received evidence from a registered medical practitioner that the Member is, and will continue to be, incapable of carrying on the Member's occupation because of physical or mental impairment and the Member has in fact ceased to carry on his occupation;
- (c) in the case of a CARE 65 Member, physical or mental impairment which is, in the opinion of the Society (having due regard to such independent medical evidence as it considers necessary), serious enough to prevent the Member from following his normal occupation and to seriously impair his earning ability, provided that the Trustees have received evidence from a registered medical practitioner that the Member is, and will continue to be, incapable of carrying on the Member's occupation because of physical or mental impairment and the Member has in fact ceased to carry on his occupation;
- (d) in the case of a Chelsea Member, physical or mental impairment where the Trustees have received evidence from a registered medical practitioner that the Chelsea Member is (and will continue to be) incapable of carrying on his occupation because of physical or mental impairment and the Chelsea Member has in fact ceased to carry on his occupation; and
- (e) in the case of an N&P Member, that the Trustees have received advice from a registered medical practitioner that the Member is, and will continue to be, incapable of carrying on the Member's occupation because of physical or mental infirmity;

**"Index"** means the Government's Index of Retail Prices (adjusted by the Trustees to take account of any change in the method of its computation); the Index on a particular date shall be taken as the last figure for the Index published on or before that date;

**"Insurance Policy"** means an annuity contract or policy (with an insurance company as defined in section 275 of FA2004 ("**Insurance Company**")) which may (save to such extent as may for the time being be prohibited by the Contracting-out Provisions) include provision for an open market option or for surrender for the purpose of transfer to another Registered Scheme;

**"In Service DB Member"** means a Member who ceased to be an Active CARE 65 Member or Active N&P Member on 31 December 2015 and became an Active Money Purchase Member on 1 January 2016 and has not, since that date ceased to be an Active Money Purchase Member;

**"Last Contribution Date"** means:

- (a) in relation to a Member of the Final Salary Section who is not a Former FS Member, the date on which his contributions cease under the Final Salary Section;
- (b) in relation to a Former FS Member who is not an In Service DB Member, the date on which his contributions (or, for an Xchange Member, the Employer's contributions paid on his behalf) cease under the CARE 65 Section;
- (c) in relation to an In Service DB Member, the date on which his contributions (or, for an Xchange Member, the Employer's contributions paid on his behalf) cease under the Money Purchase Section;

**"Late Retirement Male Member A"** means a non-executive male Employee who was in service on 31 March 1985 and who has notified the Trustees in his 59th year of his intention to remain in Service after his Normal Pension Age and has elected to be treated as a Late Retirement Male Member A. If retirement is deferred beyond age 60 his actual date of retirement (not exceeding age 65) will be substituted for the Normal Pension Age;

**"Late Retirement Male Member B"** means a non-executive male Employee who joined the Scheme between 1 April 1985 and 1 November 1987 and who has notified the Trustees in his 59th year of his intention to remain in Service after his Normal Pension Age and has elected to be treated as a Late Retirement Male Member B. If retirement is deferred beyond age 60 his actual date of retirement (not exceeding age 62) will be substituted for the Normal Pension Age;

**"Life Assurance Only Member"** means a person who is not eligible to become an Active Member of the Scheme or who has elected not to become or to cease to be an Active Member of the Scheme but who is eligible for death benefits under Money Purchase Section Rule 7.2 by virtue of satisfying the conditions in Money Purchase Section Rule 3.1.4;

**"Lifetime Allowance"** means the individual's lifetime allowance as prescribed by Section 218 of the Finance Act 2004 taking into account any protection of the individual's lifetime allowance obtained under Schedule 18 of the Finance Act 2011;

**"Member"** means a person who is, or has been, an active member of any Section unless, since he was last an active member, General Rule 5.1 has applied to extinguish all rights arising from his Membership; where that Rule has applied to extinguish all rights except as to Contracted-out benefits, he will continue as a Member for Contracting-out purposes only and in all other respects will be deemed not to be a Member;

**"Minimum Pension Age"** means:

- (a) prior to 6 April 2010, age 50; and
- (b) on and after 6 April 2010, age 55 or such other age as may be prescribed by law from time to time; or
- (c) any "protected pension age" for the purposes of Part 3 of Schedule 36 to the FA 2004;

**"Money Purchase Member"** means a Member of the Money Purchase Section of the Scheme;

**"Money Purchase Section"** means the Section of the Scheme governed by Part 2 of the Rules;

**"N&P Member"** means a Member of the N&P Section;

**"N&P Scheme"** means the Norwich and Peterborough Building Society Pension and Life Assurance Scheme;

**"N&P Section"** means the Section of the Scheme governed by Part 7 of these Rules;

**"Normal Pension Age"** means:

- (a) in relation to a Final Salary Member who became a Final Salary Member before 1 December 2006; age 60; and
- (b) in relation to a Final Salary Member who became a Final Salary Member after 1 December 2006, age 65; and
- (c) in relation to a Money Purchase Member, age 65; and
- (d) in relation to a CARE 65 Member, age 65;

**"Part-time Adjustment Factor"** means the result of dividing (a) the number of the normal working hours actually completed by a Member during the whole period of his part-time employment by (b) the number of the normal working hours a full-time employee doing similar work would have completed during that period (as decided by the Society). If the standard working hours for a full-time employee have varied during the Member's part-time employment, the Trustees will calculate the Part-time Adjustment Factor separately for each relevant period;

**"Pension Credit"** means a credit under Section 29(1)(b) of the 1999 Act;

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

**"Pension Sharing Order"** means any order or provision as is mentioned in section 28(1) of the 1999 Act;

**"Pensionable Salary"** means:

- (a) for a Member who is not an Xchange Member, a Member's basic salary for any period of his Active Membership plus (if applicable) the London allowance or first aid allowance for that period provided it forms a regular part of pay; and
- (b) for an Xchange Member, his Reference Salary;

If on account of ill health, a Money Purchase Member's earnings shall at any time have been reduced to an amount that is in the Society's opinion lower than that which would have applied but for such ill health, the Society may direct the Trustees to deem the Member's Pensionable Salary to be a higher amount as if the earnings had not been reduced because of ill health; such an increase shall not affect the Member's contributions without his consent; the Pensionable Salary of a Member who joined the Scheme on or after 1 June 1989 is restricted to a maximum of the Earnings Cap;



**"Pensionable Service"** means for a Final Salary Member, the number of complete years and months (counted as a fraction of a year) of his Service prior to 1 April 2010 as an Active Member of the Final Salary Section before the date he ceases to be an Active Member of the Final Salary Section of the Scheme;

Provided that:

- (a) in calculating a Member's Pensionable Service:
  - (i) if the Member was a Member on 31 December 1974 or became a Member on or after 1 October 2001, any period before age 18 shall be disregarded; and
  - (ii) for any other Member, any period before age 20 shall be disregarded;
- (b) The maximum period to count as Pensionable Service shall be 20 years in respect of a Senior Management Member and 40 years in respect of any other Member.

If any part of a Final Salary Member's Pensionable Service has been part-time, the Trustees will adjust that part by multiplying it by his Part-time Adjustment Factor for that part;

**"Perpetuity Period"** means whichever is the longer of:

- (a) the day immediately preceding the expiration of twenty years from the death of the last survivor of all the lineal descendants of his late Majesty King Edward VII alive on the date of the Interim Trust Deed dated 15 December 1958;
- (b) the period expiring on the date on which the Scheme ceases to qualify under Section 163 of the Pension Schemes Act for exemption from the operation of the Rule of law relating to perpetuities even if the Scheme can be treated as continuing so to qualify;

**"Preservation Provisions"** means the legislation for the time being in force relating to preservation, first introduced by the Social Security Act 1973 and now applicable under the 1993 Act;

**"Protected Rights"** has the meaning given by the Contracting-out Provisions;

**"Reference Salary"** means in relation to a Member who is an Xchange Member, the basic salary he would have received, had he not been an Xchange Member, as notified to the Trustees by his Employer plus in the case of a CARE 65 Member (if applicable) the London allowance or first aid allowance for that period provided it forms a regular part of pay;

**"Registered Scheme"** means a pension scheme which is a registered pension scheme for the purposes of FA 2004;

**"Retirement Account"** means a money purchase account maintained by the Trustees for each Active Money Purchase Member comprising:

- (a) the Member's contributions made under Money Purchase Section Rules 4.1 and 4.2; plus
- (b) the Employer's contributions made or credited in respect of the Member under Money Purchase Section Rule 4.6 and 4.7; plus

- (c) any sums (other than AVCs) transferred into the Scheme in respect of the Member; less
- (d) any held in respect of the Member as a result of his being Contracted-out;

the accumulated balance of that account from time to time (taking account of investment income, gains and losses and after deducting any investment expenses, commission and other expenses not reimbursed under General Rule 7.9 as determined by the Trustees) is the Member's Retirement Account;

**"Retiring Member"** means

- (a) an Active Member of the Scheme who has elected to receive benefits under Money Purchase Section Rules 5.1, 5.2 or 5.3, Final Salary Section Rules 2.1, 2.2.1, 2.2.4 or 2.3, CARE 65 Section Rules 6.2, 6.3 or 6.5, Barnsley Section Rules 4.1, 4.2, 4.4 or 4.5, Chelsea Section Rules 4.1, 4.5, or 4.6, or N&P Section Rules 4.1, 4.2 or 4.4; and
- (b) who with the consent of his Employer remains an Employee after payment of his benefits referred to in (a) have commenced; and
- (c) who has not previously elected to receive payment of any benefit from the Scheme.

Such a person will become a Retiring Member on the day on which he ceases to be an Active Member by virtue of receiving his benefits as referred to in (a) above and will be eligible to admission or readmission to Active Membership of the Money Purchase Section;

**"Rule"** means one of these Rules and it (and references to the Rules) include alterations and additions for the time being in force;

**"Salary"** means in relation to a Money Purchase Member:

- (a) who is not an Xchange Member, the annual rate of his basic salary at the date of his death;
- (b) who is an Xchange Member, his Reference Salary;

**"Salary Link Cessation Date"** means the earliest date on which any of the following events takes place:

- (a) the date on which the Member ceases to be employed by the Society;
- (b) the date of the Member's death;
- (c) unless the Society and the Trustees agree otherwise with the Member, the date on which the Member opts out of being an Active Member under Money Purchase Rule 3.2.3; and
- (d) the date on which the Member gives written notice to the Society and the Trustees that the special provisions of this definition for an on-going salary link shall cease to apply,

**"Same Sex Spouse"** means a person who was a Member's spouse by virtue of the Marriage (Same Sex Couples) Act 2013;

**"Scheme"** means the Yorkshire Building Society Pension Scheme;

**"Scheme Year"** means each period of 12 months commencing on 1 January or such other date as selected by the Trustees;

**"Section"** means the Money Purchase Section, the Final Salary Section, the CARE 65 Section, the Barnsley Section, the Chelsea Section or the N&P Section;

**"Section 9(2B) Rights"** means rights under the Scheme which are necessary to satisfy the requirements of the 1993 Act in respect of a Member who is Contracted-out on a salary related basis after 5 April 1997;

**"Section Rules"** means the Rules of a Section;

**"Senior Management Member"** means a Member who the Society decides is a Senior Management Member or, subject to the consent of the Society, a Member who is a working director of an Employer and who joined the Scheme on or before 1 October 1995;

**"Service"** means continuous service with any one or more Employers provided that:

- (a) service that is interrupted only by National Service is treated as continuous;
- (b) if an Employer first participates in the Scheme after the Commencement Date, service with it before its participation began will count as Service only as decided by the Society; and
- (c) the Society's decision as to the date of commencement and length of a person's Service is final;

**"Society"** means Yorkshire Building Society or any other corporation, company, firm or society as may for the time being be the Society by virtue of General Rule 8.4;

**"Spouse"** means the person legally married to the Member at the date of his or her death (including with effect on and from 13 March 2014 a person of the same sex as the Member);

**"Taxes Act"** means the Income and Corporation Taxes Act 1988;

**"Total Pension Input Amount"** has the meaning given in section 227 FA 2004;

**"Transfer Payment"** means a transfer or application by the Trustees under General Rule 4.1, 4.6 or 8.3 or a payment of a cash equivalent or cash transfer sum as referred to in General Rule 4.1;

**"Trust Deed"** means the deed to which these Rules are scheduled;

**"Trustees"** means initially those named above and thereafter the trustee or trustees for the time being of the Scheme;

**"Unauthorised Payment"** has the meaning given in section 160(5) FA 2004;

**"Worker"** means a person who is a worker of an Employer for the purposes of section 88 of the 2008 Act, as determined by the Society;

**"Xchange"** means the salary sacrifice arrangement known as Xchange operated by the Society and **"Xchange Member"** means a person whose Employer has notified the Trustees that he is such a person;

**"Year"** includes fractions calculated by reference to complete months, which will count as twelfths of a year;

**"1993 Act"** means the Pension Schemes Act 1993 (and the corresponding provisions for Northern Ireland);

**"1995 Act"** means the Pensions Act 1995;

**"1999 Act"** means the Welfare Reform and Pensions Act 1999;

**"2004 Act"** means the Pensions Act 2004;

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

**"2008 Act"** means the Pensions Act 2008;

**"2 Year Credit"** means:

- (a) in respect of a male Member of the Final Salary Section (other than a Senior Management Member) who was in Service on 31 October 1987, the proportion of two years which the period of his Pensionable Service bears to the period which would have been his Pensionable Service had he remained in the Scheme until age 60; and
- (b) in respect of a Female Member A or a Female Member B, means the proportion of two years which the period of her Pensionable Service actually completed by her from 17 May 1990 bears to the total period of Pensionable Service which she would have completed from the date she became a Member had she remained in the Scheme until age 60.

The maximum 2 Year Credit will be two years.

Provided that:

- (a) in determining the 2 Year Credit, any period during which the Member's employment was on a part-time basis shall be adjusted accordingly;
- (b) the Society will finally determine the period to be counted as Additional Pensionable Service; and
- (c) actual Pensionable Service shall, in the case of a Member who was under 60 on 31 March 2010 and who on 1 April 2010 became an Active CARE 65 Member, be deemed to include Service while an Active CARE 65 Member prior to the age of 60,

**"3 Year Credit"** means:

- (a) in respect of a male Member of the Final Salary Section (other than a Senior Management Member) who was in Service on 31 March 1985, a fraction of three years (such fraction being one fortieth of his Pensionable Service times the Member's prospective Pensionable Service (subject to a maximum of forty years) calculated up

to an assumed Normal Pension Age of 65 over the Member's prospective Pensionable Service (subject to a maximum of 40 years) calculated up to age 60); and

- (b) in relation to a Female Member A a fraction of three years being one fortieth of Pensionable Service actually completed from 17 May 1990 times the Member's prospective Pensionable Service (subject to a maximum of 40 years) up to an assumed Normal Pension Age of 65 over the Member's prospective Pensionable Service (subject to a maximum of 40 years) calculated up to age 60.

The maximum 3 Year Credit will be three years.

Provided that:

- (a) in determining the 3 Year Credit, any period during which the Member's employment was on a part-time basis shall be adjusted accordingly;
- (b) the Society will finally determine the period to be counted as Additional Pensionable Service; and
- (c) actual Pensionable Service, in the case of a Member who was under 60 on 31 March 2010 and who on 1 April 2010 became an Active CARE 65 Member, shall be deemed to include Service while an Active CARE 65 Member prior to the age of 60.

## **2. APPLICATION OF RULES**

- 2.1 The General Rules shall apply to each Section unless they (or any Section Rule) state otherwise.
- 2.2 The Rules of each Section shall apply only to that Section unless they state otherwise.

## **3. CONTRACTING-OUT**

### **3.1 Overriding application**

The Scheme ceased to be Contracted-out with effect from the end of 31 December 2015 when the CARE 65 Section and N&P Section were closed to future accrual.

This General Rule 3 shall have effect subject to the provisions of the 1995 Act. The provisions of this General Rule 3 apply in relation to any Member who was in Contracted-out employment by reference to the Scheme (or in respect of whom a transfer was accepted into the Scheme under General Rule 4.8 which includes Contracted-out benefits); it then overrides any other provisions of the Rules which are inconsistent with it except General Rules 5.1 and 5.3, General Rule 10, the provisions of General Rule 5.7 relating to trivial pensions and the limitation provisions of General Rule 5.8.

For the avoidance of doubt, the Money Purchase Section was not Contracted-out.

### **3.2 Defined terms**

The words and expressions used in this General Rule 3 have the same meaning as in the Contracting-out Provisions.

### 3.3 **GMP**

If a Member has a guaranteed minimum in relation to the pension provided for him under the Scheme in accordance with section 14 of the 1993 Act:

#### 3.3.1 Member's GMP

the weekly rate of the Member's pension (excluding any attributable to AVCs) from state pension age will not be less than the guaranteed minimum;

#### 3.3.2 Widow's GMP

if the Member is a man and dies at any time leaving a widow the weekly rate of the pension (excluding any attributable to AVCs) provided for her under the Scheme will not be less than half of that Member's guaranteed minimum;

#### 3.3.3 Widower's GMP

if the Member is a woman and dies on or after 6 April 1988 leaving a widower the weekly rate of the pension (excluding any attributable to AVCs) provided for him under the Scheme will not be less than half of that part of the Member's guaranteed minimum which is attributable to earnings for the tax year 1988/89 and subsequent tax years; and

#### 3.3.4 Civil Partner's and Surviving Same Sex Spouse's GMP

if the Member dies leaving a widower, Civil Partner or Same Sex Spouse the weekly rate of the pension (excluding any attributable to AVCs) provided for the Civil Partner or Surviving Same Sex Spouse under the Scheme will not be less than half of that part of the Member's guaranteed minimum which is attributable to earnings for the tax year 1988/89 and subsequent tax years.

### 3.4 **Section 109 increases**

The guaranteed minimum pensions referred to in General Rule 3.3 will in so far as they are attributable to earnings in the tax years from (and including) 1988/89, be increased in accordance with the requirements of section 109 of the 1993 Act and to the extent of any orders made thereunder.

### 3.5 **Postponed commencement**

If the commencement of any Member's GMP is postponed for any period after state pension age his guaranteed minimum will be increased to the extent (if any) specified in section 15 of the 1993 Act.

### 3.6 **Revaluation**

Where a Member ceased to be in Contracted-out employment by reference to the Scheme before the last complete tax year before state pension age, his guaranteed minimum at state pension age or at earlier death will be calculated on the basis that the guaranteed minimum pension which had accrued up to the termination of Contracted-out employment will be increased in accordance with whichever of the following provisions the Trustees may from time to time decide and notify to the National Insurance Contributions Office or any successor, namely:

### 3.6.1 Section 148 revaluation

by the percentage by which earnings factors for the tax year in which Contracted-out employment ceased are increased by the last order under section 148 of the Social Security Administration Act 1992 coming into force up to and including the tax year before that in which he reaches state pension age or dies (if earlier); or

### 3.6.2 Fixed rate revaluation

for each complete tax year after that in which Contracted-out employment ceased up to and including the last complete tax year before state pension age or previous death, by such rate as regulations made under section 55(5) of the 1993 Act specify as being relevant to the date of cessation.

## 3.7 Contributions equivalent premiums

The Trustees may pay contributions equivalent premiums in accordance with the 1993 Act; if they do so (or would have done so had the relevant amount not been regarded as incon siderable under the Contracting-out Provisions) the benefits otherwise applicable under the Scheme will be reduced as the Actuary determines to be reasonable to take account of the GMP(s) extinguished.

## 3.8 Relation to other benefits

Benefits will be provided under this General Rule 3 notwithstanding that such benefits would not otherwise be provided for under the Rules. However (except only as may be inconsistent with the foregoing or the Contracting-out Provisions), any person's entitlement under this General Rule 3 will be included in that person's entitlement (if any) under the Rules. Nothing in this General Rule 3 will prevent benefits being paid in circumstances in which the benefits to which this General Rule 3 relates are not required to be paid and any higher or additional benefits payable or to become payable under the Rules will be so payable.

## 3.9 Contracting-out requirements as variation of Rules

The Scheme except for the Money Purchase Section is intended to comply with the Contracting-out Provisions and the Rules will apply subject to such variations as the Trustees may from time to time determine as necessary to secure such compliance. The Rules shall be treated as including any provision required in order to comply with the Contracting-out Provisions.

## 3.10 Equivalent pension benefits

3.10.1 This Rule relates to contracting-out of the State graduated pension scheme under the National Insurance Act 1965 ("**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).

3.10.2 Such a Member will be entitled to a pension from state pension age equal to his equivalent pension benefits but which may not otherwise be terminated, reduced, surrendered or assigned except as permitted by the 1965 Act.

- 3.10.3 Pensions payable under other Rules will be inclusive of any equivalent pension benefits and will be increased to such extent only as may be necessary for the total pension to be equal to the equivalent pension benefit.
- 3.10.4 This Rule overrides all other provisions of the Trust Deed and the Rules which are inconsistent with it except General Rule 10 (Alterations).

#### **4. TRANSFERS**

##### **4.1 Transfers out**

4.1.1 Notwithstanding General Rule 4.1.2, the Trustees may, if the Society approves transfer all or such part of the Fund as, with the Actuary's advice, they think equitable in respect of a Member or other beneficiary (or in respect of any group or category of Members or other beneficiaries) to:

4.1.1.1 the trustees or administrators of another Registered Scheme or a qualifying recognised overseas pension scheme (as defined in section 169 of the FA 2004) so that benefits (which may differ from those otherwise payable under the Scheme) are secured in respect of the Member or Members or other beneficiaries under the receiving scheme or arrangement; or

4.1.1.2 an Insurance Company so that benefits in respect of the Member or Members or other beneficiaries are secured by a transaction to which section 19 of the 1993 Act applies.

A transfer under this General Rule 4.1 must comply with the Preservation Requirements and the Contracting-out Provisions. In the case of a transfer to an occupational pension scheme, the Trustees shall certify the amount included in the transfer payment attributable to the Member's contributions to the Scheme.

4.1.2 The Trustees acknowledge that they may have obligations as to the payment of cash equivalents, or cash transfer sums under the 1993 Act. The Trustees' powers under this General Rule 4 are discretionary and they may, therefore, withhold any transfer or application they might otherwise have made pending exhaustion of any rights which may arise under such legislation. If any payment which the Trustees purport to make as a cash equivalent, guaranteed cash equivalent or a cash transfer sum does not comply with the legislative requirements or is in excess of them, it (or the excess) may to the extent that the Trustees decide take effect as a transfer or application under this General Rule 4 and the Member's actual or purported exercise of his option for a cash equivalent or a cash transfer sum will constitute his consent thereto. Nothing in this General Rule 4.1 shall prevent the Trustees from reclaiming money paid under mistake.

##### **4.2 Consents**

A Transfer Payment may be made without the consent of the Member but only if any conditions specified in the Preservation Provisions are satisfied. Whether or not the Member's consent is required, the Transfer Payment may be made without the consent of anyone else (except to the extent that the Contracting-out Provisions otherwise require).



#### 4.3 Discharged benefits

- 4.3.1 A transfer payment must relate to all or an identified portion of the benefits otherwise payable for the person for whom the transfer payment is made ("discharged benefits").
- 4.3.2 Subject to General Rule 4.4 below, one or more transfer payments for a person must relate to all of the benefits otherwise payable for him unless the GMP liabilities are retained by the Scheme where a transfer payment is made to another pension scheme which is unable or unwilling to accept those liabilities.
- 4.3.3 The making of a transfer payment will discharge the Trustees from any further liability to pay the discharged benefits. The Trustees are not obliged to enquire into the application of the cash or other assets transferred.

#### 4.4 Transfer Option at Retirement

The Trustees may offer a Member who has attained age 55 the option of a transfer payment in accordance with this General Rule 4 (in lieu of retirement benefits from the Scheme), which for the avoidance of doubt may be offered irrespective of whether the Member has or could acquire the right to a cash equivalent transfer value under the 1993 Act. The value of the cash or other assets included in the transfer payment shall be determined by the Trustees after obtaining the advice of the Actuary.

#### 4.5 Partial transfer of AVCs

- 4.5.1 At the request of a Member, the Trustees may with the approval of the Society agree to transfer a Member's AVCs (or any part thereof) out of the Scheme, provided such transfer is a recognised transfer for the purposes of section 169 of the FA 2004. Where a partial transfer is made pursuant to this General Rule 4.5, the funds so transferred shall be regarded as the "discharged benefits" for the purposes of General Rule 4.3 above.
- 4.5.2 For the avoidance of doubt a Member who transfers his AVCs out of the Scheme under this General Rule 4.5 will not have to transfer his other entitlements under the Scheme at the same time or to cease Pensionable Service.

#### 4.6 Policy buy-out

- 4.6.1 The Trustees may apply an amount determined as under General Rule 4.1 in taking out an Insurance Policy in the Member's name. The benefits thereunder may differ (as to amounts, beneficiaries or otherwise) from those under the Scheme. The Trustees must however be satisfied as referred to in General Rule 5.12.
- 4.6.2 The Trustees may decide that, rather than providing benefits from the Scheme's assets in respect of any person, they will pay such amount as they decide (after consulting the Actuary) to buy an insurance policy or annuity contract from an Insurance Company for that person either in the name of the Trustees or, with the Society's consent, in the name of that person, or, having obtained the Society's consent, will transfer to that person an existing policy or contract currently held in the name of the Trustees, in which case where a person's benefits are secured under this Rule 4.6.1 by the transfer to him or the purchase in his own name of an

insurance policy or a contract, the Trustees are discharged from any further liability in respect of the benefits which have been secured in this way.

#### 4.7 **Inclusion of Contracted-out benefits**

A Transfer Payment may include or exclude any GMP or Contracted-out benefits, but GMP or Contracted-out benefits may only be included if the Contracting-out Provisions so permit.

#### 4.8 **Transfers in**

The Trustees will if the Society requests in respect of any person or persons, receive assets transferred by another Registered Scheme and will provide such benefits under the Scheme in respect of that transfer (consistent with the Contracting-out Provisions and Preservation Provisions) as after obtaining the advice of the Actuary they think fit. The Rules apply as appropriate in respect of any such person as they apply in respect of a Member but (if he is not a Member) not so as to grant any benefit (or require any contribution) except the benefits granted under this General Rule 4.8.

### 5. **BENEFITS - SUPPLEMENTARY PROVISIONS**

#### 5.1 **Discharge**

Any refund of contributions paid under Money Purchase Section Rule 5.2.2.2 or the Barnsley Section, transfer under General Rule 4.1, application of assets under General Rule 4.6, payment of a lump sum in lieu of trivial benefits under General Rule 5.7, receipt of payment or application under General Rule 5.6, apportionment and application under General Rule 8.2 or amalgamation under General Rule 8.3 will discharge the Trustees from all obligations (except as to any Contracted-out benefits not included therein) under the Scheme to the relevant Member(s) or any person who may benefit from his or their Membership and (except as aforesaid) extinguish all rights arising from such Membership.

#### 5.2 **Augmentation**

The Trustees shall if the Society so requests (subject to payment of any special contribution(s), or of on-going contributions on a basis different from that specified in Money Purchase Section Rule 4, or General Rule 13 if and to the extent that on the advice of the Actuary they may require) provide altered, increased or additional benefits in respect of any Member or former Member or any person in (or formerly in) Service or their Dependents. The Rules apply as appropriate in respect of any such person as they apply in respect of a Member, but (if he is not a Member) not so as to grant any benefit or require any contribution except any specified under this General Rule 5.2.

#### 5.3 **Taxes and charges**

5.3.1 The Scheme was, up to 5 April 2006, an approved scheme under Chapter I Part XIV of the Taxes Act and accordingly benefits have been subject to the limits necessary to ensure the Scheme's continued approval. Unless the Society and the Trustees decide otherwise (generally or in respect of a Member or group of Members) pensions payable from the Scheme on or after 5 April 2006 will continue to be subject to such limits as if they applied at the date of payment of the pensions notwithstanding that payment is made after 5 April 2006 and the Scheme is no longer approved. These limits shall not however restrict the Trustees' power to pay benefits as a lump sum instead of pension as provided in clause 2 above.

- 5.3.2 For Members who joined the Scheme on or after 1 June 1989, the earnings used to calculate their benefits and contributions are subject to a maximum of the Earnings Cap.
- 5.3.3 The Trustees may deduct from any payment from the Scheme any tax or charge for which they are or reasonably expect to be accountable (solely or jointly) in respect of that payment and they may pay out of the Scheme any scheme sanction charge (as defined in FA 2004) for which they are liable.
- 5.3.4 If a lifetime allowance charge under section 215 FA 2004 is payable by the Trustees in respect of any benefit they may reduce that benefit to reflect the amount of that charge for which they may be liable. The Trustees' decision on the amount of reduction and the manner in which the reduction applies shall be final.
- 5.3.5 The Trustees shall not be required to make any payment from the Scheme which would be an Unauthorised Payment. Where the Scheme provides for a payment which would be an Unauthorised Payment the Trustees shall have a discretion to make this payment with the agreement of the Society subject to deduction of any tax or charge for which the Trustees are or could be accountable in respect of the Unauthorised Payment.
- 5.3.6 In the case of a Fixed Protection Member, the Rules will apply to the Member so that any increase in value of a Member's defined benefit rights under the Rules with effect on and from 6 April 2012 shall be limited to the relevant percentage so that there is no further 'benefit accrual' as that term is defined in paragraph 14 of Schedule 18 of the Finance Act 2011.
- 5.3.7 The Trustees will not accept transfers in respect of Fixed Protection Members which may be considered "impermissible transfers" for the purposes of paragraph 14 of Schedule 18 of the Finance Act 2011
- 5.3.8 Without prejudice to the above, the Trustees may (and shall where required by law) pay some or all of the Member's annual allowance charge (as defined in the FA 2004), subject to sections 237A-237E of the FA 2004 and associated regulations. Where the Trustees make such a payment in respect of a Member, whether on a voluntary basis or pursuant to section 237B of the FA 2004, the Trustees shall (unless the member requests otherwise) pay that liability by a deduction from the Member's Retirement Account or, where the Member does not have a Retirement Account or the value of the Member's Retirement Account is not sufficient to discharge the liability, shall adjust the benefits of the Member under the Scheme to reflect the amount of the charge paid. Subject to section 237E of the FA 2004 (adjustment to be just and reasonable having regard to normal actuarial practice), the manner in which the adjustment is made shall be determined by the Trustees having consulted the Actuary.

#### 5.4 **Recovery for crime, negligence or fraud**

- 5.4.1 If, because of his own fraud, negligence or crime, a Member owes an Employer or the Scheme a monetary obligation (including, in the case of a Member who is a Trustee, a monetary obligation arising out of a breach of trust by him), then the Employer may recover from the Fund, or the Employer or Trustee as appropriate may exercise a charge or lien on or set off against the Member's entitlement under the Scheme for, an amount equal to the lesser of:

- 5.4.1.1 the monetary obligation; and
- 5.4.1.2 the value of the benefits remaining payable for the Member other than GMPs, equivalent pension benefits and other benefits payable under General Rule 4.8 (Transfers in).

5.4.2 The Trustees will reduce the value of the benefits payable for the Member by the amount recovered. If the Member disputes the monetary obligation, this General Rule 5.4 will not apply until the obligation has become enforceable by a court order or an award of an arbitrator but the Trustees may meanwhile suspend payment of benefits (other than those excluded under General Rule 5.4.1.2 above). The Member will be entitled to a certificate showing the relevant amount recovered by the Employer and the corresponding reduction in benefits.

## 5.5 **Alienation of benefit**

Benefits under the Scheme are subject to the restrictions on alienation contained in section 91 of the 1995 Act and (in the case of GMPs) section 159 of the 1993 Act. No pension or other benefit may be assigned, charged or alienated. No payment may be made of a benefit (except a GMP) if the Trustees are aware that the person entitled to it has attempted to assign, charge or alienate all or part of the benefit or any interest in it or that an event has occurred that has had, or was intended to have, or would (but for this General Rule 5.5 and the provisions of section 91 of the 1995 Act) have had the same effect. Despite forfeiture, the Trustees may (in accordance with section 92(3) of the 1995 Act) pay or apply all or part of a benefit to or for the benefit of the person initially entitled to it or any of his Dependants (not being an assignee or intended assignee).

This General Rule 5.5 applies separately (and severally) in relation to benefits which are payable, those which are prospectively payable and those which are contingently payable.

## 5.6 **Minority and other legal incapacity**

The Trustees may pay or apply any amount due or make any choice relating to any Beneficiary who is under age 18 or is unable to act due to incapacity (as certified by a registered medical practitioner) for that person's benefit either themselves or through some other person. The receipt by any person to whom the Trustees make any payment under this General Rule 5.6 will discharge the Trustees.

## 5.7 **Total commutation**

Subject to the Contracting-out Provisions, the Trustees may commute (for a lump sum payment) a Member's rights or entitlement to pension and those of any of his Dependants and may pay money purchase benefits as a lump sum in any circumstances where the lump sum so provided would be an authorised member payment for the purposes of section 164 of the FA 2004. Where the Trustees exercise their discretion under this General Rule, the Trustees shall be discharged from all liability in respect of the benefits so covered by the lump sum payment.

## 5.8 **Administration of pension payments**

5.8.1 The Trustees will decide the method and frequency of pension payments, which may include payment direct to the person concerned by an Insurance Company. Any benefit ceases to be payable once it is more than six years overdue without being claimed, although the Trustees may subsequently in their discretion pay the

benefit to the person concerned or to his Dependants in such shares as the Trustees decide.

5.8.2 In respect of pensions paid by the Trustees out of the Scheme and unless they decide otherwise:

5.8.2.1 they will pay all pensions monthly in advance in equal instalments;

5.8.2.2 the first instalment of pension will be payable when the Member (or other person), becomes entitled to the pension;

5.8.2.3 the last instalment of pension will be payable on the due date before or coincident with the date on which the Member (or other person) dies or otherwise ceases to be entitled to the pension; and

5.8.2.4 no repayment of any part of the last instalment of pension will be required in respect of any period after entitlement to the pension has ceased.

## 5.9 **Beneficiaries' addresses**

Payment of or entitlement to benefits is subject to the production to the Trustees of such information or evidence as they may require. Beneficiaries are responsible for notifying the Trustees of their current addresses from time to time. Notices and payments may be sent by post (to the address last known to the Trustees) at the Beneficiary's risk and will be deemed received two days after posting.

## 5.10 **Provision of information**

Beneficiaries and Employers will provide all information (and supporting evidence) required to establish benefit or to make any underlying actuarial or other calculation and the Trustees may withhold benefit pending receipt of information and may on the advice of the Actuary adjust any benefits following discovery of any relevant false premise.

## 5.11 **Membership not employment right**

Neither Membership of the Scheme nor its terms constitute of themselves employment rights of Members and nothing in the Scheme will restrict the right of an Employer to end or alter the terms of an Employee's employment. An Employee or former Employee may not use any benefit under, or other provision of, the Scheme as the basis of a claim against an Employer.

## 5.12 **Preservation**

The Scheme is intended to comply with the Preservation Provisions and the Rules will apply subject to such variations as the Trustees may from time to time determine as necessary to secure such compliance. Where under the Rules an alternative to short service benefit (as defined in the Preservation Provisions) is permitted and the Preservation Provisions so require, the Trustees must be reasonably satisfied that the value of the alternative equals or exceeds the relevant value as required by the Preservation Provisions.

## 5.13 **Previous membership periods**

If someone who becomes an Active Member is entitled to benefits for an earlier period of Membership, this General Rule 5.13 will apply unless the Trustees and the Society agree in

writing with the Member that other provisions will apply. In that case, those other provisions will apply as though they were part of the Rules. Where this General Rule 5.13 applies, the benefits for each period of Membership will be calculated as if each period was the only period of active Membership.

#### 5.14 **Restriction of death benefits**

Subject to the Disability Discrimination Act 1995, the Trustees shall, unless the Society agrees otherwise, restrict any benefits payable following the death in Service of a Member to reflect any limitation imposed by any insurer of them, and may eliminate any such benefits if such insurance is not available on normal terms from the insurers normally used by the Trustees. Subject to the Disability Discrimination Act 1995, the Trustees may restrict or eliminate such benefits (whether or not they are insured) if the Member refuses any medical examination the Trustees may require (on terms that he agrees that the results may be disclosed to the Trustees) or if they so decide on the basis of the results of such examination.

#### 5.15 **Small death benefits**

If the total amount due from the Scheme to the estate of a deceased Beneficiary is not more than £3,000, the Trustees may pay or apply the relevant amount to or between any one or more of the Beneficiary's Spouse or next of kin. The receipt of any person to whom the Trustees make any payment under this General Rule 5.15 will be a complete discharge to the Trustees for the payment.

#### 5.16 **Compromise**

The Trustees may compromise or compound any dispute or claim relating to the Scheme or its administration or to any Beneficiary's entitlement thereunder, with power to substitute for any actual or claimed benefit or right benefits or rights (consistent with the Preservation Provisions and the Contracting-out Provisions) of a different nature or amount. No person (and in particular, where any such compromise or compounding has been agreed with a Member, no person claiming by virtue of the membership of that Member) shall have any entitlement to any benefit or right for which any such substitution has been made.

#### 5.17 **Pension Sharing**

5.17.1 On receipt by the Trustees of a Pension Sharing Order (which shall be discharged in accordance with 5.17.2) in relation to a Member or Ex-Spouse Participant, the Trustees shall provide the Ex-Spouse with a Pension Credit and shall reduce the benefits due to the Member or Ex-Spouse Participant by the amount of the corresponding Pension Debit.

5.17.2 The Trustees shall discharge their liability to the Ex-Spouse under section 29(1)(b) of the 1999 Act ("creation of pension debits and credits") in accordance with the mode of discharge contained in paragraph 1(3) of schedule 5 of the 1999 Act ("transfer to a qualifying arrangement"), unless one of the circumstances in General Rule 5.17.3 arises, in which case the Trustees shall discharge their liability in accordance with the mode of discharge contained in paragraph 1(2) of schedule 5 of the 1999 Act ("conferring appropriate rights" (under the Scheme)).

- 5.17.3 The circumstances referred to in General Rule 5.17.2 are:
- 5.17.3.1 the Trustees are required by statute or any regulation to discharge their liability in accordance with paragraph 1(2) of schedule 5 of the 1999 Act;
  - 5.17.3.2 the Trustees have not received consent from the Ex-Spouse to discharge their liability in accordance with paragraph 1(3) of schedule 5 of the 1999 Act and are not legally able to or if so able decide that they do not wish to discharge their liability under paragraph 1(3) of schedule 5 of the 1999 Act in accordance with regulation 7(2) of the Pension Sharing (Implementation and Discharge of Liability) Regulations 2000;
  - 5.17.3.3 the Ex-Spouse is a Member of the Scheme and has not elected to have the Trustees' liability in respect of him discharged in accordance with paragraph 1(3) of schedule 5 of the 1999 Act.
- 5.17.4 An Ex-Spouse who is admitted to membership of the Scheme as an Ex-Spouse Participant shall be entitled to Pension Credit Benefit under the Scheme. The Pension Credit Benefit shall be in the form of a deferred benefit of such amount, taking into account the value of the Pension Credit, as the Trustees think fit acting on the advice of the Actuary, consistent with sections 101A to 101Q of the 1993 Act and the Pension Sharing (Pension Credit Benefit) Regulations 2000 and subject to the Rules. Any reference in the Rules to a Member shall include an Ex-Spouse Participant as applicable.
- 5.17.5 Where General Rule 5.17.4 applies, the Trustees must make provision for the Pension Credit Benefits of an Ex-Spouse Participant under the Scheme to be treated as provided separately from any benefits that they may have under the Scheme as a Member or Dependant.
- 5.17.6 If the Ex-Spouse dies after the Pension Sharing Order is made, but before it is implemented by the Trustees, the Trustees shall discharge their liability in relation to the Pension Credit in accordance with Regulation 6 of the Pension Sharing (Implementation and Discharge of Liability) Regulations 2000. In particular, the Trustees may pay a:
- 5.17.6.1 lump sum death benefit in accordance with General Rule 5.19; and/or
  - 5.17.6.2 pension to one or more Dependents of the Ex-Spouse,
- on such terms as the Trustee may determine.
- 5.17.7 The Trustees shall be entitled in accordance with the Pensions on Divorce etc. (Charging) Regulations 2000 to make such charges as they consider appropriate for providing information or taking other appropriate actions to comply with the relevant requirements of the 1999 Act and may recover those charges in any way permitted by the 1999 Act.

## 5.18 **Claim against Trustees or Employers**

No person will have any claim or right to any benefit except as far as the Scheme allows and in accordance with the Trust Deed and the Rules.

## 5.19 Discretionary trusts for lump sum death benefits

- 5.19.1 When a lump sum death benefit is payable in accordance with this General Rule 5.19, the Trustees will hold the lump sum on trust to pay or apply it to one or more of the Member's Eligible Recipients or for their benefit in such shares and in such manner as the Trustees decide or to pay it to the Member's personal representatives.
- 5.19.2 If the Trustees have not been able to trace any Eligible Recipients within two years of the Member's death and no personal representatives have been appointed to the Member's estate, the Trustees will keep the lump sum in the Fund for the general purposes of the Scheme.
- 5.19.3 If any person has paid all or any of the funeral expenses of a deceased Member, the Trustees may deduct from the lump sum an amount not exceeding the funeral expenses paid and pay that amount to that person.
- 5.19.4 The Trustees may deduct from any payment or application under this General Rule 5.19 any tax (and any interest on it) for which they may be accountable before paying or applying it.
- 5.19.5 In the exercising their discretion under this General Rule 5.19, the Trustees may pay a lump sum (or part of it) to a person who is under age 18 or to the trustees of a trust for the benefit only of one or more of the Member's Eligible Recipients. The trust may be of a discretionary nature and may include a provision allowing the trustees of the trust to charge remuneration. A receipt given by any person to whom a payment is made will be a complete discharge to the Trustees for that payment.
- The Trustees may deduct any expenses incurred relating to the provisions of General Rule 5.19 or any payment or application under this General Rule 5.19 from the relevant lump sum (or part of it) on any basis they decide.
- 5.19.6 If any sum payable under this General Rule 5.19 would be payable to the Crown, the Duchy of Lancaster or the Duke of Cornwall, the Trustees will hold any such sum in the Fund for the general purposes of the Scheme.

## 5.20 Uncrystallised Funds Pension Lump Sum

- 5.20.1 Notwithstanding any provisions in the Rules to the contrary, the Trustees may, at the request of a Member, and subject to such conditions as the Society and the Trustees may in their absolute discretion decide and notify to Members from time to time pay an uncrystallised funds pension lump sum ("UFPLS") provided that the applicable conditions set out in Schedule 29 FA 2004 and any associated regulations are met.
- 5.20.2 Following the payment of an UFPLS:
- 5.20.2.1 the Member's Retirement Account or AVCs (as applicable) shall be reduced by the amount of the payment and the Member concerned shall cease to have any rights arising from the benefits referable to such payment;



- 5.20.2.2 any person who would otherwise be entitled to claim by reason of the benefits of the Member referable to such payment shall have no such right; and
- 5.20.2.3 the Trustees will be discharged from all obligations under the Scheme to the Member concerned and any other person in relation to the benefits referable to such payment.

## **6. ASSETS**

### **6.1 Investment**

For the purposes of the Scheme the Trustees may, anywhere, themselves or with others, acquire, hold, maintain, improve or dispose of any property, participate in or finance any company or business, deposit (whether or not at interest), lend or (subject to section 36A of the 1995 Act) borrow money or other property, mortgage, charge or encumber any assets, enter any contract, undertake any obligation, give any indemnity or insure assets for any risk and amount.

### **6.2 Investment - particular cases**

Under General Rule 6.1 (but, except under General Rule 6.2.6, without prejudice to its generality):

#### **6.2.1 Types of property**

property includes any interest in property, and property may be real or personal, moveable or immovable, tangible or intangible, income producing or not and may consist of policies of insurance, units in collective funds (including units in funds only available to tax-exempt investors) or, subject to section 40 of the 1995 Act, employer-related investments (as defined in that section);

#### **6.2.2 Application of assets**

assets may be applied or encumbered for any purpose which will or may benefit the Scheme, whether or not this may be regarded as investment or may involve a risk of loss, and as if the assets were beneficially owned by the Trustees personally;

#### **6.2.3 Borrowing**

borrowing is subject to the consent of the Society and may only be for the purpose of providing liquidity for the Scheme on a temporary basis;

#### **6.2.4 Policy to secure benefits**

benefits may be secured by an Insurance Policy taken out by the Trustees;

#### **6.2.5 Nominee holdings**

assets may be acquired (and/or held) by nominees;

#### 6.2.6 Asset pooling

assets may be pooled with those of other retirement benefits or personal pension schemes, but only with the consent of the Society if the pool is not one which is available generally for investment by such schemes;

#### 6.2.7 Money Purchase Members' choice

a Member's Retirement Account may, but need not, be invested in any one or more investment(s) or fund(s) chosen by the Member from a selection approved by the Trustees and the Trustees' investment duties will thereby be discharged unless they have acted recklessly in the selection of the relevant investment(s) or fund(s).

### 6.3 **Statement of investment principles**

The Trustees will prepare, maintain and as necessary revise a statement of investment principles in accordance with section 35 of the 1995 Act.

### 6.4 **Fund Manager**

The Trustees may appoint in writing a Fund Manager with appropriate knowledge and experience to make all or some of the investment decisions of the Scheme and shall do so where required by section 47 of the 1995 Act.

### 6.5 **Donations and bequests**

The Trustees may accept donations or bequests from any person or body for the purposes of the Scheme.

## 7. **TRUSTEES**

### 7.1 **Appointment and removal**

7.1.1 Subject to General Rule 7.1.3 and the requirements of sections 241 to 243 of the 2004 Act, the Society may by deed appoint and/or remove any Trustee or Trustees from time to time.

7.1.2 A Trustee shall be discharged from office if:

7.1.2.1 he is removed from office by the Society; or

7.1.2.2 he becomes unfit to act; or

7.1.2.3 he resigns by written notice both to the Society and to the other Trustees provided there are at least three remaining Trustees, or the remaining Trustees include a corporate body; or

7.1.2.4 the Trustee is a corporate body (other than the sole Trustee) and goes into liquidation.

7.1.3 No person or body may be appointed as a Trustee if prohibited or disqualified from acting as a trustee under the 1995 Act.

**7.2 Number of Trustees**

Unless the Society decides otherwise or one of the Trustees is a corporate body, the number of Trustees shall not be less than three but the Trustees are not prohibited from acting by a temporary vacancy in their number.

**7.3 Remuneration and terms of appointment**

A Trustee may be appointed and act on terms as to remuneration (whether or not payable out of the Fund) and generally in all respects as agreed between the Society and the Trustee. Any Trustee to whom remuneration is paid under this Rule may keep it beneficially.

**7.4 Discharge and vesting**

Any removal under General Rule 7.1 will (unless there would not, taking account of any contemporaneous appointment, then be the required minimum member of Trustees) discharge the outgoing Trustee. He and any continuing Trustee(s) will do whatever is necessary to vest the trust assets in any such continuing Trustee(s) and/or any new Trustee(s).

**7.5 Delegation**

7.5.1 The Trustees may delegate (with or without power of sub-delegation) all or any of their powers, duties or discretions (including, but without limiting the generality of the foregoing, those relating to investment management or to banking transactions) to any of their number or to third parties on any terms (including terms as to remuneration). Subject to its terms, the validity of any appointment of a delegate will not be affected by any change of Trustees.

7.5.2 To the extent permitted by law, the Trustees will not be liable for any loss caused by a delegate.

**7.6 Trustees' powers of determination and resolution of disputes**

7.6.1 With the exception of any powers to be exercised by an Employer under the Rules, the Trustees will have power to decide all questions and matters of doubt relating to the Scheme. In making their decision, the Trustees may act on any advice, evidence or presumption (whether legal or not) as they think appropriate.

7.6.2 The Trustees will make the arrangements required under section 50 of the 1995 Act for the resolution of disagreements in relation to the Scheme. For this purpose, the Trustees will treat Ex-Spouse Participants as though they were Members.

**7.7 Procedure**

7.7.1 In respect of any period during which a corporate body is the only Trustee of the Scheme, trustee business shall be conducted in accordance with that corporate body's memorandum and articles of association as in force from time to time.

7.7.2 The Trustees shall decide the manner in which their meetings shall be called and conducted, consistent with the Trust Deed and Rules provided that they shall meet not less than once a year.

- 7.7.3 The Trustees may make regulations for the conduct of their business, the calling of meetings, the appointment of a chairman, the recording of resolutions, and all other matters connected with their work
- 7.7.4 The quorum necessary for the transaction of business at a meeting will be a majority of the Trustees.
- 7.7.5 All business brought before a meeting of the Trustees will be decided by a majority of the votes of the Trustees present with the chairman having a casting vote in the case of equality of votes.
- 7.7.6 A written resolution signed by all of the Trustees shall be as valid and effective as if it had been passed at a duly convened meeting of the Trustees and may consist of several documents in the same form each signed by one or more of the Trustees.
- 7.7.7 A Trustee will be regarded as being present at a meeting if he attends in person or by means of a conference telephone or any communication equipment that allows all those participating in the meeting to hear each other.

**7.8 Trustees' indemnity**

- 7.8.1 In the absence of personal conscious bad faith, the Society will indemnify the Trustees (and the directors and alternate directors of any corporate Trustee) against any costs, claims, demands, expenses and liabilities arising from any acts, matters and things that they, or anyone acting on their behalf, have done, permitted or omitted in connection with the Scheme.
- 7.8.2 However, no person will be indemnified under this General Rule 7.8 in respect of:
- 7.8.2.1 a fine imposed as a penalty for a conviction;
  - 7.8.2.2 a penalty under section 10 of the 1995 Act or section 168(4) of the 1993 Act; or
  - 7.8.2.3 any liability for breach of an obligation to take care or exercise skill in the performance of any investment functions if that liability cannot be excluded or restricted because of section 33 of the 1995 Act.

**7.9 Expenses**

The expenses of the Scheme including professional fees and levies will be paid out of the Fund and where the Society so directs the Retirement Accounts may be reduced in a way decided by the Trustees to reflect expenses which in the opinion of the Trustees are attributable to the Money Purchase Section. Notwithstanding the foregoing part of this General Rule 7.9, the Society may determine for any period that the expenses referred to or part of them shall be paid by the Employers in such shares as the Society shall determine.

**7.10 Trustee may benefit**

Any Trustee may be a Member or Beneficiary (and may retain any benefit, including any benefit resulting from the exercise of a discretion by him or by a body which includes him).

**7.11 Conflict of interest**

No Trustees' decision will be invalidated or questioned because any or all of the Trustees had any interest (or was an officer or trustee of, or otherwise connected with, any party interested) in it. Any Trustee may hold any office or employment (and retain any remuneration) notwithstanding that assets of the Scheme may be, or have been, instrumental in securing for him, or qualifying him for, that position.

**7.12 No need to interfere in investments**

The Trustees will not be bound or required to interfere in the management or conduct of any business or company in which the Scheme is interested.

**7.13 Powers and discretions unfettered**

Every power or discretion of the Trustees is absolute and unfettered and no exercise thereof may be questioned except on grounds of bad faith.

**7.14 Valuations, accounts and reports**

The Trustees will ensure that actuarial valuations of the Scheme are prepared at intervals to satisfy the 1995 Act and the 2004 Act. The Trustees will annually prepare accounts of the Scheme and will have them audited. They will also each year prepare an annual report.

**7.15 Evidence of exercise of Employer power**

The Trustees may call for evidence of the exercise of any power available to an Employer under the Scheme. Such evidence may consist of a copy of a resolution of the board of directors of the Employer (or any relevant committee of it) signed by the chairman of the meeting.

**7.16 Advisors**

The Trustees may from time to time appoint, remove or replace such professional advisors as they think fit and must comply with the requirements of section 47 of the 1995 Act.

**7.17 Scheme Administrator**

The Trustees may appoint any person to be the Scheme Administrator in accordance with section 270 of FA 2004.

**7.18 Financial information to Society**

The Trustees will obtain and make available to the Society any information about the assets, liabilities and financial transactions of the Scheme that the Society at any time requires. The Society may use the information in any way it thinks fit.

**8. EMPLOYERS****8.1 Employers - admission to the Scheme**

8.1.1 At the request of the Society, the Trustees shall admit any employer to participation in the Scheme which by deed agrees with the Society and with the Trustees to comply with the provisions of the Scheme.

8.1.2 An Employer's admission to the Scheme will be subject to any restrictions that the Society specifies. The Society may also make the continued participation of an Employer subject to restrictions. However no such restriction may operate to reduce the amount of any benefit accrued in respect of any Member prior to the date on which the Employer's participation in the Scheme is made subject to the restriction.

## 8.2 Employers - outgoing

8.2.1 An Employer:

8.2.1.1 may cease contributions to the Scheme at any time in respect of all or some of its Employees by giving written notice to the Trustees; and

8.2.1.2 shall cease contributions if it:

- (a) stops being associated in business with or directly or indirectly controlled by the Society (as decided by the Society);
- (b) stops carrying on business because of liquidation or otherwise; or
- (c) materially fails to observe and perform all or any of its obligations under the Scheme and the Trustees give written notice to the Employer that its participation in the Scheme is to end.

8.2.2 When an Employer's contributions cease in accordance with General Rule 8.2.1, the Active Membership of its Employees (or those of them affected in the case of notice under General Rule 8.2.1.1) shall cease.

8.2.3 The Trustees may, taking into account the Actuary's advice and subject to the Preservation Provisions, determine the Fund attributable to the departing Employer under General Rule 8.2.1 and the Members whose Active Membership has consequently ceased under General Rule 8.2.2 and apply that amount as a Transfer Payment for those Members under General Rule 4.1 (and in the event a without consent transfer is made, in accordance with General Rule 4.2). The amount transferred shall not, unless the Society agrees otherwise or one of the Specified Circumstances in 8.2.4 below applies, exceed the total of the cash equivalent transfer values of the Members' benefits:

8.2.4 The "Specified Circumstances" are that:

8.2.4.1 the termination of contributions arises as a result of:

- (a) the Employer being dissolved or wound up or entering into a Transfer of Engagements with a building society (other than the Society); or
- (b) a disposal of part of the business of the Employer by either the Society or a corporation, company or firm which is associated in business with the Society; or

- (c) disposal of the Employer by either the Society or a corporation, company or firm which is associated in business with the Society; or
- 8.2.4.2 the participation in the Scheme of the Employer is to cease; or
- 8.2.4.3 the Employer's contributions are terminating in respect of all persons in the service of or formerly in the service of the Employer.

If one or more of the Specified Circumstances set out in General Rule 8.2.4 applies, the value of the part of the Fund to be transferred under General Rule 8.2.3 shall not exceed the value of the liabilities (after making a suitable allowance for future pay increases) of and in respect of those persons to whom the transfer relates unless the Society agrees otherwise.

### 8.3 **Amalgamation**

The Scheme (or any part of it) may be amalgamated into, or may absorb any other scheme established for the benefit of employees of any Employer(s) which participates or is eligible to participate in the Scheme. Such amalgamation will be on such terms (consistent with the Contracting-out Provisions and the Preservation Provisions) as the Trustees on the advice of the Actuary and with the consent of the Society may agree. Such terms may include the transfer to such other scheme of any relevant accrued rights of one or more Members.

### 8.4 **Change of Society**

Any corporation, company or firm may agree with the Trustees to take the place of the Society under the Scheme. The consent of the previous Society will be necessary unless it has been dissolved. Any change of Society will be made by deed.

### 8.5 **Employers' powers and discretions**

Every power or discretion of the Society (or any other Employer) under the Scheme is absolute and unfettered and is held for its own benefit and not in any fiduciary capacity.

## 9. **TERMINATION**

### 9.1 **Occasions of termination**

The Scheme will terminate if:

#### 9.1.1 Notice

the Society gives written notice to the Trustees under General Rule 8.2 terminating its contributions to the Scheme and no other corporation, company or firm takes its place as the Society under General Rule 8.4 within the next 90 days; or

#### 9.1.2 Perpetuity

General Rule 11 so requires.

## 9.2 Active Membership ceases

On termination all Active Membership will cease and thereafter no one will be admitted to Membership or readmitted to Active Membership.

## 9.3 Closed scheme

The Trustees may defer the application of General Rule 9.4 (as to some or all of the Members), in which case they will continue to pay benefits and may apply General Rule 4 and/or General Rule 8.3 except that the Society's approval to the making of any Transfer Payment shall not be required. Such deferral of wind-up may not continue after the Scheme has ceased to have any assets or beneficiaries or if such continuation would infringe General Rule 11.

## 9.4 Winding up - priorities

9.4.1 On termination (or following deferral of wind up under General Rule 9.3) the Trustees will wind up the Scheme and they shall record the date on which the winding up of the Scheme commences. They will (subject to General Rule 9.8) realise its assets at such time or times as (having regard to prevailing investment conditions) they think fit and pay out of the Fund the costs, charges and expenses of the Scheme (including of its termination and winding up). The Trustees may in their absolute discretion reduce Retirement Accounts in such shares as they consider appropriate to reflect such share of the total costs as they determine to be equitable.

9.4.2 In the event that section 73 of the 1995 Act applies to the Scheme, then Retirement Accounts (which, for the purposes of this General Rule 9 shall be deemed to include the Protected Rights Assets and the proceeds of any AVCs of the relevant Members) will be excluded from the application of that section and each Member's Retirement Account will be applied to provide benefits for or in respect of that Member in accordance with the Money Purchase Section Rules. In these circumstances, the Trustees will apply the assets remaining after exclusion of Retirement Accounts towards satisfying the benefit liabilities of the Scheme as provided for in section 73 of the 1995 Act.

9.4.3 In the event that section 73 of the 1995 Act does not apply, the order in which benefits will be secured will be the following:

### 9.4.3.1 Death benefits

any sum or sums then held by the Trustees in respect of any deceased person shall be applied in accordance with Rule 6 of the Money Purchase Section, Rule 5 of the Final Salary Section, Rule 8 of the CARE 65 Section or Rule 6 of the Barnsley Section as the case may be;

### 9.4.3.2 AVCs

separately invested AVC funds will be applied to provide benefits for the relevant Members in accordance with Rule 2.4 of the Final Salary Section, Rule 4.2 of the Money Purchase Section, Rule 4.2 of the CARE 65 Section or the Barnsley Section as the case may be;



## 9.4.3.3 Money Purchase Section

each Retirement Account shall be applied to provide benefits for or in respect of that Member in accordance with the Money Purchase Section Rules;

## 9.4.3.4 Members with current pension rights

- (a) securing benefits in respect of the membership of Members who before the date of termination have died or reached Normal Pension Age or started receiving pension;
- (b) any liability for Pension Credit Benefits in respect of Ex-Spouse Participants who have reached their normal benefit age (as defined in section 101B of the 1993 Act) and any benefits which the Trustees have decided to provide in respect of an Ex-Spouse who has died before the pension sharing order was implemented;

## 9.4.3.5 EPBs

any liability for equivalent pension benefits (if any) for non-participating employment under the National Insurance Act 1965;

## 9.4.3.6 GMPs

any liability for GMPs or state scheme premiums;

## 9.4.3.7 Other benefits

securing other benefits payable prospectively or contingently under the Scheme.

The amounts of the liabilities in General Rule 9.4 will be the cost, as the Trustees decide on the Actuary's advice, of securing the benefits by means of insurance contracts on terms and conditions that are as near as is practical to those that would have applied under the Scheme.

Later paragraphs of this General Rule 9.4 only apply to the extent that the subject matter has not been provided for in any earlier paragraph and that assets remain after earlier paragraphs have been exhausted. If the requirements of a paragraph can in this way only be partially satisfied, the benefits referred to in it (to the extent not provided for in earlier paragraphs) will abate and subsequent paragraphs will not apply. As between the amount of benefits falling to be satisfied under any paragraph, abatement will apply on a proportionate basis but taking account of any amount already satisfied under an earlier paragraph which would otherwise have been included in the relevant amount under the later paragraph.

## 9.5 Augmentation

The Society may direct the Trustees to apply any balance of the Fund or part thereof remaining after application under General Rule 9.4 in augmenting Retirement Accounts and thereafter the Trustees may use remaining surplus in augmenting all or any benefits for or in respect of Final Salary Members, CARE 65 Members, Barnsley Members, Chelsea Members, N&P Members or former Final Salary Members, former CARE 65 Members, former Chelsea

Members, former N&P Members and former Barnsley Members in such manner as they think fit.

#### 9.6 **Return to employers**

Any balance of the Fund left after the Trustees have exercised their power under General Rule 9.5 or decided not to exercise that power will be paid to the Employers in such proportions as the Trustees shall decide. If section 76 of the 1995 Act applies to the Scheme, the Trustees and each of the Employers will do all things necessary to satisfy the requirements of that section before any payment under this General Rule 9.6 is made.

#### 9.7 **Method of securing benefits**

The benefits referred to in this General Rule 9 will (so far as not immediately payable in cash) be secured or provided by such one or more of the following methods as the Trustees shall determine:

9.7.1 By transfer or buy-out

by Transfer Payment under General Rule 4;

9.7.2 By state scheme premium

by payment of state scheme premiums;

9.7.3 By commutation

by surrender for a lump sum under General Rule 5.7 in accordance with the FA 2004;

9.7.4 By annuity policy

by purchase in the names of (or assignment to) the relevant persons of Insurance Policies which are consistent with the Contracting-out Provisions and the Preservation Provisions.

#### 9.8 **Amalgamation or bulk transfer**

The Trustees may (instead of realising and applying the whole or any part of the relevant assets in respect of all or some Beneficiaries under General Rules 9.4 to 9.7) effect the amalgamation of the Scheme (or the relevant part of it) into any other scheme in accordance with General Rule 8.3 or make one or more Transfer Payments under General Rule 4.

#### 9.9 **Powers during winding up**

While the Scheme is being wound up (and during any deferral of wind up under General Rule 9.3) the Rules, and all powers and discretions thereunder, will continue to apply but subject to the requirements of this General Rule 9.

### 10. **ALTERATIONS**

10.1 The Trustees may at any time and from time to time with the consent of the Society amend by deed any of the trusts, powers or provisions of the Trust Deed and the Rules and by resolution

in writing passed at a meeting duly called and constituted and signed by all of the said Trustees amend any of the provisions of the Rules.

- 10.2 Provided that no such alteration or modification shall be made which:
- 10.2.1 authorises the repayment of any part of the Fund to the Society otherwise than upon the dissolution of the Scheme;
  - 10.2.2 extends the operation of the Scheme beyond the Perpetuity Period;
  - 10.2.3 reduces the amount of any pension or other annuity currently being paid or any benefit already accrued to any Member without his consent in writing;
  - 10.2.4 if notice in writing of any such alteration or modification shall be given in a form agreed by the Trustees and the Society to members affected thereby, the trusts, powers and provisions of the Trust Deed and of the Rules will, pending the execution of the deed, be deemed to be altered or modified in such manner and to such extent as the Trustees shall determine to give effect to the provisions set out in such notice. The decision of the Trustees as to matters of interpretation of such notice and all matters arising in connection with the provision of any benefits referred to therein shall be final and conclusive.
- 10.3 So long as section 67 of the Pensions Act is in force, the power to alter the Trust Deed and the Rules will not be exercised in a way that conflicts with the restriction set out in that section on alterations affecting any entitlement or accrued right.

## **11. PERPETUITY**

The Scheme will not continue beyond the Perpetuity Period.

## **12. INTERPRETATION**

### **12.1 Construction**

The Rules will be construed in accordance with English law and without reference to the list of contents or the headings, or to the typeface(s) in which they are printed, each of which is included or used for convenience.

### **12.2 Masculine/feminine/singular/plural**

In the Rules unless the context otherwise requires the masculine includes the feminine and the singular includes the plural and (in each case) vice versa.

### **12.3 Legislation**

References in the Rules to any legislation include (where appropriate) legislation which it replaces, amends or supplements and legislation for the time being in force which replaces, amends or supplements it.

### **12.4 Commercial usage**

In the interpretation and application of the provisions of these Rules and the operation of the Scheme, due regard shall be had to commercial usage and practice for the time being as to pension schemes of the nature of the Scheme.

**13. EMPLOYER CONTRIBUTIONS****13.1 Employers' contributions**

The Trustees (after consulting the Society) will decide the rates of contributions that each Employer will pay but so that if the Actuary determines at any time that the value of the Fund exceeds the value of the liabilities of the Scheme in respect of Pensionable Service already completed (for future Revaluation Percentages), such excess shall be spread equally over the Scheme Year next following that in which such determination is made and the two subsequent Scheme Years (or over such longer period as may be agreed between the Trustees and the Society or as may be necessary to absorb the excess) for the purpose of determining the contributions payable by the Employers in these Scheme Years.

In addition, the Employer shall pay such contributions (including any AVCs which an Xchange Member has elected to pay through that arrangement) in respect of an Xchange Member which would otherwise be payable by that Member under Money Purchase Section Rule 4.1 or 4.6 were he or she not an Xchange Member.

**PART 2: MONEY PURCHASE SECTION RULES**

**1. DEFINITIONS**

In these Money Purchase Section Rules (unless the context otherwise requires):

**"Active Money Purchase Member"** means a person who:

- (a) has been admitted or re-admitted to Membership under Money Purchase Section Rule 3; and
- (b) has not ceased to be an Active Money Purchase Member under Money Purchase Section Rule 3 since his last admission or re-admission;

and **"Active Money Purchase Membership"** for the purposes only of the Money Purchase Section Rules shall be construed accordingly;

**"Active N&P Member"** means a former active member of the N&P Scheme who was an active member of that scheme on 28 February 2014 and whose benefits transferred to the Scheme pursuant to a merger deed dated 28 February 2014 and who continued to accrue benefits in the Scheme on the same terms up until 31 December 2015;

**"Allocated Assets"** means that part of the Scheme, including without limitation that part of the Scheme which represents Retirement Accounts and AVCs which the Society, on the advice of the Actuary, shall from time to time decide is necessary to provide accrued rights or entitlements in respect of Money Purchase Members and Final Salary Members under the Scheme;

**"Automatic Enrolment Member"** means a person who has been admitted or re-admitted to Membership under Money Purchase Section Rule 3.3 and whose Active Membership has not ceased since his last such admission or re-admission and who has not ceased to be treated as an Automatic Enrolment Member pursuant to Money Purchase Section Rule 3.7;

**"Barnsley Pensionable Salary"** means the rate of basic annual earnings at 1 January and with the consent of the Society and the Member any reduction in Barnsley Pensionable Salary due to the Member's ill health may be ignored and the Barnsley Pensionable Salary shall be such greater amount as the Society may determine it would have been but for the effect of the Member's ill health;

**"Matched Contributions"** means the contributions a Member may elect to pay under Money Purchase Section Rule 4.1;

**"Unallocated Assets"** means that part of the Scheme, if any, in excess of the Allocated Assets.

**"Worker"** means a person who is a worker of an Employer for the purposes of section 88 of the 2008 Act, as determined by the Society.

**2. ESTABLISHMENT AND APPLICATION**

**2.1 Status**

The Money Purchase Section is established with effect from 1 January 2000.

**2.2 Money Purchase Members**

The Rules of the Money Purchase Section apply only to Money Purchase Members.

**3. MEMBERSHIP**

**3.1 Eligibility**

**3.1.1 Duties under the 2008 Act**

A Worker is eligible to become an Active Money Purchase Member if an Employer has a duty:

- 3.1.1.1 to automatically enrol the Worker under section 3 of the 2008 Act;
- 3.1.1.2 to automatically re-enrol the Worker under section 5 of the 2008 Act;
- 3.1.1.3 to comply with an opt in request made by the Worker under section 7 of the 2008 Act; or
- 3.1.1.4 to comply with a joining request made by the Worker under section 9 of the 2008 Act.

**3.1.2 Other Employees**

This Money Purchase Section Rule 3.1.2 applies to an Employee who does not fall within Money Purchase Section Rule 3.1.1 above.

A person is eligible to be admitted as a Money Purchase Member if he is an Employee who has attained the age of 18 and who has been notified by his Employer that he is eligible to join the Scheme as a Money Purchase Member. In addition, a Retiring Member is eligible to be admitted as an Active Money Purchase Member for a period of one year after becoming a Retiring Member. If the Retiring Member has not become an Active Money Purchase Member within twelve months of becoming a Retiring Member, he will cease to be so eligible unless the Trustees with the consent of the Society have agreed to his admission and he provides evidence of his good health satisfactory to the Trustees if they require him to do so.

However, a person to whom this Money Purchase Section Rule 3.1.2 applies is ineligible if he did not become an Active Money Purchase Member at his first opportunity in his current Service or opted-out under Money Purchase Section Rule 3.4.2 unless the Trustees with the consent of the Society have agreed to his admission and he provides evidence of his good health satisfactory to the Trustees, if they require him to do so.

**3.1.3 Power to restrict eligibility**

The Society may, however, at any time (and from time to time) restrict or impose conditions on, eligibility in the case of any Employee or Employees, Worker or Workers, (or of any class or classes of Employee or Worker) or of Employees or Workers generally (including closing the Money Purchase or the Scheme to new entrants) and may from time to time amend or remove any such restriction or any such conditions.

3.1.4 Waiver of Eligibility

The Society may waive any of the eligibility conditions in Money Purchase Section Rules 3.1.1 or 3.1.2 and will notify the Trustees and the Employee concerned accordingly.

3.2 **Circumstances in which ineligible**

An Employee to whom Money Purchase Section Rule 3.1.2 applies is nevertheless ineligible (unless the Society determines otherwise):

3.2.1 Absence

whilst absent from work or awaiting a medical whilst he is absent from work for any reason (other than maternity leave) and/or pending any medical examination and the Society's decision thereon, as referred to in Money Purchase Section Rule 3.2.4; or

3.2.2 Failure to join

if he did not become an Active Money Purchase Member at his first opportunity in his current Service; or

3.2.3 Opting out

if he has previously opted out of Active Money Purchase Membership by giving notice under Money Purchase Section Rule 3.4.2; or

3.2.4 Ill Health

if either he refuses any medical examination which the Society may, in its discretion, require him to undergo (on terms that he agrees that the results may be disclosed to the Society) or that the Society decides on the basis on such examination (and without unlawful discrimination prohibited by the Equality Act 2010) that he should not be eligible.

3.3 **Admission**

The following provisions govern admission and readmission to Active Money Purchase Membership:

3.3.1 Duties under the 2008 Act:

3.3.1.1 each person to whom Money Purchase Section Rule 3.1.1.1 applies becomes an Active Money Purchase Member on the date that is the automatic enrolment date for that person under section 3 or section 4 of the 2008 Act;

3.3.1.2 each person to whom Money Purchase Section Rule 3.1.1.2 applies becomes an Active Money Purchase Member on the date that is the relevant automatic re-enrolment date under section 5 of the 2008 Act;

3.3.1.3 each person to whom Money Purchase Section Rule 3.1.1.3 applies becomes an Active Money Purchase Member on the date that is the enrolment date under section 7 of the 2008 Act;

3.3.1.4 each person to whom Money Purchase Section Rule 3.1.1.4 applies becomes an Active Money Purchase Member on the date specified in regulations made by the Secretary of State under section 9 of the 2008 Act or, in the absence of such date/regulations, the date determined by the Society and notified to the Trustees.

For the avoidance of doubt, for so long as the Society continues to use the Money Purchase Section to meet its employer duties under Chapter 1 of the 2008 Act (and any associated legislation and/or regulations), no restrictions or conditions shall be imposed under the Rules which would prevent the Society from discharging such duties under the Money Purchase Section.

3.3.2 On becoming eligible

each person to whom Money Purchase Section Rule 3.1.2 applies (unless he notifies the Trustees in writing within one month of meeting those conditions that he does not want to be an Active Money Purchase Member) shall become an Active Money Purchase Member immediately upon satisfying the eligibility conditions under Money Purchase Section Rule 3.1.2.

3.3.3 Those not eligible

the Society may also permit a person in Service who is not eligible to become an Active Money Purchase Member and will notify the Trustees and the Employee concerned accordingly;

3.3.4 Membership terms

in the case of a person admitted or readmitted whilst not eligible or any person for whom no medical examination is required, the Society and Trustees may (without unlawful discrimination prohibited by the Equality Act 2010) vary the terms of membership of the Scheme and in particular may vary eligibility for or the amount of any benefit and will notify the Employee accordingly;

3.3.5 Eligibility of Retiring Members

retiring Members may be admitted to Membership of the Money Purchase Section on such terms as the Society and Trustees may from time to time decide.

3.4 **Active Money Purchase Membership ceases**

Active Money Purchase Membership ceases:

3.4.1 On leaving Service

when the Money Purchase Member ceases to be in Service (but subject to Money Purchase Section Rules 3.6 and 3.7) unless the Member is a Worker in respect of whom the Employer has a duty under Part 1 of the 2008 Act which would be breached were Active Membership to cease (as determined by the Society); or



## 3.4.2 On opting out

on the date set out in a written notice of withdrawal given to the Trustees (or as it may direct) by the Member, subject to any minimum notice period which the Trustees may reasonably determine from time to time and notify to the Member.

Where the notice of withdrawal does not comply with any such minimum notice period (or does not specify the date on which the Member's Active Membership is to cease), the notice of withdrawal shall take effect from the date reasonably determined by the Trustees, such date being consistent with the period that would have applied had the Member complied with any minimum notice period prescribed by the Trustees; or

## 3.4.3 On becoming ineligible

when the Money Purchase Member ceases to be an Employee unless:

3.4.3.1 the Member is a Worker in respect of whom the Employer has a duty under Part 1 of the 2008 Act which would be breached were Active Membership to cease (as determined by the Society); or

3.4.3.2 in any other case, the Society permits his Active Money Purchase Membership to continue, in which case such continuance will be on such terms as the Society (without affecting any prior entitlement or accrued rights) may determine and notify to the Trustees; or

## 3.4.4 Absence

on the date the Member's suspension or absence from work exceeds the maximum temporary absence period permitted by Money Purchase Section Rule 3.6 unless the Member is a Worker in respect of whom the Employer has a duty under Part 1 of the 2008 Act which would be breached were Active Membership to cease; or

## 3.4.5 On discontinuance or cessation of Employers' contributions

as provided in General Rule 8 or 9; or

## 3.4.6 On opting out under the 2008 Act

in relation to a Money Purchase Member to whom section 8 of the 2008 Act applies, when the Money Purchase Member provides a valid opt out notice in accordance with section 8 of the 2008 Act. Provided that, if a person exercises a right to opt out of the Scheme under section 8 of the 2008 Act, that person will be treated as though they were never a Member of the Scheme on that occasion and the Rules shall be construed accordingly. Where this Money Purchase Section Rule 3.4.6 applies, the Member will receive any refund of contributions due in accordance with the 2008 Act.

3.5 **Temporary absence**

Cessation of Service will not of itself terminate Active Money Purchase Membership if it is followed by another period of Service in one of the circumstances set out in Money Purchase Section Rules 3.5.1 to 3.5.3. Any absence from work in any such circumstances (whether or

not it involves cessation of Service) constitutes temporary absence for the purposes of Money Purchase Section Rule 3.6. The circumstances are:

3.5.1 On change of job

that the cessation of Service is followed immediately by the Money Purchase Member becoming an Employee of another Employer or a Worker of another Employer where that Employer would, were it not for this Money Purchase Section Rule 3.6.1, have a duty to automatically enrol that Worker under section 3 of the 2008 Act; or

3.5.2 For family leave

that continuity is required under Part VIII of the Employment Rights Act 1996 or any other applicable legislation or contractual term relating to the DC Member which requires that a period of maternity leave, paternity leave, parental leave or adoption leave shall not break continuity of service for the purposes of the Scheme; or

3.5.3 For limited periods

that the Society agrees that Active Money Purchase Membership should be continuous, but only if the break is not longer than three years or such longer period as the Society may determine and notify to the Trustees in writing; or

3.5.4 Long term disability

that the Money Purchase Member is in receipt of benefits from a long term disability scheme operated by his Employer, for a period of up to two years.

3.6 **Service, remuneration and death during absence**

3.6.1 Whilst on maternity, paternity or ordinary adoption leave

If a Money Purchase Member exercises his right under the Employment Rights Act 1996 to take ordinary maternity leave, paternity leave, ordinary adoption leave, parental leave or shared parental leave or is receiving contractual earnings which are pensionable from the Employer or statutory maternity, paternity, adoption or shared parental pay (as applicable) during a period of additional maternity leave, additional paternity leave, additional adoption leave or shared parental leave (as defined in that Act or Regulations made under it), that period of leave (and any other period which the Society may specify for this purpose) will count as Service whether or not the Money Purchase Member exercises his right to return to work. Money Purchase Member's and Employer's contributions during any such period shall be calculated as required by the Employment Rights Act 1996 (or any other applicable legislation, contractual term, or as communicated to Members by the Society from time to time).

3.6.2 Optional Contributions

3.6.2.1 If a Money Purchase Member contributes in accordance with this Money Purchase Section Rule 3.6.2.1, the Employer will similarly contribute at the relevant rate described in Money Purchase Section Rule 4.6. Provided that all the contributions required by this Money

Purchase Section Rule 3.6.2.1 are received by the Trustees, the period of absence will count as Service to the extent that it is not already treated as such under Money Purchase Section Rule 3.6.1.

3.6.2.2 If an Active Money Purchase Member is temporarily absent from Service during a period of temporary absence under Money Purchase Section Rule 3.5 (other than Money Purchase Section Rule 3.5.2), the Money Purchase Member must pay contributions as normal, and the Employer will pay contributions as normal. If the Money Purchase Member is not receiving any remuneration from the Employer, no contributions will be payable by the Money Purchase Member. During any such period the Employer will not pay any contributions to the Scheme on behalf of the Money Purchase Member.

3.6.2.3 In any part of the Permitted Absence during which the Active Money Purchase Member's Pensionable Salary continues to be paid in full, the Member and his Employer (or for an Xchange Member, the Employer) will continue to pay contributions in full under Money Purchase Section Rule 4. If his Pensionable Salary reduces or stops, contributions for the relevant period will reduce correspondingly or stop, as the case may be.

3.6.2.4 The Society may decide that contributions or benefits for Permitted Absence will be greater than the amounts calculated as set out above. The Trustees will:

- (a) make any such increase subject to the Member's agreement to the extent that it affects his contributions (or for an Xchange Member, the contributions paid by the Employer on his behalf) to the Scheme; and
- (b) limit any such increase to that necessary to compensate for any reduction in contributions or benefits resulting from a reduction in the Member's Pensionable Salary since Permitted Absence began.

3.6.2.5 In comparing the Pensionable Salary levels for this purpose, the Trustees may increase pre absence Pensionable Salary on the same basis as the pay of employees of the Employer in the same or a comparable category of employment over the same period has increased.

### 3.6.3 Death benefits

If a Money Purchase Member dies during a period of absence from work, he will be deemed to have ceased to be an Active Money Purchase Member immediately before the absence unless it constitutes temporary absence as referred to in Money Purchase Member Section Rule 3.5 or the Society agrees to it counting as temporary absence under Money Purchase Section Rule 3.5. However, in the case of the death of a Money Purchase Member during additional maternity leave, additional paternity leave or additional adoption leave after either (if the Money Purchase Member has failed to notify his intention to return) the last date for such notification or (if the Money Purchase Member does so notify) the Employer concluding that there is no reasonable expectation of the DC Member returning,

the Money Purchase Member will be deemed to have left Service on the last date before the employment terminated.

**3.7 Switching to normal Active Money Purchase Membership**

3.7.1 An Automatic Enrolment Member who elects to pay Matched Contributions (or by meeting such alternative conditions as the Trustees may specify and notify to Members from time to time) shall cease to be treated as an Automatic Enrolment Member on and from such date as the Trustees shall determine.

3.7.2 A Member may not have two periods of Active Membership running concurrently and the Money Purchase Section Rules shall be construed in a manner which is consistent with the principle that a Member may not have concurrent periods of Active Membership.

**4. CONTRIBUTIONS**

**4.1 Member's contributions**

4.1.1 Each Active Money Purchase Member who is not a Senior Management Member shall pay contributions to the Scheme at the rate of 3% of his Pensionable Salary.

4.1.2 Each Active Member who is a Senior Management Member shall pay contributions to the Scheme at the rate of 5% of Pensionable Salary.

4.1.3 Each Active Money Purchase Member who is not a Senior Management Member may elect to pay Matched Contributions at the rate of 1% or 2% of Pensionable Salary.

4.1.4 Each Active Money Purchase Member who is a Senior Management Member may elect to pay Matched Contributions at the rate of 1%, 2% or 3% of Pensionable Salary.

4.1.5 The amount of Matched Contributions which a Member elects to make can be altered by giving such notice as the Trustees may require but not exceeding 12 months.

4.1.6 An Active Money Purchase Member who is an Xchange Member shall not be obliged to contribute to the Scheme under this Money Purchase Section Rule 4.1 and the Employer's contribution payable under Money Purchase Section Rule 4.6 shall instead be adjusted accordingly.

4.1.7 An Automatic Enrolment Member shall pay the minimum contributions prescribed under Part 1 of the 2008 Act (and any associated legislation and/or regulations) or the contributions notified by the Society where these are lower.

**4.2 AVCs**

An Active Money Purchase Member may pay AVCs to the Scheme (and an Xchange Member may elect to pay such AVCs through Xchange in which case the Employer contribution payable under Money Purchase Section Rule 4.6 shall be adjusted accordingly). Such contributions shall be treated as if they were contributions paid by the Member in which case:

4.2.1 Rate

the rate of payment may not be less than such minimum or maximum as the Trustees may (without infringing any legislative provision) from time to time specify;

4.2.2 Notice

payment of AVCs may only be commenced, varied or terminated by an Active Money Purchase Member on giving such written notice as the Trustees may require but not exceeding 12 months;

4.2.3 Separate investment

each Money Purchase Member's AVCs must be separately identifiable from the rest of the Fund;

4.2.4 Investment media

AVCs may (but need not) be invested in any one or more investment(s) or fund(s) chosen by the Member from a selection approved by the Trustees and the Trustees' investment duties will thereby be discharged unless they have acted recklessly in the selection of the relevant investment(s) or fund(s);

4.2.5 Expenses

a Money Purchase Member's AVCs will be reduced by the expenses incurred in investing them or providing benefits from them unless the Society decides otherwise by applying General Rule 7.9;

4.2.6 Benefits

AVCs will (unless refunded under the Rules) be used to provide for or in respect of the Money Purchase Member additional benefits on a money purchase basis of the same type as under the Scheme at the Trustees' discretion but which comply as far as possible with any wishes made known by the Money Purchase Member in writing to the Trustees. Benefits arising from the AVCs will be secured in accordance with Money Purchase Section Rule 5.4. The Member must however be given the option when he starts his pension of having his AVCs (less any paid to him as a lump sum) used to purchase an Insurance Policy of his choice.

**4.3 Deduction from pay**

4.3.1 The contributions payable by an Active Money Purchase Member who is not an Xchange Member whether under Money Purchase Section Rule 4.1, or 4.2 may be deducted by the Employer from the Active Money Purchase Member's remuneration. All contributions paid by (or in the case of an Xchange Member on behalf of) all Active Money Purchase Members shall be paid to the Trustees in accordance with such terms as may from time to time be agreed between the Society and Trustees.

4.3.2 These contributions shall be credited by the Trustees to the Active Money Purchase Member's Retirement Account or the Member's AVC fund as appropriate.

#### 4.4 **Suspension of Active Money Purchase Member's contributions**

4.4.1 While an Active Money Purchase Member is (in the opinion of the Employer) in exceptional circumstances of ill health or hardship the Trustees may, with the consent of the Society, agree to the suspension or reduction of that Member's contributions (including for an Xchange Member those contributions paid by the Employer which would otherwise have been payable by the Member under Money Purchase Section Rule 4.1) under Money Purchase Section Rule 4.1.

4.4.2 However this Money Purchase Section Rule 4.4 will not be operated in a way that would cause an Employer to breach any duty that it has in respect of a Member under Part 1 of the 2008 Act.

#### 4.5 **Annual Allowance Capped Member**

In respect of an Annual Allowance Capped Member, the Employer will use its best endeavours to ensure that the contributions payable by the Employer under Money Purchase Section Rule 4.6 in any Scheme Year will be restricted so that the Member's Total Pension Input Amount in respect of the Scheme does not exceed the Annual Allowance. For the avoidance of doubt, any reduction in the contributions payable by the Employer will apply to contributions payable under Money Purchase Section Rule 4.6.1, 4.6.2 and 4.6.3 before it applies to Money Purchase Section Rule 4.6.4 (additional contributions payable by the Employer in respect of an Xchange Member). For the avoidance of doubt, in calculating the contributions, the Employer will rely on information provided by the Member and cannot be held responsible for any consequence (including tax charges) which may arise as a result of incorrect information.

#### 4.6 **Employer's contribution**

4.6.1 The Employer shall pay to the Trustees contributions to provide retirement benefits in respect of each Active Money Purchase Member in its Service as set out in the following table:

<b>Member category</b>	<b>Employer's Contribution</b>
	1 January 2018 onwards
A Member (including an In Service DB Member) who is an Active Money Purchase Member	7%
Senior Management Member	10%

4.6.2 In respect of an Automatic Enrolment Member, the Employer shall pay contributions at the rate notified to the member from time to time provided that these shall be no less than the minimum contributions prescribed under Part 1 of the 2008 Act (and any associated legislation and/or regulations).

#### 4.6.3 **Matched Contributions**

In respect of each Member who makes Matched Contributions under Money Purchase Section Rule 4.1, the Employer shall make contributions to the Scheme (the Employer's Additional Contribution) in accordance with the following table:

Member's Matched Contribution	Employer's Additional Contribution
	1 January 2018 onwards
1%	2%
2%	4%
3%*	6%

\* The 3% Matched Contribution rate is only applicable to Senior Management Members.

4.6.4 In addition, the Employer shall pay such contributions (including any AVCs which an Xchange Member has elected to pay through that arrangement) in respect of any Xchange Member which would otherwise be payable by that Member under Money Purchase Rule 4 were he or she not an Xchange Member.

4.6.5 Part or all of an Employer's contribution under this Money Purchase Section Rule 4.6 may be met by crediting contributions from the Unallocated Assets if the Society so directs the Trustees.

**4.7 Additional Employer Contributions for Incapacity**

If an Active Money Purchase Member leaves Service because of Incapacity, his Employer shall pay an additional contribution in accordance with the following table:

Age and completed Service as an Active Money Purchase Member at date of leaving	Degree of Incapacity	Proportion of future Employer and Member contributions (totalling 12%) to be added to the Member's Retirement Account
Less than 5 years' Service	Any	None
More than 5 years' Service and under age 45	Unable to follow normal occupation but could follow another	One quarter
	Unable to follow any occupation	One half
More than 5 years' Service, over age 45	Unable to follow normal occupation but could follow another	One third
	Unable to follow any occupation	Two thirds

**4.8 Member's Retirement Account**

The contributions paid to the Scheme by an Employer under Money Purchase Section Rule 4.6 or 4.7 in respect of a Member shall be credited by the Trustees to that Member's Retirement Account.

#### 4.9 Contributions for death benefits

Each Employer shall contribute such additional amounts to the Scheme as the Trustees require to cover the cost of providing benefits under Money Purchase Section Rule 6 in respect of Active Money Purchase Members in its Service.

#### 4.10 Capped Member

4.10.1 In respect of a Capped Member (including for the avoidance of doubt an Xchange Member) contributions under Money Purchase Section Rule 4.1 including contributions paid to the Scheme on a Member's behalf under Money Purchase Section Rule 4.1.6) shall be restricted so that the Capped Member's total benefits under the Scheme do not exceed the Lifetime Allowance (as notified to the Trustees by the Capped Member).

4.10.2 In respect of a Capped Member, employer contributions under Money Purchase Section Rule 4.6 shall be restricted so that the Capped Member's total benefits under the Scheme do not exceed the Lifetime Allowance (as notified to the Trustees by the Capped Member).

### 5. MEMBER'S BENEFITS

#### 5.1 Benefits at Normal Pension Age

When a Money Purchase Member reaches Minimum Pension Age, his Retirement Account will be available to secure benefits. An amount equal to the Retirement Account will be used to purchase benefits which comply with this Money Purchase Section Rule 5 and otherwise as are notified by the Money Purchase Member to the Trustees by such date as the Trustees may from time to time require.

Subject to the Money Purchase Member's selected options not being, in the reasonable opinion of the Trustees, likely to result in an Unauthorised Payment, the Money Purchase Member may choose that his Retirement Account be applied:

##### 5.1.1 Lump Sum

5.1.1.1 to pay a lump sum within the meaning set at in schedule 29 to the Finance Act 2004 to the Money Purchase Member. A lump sum paid to a Member shall not exceed the permitted maximum pension commencement lump sum under schedule 29 FA 2004 (subject to any modifications to that schedule pursuant to Schedule 36 to the FA 2004). However, if, at the time a Member's pension from the Scheme is to commence, payment of his benefits will cause the Member to exceed his unused lifetime allowance under FA 2004, the part of his benefits in excess of the lifetime allowance may at the discretion of the Trustees be paid as a lump sum (less any tax or charge for which the Trustees are accountable);

5.1.1.2 in the case of a In Service DB Member who is taking benefits from any one or more of the Final Salary Section, CARE 65 Section, N&P Section, Barnsley Section, Chelsea Section (for the purposes of this Rule, the "Defined Benefit Sections") (as applicable) at the same time as his Retirement Account is being applied under this Rule, the pension commencement lump sum available under this Rule may at



the Trustees' discretion, and subject to the requirements of the FA 2004, be calculated taking into account the In Service DB Member's benefits under any one or more of the Defined Benefit Sections as well as the Money Purchase Section.

5.1.2 Pension

To provide a pension for the Money Purchase Member and/or to purchase a pension (starting on his death after his own pension has started) for one or more Dependants nominated by him; or

5.1.3 Other

in the provision of any other benefit available under the Money Purchase Section (as the Trustees may from time to time determine) which does not infringe the provisions of FA 2004 relating to Authorised Member Payments by a Registered Scheme

The amount of any benefits which may be secured under this Money Purchase Section Rule 5 shall be determined by the value of the Retirement Account. In the event that the Money Purchase Member does not notify the Trustees of his choice of benefit (by such date as the Trustees notify to the Member) but notifies the Trustees that he wishes to take those benefits, the Trustees shall secure benefits for the Money Purchase Member, in accordance with any policy for the time being adopted by the Trustees for the purposes of this Money Purchase Section Rule 5.1 and/or in such manner and such form as the Trustees in their discretion may decide.

In the event that the Member does not advise the Trustees of his choice of benefit but notifies the Trustees that he wishes to take these benefits the Trustees shall apply the amount of Member's Retirement Account to provide:

- 5.1.3.1 the maximum pension commencement lump sum available to the Member for the purposes of FA 2004; and
- 5.1.3.2 a pension for the Member which does not vary in amount during the period of payment; and
- 5.1.3.3 a Spouse's or Civil Partner's pension of 50% of the Member's pension at the date of death, if the Member has a Spouse or Civil Partner at the date the Trustees are applying his Retirement Account.

**5.2 Early leavers - pension before Normal Pension Age**

5.2.1 At any time before Normal Pension Age, a Money Purchase Member may with the Society's consent elect to receive benefits from the Scheme under Money Purchase Section Rule 5.1 provided he has attained Minimum Pension Age or is retiring from Service due to Incapacity. The provisions of Money Purchase Section Rule 5.1 will then apply to him.

The Retirement Account of an Active Member retiring from Active Service due to Incapacity may be increased as set out in Money Purchase Section Rule 4.7.

5.2.2 Deferred Benefits

5.2.2.1 A Money Purchase Member who ceases to be an Active Money Purchase Member before Normal Pension Age for whom benefits are not secured under Money Purchase Section Rule 5.2.1 and to whom section 71(1) of the 1993 Act applies shall be entitled to have his Retirement Account applied to provide benefits at his Normal Pension Age or, with the consent of the Society, at any time from Minimum Pension Age or earlier on account of Incapacity (if applicable), provided that if he remains in Service the consent of the Employer shall be required. The provisions of Money Purchase Section Rule 5.1 shall then become applicable.

5.2.2.2 Money Purchase Section Rules 5.2.1 and 5.2.2.1 do not (unless assets have been received for the Member from a personal pension scheme under General Rule 4.8 or the Trustees with the consent of the Society determine otherwise) apply to a Money Purchase Member who ceases to be an Active Money Purchase Member before Normal Pension Age and for whom section 71(1) of the 1993 Act does not apply. Such a Money Purchase Member will only be paid a refund of his own contributions (including AVCs) less any tax due on the refund (unless he was entitled to and has elected to take a cash transfer sum under section 101AB of the 1993 Act).

5.3 **Late Retirement**

Where a Money Purchase Member remains in Active Money Purchase Membership on and after his Normal Pension Age the application of his benefits in accordance with Money Purchase Section Rule 5.1 will, unless the Society agrees otherwise, be deferred until the date on which the Money Purchase Member ceases to be an Active Money Purchase Member or, if later, ceases to be in Service.

If a Money Purchase Member who is not an Active Money Purchase Member requests, and the Society consents, the Trustees may defer the application of his Retirement Account under Money Purchase Section Rule 5.1 but not later than the date he reaches age 75.

5.4 **Securing benefits**

All pensions becoming payable under Money Purchase Section Rule 5 shall be secured in accordance with Money Purchase Section Rule 5.1 unless the Trustees determine that they should be secured by purchase of one or more Insurance Policies in the name of the Trustees or, with the consent of the Society, in such other manner as is permitted by the FA 2004.

6. **LUMP SUM ON MEMBER'S DEATH**

Any amount payable under this Money Purchase Section Rule 6 will be subject to the trusts in General Rule 5.19.

6.1 **On death of Active Money Purchase Member**

6.1.1 On the death of an Active Money Purchase Member, the following benefits are payable:

6.1.1.1 a lump sum benefit equal to six times his Pensionable Salary; and

- 6.1.1.2 the part of his Retirement Account which in the opinion of the Trustees is attributable to the Member's ordinary contributions (or in the case of an Xchange Member, contributions equal to the amount he would have contributed had he continued to be an Active Money Purchase Member without being an Xchange Member) to the Scheme (however, in calculating the lump sum payable under this Rule 6.1.1.2, the Trustees may include such part of the Retirement Account as the Trustees in their absolute discretion may decide).
  - 6.1.2 The Trustees shall not provide a death benefit under this Money Purchase Section Rule 6.1 in any of the following circumstances, unless the Trustees with the agreement of the Society decide otherwise. The circumstances are that, even if the Member has been kept in Service:
    - 6.1.2.1 he has been continuously absent from work for more than three years and the Society considers that his absence is due to ill-health, or
    - 6.1.2.2 he has been absent from work for reasons other than ill-health for more than 12 consecutive months.
  - 6.1.3 The Trustees shall not apply any condition or restriction in a way that conflicts with the requirements of the Disability Discrimination Act 1995.
- 6.2 **On death of Deferred Pensioner**

If a Member dies whilst a Deferred Pensioner and not in Service, a lump sum benefit will be payable equal to the value of the Member's Retirement Account.

### PART 3: FINAL SALARY SECTION RULES

#### 1. ESTABLISHMENT AND APPLICATION

- 1.1 The Final Salary Section Rules apply only to Final Salary Members (who were Members on 31 December 1999 and who have been accruing benefits under the Final Salary Section since then until (but excluding) the Revision Date or who have been admitted to Membership of the Final Salary Section at the Society's discretion since 31 December 1999).
- 1.2 The Final Salary Section was closed to new entrants on and from 1 April 2010 and all active membership of the Final Salary Section ceased immediately prior to that date (and "**Active Final Salary Member**" and "**Active Final Salary Membership**" shall be construed accordingly). The Final Salary Section Rules apply for the purpose of determining benefits payable from the Scheme to or in respect of Final Salary Section Members for their Service up to but excluding 1 April 2010, when the accrual of benefits under the Final Salary Section ceased.
- 1.3 The CARE 65 Section was closed to future accrual on and from 31 December 2015 and all active membership of the CARE 65 Section ceased immediately prior to that date (and "**Active CARE 65 Member**" and "**Active CARE 65 Membership**" shall be construed accordingly). The CARE 65 Section Rules apply for the purpose of determining benefits payable from the Scheme to or in respect of CARE 65 Members for their Service up to 31 December 2015.
- 1.4 The Barnsley Section was closed to future accrual on and from 1 April 2010 and all active membership of the Barnsley Section ceased immediately prior to that date. The Barnsley Section Rules apply for the purposes of determining benefits payable from the Scheme to or in respect of Barnsley Members.
- 1.5 The Chelsea Section was closed to future accrual on and from 1 April 2011 and all active membership of the Chelsea Section ceased immediately prior to that date. The Chelsea Section Rules apply for the purposes of determining benefits payable from the Scheme to or in respect of Chelsea Members.
- 1.6 The N&P Section was closed to future accrual on and from 31 December 2015 and all active membership of the N&P Section ceased immediately prior to that date. The N&P Section Rules apply for the purposes of determining benefits payable from the Scheme to or in respect of N&P Members.

#### 2. MEMBER'S PENSION

##### 2.1 Pension at Normal Pension Age

A Final Salary Member is entitled at Normal Pension Age to a pension payable for the rest of his life.

The amount of pension payable under this Final Salary Section Rule 2.1 will be the total of

- 2.1.1 in respect of a Category 1 Member, a Category 1C Member, a Category 2 Member or a Category 2C Member, 1/60th of Final Pensionable Salary multiplied by any Pensionable Service whilst an Active Final Salary Member in the

respective Category plus any Additional Pensionable Service applicable to him;  
and

2.1.2

2.1.2.1 in respect of a Member who joined the Scheme before 1 July 1995 who is or has been both a Senior Management Member and a Category 1 Member, 1/30th of Final Pensionable Salary multiplied by any Pensionable Service completed whilst an Active Final Salary Member who is a Category 1 Member and a Senior Management Member; and

2.1.2.2 in respect of a Member who joined the Scheme on or after 1 July 1995 who is a Senior Management Member, 1/30th of Final Pensionable Salary multiplied by Pensionable Service completed whilst an Active Final Salary Member who is a Senior Management Member;

2.1.2.3 in respect of a Category 1B Member, a Category 2B Member, a Category 3 Member or a Category 4 Member, 2/105ths of Final Pensionable Salary multiplied by Pensionable Service whilst an Active Final Salary Member in the respective Category up to 17 May 1990, plus 1/60th of Final Pensionable Salary multiplied by Pensionable Service on or after 17 May 1990 plus any Additional Pensionable Service applicable to him,

subject to a maximum amount of two thirds of Final Pensionable Salary.

Unless the Trustees and Society determine otherwise, no pension shall be payable in respect of a Former FS Member under this Final Salary Section Rule 2.1 unless benefits are, at the same time, payable under the CARE 65 Section.

2.2 **Early leavers**

2.2.1 Early retirement from Service - Former FS Member

On retirement from Service before Normal Pension Age, a Former FS Member may, subject to the following conditions, elect to receive an immediate pension payable for the rest of his life.

The conditions referred to above in this Final Salary Section Rule 2.2.1 are that:

- (a) the Member has reached Minimum Pension Age; or
- (b) he is retiring due to Incapacity;
- (c) in either case the Society agrees to him being offered an immediate pension on retirement from Service; and
- (d) unless the Trustees and Society determine otherwise, his benefits under the CARE 65 Section will come into payment at the same time as the benefits under this Final Salary Section Rule 2.2.1.

The amount of the early retirement pension under this Final Salary Section Rule 2.2.1 will be calculated as follows:

2.2.1.1 the Trustees will first calculate the pension as set out in Final Salary Section Rule 2.1 and will then reduce it, unless the retirement is due to Incapacity, by an amount calculated by the Trustees and confirmed by the Actuary to be reasonable to reflect the period between the start of the pension and Normal Pension Age;

Provided that:

2.2.1.2 the early retirement pension will not be less than 1/80th of Final Pensionable Salary multiplied by Pensionable Service;

2.2.1.3 if a Member is retiring having completed 40 years' Pensionable Service as an Active Final Salary Member he shall be entitled to receive an immediate pension of two thirds of Final Pensionable Salary;

2.2.1.4 the value of the early retirement pension is not less than the value of the deferred pension from Normal Pension Age (including revaluation) to which the Member would have been entitled if he had not chosen an early retirement pension;

2.2.1.5 where an early retirement pension became payable on the grounds of Incapacity, the Trustees may, at any time prior to the Member reaching his Normal Pension Age suspend or cease his early retirement pension if they consider that his physical or mental condition has improved to the extent that it no longer satisfies the definition of Incapacity which gave rise to his entitlement to the pension. Where a Member's Incapacity pension is terminated, the Trustees may pay a pension to the Member under Final Salary Section Rule 2.2.3 on the basis of the Deferred Pension he would have had on leaving Service but adjusted, having regard to the Actuary's advice, to take account of the instalments of pension already paid to the Member.

In applying this Final Salary Section Rule 2.2.1 the Trustees must be satisfied that the Preservation Provisions are complied with.

## 2.2.2 Deferred pension at Normal Pension Age

A Member who ceases to be an Active Member of the Scheme before Normal Pension Age who does not receive an immediate pension under Final Salary Section Rule 2.2.1 will be entitled to a pension for life payable from his Normal Pension Age. The amount of the pension at Normal Pension Age payable under this Final Salary Section Rule 2.2.2 will be the greater of:

2.2.2.1 an amount calculated in accordance with Final Salary Section Rule 2.1 and revalued in accordance with the Contracting-out Provisions and the Preservation Provisions; and

2.2.2.2 an amount calculated by the Trustees, having regard to the Actuary's advice, the value of which, when added to the value of any benefits

payable on the Member's death which do not arise from a transfer into the Scheme or from AVCs, compares reasonably with the Member's ordinary contributions to the Scheme.

2.2.3 Deferred pension accelerated or postponed

2.2.3.1 A Member with a Deferred Pension under Final Salary Section Rule 2.2.2 may with the consent of the Trustees (or with the consent of the Society if he is still in Service) request that his pension start either before or after Normal Pension Age provided that the pension shall not commence before Minimum Pension Age unless the Member is retiring due to Incapacity and the pension must commence before the Member reaches age 75.

2.2.3.2 The pension payable to a Member under this Final Salary Section Rule 2.2.3 will be of such amount and subject to such terms and conditions as the Trustees shall decide subject to the Contracting-out Provisions and the Preservation Provisions and the Actuary's determination that the benefits provided are equivalent in value to the Deferred Pension which would otherwise have been payable from Normal Pension Age.

2.2.4 Pension whilst in Service

2.2.4.1 At the Member's request and subject to the consent of the Society the Trustees may pay an early retirement pension under Final Salary Section Rule 2.2.1 to a Member who is still in Service and the Member shall become a Retiring Member. If the Member is an Active Member, his Active Membership will cease on such date on or prior to the pension starting as is agreed with the Society and the Trustees.

2.2.4.2 The pension shall be payable for the life of the Member and its amount shall be determined in accordance with Final Salary Section Rule 2.2.1.

2.3 **Late retirement**

2.3.1 If a Former FS Member either continued as an Active CARE 65 Member under CARE 65 Section Rule 6.5 after Normal Pension Age, or was on 1 April 2010 over Normal Pension Age, his pension under the Final Salary Section shall start to be paid from the Last Contribution Date, provided that if the Member is still in Service the consent of the Society shall be required, or such later date (not later than the Member's 75th birthday) as may be agreed by the Trustees and the Society and shall be paid for the Member's life.

2.3.2 The amount of the pension payable under Final Salary Section Rule 2.3 shall be the sum of the amounts determined under 2.3.2.1 and 2.3.2.2 below:

2.3.2.1 The pension as set out in Final Salary Section Rule 2.1 (with Pensionable Service and Final Pensionable Salary being determined as at Normal Pension Age) increased by an amount decided by the Trustees on a basis agreed by the Actuary to be reasonable to reflect the start of the pension after Normal Pension Age, such amount not

being less than 0.75% in respect of each complete month between Normal Pension Age and the date of commencement of the pension;

2.3.2.2 In the case of a Former FS Member who was on 1 April 2010 over Normal Pension Age, a pension determined as set out in Final Salary Section Rule 2.1 as if the Member had become an Active Final Salary Member at his Normal Pension Age and his Active Final Salary Membership had ceased on the earlier of the Last Contribution Date and 1 April 2010, provided that in calculating the Member's benefit:

- (a) each year of Pensionable Service in the Final Salary Section between age 60 and age 62 shall be reduced by one half of his 2 Year Credit; and
- (b) each year of Pensionable Service in the Final Salary Section between age 62 and age 65 shall be reduced by one third of his 3 Year Credit.

No Additional Pensionable Service shall apply in respect of any period of Active Membership after Normal Pension Age.

If the start of the Member's pension is deferred beyond the Last Contribution Date it shall be increased by the Trustees on a basis agreed by the Actuary to be reasonable to reflect the later payment.

## 2.4 AVCs

### 2.4.1 Benefits

AVCs paid by a Member prior to the Revision Date will (unless refunded under the Rules or paid as a lump sum in accordance with Final Salary Section Rule 3.1) be used to provide for or in respect of the Member additional benefits on a money purchase basis of the same type as under the Scheme at the Trustees' discretion but which comply as far as possible with any wishes made known by the Member in writing to the Trustees (or such other basis as was agreed in writing between the Trustees and the Member). The Member must however be given the option when he starts his pension of having his AVCs (less any paid to him as a lump sum) used to purchase an Insurance Policy of his choice.

### 2.4.2 Uncrystallised Funds Pension Lump Sum

A Member may, at the discretion of the Trustees, as an alternative to securing benefits in accordance with Final Salary Section Rule 2.4.1 take his AVCs as a lump sum in accordance with General Rule 5.19.

## 3. RETIREMENT OPTIONS

### 3.1 Lump sum commutation

3.1.1 A Member may surrender pension in return for a lump sum, payable when his pension is due to start, which will (subject as set out below) be calculated on a basis determined by the Trustees and confirmed as reasonable by the Actuary. However if he has been Contracted-out under the Scheme the lump sum will be



restricted to comply with the Contracting-out Provisions. A lump sum paid to a Member shall not exceed the permitted maximum pension commencement lump sum under schedule 29 FA 2004.

- 3.1.2 Any lump sum payable under this Final salary Section Rule 3.1 may be satisfied in whole or in part by the Member's AVCs.

### **3.2 Surrender for Dependant's pension**

3.2.1 The Trustees may allow a Member to surrender pension to provide a pension (starting on his death after his own pension has started) for one or more Dependants nominated by him. The pension will be payable until the death of the Dependant or (if the Dependant is an Eligible Child) until he ceases to be an Eligible Child.

3.2.2 The amount of the resulting Dependants' pensions will be determined by the Trustees on a basis confirmed as reasonable by the Actuary.

3.2.3 If before the Member's pension starts, the nominated Dependant dies the surrender will not have effect, but if a nominated Dependant dies after the Member's pension has started that pension will continue to be reduced as if that Dependant had not died.

3.2.4 A Member may only surrender part of his pension which is in excess of that required to meet his GMP or otherwise in accordance with the Contracting-out Provisions.

3.2.5 A pension under this Final Salary Section Rule 3.2 is additional to any arising under Final Salary Section Rule 4, and no pension arising under Final Salary Section Rule 4 will affect the computation of one under this Final Salary Section Rule 3.2.

### **3.3 Income levelling**

3.3.1 If a Member's pension from the Scheme starts before state pension age, he may request the Trustees to arrange for his pension from the Scheme to be paid at an increased rate until his state pension age and at a reduced rate (not less than his GMP) thereafter subject to the pension being of equivalent value to that which would be paid but for this option and subject to the pension being an Authorised Member Payment under FA 2004.

3.3.2 The Trustees will decide the amount of any benefit payable on the death of a Member who elects the option under this Final Salary Section Rule 3.3 and will have regard to the Actuary's advice when deciding the amount of benefits to pay to or in respect of the Member.

## **4. SPOUSE'S/DEPENDANTS' PENSIONS**

### **4.1 Commencement and duration**

4.1.1 On the death of a Member, Dependants' pensions will or may become payable under the following provisions of this Final Salary Section Rule 4.

- 4.1.2 Each such pension will continue to be so payable until the recipient's death unless the relevant Rule provides otherwise.

#### 4.2 **Contracted-out benefits always payable**

A person who is for State pension purposes a widow or a widower or Civil Partner of a Member whose Service was Contracted-out by reference to the Scheme will always receive the benefits required by the Contracting-out Provisions.

#### 4.3 **Spouse's pension**

A person qualifies for a Spouse's or Civil Partner's or Established Partner's pension under this Final Salary Section Rule 4.4 if he is a surviving Spouse or Civil Partner or Established Partner of the Member but if the Member married (or registered his Civil Partnership) less than six months prior to his death, the Spouse's or Civil Partner's pension, other than any amount necessary to satisfy the Contracting-out Provisions, will only be payable at the Trustees' discretion. If one person qualifies under this Final Salary Section Rule 4.3, the Spouse's pension (less any Contracted-out benefits payable under Final Salary Section Rule 4.2) will be payable to him; but if at the Member's death there is more than one of them the pension will be paid to any one of them or divided between such of them and in such manner as the Trustees may in their discretion decide.

#### 4.4 **Children's pension**

4.4.1 If a Member dies whilst he is, in the case of a Former FS Member, an Active Member, (whether or not he leaves a Spouse a Civil Partner or an Established Partner) or dies after he has started to receive his pension from the Scheme and either he does not leave a Spouse, Civil Partner or Established Partner who qualifies for a pension under Final Salary Section Rule 4.3 or his Spouse, Civil Partner or Established Partner dies whilst there are Eligible Children of the Member, each of the Member's Eligible Children will be entitled to a pension payable until the earlier of the child's death or ceasing to qualify as an Eligible Child.

4.4.2 For the avoidance of doubt, no pension is payable under this Rule 4.4 on the death of a Deferred Pensioner, unless the Trustees and Society determine otherwise.

#### 4.5 **Spouse's pension - calculation**

The Spouse's Pension is

4.5.1 On death whilst deferring pension after Normal Pension Age

if the Member dies in Service on or after his Normal Pension Age but before his pension has started:

4.5.1.1 in the case of a Category 1 Member or a Member who joined the Scheme on or after 1 July 1995, 50% of what would have been his pension from the Final Salary Section if his pension had come into payment on the day before his death;

4.5.1.2 in the case of a Category 4 Member who joined the Scheme before 1 July 1995, 50% of what would have been his pension from the

Final Salary Section if his pension had come into payment on the day before his death but based on his Pensionable Service in the Final Salary Section from 17 May 1990 only.

4.5.2 On death of pensioner

4.5.2.1 if the Member dies after his pension has started: 50% of what was or would have been the Member's pension from the Final Salary Section at the date of his death if he had not surrendered any pension under the options in Final Salary Section Rule 3 (but based only on Pensionable Service in the Final Salary Section from 17 May 1990 in respect of a Category 4 Member);

4.5.2.2 provided that on the death of a Member within the Guaranteed Period, his pension from the Final Salary Section shall continue to be payable to his Spouse or such other Dependant or Established Partner as the Trustees shall decide until the expiry of the Guaranteed Period and during that period the pension under Final Salary Section Rule 4.5.2.1 shall not be payable.

4.5.3 On death of Deferred Pensioner

if the Member dies after ceasing to be an Active Member of the Scheme and whilst he has a Deferred Pension: 50% of his Deferred Pension revalued to the date of the Member's death (but in respect of a Category 4 Member only the Deferred Pension attributable to Pensionable Service in the Final Salary Section after 17 May 1990 shall be taken into account).

4.6 **Children's pension - calculation**

The amount of pension for each Eligible Child will, subject to the provisions in the rest of this Final Salary Section Rule 4.6, be:

4.6.1 if the Member dies after his pension under the Scheme has commenced, without leaving a Spouse, Civil Partner or Established Partner or he leaves a Spouse, Civil Partner or Established Partner and she dies whilst there are Eligible Children, the amount of the Eligible Child's pension will be:

4.6.1.1 if a Spouse's pension is payable from the Final Salary Section, equal to one half of the Spouse's pension and payable to the eldest Eligible Child plus one half of the Spouse's pension payable from the Final Salary Section to the next eldest Eligible Child; or

4.6.1.2 if no Spouse's Pension is payable from the Final Salary Section, equal to the Notional Spouse's Pension and payable to the eldest Eligible Child plus one half of the Notional Spouse's Pension payable to each additional Eligible Child (up to a maximum of two additional children). If there are more than two additional children the child's pension will be payable to the two eldest of these Eligible Children.

4.6.2 The Notional Spouse's Pension referred to in Final Salary Section Rules 4.6.1 is the Spouse's pension that would have been payable under Final Salary Section Rule 4.5 if the Member had died leaving a Spouse who was less than 15 years younger than himself.

- 4.6.3 If there is a change in the number of the Member's Eligible Children qualifying for a pension, the Trustees may adjust the Eligible Child's pension from the instalment due immediately following the change. For this purpose, the Trustees will calculate the Eligible Child's pension after the adjustment as though the number of Eligible Children after the event causing the adjustment had been the number at the Member's death.
- 4.6.4 The Trustees may at any time and for any period vary the amount of pension payable to any Eligible Child of the Member but not so as to alter the aggregate amount of pension payable to the Eligible Children under this Final Salary Section Rule 4.6.

#### 4.7 **Civil Partner's Pension - calculation**

The Civil Partner's Pension is

- 4.7.1 On death whilst deferring pension after Normal Pension Age
- if the Member dies in Service on or after his Normal Pension Age but before his pension has started:
- 4.7.1.1 in the case of a Category 1 Member or a Member who joined the Scheme on or after 1 July 1995, 50% of what would have been his pension from the Final Salary Section if his pension had come into payment on the day before his death;
- 4.7.1.2 in the case of a Category 4 Member who joined the Scheme before 1 July 1995, 50% of what would have been her pension from the Final Salary Section if her pension had come into payment on the day before her death but based on her Pensionable Service in the Final Salary Section from 17 May 1990 only.
- 4.7.2 On death of pensioner
- 4.7.2.1 if the Member dies after his pension has started:
- 50% of what was or would have been the Member's pension from the Final Salary Section at the date of his death if he had not surrendered any pension under the options in Final Salary Section Rule 3 (but based only on Pensionable Service in the Final Salary Section from 17 May 1990 in respect of a Category 4 Member;
- 4.7.2.2 provided that on the death of a Member within the Guaranteed Period, his pension from the Final Salary Section shall continue to be payable to the Member's Civil Partner or such other Dependants as the Trustees shall decide until the expiry of the Guaranteed Period and during that period the pension under Final Section Salary Section Rule 4.7.2.1 shall not be payable.
- 4.7.3 On death of Deferred Pensioner
- if the Member dies after ceasing to be an Active Member of the Scheme and whilst he has a Deferred Pension:

50% of his Final Salary Section Deferred Pension revalued to the date of the Member's death (but in respect of a Category 4 Member only the Final Salary Section Deferred Pension attributable to Pensionable Service in the Final Salary Section after 17 May 1990 shall be taken into account).

**4.8 Reduction for young spouse**

If a Spouse or Civil Partner or Established Partner was more than 15 years younger than the Member, any pension payable under Final Salary Section Rule 4.3 may be reduced by the Trustees by an amount not exceeding 2.5% for each year by which the Spouse or Civil Partner or Established Partner was more than 15 years younger than the Member.

**4.9 Special restrictions**

4.9.1 The Spouse's or Civil Partner's or Established Partner's pension payable on the death of a Member before the earlier of his Normal Pension Age (or his Last Contribution Date if Final Salary Section Rule 2.3 applies to the Member) and the date his pension commenced will be subject to any special conditions or restrictions that the Trustees and the Society agree with each other.

4.9.2 The Trustees will tell the Member in writing of any conditions or restrictions applying to the Spouse's or Civil Partner's or Established Partner's pension but will not apply any condition or restriction in a way that conflicts with the requirements of the Disability Discrimination Act 1995.

**5. LUMP SUM ON MEMBER'S DEATH**

5.1 The Trustees will pay any lump sum death benefit under this Final Salary Section Rule 5 in accordance with General Rule 5.19.

5.2 On the death of a Member who had ceased to be an Active Member of the Scheme and whilst he has a Deferred Pension a lump sum death benefit equal to his total contributions (excluding AVCs unless and to the extent that the Trustees decide otherwise under Final Salary Section Rule 2.4) will be paid provided that in respect of a Category 3 Member, the benefit may be reduced at the discretion of the Trustees, having regard to the advice of the Actuary, by an amount equal in value to the pension payable under Final Salary Section Rule 4.

**6. PENSION INCREASES**

6.1 This Final Salary Section Rule 6 applies to any pension payable from the Final Salary Section.

6.2 Any pension to which this Final Salary Section Rule 6 applies which is attributable to Pensionable Service completed up to 31 December 1999 will increase in payment on each 1 January at 5% compound per annum or (if less) the percentage increase in the Index (rounded up or down as the Trustees decide) in the 12 months ending on the preceding 1 October, or if the Trustees so decide in any other 12 month period. Such increase shall not be less than 3% per annum compound.

6.3 Any pension which is attributable to Pensionable Service from 1 January 2000 will increase in payment on each 1 January at 5% compound a year or (if less) the percentage increase in the Index in the 12 months ending on the previous 1 October, or if the Trustees so decide in any other 12 month period.

- 6.4 If the relevant pension has been payable for less than a year, the first increase will be proportionately reduced by reference to the actual period of payment and the Trustees may calculate that proportion on any approximate basis they consider appropriate.

**7. REVENUE LIMITS**

Unless the Society and Trustees determine otherwise in any particular case, any pension payable from the Final Salary Section shall not exceed the maximum permitted under the limits applying to the Scheme immediately prior to 6 April 2006 for the purpose of securing approval of the Scheme under Chapter 1 Part XIV of the Taxes Act by HM Revenue & Customs as if those limits applied at the date the benefit becomes due.

## PART 4: CARE 65 SECTION RULES

## 1. ESTABLISHMENT AND APPLICATION

The CARE 65 Section was closed to future accrual on and from 31 December 2015 and all active membership of the CARE 65 Section ceased immediately prior to that date (and "Active CARE 65 Member" and "Active CARE 65 Membership" shall be construed accordingly). The CARE 65 Section Rules apply for the purpose of determining benefits payable from the Scheme to or in respect of CARE 65 Members for their Service up to 31 December 2015.

## 2. DEFINITIONS

In these CARE 65 Section Rules (unless the context otherwise requires):

**"CARE 65 Pensionable Service"** means the period (in complete years and days) of Service after 1 April 2010 during which the CARE 65 Member accrued benefits or an Active Member by reference to the CARE 65 Section provided that no period of Service after 31 December 2015 shall count as CARE 65 Pensionable Service;

**"CARE 65 Section Contributions"** means the contributions paid by a Member under the CARE 65 Section (or in the case of an Xchange Member, those contributions paid by the Employer under General Rule 13 which the Member would otherwise have paid under the CARE 65 Section);

**"Fixed Protection Member"** means an individual (which, for the avoidance of doubt, includes, but is not limited to, active members and deferred members), who elects to be treated as a fixed protection member, and in relation to whom paragraph 7 of Schedule 36 to Finance Act 2004 (primary protection) and paragraph 12 of that Schedule (enhanced protection) does not apply, and who has confirmed to his or her Employer in writing that he or she has given notice of intention to HMRC in the required form before 6 April 2012 to rely on paragraph 14 of Schedule 18 to the Finance Act 2011 or before 6 April 2014 to rely on paragraph 1 of Schedule 22 to the Finance Act 2013, or where the individual intends to rely on paragraph 1 of Schedule 4 to the Finance Act 2016 (and no such notice of intention is required to be given to HMRC);

**"Member's Pension"** means a pension of an amount calculated in accordance with CARE 65 Section Rule 6;

**"Revaluation Percentage"** means a percentage (whether positive or negative) determined solely at the discretion of the Society as at each 1 January. In determining the Revaluation Percentage the Society shall consider the change in the Index over the 12 month period ending in October of the previous calendar year;

**"Revalued Pensionable Salary"** means Pensionable Salary adjusted by the Revaluation Percentage on 1 January falling one full calendar year after the end of the year to which the Pensionable Salary relates, and thereafter on 1 January each year up to the date on which the benefit calculated becomes payable. For the purpose of illustration only Pensionable Salary relating to the calendar year 2010 would first be adjusted by the Revaluation Percentage on 1 January 2012.

### **3. ESTABLISHMENT AND APPLICATION**

#### **3.1 Status**

The CARE 65 Section was established with effect from 1 April 2010 and closed to future accrual with effect from the end of 31 December 2015.

#### **3.2 CARE 65 Member**

3.2.1 The CARE 65 Section Rules apply only to CARE 65 Members.

3.2.2 CARE 65 Section Rule 4 applies to pensioners and Deferred Pensioners of the CARE 65 Section on 31 December 2015.

3.2.3 CARE 65 Section Rules 5 to 12 apply for the purposes of determining the benefits payable from the CARE 65 Section to or in respect of person who were active members of the CARE 65 Section on 31 December 2015 and who became Deferred CARE 65 Members from the end of 31 December 2015, following the closure of the CARE 65 Section to future accrual.

### **4. PENSIONS IN PAYMENT AND DEFERRED PENSIONS ON 31 DECEMBER 2015**

Members who were pensioners or Deferred Pensioners under the CARE 65 Section on 31 December 2015 shall be entitled to a pension and other benefits (including but not limited to contingent benefits) of the same amount as were payable under the terms of the Definitive Trust Deed and Rules dated 1 April 2010 (as amended) in force immediately prior to the adoption of these Rules.

### **5. MEMBER CONTRIBUTIONS**

5.1 All CARE 65 Section Contributions (including AVCs) ceased on 31 December 2015.

5.2 Where a CARE 65 Member paid AVCs to the Scheme prior to 1 January 2016, the proceeds of those AVCs will (unless refunded under the Rules or paid as an uncrystallised funds pension lump sum in accordance with General Rule 5.20) be used to provide for or in respect of the CARE 65 Member additional benefits on a money purchase basis at the Trustees' discretion but which comply so far as possible with any wishes made known by the CARE 65 Member in writing to the Trustees (or such other basis as was agreed in writing between the Trustees and the CARE 65 Member). The Member must however be given the option when he draws his pension of having his AVCs (less any paid to him as a lump sum) used to purchase an annuity with an Insurance Policy of his choice.

### **6. RETIREMENT BENEFITS**

#### **6.1 Member's Pension**

6.1.1 A CARE 65 Member's Pension shall be determined for each Scheme Year up to 31 December 2015 as  $\frac{1}{60}$  of Revalued Pensionable Salary.

6.1.2 For an In Service DB Member, revaluation of the accrued CARE 65 Section Member's Pension as at 31 December 2015 shall apply up to the Salary Link Cessation Date as if the CARE 65 Member had continued to be an Active CARE 65 Member up to the Salary Link Cessation Date.



6.1.3 The annual rate of the Member's Pension shall be equal to the sum of the pensions so determined for each Scheme Year of his Active CARE 65 Membership, subject to the maximum aggregate amount of benefit payable in respect of a Member under the Final Salary Section and the CARE 65 Section which will be  $\frac{2}{3}$  of the Member's Final Pensionable Salary ("**Maximum Aggregate Benefit**") and the amount of the Member's Pension shall be restricted to ensure the Maximum Aggregate Benefit is not exceeded.

**6.2 Pension at Normal Pension Age**

A CARE 65 Member is entitled at Normal Pension Age to his Member's Pension.

**6.3 Early Retirement**

6.3.1 A CARE 65 Member may with the consent of the Trustees elect to receive his Member's Pension before Normal Pension Age provided he is over Minimum Pension Age or suffering from Incapacity, save that if the Member remains in Service, payment of the Member's Pension before Normal Pension Age will be subject to the consent of the Society.

6.3.2 The pension payable to a Member under this CARE 65 Section Rule 6.3 will be of such amount and subject to such terms and conditions as the Trustees shall decide subject to the Contracting-out Provisions and the Preservation Provisions and the Actuary's determination that the benefits provided are equivalent in value to the Deferred Pension which would otherwise have been payable from Normal Pension Age.

**6.4 Reduction of pension**

If a pension is payable to a CARE 65 Member under CARE 65 Section Rule 6.3 on the grounds of Incapacity, the Trustees may at any time before Normal Pension Age suspend or cease his early retirement pension if they consider that his physical or mental condition which gave rise to the entitlement to the pension has improved to the extent that it no longer satisfies the definition of Incapacity.

The Trustees must be satisfied that the application of this CARE 65 Section Rule 6.4 complies with the Preservation Provisions.

**6.5 Late retirement**

6.5.1 If a Member stays in Service after Normal Pension Age, having been an Active Member up to that age, he may elect to continue to contribute to the Money Purchase Section of the Scheme up to the earliest of the date he:

6.5.1.1 leaves Service;

6.5.1.2 dies;

6.5.1.3 reaches age 75;

6.5.1.4 opts to cease contributions by giving written notice to the Trustees.

6.5.2 The pension of a CARE 65 Member to whom CARE 65 Section Rule 6.5.1 applies shall start to be paid from the Last Contribution Date, provided that if the

Member is still in Service the consent of the Society shall be required, or such later date (not later than the Member's 75th birthday) as may be agreed by the Trustees and the Society and shall be paid for the Member's life.

- 6.5.3 The amount of the pension payable under CARE 65 Section Rule 6.5.1 shall be the pension as set out in CARE 65 Section Rule 6.1 (with the Member's Pension being determined as at Normal Pension Age) increased by an amount decided by the Society on a basis agreed by the Actuary to be reasonable to reflect the start of the pension after Normal Pension Age.

## 6.6 Pension whilst in Service

- 6.6.1 At the Member's request and subject to the consent of the Society the Trustees may pay an early retirement pension under CARE 65 Section Rule 6.3 to a Member who is still in Service and the Member shall become a Retiring Member of the CARE 65 Section.
- 6.6.2 The pension shall be payable for the life of the Member and its amount shall be determined in accordance with CARE 65 Section Rule 6.3.

## 7. DEPENDANTS' PENSION

On the death of a CARE 65 Member an immediate pension will be payable to the Member's Spouse or Civil Partner in the circumstances and of an amount set out in this CARE 65 Section Rule 7. The amount payable shall, in each case, be subject to the minimum required to comply with the Contracting-out Provisions.

### 7.1 Death before retirement

- 7.1.1 On the death of a Deferred CARE 65 Member prior to Normal Pension Age, a pension will be payable to the CARE 65 Member's Spouse or Civil Partner or Dependants in such shares as the Trustees in their absolute discretion determine equal to 50% of the Member's Pension in accordance with CARE 65 Section Rule 6.3, which, for the avoidance of doubt, shall not be reduced for early payment.
- 7.1.2 On the death of a Deferred CARE 65 Member on or after Normal Pension Age and before payment of pension has begun under CARE 65 Section Rule 6 a pension will be payable to the CARE 65 Member's Spouse or Civil Partner equal to 50% of the Member's Pension increased to the date of the Member's death in accordance with CARE 65 Section Rule 6.5.

### 7.2 Death in Retirement

- 7.2.1 On the death of a CARE 65 Pensioner a pension will be payable to the CARE 65 Member's Spouse or Civil Partner equal to 50% of the pension which the CARE 65 Member was receiving from the CARE 65 Section at the date of his death or would have been receiving if no option had been exercised at retirement which had the effect of increasing or reducing the initial rate of the pension.
- 7.2.2 On the death of a CARE 65 Pensioner within the Guaranteed Period, his pension from the CARE 65 Section shall continue to be payable to his Spouse or Civil Partner or such other Dependants as the Trustees shall decide until the expiry of

the Guaranteed Period and during that period the pension under CARE 65 Section 7.2.1 shall not be payable.

**7.3 Provision affecting Dependant's pension**

A pension payable to a Spouse or Civil Partner who is more than 15 years younger than the CARE 65 Member may be reduced by such amount as the Trustees shall determine as reasonable after consulting the Actuary.

**7.4 Children's pensions**

On the death of a CARE 65 Member there will be payable, from the date of his death, pensions to the CARE 65 Member's Eligible Children, if any, determined in accordance with this CARE 65 Section Rule 7.4.

The amount of pension for each Eligible Child will, subject to the provisions in the rest of this CARE 65 Section Rule 7.4, be:

7.4.1 if a CARE 65 Pensioner dies without leaving a Spouse or he leaves a Spouse and she dies whilst there are Eligible Children, the amount of the Eligible Child's pension will be:

7.4.1.1 if a Spouse's pension is payable, equal to one half of the Spouse's pension and payable to the eldest Eligible Child plus one half of the Spouse's pension payable to the next eldest Eligible Child; or

7.4.1.2 if no Spouse's Pension is payable, equal to the Notional Spouse's Pension and payable to the eldest Eligible Child plus one half of the Notional Spouse's Pension payable to each additional Eligible Child (up to a maximum of two additional children). If there are more than two additional children the child's pension will be payable to the two eldest of these Eligible Children.

7.4.2 The Notional Spouse's Pension referred to in CARE 65 Section Rule 7.4.1 is the Spouse's pension that would have been payable if the CARE 65 Member had died leaving a Spouse who was less than 15 years younger than himself.

7.4.3 If there is a change in the number of the CARE 65 Member's Eligible Children qualifying for a pension, the Trustees may adjust the Eligible Child's pension from the instalment due immediately following the change. For this purpose, the Trustees will calculate the Eligible Child's pension after the adjustment as though the number of Eligible Children after the event causing the adjustment had been the number at the Member's death.

7.4.4 The Trustees may at any time and for any period vary the amount of pension payable to any Eligible Child of the CARE 65 Member but not so as to alter the aggregate amount of pension payable to the Eligible Children under this CARE 65 Section Rule 7.4.

**8. LUMP SUM ON CARE 65 MEMBER'S DEATH**

On the death of a CARE 65 Member a lump sum will be payable in the circumstances and of an amount set out in this CARE 65 Section Rule 8.

## 8.1 On death before retirement

On the death of a Deferred Pensioner (other than one in Service after Normal Pension Age) there will be paid a lump sum equal to the aggregate of:

- 8.1.1 the CARE 65 Member's CARE 65 Section Contributions; plus
- 8.1.2 AVCs; plus
- 8.1.3 any part of a transfer under General Rule 4.8 which has been treated as CARE 65 Member's contributions.

## 8.2 On death in Service after Normal Pension Age

On the death of a CARE 65 Member in Service after Normal Pension Age whose benefits under the CARE 65 Section are not in payment there will be paid a lump sum calculated under CARE 65 Section Rule 8.1.

## 8.3 Discretionary trusts

The Trustees will pay any lump sum payable under this CARE 65 Section Rule 8 for the benefit of one or more Eligible Recipients in accordance with General Rule 5.19.

## 9. RETIREMENT OPTIONS

### 9.1 Lump sum commutation

9.1.1 A Member may surrender pension in return for a lump sum, payable when his Member's Pension is due to start, which will (subject as set out below) be calculated on a basis determined by the Trustees and confirmed as reasonable by the Actuary. However, if he has been Contracted-out under the Scheme, the lump sum will be restricted to comply with the Contracting-out Provisions. A lump sum paid to a Member shall not exceed the permitted maximum pension commencement lump sum under schedule 29 FA 2004.

9.1.2 Any lump sum payable under this CARE 65 Section Rule 9.1 may be satisfied in whole or in part by the Member's AVCs.

### 9.2 Surrender for Dependant's pension

9.2.1 The Trustees may allow a Member to surrender pension to provide a pension (starting on his death after his own pension has started) for one or more Dependants nominated by him. The pension will be payable until the death of the Dependant or (if the Dependant is an Eligible Child) until he ceases to be an Eligible Child.

9.2.2 The amount of the resulting Dependants' pensions will be determined by the Trustees on a basis confirmed as reasonable by the Actuary.

9.2.3 If, before the Member's pension starts, the nominated Dependant dies, the surrender will not have effect, but if a nominated Dependant dies after the Member's pension has started, that pension will continue to be reduced as if that Dependant had not died.

9.2.4 A Member may only surrender part of his pension which is in excess of that required to meet his GMP or otherwise in accordance with the Contracting-out Provisions.

9.2.5 A pension under this CARE 65 Section Rule 9.2 is additional to any arising under CARE 65 Section Rule 7, and no pension arising under CARE 65 Section Rule 7 will affect the computation of one under this CARE 65 Section Rule 9.2.

### 9.3 **Income levelling**

If a Member's pension from the Scheme starts before state pension age, he may request the Trustees to arrange for his pension from the Scheme to be paid at an increased rate until his state pension age and at a reduced rate (not less than required by the Contracting-out Provisions) thereafter subject to the pension being of equivalent value to that which would be paid but for this option and subject to the pension being an Authorised Member Payment under FA 2004.

The Trustees will decide the amount of any benefit payable on the death of a Member who elects the option under this CARE 65 Section Rule 9.3 and will have regard to the Actuary's advice when deciding the amount of benefits to pay to or in respect of the Member.

## 10. **PENSION INCREASES**

This CARE 65 Section Rule 10 applies to any Member's Pension payable from the CARE 65 Section.

Any Member's Pension to which this CARE 65 Section Rule 10 applies will increase in payment on each 1 January at 2.5% compound a year or (if less) the percentage increase in the Index in the 12 months ending on the previous 1 October, or if the Trustees so decide in any other 12 month period.

If the relevant pension has been payable for less than a year, the first increase will not be proportionately reduced by reference to the actual period of payment.

## 11. **ANNUAL ALLOWANCE CAPPED MEMBER**

In respect of an Annual Allowance Capped Member, the rate of accrual of pension in any Scheme Year shall be restricted to ensure that the Member's Total Pension Input Amount in respect of the Scheme does not exceed the Annual Allowance.

## 12. **CAPPED MEMBER**

12.1 In respect of a Capped Member:

12.1.1 benefit accrual under CARE Section Rule 6.1;

12.1.2 the definition of Revalued Pensionable Salary under CARE Section Rule 1;

12.1.3 Member contributions under CARE Section Rule 4; and

12.1.4 any other element of benefit under the Scheme;

may be restricted so that the Capped Member's total benefits under the Scheme do not exceed the Lifetime Allowance.

**PART 5: BARNSELEY SECTION RULES****1. DEFINITIONS**

Any terms not defined in this Part 5 shall have the meaning given to them in General Rule 1.

**"Barnsley Active Member"** means a Barnsley Member who was as at 31 March 2010 an active member of the Barnsley Scheme;

**"Barnsley Deferred Member"** means a Barnsley Member who was at 31 March 2010 entitled to deferred pension benefits under the Barnsley Scheme;

**"Barnsley Employer"** the employers which were from time to time admitted to participation in the Barnsley Scheme pursuant to the provisions of the Barnsley Scheme and, in relation to an individual in an employment, the Barnsley Employer was that one of the Barnsley Employers which employed him or her at the relevant time;

**"Barnsley Governing Documents"** means the definitive trust deed and rules dated 8 July 1998 and all other documents governing the Barnsley Scheme;

**"Barnsley Pensioner Member"** means a Barnsley Member whose benefits under the Barnsley Scheme had come into payment prior to 1 April 2010;

**"Contribution Salary"** means the rate of basic annual earnings of a Barnsley Member from time to time upon which his contributions to the Barnsley Scheme would have been calculated prior to 1 April 2010;

**"Final Pensionable Salary"** means Pensionable Salary on 1 January coincident with or immediately preceding the date of leaving Pensionable Service (as defined in the Barnsley Governing Documents) except in relation to a Transferring Active Member, when it means Pensionable Salary on 1 January coincident with or immediately preceding the date the Transferring Active Member ceases to be an Active CARE 65 Member or, in the case of a Transferring Active Member who becomes an Active Member on 1 January 2016, the date he ceases to be an Active Member;

**"Higher Contribution Rate"** means:

- (a) between 1 April 2007 and 31 March 2008, 4%;
- (b) between 1 April 2008 and 31 March 2009, 5%; and
- (c) between 1 April 2006 and 31 March 2010, 6%;

of Contribution Salary or such other higher or lower rate as may from time to time have been set under the Barnsley Scheme prior to 31 March 2010, save that the Higher Contribution Rate was at all times greater than the then applicable Lower Contribution Rate;

**"Lower Contribution Rate"** means 3% of Contribution Salary or such other higher or lower rate as may from time to time have been set under the Barnsley Scheme, save that the Lower Contribution Rate was at all times less than the then applicable Higher Contribution Rate;

**"Normal Pension Age"** a Barnsley Member's 65th birthday;

**"Pensionable Salary"** the rate of basic annual earnings at 1 January each year whilst an active member of the Barnsley Scheme and with the consent of the Society (or the Barnsley Employer where relevant) and the Barnsley Member any reduction in Pensionable Salary due to the Barnsley Member's ill-health may be ignored and the Barnsley Member's Pensionable Salary shall be such greater amount as they may determine it would have been but for the effect of the Barnsley Member's ill-health;

**"Pensionable Service"** means the last or only period of Service with a Barnsley Employer as an active member of the Barnsley Scheme, commencing on the date of admission to the Barnsley Scheme and ceasing on the termination of such Service (or 31 March 2010 if earlier);

**"Service"** service in the employment of, or as an executive or non-executive director or other officer of, any of the Barnsley Employers;

**"Transferring Active Member"** means an individual who immediately prior to 1 April 2010 was entitled (whether immediately, prospectively or contingently) to benefits under the Barnsley Scheme and who was in Pensionable Service (as defined in the Barnsley Governing Documents) under the Barnsley Scheme on 1 April 2010.

## **2. APPLICATION**

- 2.1 The Barnsley Section is closed to new Members.
- 2.2 Barnsley Section Rule 3 applies to Barnsley Pensioner Members and Barnsley Deferred Members.
- 2.3 Barnsley Section Rules 4 to 8 apply for the purposes of determining the benefits payable from the Scheme to or in respect of persons who were members of the Barnsley Scheme on 31 March 2010 and who became members of the CARE 65 Section with effect from 1 April 2010 pursuant to the terms of the Barnsley Merger Deed.

## **3. PENSIONS IN PAYMENT AND DEFERRED PENSIONS ON 31 MARCH 2010**

Members who are Barnsley Pensioner Members or Barnsley Deferred Members shall be entitled to a pension and other benefits (including but not limited to contingent benefits) of the same amount and payable in accordance with General Rule 4.8 from the Scheme with effect from 1 April 2010, as were payable under the Barnsley Governing Documents on 31 March 2010.

## **4. RETIREMENT BENEFITS**

### **4.1 Normal Pension Age**

Subject to Barnsley Section Rule 4.2 shall receive at Normal Pension Age an annual pension calculated as the aggregate of the following sums:

- 4.1.1 one sixtieth of Final Pensionable Salary for each complete year (and proportionately for each additional complete calendar month) of Pensionable Service up to and including 31 May 2007; and
- 4.1.2 one sixtieth of Final Pensionable Salary for each complete year (and proportionately for each additional complete calendar month) of Pensionable Service completed after 31 May 2007 and before 1 April 2010 during which he

paid contributions under the Barnsley Scheme at the Higher Contribution Rate;  
and

- 4.1.3 one eightieth of Final Pensionable Salary for each complete year (and proportionately for each additional complete calendar month) of Pensionable Service completed after 31 May 2007 and before 1 April 2010 during which he paid contributions under the Barnsley Scheme at the Lower Contribution Rate.

## 4.2 Early retirement

4.2.1 A Barnsley Member may elect to take his retirement benefits from the Barnsley Section before his Normal Pension Age (but not before his Minimum Pension Age) under the Barnsley Section Rules with the consent of the Trustees. If the Barnsley Member remains in Service, the consent of the Society shall be required.

4.2.2 Subject to Barnsley Section Rule 4.2.3, the pension payable on early retirement under this Barnsley Section Rule 4.2 will be reduced on a basis certified by the Actuary as reasonable.

4.2.3 Reductions for early payment under Barnsley Section Rule 4.2 will be determined by reference to Normal Pension Age except that:

4.2.3.1 in respect of a female Barnsley Member who was in Pensionable Service on 31 May 1995, the reduction in respect of benefits earned for Service prior to 1 June 1995 will be by reference to a normal retirement age of 60; and

4.2.3.2 in respect of a male Barnsley Member who was in Pensionable Service on 31 May 1995, the reduction in respect of benefits earned for Service after 17 May 1990 but before 1 October 1995 will be by reference to a normal retirement age of 60.

## 4.3 Late Retirement

A Barnsley Member who takes his retirement benefits from the Barnsley Section after Normal Pension Age will be entitled to a pension in respect of his Membership of the Barnsley Section calculated as in Barnsley Section Rule 4.1 but increased to take account of the later commencement of payment on a basis certified by the Actuary as reasonable and agreed by the Trustees. If the Barnsley Member remains in Service, the consent of the Society shall be required.

## 4.4 Pension whilst in Service

At the Barnsley Member's request and subject to the consent of the Society the Trustees may pay an early retirement pension under Barnsley Section Rule 4.2 to a Barnsley Member who is still in Service and the Barnsley Member shall become a Retiring Member.

## 5. RETIREMENT OPTIONS

### 5.1 Lump sum commutation

5.1.1 A Barnsley Member may surrender pension in return for a lump sum, payable when his Member's Pension is due to start, which will (subject as set out below)



be calculated on a basis determined by the Trustees and confirmed as reasonable by the Actuary. However, if he has been Contracted-out under the Scheme, the lump sum will be restricted to comply with the Contracting-out Provisions. A lump sum paid to a Member shall not exceed the permitted maximum pension commencement lump sum under schedule 29 FA 2004.

- 5.1.2 Any lump sum payable under this Barnsley Section Rule 5.1 may be satisfied in whole or in part by the Barnsley Member's AVCs.
- 5.1.3 In cases of commutation of pension into lump sum for the payment of serious ill-health lump sum, trivial commutation lump sum or pension commencement lump sum the Trustees shall use the actuarial factors that were used under the Barnsley Scheme immediately prior to 1 April 2010 where those factors are more beneficial to the Barnsley Member than the actuarial factors used under the Scheme at the relevant time.

## 5.2 Surrender for Dependant's pension

- 5.2.1 The Trustees may allow a Barnsley Member to surrender pension to provide a pension (starting on his death after his own pension has started) for one or more Dependants nominated by him. The pension will be payable until the death of the Dependant or (if the Dependant is an Eligible Child) until he ceases to be an Eligible Child.
- 5.2.2 The amount of the resulting Dependants' pensions will be determined by the Trustees on a basis confirmed as reasonable by the Actuary.
- 5.2.3 If, before the Barnsley Member's pension starts, the nominated Dependant dies, the surrender will not have effect, but if a nominated Dependant dies after the Barnsley Member's pension has started, that pension will continue to be reduced as if that Dependant had not died.
- 5.2.4 A Member may only surrender part of his pension which is in excess of that required to meet his GMP or otherwise in accordance with the Contracting-out Provisions.
- 5.2.5 A pension under this Barnsley Section Rule 5.2 is additional to any arising under Barnsley Section Rule 7, and no pension arising under Barnsley Section Rule 7 will affect the computation of one under this Barnsley Section Rule 5.2.

## 6. LUMP SUM DEATH BENEFITS

Any lump sum under this Barnsley Section Rule 6 will be subject to the trusts in General Rule 5.19 unless otherwise indicated.

### 6.1 Lump sum on death whilst entitled to a deferred pension before Normal Pension Age

On the death of a Barnsley Member who has left Pensionable Service and is entitled to a deferred pension from the Barnsley Section the Trustees shall pay a lump sum equal to the amount without interest of ordinary contributions paid or deemed to have been paid to the Barnsley Scheme by the Barnsley Member.

## 6.2 **Lump sum on death within five years of retirement**

On the death of a Barnsley Member within the five years after his pension started, a lump sum death benefit will be payable equal to the pension payments which would otherwise have been paid to him during the remainder of the five year period (based on the monthly rate of the Barnsley Member's pension in force at the date of death).

## 7. **DEPENDANT'S PENSION**

On the death of a Barnsley Member an immediate pension will be payable to the Barnsley Member's Spouse or Civil Partner in the circumstances and of an amount set out in this Barnsley Section Rule 7. The amount payable shall, in each case, be subject to the minimum required to comply with the Contracting-out Provisions.

### 7.1 **Dependant's pension on death before retirement and before Normal Pension Age**

On the death of a Barnsley Member who dies before Normal Pension Age, a pension will be paid to the Barnsley Member's Spouse equal to 50% of the pension the Barnsley Member would have received in respect of service on and after 6 April 1997 if the Barnsley Member had retired on the date immediately preceding the date of his or her death and his or her pension had then come into payment and one half of the Barnsley Member's GMP in respect of service up to 5 April 1997. If a Barnsley Member to whom this Barnsley Section Rule 7.1 applies dies without leaving a Spouse, the Trustees may in their absolute discretion, pay the pension which would have payable to a Spouse under this Barnsley Section Rule 7.1, to one or more Eligible Child of the Barnsley Member in such shares as the Trustees shall decide.

### 7.2 **Dependant's pension on death before retirement but after Normal Pension Age**

On the death of a Barnsley Member after Normal Pension Age but before payment of his pension has begun, there will be payable to the Barnsley Member's Spouse a pension equal to one half of the pension the Barnsley Member would have received, calculated in accordance with Barnsley Section Rule 4, had he taken payment of his benefits on the day that he died.

### 7.3 **Death in retirement**

If a Barnsley Member dies after his pension from this Barnsley Section has come into payment, there will be paid an immediate pension to the Barnsley Member's Spouse, or if there is no Spouse, to such one or more of the Barnsley Member's Eligible Children and in such shares as the Trustees may decide, equal to one half of the Barnsley Member's pension attributable to the Barnsley Section which the Barnsley Member was receiving at the date of his death (or would have been receiving if no option had been exercised at retirement which had the effect of reducing the initial rate of the pension).

### 7.4 **Provisions affecting Dependant's pension**

7.4.1 A pension payable to a Barnsley Member's Spouse or Civil Partner who is more than ten years younger than the Barnsley Member shall be reduced (but not below the Spouse's GMP (if any)) by such amount as the Trustees shall determine, having regard to the advice of the Actuary, not exceeding 2.5% for each complete year by which the difference in their ages exceeds 10 years.

7.4.2 If a Barnsley Member dies after retirement and within six months of his marriage or registering his Civil Partnership, the Trustees shall have absolute discretion as to whether the Spouse or Civil Partner shall be treated as the Spouse or Civil

Partner of the Barnsley Member or whether benefits shall be provided on the basis that the Barnsley Member had no Spouse or Civil Partner.

**7.5 Children's pensions**

7.5.1 On the death of a Barnsley Member there will be payable, from the date of his death, pensions to the Barnsley Member's Eligible Children, if any, determined in accordance with this Barnsley Section Rule 7.

7.5.2 Any pension payable in respect of a Barnsley Member's Eligible Children under this Barnsley Section Rule 7.5 shall be divided equally between the children who qualify as Eligible Children at the date of payment, unless the Trustees in their absolute discretion decide that the pension payable in respect of the Barnsley Member's Eligible Children should be otherwise divided. The pension payable in respect of any child shall cease when he dies or ceases to be an Eligible Child, whichever occurs first.

**8. PENSION INCREASES**

**8.1 Pension in respect of Pensionable Service before 6 April 1997**

Pension attributable to Pensionable Service before 6 April 1997 will be increased each year by such amount as the Society with the consent of the Trustees may decide, subject to a minimum increase of 3%.

**8.2 Pension in respect of Pensionable Service after 5 April 1997**

8.2.1 Pension attributable to Pensionable Service on or after 6 April 1997 but before 1 April 2002 will be increased each year by the lesser of 5% and the percentage increase in the Index over a 12 month reference period ending on 30 September preceding the increase date, subject to a minimum increase of 3%.

8.2.2 Pension attributable to Pensionable Service on or after 1 April 2002 but before 6 April 2006 will be increased each year by the lesser of 5% and the percentage increase in the Index over a 12 month reference period ending on 30 September preceding the increase date.

8.2.3 Pension attributable to Pensionable Service on or after 6 April 2006 will be increased each year by the lesser of 2.5% and the percentage increase in the Index over a 12 month reference period ending on 30 September preceding the increase date.

**8.3 Exceptions**

The pension increases described in this Barnsley Section Rule 8 do not apply to:

8.3.1 any pension deriving from a Member's AVCs; or

8.3.2 any pension derived from transfer payments accepted into the Barnsley Scheme;  
or

8.3.3 any GMP unless the Society with the consent of the Trustees so directs.

## PART 6: CHELSEA SECTION RULES

## 1. DEFINITIONS

Any terms not defined in this Part 6 shall have the meaning given to them in General Rule 1.

"**Anniversary Date**" means the date on which a Scheme Year begins;

"**Basic Salary**" means the basic annual salary or wages of a Chelsea Member (excluding bonuses, commission, overtime and any other fluctuating emoluments);

"**Chelsea Deferred Member**" means a Chelsea Member who was at 31 March 2011 entitled to deferred pension benefits under the Chelsea Scheme;

"**Chelsea Governing Documents**" means the Rules dated 6 April 2006 and all other documents governing the Chelsea Scheme;

"**Chelsea Pensioner Member**" means a Chelsea Member whose benefits under the Chelsea Scheme had come into payment prior to 1 April 2011;

"**City of London Executive**" has the meaning given in Rule 75 of the Chelsea Governing Documents;

"**COLBS Section**" means the section of the Chelsea Scheme for those who were City of London Members (as defined in the Chelsea Governing Documents) as at 6 April 2006;

"**Executive Director**" has the meaning given in Rule 75 of the Chelsea Governing Documents;

"**Final Pensionable Salary**" means:

- (a) in relation to a Chelsea Member,
  - (i) in relation to pension accrued by Pensionable Service prior to 1 April 2008 the greater of:
    - (A) his Basic Salary or wages received during the 12 months immediately preceding the date of cessation of his active membership of the Chelsea Scheme, except in relation to a Transferring Active Member, in which case the relevant 12 months shall be those immediately preceding the date the Transferring Active Member ceases to be an Active CARE 65 Member or, in the case of a Transferring Active Member who became an Active Member on 1 January 2016, the date he ceases to be an Active Member together with:
      - (aa) his Frozen Bonuses; and
      - (bb) his Frozen Commission; and
    - (B) the highest average of his Pensionable Salary on any three consecutive Anniversary Dates during the 13 years (or shorter period of his Membership of the Chelsea Scheme) ending on the date which immediately precedes the

Anniversary Date which is coincident with or immediately precedes the date of cessation of his active membership of the Chelsea Scheme, except in relation to a Transferring Active Member, in which case the highest average may be taken from any three consecutive years up to the date the Transferring Active Member ceases to be an Active CARE 65 Member or, in the case of a Transferring Active Member who becomes an Active Member on 1 January 2016, the date he ceases to be an Active Member;

- (b) in relation to pension accrued by Pensionable Service on and after 1 April 2008, the greater of:
- (i) his basic salary or wages received during the 12 months immediately preceding the date of cessation of his active membership of the Chelsea Scheme, except in relation to a Transferring Active Member, in which case the relevant 12 months shall be those immediately preceding the date the Transferring Active Member ceases to be an Active CARE 65 Member or, in the case of a Transferring Active Member who becomes an Active Member on 1 January 2016, the date he ceases to be an Active Member); and
  - (ii) the highest average of his Pensionable Salary on any three consecutive Anniversary Dates during the 13 years (or shorter period of his Membership) ending on the date which immediately precedes the Anniversary Date which is coincident with or immediately precedes the date of cessation of his active membership of the Chelsea Scheme, except in relation to a Transferring Active Member, in which case the highest average may be taken from any three consecutive years up to the date the Transferring Active Member ceases to be an Active CARE 65 Member or, in the case of a Transferring Active Member who becomes an Active Member on 1 January 2016, the date he ceases to be an Active Member;
- (c) in relation to a City of London Member, the average of his Pensionable Salary determined on the three consecutive Anniversary Dates immediately preceding the date of cessation of his active membership of the Chelsea Scheme, except in relation to a Transferring Active Member, in which case the highest average may be taken from any three consecutive years up to the date the Transferring Active Member ceases to be an Active CARE 65 Member or, in the case of a Transferring Active Member who becomes an Active Member on 1 January 2016, the date he ceases to be an Active Member;

provided that:

- (i) in relation to a Member who is in Part-time Service his Final Pensionable Salary shall be reckoned on such basis as the Trustees having obtained the advice of the Actuary may in their absolute discretion consider appropriate; and

- (ii) for the purposes of this definition only, "Pensionable Salary", calculated with reference to an Anniversary Date, shall also include:
  - (A) any monetary bonus (other than any bonus paid under the Former Principal Employer's medium term bonus scheme) earned by the Chelsea Member in respect of the last financial year of the Former Principal Employer ended before that Anniversary Date. Such bonuses shall, for bonus payments payable on and after 1 April 2006, be subject to the limits set out in relation to each Chelsea Member in Appendix 3 to the Chelsea Governing Documents; and
  - (B) any commission earned by the Chelsea Member in the 12 months ended on the day before that Anniversary Date. Such commission shall, in respect of commission received on or after 1 April 2006, be subject to the limits set out in relation to each Chelsea Member in Appendix 3 to the Chelsea Governing Documents;
- (d) provided that, for Executive Directors, other than the individual who is identified at paragraph 5 of the schedule to a deed of amendment dated 8 March 2008 (relating to the Chelsea Scheme), Final Pensionable Salary shall include the **Historic Bonus**, which means in relation to an Executive Director the highest monetary bonus received by him (other than any bonus paid under the Former Principal Employer's medium term bonus scheme) in respect of any one of the last three financial years of the Former Principal Employer ended before 1 April 2006 or the later date of his appointment as an Executive Director, subject to the limit set out in Appendix 3 to the Chelsea Governing Documents. This amount is then increased by any increase in the Index up to Normal Pension Date or the earlier date of his leaving Pensionable Service or retirement. The Historic Bonuses and the relevant cap are set out in relation to the current Executive Directors (as at 1 April 2006) in Appendix 4 to the Chelsea Governing Documents;
- (e) provided further that the Former Principal Employer may subject to section 67 Pensions Act 1995 vary the limits on future bonuses and commission payments as set out in Appendix 3 to the Chelsea Governing Documents in relation to all or any specific Chelsea Member or Chelsea Members;
- (f) the Trustees may with the consent of the Society disregard any reduction or suspension of earnings which may have occurred by reason of ill-health or injury for the purposes of calculating Final Pensionable Salary.

**"Former Principal Employer"** means the Chelsea Building Society;

**"Frozen Bonuses"** means the highest annual monetary bonuses (other than any bonus paid under the Former Principal Employer's medium term bonus scheme) earned by the Chelsea Member in respect of anyone of the last three financial years of the Former Principal Employer ended before 31 December 2007. Such bonuses shall, in respect of bonus payments payable on and after 1 April 2006, be subject to the limits set out in relation to each Chelsea Member in Appendix 3 to the Chelsea Governing Documents. This amount is then increased by the lesser of the increase in the Index and five per cent per annum compound (with a proportionate increase for each whole month) over the period from 1 April 2008 up to Normal Pension Date or the earlier date of his leaving Pensionable Service or retirement,

- (a) Proviso in relation to Executive Directors (other than the individual who is identified at paragraph 5 of the schedule to a deed of amendment dated 8 March 2008 (relating to the Chelsea Scheme))

All bonuses payable on or after 1 April 2006 shall not be pensionable and therefore not included within this definition of Frozen Bonuses;

- (b) Proviso in relation to the individual who is identified at paragraph 5 of the schedule to a deed of amendment dated 8 March 2008 (relating to the Chelsea Scheme)

In relation to the individual who is identified at paragraph 5 of the schedule to a deed of amendment dated 8 March 2008 (relating to the Chelsea Scheme), "Frozen Bonuses" shall mean the greater of the following:

- (i) the amount calculated by applying the definition of "Frozen Bonuses" that applies in relation to Chelsea Members; and
- (ii) £40,500 increased by the lesser of the increase in the Index and 5% per annum compound (with a proportionate increase for each whole month) over the period from 1 April 2007 up to Normal Pension Date or the earlier date of his leaving Pensionable Service or retirement.

**"Frozen Commission"** means the highest commission earned by the Chelsea Member in a single calendar year in the 36 months ended on 31 December 2007. Such commission shall, in respect of commission received on or after 1 April 2006, be subject to the limits set out in relation to each Chelsea Member in Appendix 3 to the Chelsea Governing Documents. This amount is then increased by the lesser of the increase in the Index and 5% per annum compound (with a proportionate increase for each whole month) over the period from 1 April 2008 up to Normal Pension Date or the earlier date of his leaving Pensionable Service or retirement;

**"Index"** means the index of retail prices for all items published by the Office for National Statistics or any other suitable index adopted by the Trustees for the purposes of the Scheme;

**"Non-Executive Directors"** means non-executive directors of the Former Principal Employer;

**"Normal Pension Date"** means:

- (a) in respect of a Chelsea Member, his or her 60<sup>th</sup> birthday; and

- (b) in respect of a City of London Member, in the case of a male Member, his 65<sup>th</sup> birthday and in the case of a female Member her 60<sup>th</sup> birthday;

or any other date which may with the approval of the Inland Revenue have been agreed between the Member, the Trustees and the Employer.

Provided that from 6 April 2006, for Members who were Active Members on 5 April 2006, "**Normal Pension Date**" means a Member's 65<sup>th</sup> birthday;

"**Part-time Service**" means, in relation to a Chelsea Member, Service during which his contractual working hours are less than the standard full-time contractual working hours for the same position, as determined by the Society;

"**Pensionable Bonus**" as at an Anniversary Date means such monetary bonuses (other than any bonus paid under the Former Principal Employer's medium term bonus scheme) earned by the Chelsea Member in respect of the last financial year of the Former Principal Employer ended before that Anniversary Date, subject (for bonus payments payable on or after 1 April 2006) to the limits set out in relation to each Chelsea Member in Appendix 3 to the Chelsea Governing Documents. No bonus shall count as a Pensionable Bonus if it is earned by the Chelsea Member on or after 1 January 2008;

"**Pensionable Commission**" as at an Anniversary Date means such commission earned by the Chelsea Member in respect of the last financial year of the Former Principal Employer ended before the Anniversary Date, subject (for commission received on or after 1 April 2006) to the limit set out in Appendix 3 to the Chelsea Governing Documents. No commission shall count as a Pensionable Commission if it is earned by the Chelsea Member on and after 1 January 2008;

"**Pensionable Salary**" means Basic Salary at the Anniversary Date coincident with or immediately preceding the relevant date provided that:

- (a) Pensionable Salary in respect of any period of Part-time Service shall be reckoned on such basis as the Trustees having obtained the advice of the Actuary in their absolute discretion consider appropriate and the Inland Revenue may allow;
- (b) a Chelsea Member's Pensionable Salary shall be calculated as at the date of his admission to the Scheme until being adjusted on the first Anniversary Date after his admission.

In determining Pensionable Salary any reductions which may have occurred by reason of the member's ill health or injury may in the discretion of the Trustees be ignored.

Any sums paid to a Chelsea Member under a permanent health insurance arrangement established by an Employer for its Employees shall be treated as within the definition of Pensionable Salary.

"**Pensionable Service**" means the aggregate of:

- (a) the period of his Active Membership;
- (b) any further period credited to the Chelsea Member by the Trustees at the request of the Former Principal Employer by notice in writing to him under Rule 65 (Augmentation) or Rule 69 (Transfers to the Scheme) of the Chelsea Governing



Documents including in the case of a COLBS Section Member, all service which counted as pensionable under the rules of the City of London Building Society Scheme;

- (c) Pensionable Service in respect of any period of Part-time Service shall be reckoned on such basis as the Trustees having obtained the advice of the Actuary may in their absolute discretion consider appropriate and the Inland Revenue may allow;
- (d) in the case of Chelsea Members who were in Service on or before 1 April 1978 all Service shall be treated as Pensionable Service save to the extent such Service is performed after the Chelsea Member ceases Active Membership;
- (e) it shall also include any Service as a contributing Chelsea Member after Normal Pension Age;
- (f) in the case of a Chelsea Member who was in Service on 1 April 1987 who has either completed at least twenty years' Service or has made such election as is referred to in Rule 11.1 and paid such contributions as required by Rule 11.1(a) or (b) of the Chelsea Governing Documents, shall include a further period as follows:
  - (i) in the case of a Chelsea Member who ceases to be an Active Member on or after age 60, the period of potential Service from actual retirement to age 65 if he had remained an Employee;
  - (ii) in the case of a Chelsea Member who ceases to be an Active Member before age 60, the period calculated using the formula:
 
$$5 \text{ years} \times \frac{N}{NS}$$
 where N is the Chelsea Member's actual period of Pensionable Service and NS is his potential Pensionable Service were he to remain in Active Membership up to age 60 (including his actual period of Pensionable Service);

any period of Pensionable Service credited under Rules 5 and 6 of the Chelsea Governing Documents; but excluding any double counting.

A period of Pensionable Service of a Chelsea Member shall cease to count if his contributions for that period are refunded or if his rights in respect of it have been transferred.

"Pre A Day Rules" means the trust deed and rules and other documentation by which the Chelsea Scheme was governed as at 5 April 2006, including the conditions and limitations specified by HMRC for the purpose of retaining exempt approval as at 5 April 2006 including (without prejudice to the generality of the foregoing) the 12 (2001) Practice Notes on Approval of Occupational Pension Schemes;

**"Pre-1978 Member"** means a Chelsea Member who was a Member of the Chelsea Scheme immediately prior to 1 April 1978;

**"Scheme Year"** means each period of 12 calendar months commencing on 1 April or such date as the Trustees may determine, or any other period decided by the Trustees which is consistent with the disclosure requirements of the 1995 Act;

"Service" means continuous employment with an Employer;

"Transferring Active Member" means an individual who immediately prior to 1 April 2011 was entitled (whether immediately, prospectively or contingently) to benefits under the Chelsea Scheme and who was in Pensionable Service (as defined in the Chelsea Governing Documents) under the Chelsea Scheme on 1 April 2011.

## 2. APPLICATION

- 2.1 The Chelsea Section is closed to new Members.
- 2.2 Chelsea Section Rule 3 applies to Chelsea Pensioner Members and Chelsea Deferred Members.
- 2.3 The benefit of Chelsea Members shall be determined in accordance with the Chelsea Merger Deed and are subject to the General Rules.
- 2.4 Chelsea Section Rules 4 to 8 summarise the benefits payable from the Scheme to or in respect of persons who were members of the Chelsea Scheme on 31 March 2011 and who became members of the CARE 65 Section with effect from 1 April 2011 pursuant to the terms of the Chelsea Merger Deed. They are intended to reflect the provision of the Chelsea Merger Deed Fund. In case of any inconsistency where the Chelsea Section Rules and the Chelsea Merger Deed, the provisions of the Chelsea Merger Deed shall prevail.
- 2.5 Special benefits were provided to members of the Chelsea Scheme who were admitted as a City of London Executive and those individuals identified at paragraph 1 of Appendix 2 of the Chelsea Governing Documents. Accordingly, the Chelsea Section Rules are varied to the extent necessary (as determined by the Trustees) to give effect to such members.
- 2.6 The definitions in Chelsea Section Rule 1 and reproduced in the Chelsea Governing Documents shall be construed accordingly having regard to the provisions of this Chelsea Section Rule 2.

## 3. PENSIONS IN PAYMENT AND DEFERRED PENSIONS ON 31 MARCH 2011

Members who are Chelsea Pensioner Members or Chelsea Deferred Members shall be entitled to a pension and other benefits (including but not limited to contingent benefits) of the same amount and payable in accordance with General Rule 5.8 from the Scheme with effect from 1 April 2011, as were payable under the Chelsea Governing Documents on 31 March 2011.

## 4. RETIREMENT BENEFITS

A Chelsea Member will be entitled to his pension under this Chelsea Section Rule 4 when he reaches Normal Pension Date.

### 4.1 Normal Pension Date

- 4.1.1 A Chelsea Member shall be entitled to receive an annual pension payable immediately at Normal Pension Date at an annual rate of 1/60th of Final Pensionable Salary for each complete year of Pensionable Service (and so in proportion for each additional complete month of Pensionable Service up to a maximum of 40 years) PROVIDED THAT if the rate of accrual or maximum Pensionable Service set out in Appendix 3 of the Chelsea Governing Documents differs from that set out in this Chelsea Section Rule 4.1, that Appendix 3 shall

override. The Member's Deferred Pension will be paid as required by the Preservation Provisions.

4.1.2 A Deferred Pensioner may with the consent of the Society and the Trustees elect for the immediate payment of his Deferred Pension before Normal Pension Date at any time by notice in writing to the Trustees if he is suffering from Incapacity or after reaching Minimum Pension Age, except that:

4.1.2.1 subject to Chelsea Section Rule 4.4, no pension or lump sum can be paid to a Deferred Pensioner before the Member actually leaves Service (or reaches age 75, if earlier);

4.1.2.2 Incapacity shall be such that the Trustees decide that had the Deferred Pensioner still been in Pensionable Service he would have been entitled to an immediate pension under Rule 15 (Incapacity Pension) of the Chelsea Governing Documents;

4.1.2.3 his Deferred Pension will be reduced for early payment as the Trustees on the advice of the Actuary may decide in respect of each complete month between the date of its commencement and age 60 (or Normal Pension Date in respect of a male City of London Member).

4.1.3 A Deferred Pension may only be paid early, if the amount of the pension payable at age 65 (if male) or age 60 (if female) is not less than the Deferred Pensioner's GMP at that age. If it would be less, the Trustees may reduce the pension payable under age 65 or age 60 (as appropriate) by an amount that enables the pension to be increased at his 65th or her 60th birthday to the level of the GMP or may refuse to permit early payment.

4.1.4 The Trustees must be reasonably satisfied the benefits paid early are at least equal in value to the benefits that would otherwise have been provided for the Chelsea Member under Rule 24.1 of the Chelsea Governing Documents.

#### 4.2 **Late Retirement**

A Deferred Pensioner may with the prior consent in writing of the Trustees elect for payment of his Deferred Pension to be postponed to a date after his Normal Pension Date but before age 75. The Deferred Pension will be increased as the Trustees think fit on the advice of the Actuary to take account of late payment.

#### 4.3 **Pension whilst in Service**

At the Chelsea Member's request and subject to the consent of the Society the Trustees may pay an early retirement pension under Chelsea Section Rule 4.1.2 to a Chelsea Member who is still in Service and the Chelsea Member shall become a Retiring Member.

#### 4.4 **Normal Pension Date Underpin**

This Rule applies in respect of any Chelsea Member whose Normal Pension Age was increased from age 60 to age 65 with effect from 6 April 2006. If such a Chelsea Member's benefits come into payment on or after 6 April 2006 and after he has reached age 60, the benefits accrued by reference to Pensionable Service before 6 April 2006 for, or in respect of, him shall be increased to the extent necessary to ensure that they are not less than what they

would have been but for the increase in Normal Pension Date from age 60 to age 65 and in accordance with the Pre A Day Rules.

## **5. RETIREMENT OPTIONS**

### **5.1 Lump sum commutation**

5.1.1 A Chelsea Member may surrender pension in return for a lump sum, payable when his Member's Pension is due to start, which will (subject as set out below) be calculated on a basis determined by the Society and Trustees and confirmed as reasonable by the Actuary. However, if he has been Contracted-out under the Scheme, the lump sum will be restricted to comply with the Contracting-out Provisions. A lump sum paid to a Chelsea Member shall not exceed the permitted maximum pension commencement lump sum under schedule 29 FA 2004.

5.1.2 Any lump sum payable under this Chelsea Section Rule 5.1 may be satisfied in whole or in part by the Chelsea Member's AVCs.

### **5.2 Surrender for Dependant's pension**

5.2.1 The Trustees may allow a Chelsea Member to surrender pension to provide a pension (starting on his death after his own pension has started) for one or more Dependants nominated by him. The pension will be payable until the death of the Dependant or (if the Dependant is an Eligible Child) until he ceases to be an Eligible Child.

5.2.2 The amount of the resulting Dependants' pensions will be determined by the Trustees on a basis confirmed as reasonable by the Actuary.

5.2.3 If, before the Chelsea Member's pension starts, the nominated Dependant dies, the surrender will not have effect, but if a nominated Dependant dies after the Chelsea Member's pension has started, that pension will continue to be reduced as if that Dependant had not died.

5.2.4 A Chelsea Member may only surrender part of his pension which is in excess of that required to meet his GMP or otherwise in accordance with the Contracting-out Provisions.

5.2.5 A pension under this Chelsea Section Rule 5.2 is additional to any arising under Chelsea Section Rule 7, and no pension arising under Chelsea Section Rule 7 will affect the computation of one under this Chelsea Section Rule 5.2.

## **6. LUMP SUM DEATH BENEFITS**

The Trustees will pay any lump sum death benefit under this Chelsea Section Rule 6 in accordance with General Rule 5.19

### **6.1 Lump sum death benefits before retirement and before Normal Pension Date**

On the death of a Chelsea Member prior to his pension commencing but before Normal Pension Date a lump sum death benefit will be payable equal to his Member contributions plus his AVCs (but excluding any contributions refunded to the Chelsea Member and any Contributions Equivalent Premium paid in respect of him).

## 6.2 **Lump sum on death before retirement but after Normal Pension Age**

On the death of a Chelsea Member prior to his pension commencing but after Normal Pension Date a lump sum death benefit will be payable as if the Chelsea Member had retired immediately before his death except that in the case of a COLBS Section Member the lump sum payable on his death shall be equal to the aggregate of the maximum lump sum the Chelsea Member could have elected to commutation of his pension under Chelsea Section Rule 5.1 and the sum equal to the discounted value (as determined by the Actuary) of five years' instalments of the pension he would have received after such commutation had he retired on the day preceding that on which he died.

## 6.3 **Lump sum on death after retirement**

On the death of a Chelsea Member within the five years after his pension started, a lump sum death benefit will be payable equal to the pension payments which would otherwise have been paid to him during the remainder of the five year period provided that in calculating that lump sum the Trustees acting on the advice of the Actuary shall take into account any possible increase which might have been made in the rate of the Chelsea Member's pension but which had not taken effect before the date of his death and shall make such adjustment as they consider to be appropriate to the amount of the lump sum payment in any case where the pension in payment to the Chelsea Member was being made at a reduced rate in order to provide for its increase at state pension age.

## 7. **DEPENDANT'S PENSION**

On the death of a Chelsea Member an immediate pension will be payable to the Chelsea Member's Spouse or Civil Partner in the circumstances and of an amount set out in this Chelsea Section Rule 7. The amount payable shall, in each case, be subject to the minimum required to comply with the Contracting-out Provisions.

### 7.1 **Dependant's pension on death before retirement and before Normal Pension Date**

7.1.1 On the death of a Chelsea Member who dies before Normal Pension Date and before his pension has commenced, a pension will be paid to the Chelsea Member's Spouse or Civil Partner equal to 50% of the Members' Pension calculated under Chelsea Section Rule 4.1 including revaluation to the date of death provided that in the case of a COLBS Member, the pension will be equal to the aggregate of 7.1.1.1 and 7.1.1.2:

7.1.1.1 the greater of:

- (a) the annual rate of widow or widower's GMP which would have been payable had the Chelsea Member died on the date his contracted-out Pensionable Service terminated; and
- (b) 1/160th of the COLBS Member's Final Pensionable Salary for each complete year and proportionately for each additional complete month of contracted-out Pensionable Service together with the difference (if any) between the annual rate of the widow or widower's GMP revalued in accordance with the Contracting-out Provisions to the date of the Chelsea Member's death and one half of the Chelsea Member's GMP calculated on the date after he ceased to be in contracted-out Pensionable Service; and

- 7.1.1.2 the minimum pension the Chelsea Scheme had to provide to satisfy standards specified in section 12A of the 1993 Act.

## 7.2 **Death in retirement**

On the death of a Chelsea Member after his pension from this Chelsea Section has commenced, a pension will be payable to the Chelsea Member's Spouse or Civil Partner equal to 50% of the pension which the Chelsea Member was receiving at the date of his death or would have been receiving if no option had been exercised at retirement which had the effect of reducing the initial rate of the pension.

## 7.3 **Provisions affecting Dependant's pension**

7.3.1 A pension payable to a Chelsea Member's Spouse or Civil Partner who is more than ten years younger than the Chelsea Member shall be reduced (but not below the Spouse's GMP (if any)) by such amount as the Trustees shall determine, having regard to the advice of the Actuary, not exceeding 2.5% for each complete year by which the difference in their ages exceeds 10 years provided that the Spouse's pension shall not be less than is necessary to notify the Contracting-out Provisions.

7.3.2 If a Chelsea Member married or entered into a Civil Partnership after commencement of his own pension and died within six months of the marriage or registering his Civil Partnership, the Trustees shall have the discretion to reduce or withhold payment of the pension to the Spouse or Civil Partner, and the Trustees shall not treat a person as a Spouse or Civil Partner, unless they otherwise determine if the marriage or registration of the Civil Partnership took place after termination of Active Membership and within 6 months of the Member's death.

7.3.3 If there is more than one person within the definition of Spouse, any pension payable to the Spouse of a Chelsea Member will be paid to one or more of them in such shares as the Trustees decide.

7.3.4 If a Chelsea Member dies without leaving a Spouse, the Trustees may in their absolute discretion, pay a pension of an amount determined by the Trustees on the advice of the Actuary but not in any event greater in amount than that which would have payable to a Spouse under this Rule, to a Dependant of the Chelsea Member. Such pension shall be payable for such periods and on such conditions as the Trustees may determine on or before it commences to be paid.

## 7.4 **Children's pensions**

On the death of a pensioner Chelsea Member there will be payable, from the date of his death, pensions to the Chelsea Member's Eligible Children, if any, determined in accordance with this Chelsea Section Rule 7.4:

7.4.1 To each of a maximum of two Eligible Children will be an amount equal to 25% of the pension payable to the Chelsea Member as it would have been at the date of his death disregarding any reduction in respect of pension given up to provide a pension for Dependents and lump sum on retirement.

7.4.2 If there are more than two Eligible Children, the Trustees shall decide which of them shall receive a Children's pension.

7.4.3 The pension payable in respect of any child shall cease when he dies or ceases to be an Eligible Child, whichever occurs first but if there is any remaining Eligible Child or Children, the Trustees may at their discretion re-allocate among them the share of the Child's Allowance formerly being paid to the Child who has ceased to be eligible.

## **8. PENSION INCREASES**

This Chelsea Section Rule 8 applies to any pension payable from the Chelsea Section.

### **8.1 Pension in respect of Pensionable Service before 1 April 2002**

Any pension which is attributable to Pensionable Service accrued before 1 April 2002 will increase in payment:

8.1.1 in respect of a Chelsea Member who joined the Chelsea Scheme before 1 April 1996, at the rate of 5% per annum compound;

8.1.2 in respect of any other Chelsea Member, at the rate of 5% per annum compound or, if less, the increase in the Retail Index for the 12 months up to and including the December immediately preceding the relevant Scheme Year.

### **8.2 Pension in respect of Pensionable Service on and after 1 April 2002 and before 5 April 2006**

Any pension which is attributable to Pensionable Service accrued between 1 April 2002 and 5 April 2006 will increase in payment at the rate of 5% per annum compound or, if less, the increase in the Index for the 12 months up to and including the December immediately preceding the relevant Scheme Year.

### **8.3 Pension in respect of Pensionable Service on and after 6 April 2006**

Any pension which is attributable to Pensionable Service accrued on and after 6 April 2006 will increase in payment at the rate of 2.5% per annum compound or, if less, the increase in the Index for the 12 months up to and including the December immediately preceding the relevant Scheme Year.

### **8.4 Exceptions**

The pension increases described in this Chelsea Section Rule 8 do not apply to:

8.4.1 any pension deriving from a Chelsea Member's AVCs; or

8.4.2 any pension derived from transfer payments accepted into the Chelsea Scheme; or

8.4.3 any GMP; or

8.4.4 any pension payable to or in respect of those individuals identified at Rule 26.5 of the Chelsea Governing Documents that are derived from service (or fees received) as a Non-Executive Director.

## PART 7: N&amp;P SECTION RULES

## 1. DEFINITIONS

Any terms not defined in this Part 7 shall have the meaning given to them in General Rule 1.

**"Age 60 related Pensionable Service"** means:

- (a) for a Special Pre-September 1994 Member, or an N&P Member whose Normal Retirement Date is his 60th birthday, all of his Pensionable Service
- (b) for any other N&P Member who, at any time on or after 1 September 2006, elects that his Normal Retirement Date shall be altered from his 60th birthday to his 65th birthday, Pensionable Service before the effective date of the alteration to his Normal Retirement Date.

**"Building Societies Scheme"** means the Scheme of which N&P Members who were previously employed by the Argyle Building Society were members, immediately before joining the Scheme;

**"Death Benefit Member"** means an Employee admitted to the N&P Scheme for the purposes only of the benefits under N&P Rule 5.1 (Lump Sum on death in Service) and/or Rule 6.1 (Spouse's pension on death in Service) of the N&P Governing Documents. No Employee shall be a Death Benefit Member after 1 July 2007 (benefits for Death Benefits Members being provided under a separate arrangement);

**"Eligible Child"** means any child of the N&P Member or Pensioner who was already conceived at the time of the N&P Member's or Pensioner's death (or at retirement, if death occurs after retirement) and is under age 23. For the purposes of this definition, "child" means any biological child of the N&P Member or Pensioner, and any legally adopted child or a stepchild (provided that such stepchild is a Dependant) but not, unless the Trustees otherwise decide, a foster child;

**"Employer"** means the Norwich and Peterborough Building Society or any other employer which participated in the N&P Scheme in accordance with Clause 9.1 (Participation by employers) of the N&P Governing Documents. Where the context so requires and subject to Clause 9.4 (Consequences of an Employer ceasing to participate) of the N&P Governing Documents, Employer means the Employer which, in relation to an N&P Member or Pensioner, is his employer or was his employer on the date he left Pensionable Service;

**"Ex-Argyle Member"** means an N&P Member who on 30 November 1982 was a member of the Building Societies Scheme and joined the N&P Scheme with effect on and from 1 December 1982, and in respect of whom a transfer has been made from the Building Societies Scheme;

**"Ex-Norwich Member"** means an N&P Member who on 30 June 1987 was a member of the Norwich Fund and joined the N&P Scheme with effect on and from 1 July 1987 and in respect of whom a transfer has been made from the Norwich Fund;

**"Final Pensionable Salary"** means:

- (a) for an N&P Member who left Service before 31 December 2015, the Pensionable Salary (or for an Xchange Member, the Reference Salary) of an N&P Member on



the date coinciding with or immediately preceding Normal Pension Age, retirement, death or leaving Pensionable Service whichever is earliest;

- (b) for an N&P Member who for the purposes of calculating their entitlement to Defined Benefits in the Scheme shall be treated as having left Service on 31 December 2015 in accordance with a Deed of Amendment dated 1 December 2015, the Pensionable Salary (or for an Xchange Member, the Reference Salary) of an N&P Member on the date coinciding with or immediately preceding the Salary Link Cessation Date.

**"Normal Pension Age"** means:

- (a) in respect of an N&P Member who became a member of the N&P Scheme before 1 September 1987, such date as the Member shall select but not earlier than his 60th birthday nor later than his 65th birthday;
- (b) for a Special Pre-September 1994 Member, the day on which the N&P Member completes 20 years' Pensionable Service (or in the case of an N&P Member who ceases to be an Active Member before completing 20 years' Pensionable Service, the day on which he would have fulfilled this requirement had he remained in continuous Pensionable Service after the date on which he ceased to be an Active Member);
- (c) for any other N&P Member, his 60th birthday, unless the N&P Member elects by notice in writing to the Trustees at any time on or after 1 September 2006 that his Normal Pension Age shall be the 65th birthday (such election being irrevocable). An N&P Member who elects to accrue pension at an annual rate of 1/70th of Final Pensionable Salary under N&P Section Rule 4.1.2 is precluded from altering his Normal Retirement Date from his 60th birthday to his 65th birthday.

**"Norwich Fund"** means the Norwich Building Society Pension Fund;

**"N&P Governing Documents"** means the Rules dated 31 January 2008 and all other documents governing the N&P Scheme;

**"Pensionable Salary"** shall be determined by reference to a Member's or a Death Benefit Member's emoluments as at the date of joining and on each subsequent Review Date and shall then be deemed for the purposes of the N&P Rules to remain fixed until the next Review Date, and means 12 times the N&P Member's basic monthly pay or 52 times the basic weekly pay of the N&P Member, plus:

- (a) for a N&P Member or a Death Benefit Member (other than a Member to whom (b) below applies) who joined the Scheme before 1 September 2001 a fixed amount determined by the Society, being the amount of variable earnings that were included in Pensionable Salary under the provisions of the N&P Scheme in force on 31 August 2001.
- (b) for a N&P Member or a Death Benefit Member who is employed within the regulated sales area and who has earned commission, bonus or other additional or variable earnings one year's average of such earnings (excluding overtime payments) in the previous ten years (or such shorter period as the N&P Member has been in receipt of such remuneration) ending on the Review Date immediately preceding the date on which Pensionable Salary is being determined.

All other earnings, including benefits in kind, shall be excluded from Pensionable Salary;

**"Pensionable Service"** means:

- (a) the last or only period of continuous Service from the date of joining the N&P Scheme (other than as a Death Benefit Member) up to the earliest of date of actual retirement, death or leaving Pensionable Service or otherwise ceasing to accrue benefits under the N&P Scheme;
- (b)
  - (i) for an Ex-Norwich Member all Service which was pensionable under the Norwich Fund; and
  - (ii) for an N&P Member who on 30 November 1982 was a member of the Building Societies Scheme and joined the Scheme with effect on and from 1 December 1982, Service while a member of the Building Societies Scheme before 1 December 1982 while employed by Argyle Building Society,
- (c) such further period as shall be credited to the N&P Member in accordance with Clause 11.4 (Augmentation of benefits) and Rule 9.4 (Transfers in) of the N&P Governing Documents or any other provision of those documents;
- (d) subject to Rule 8 (Special Rules for calculating benefits) of the N&P Governing Documents, any period of Service during which the N&P Member does not pay the contributions required under Rule 2.1 (Members' ordinary contributions) of the N&P Governing Documents, shall not be treated as Pensionable Service;
- (e) Pensionable Service may not exceed 40 years or such other amount as the Trustees shall determine.

**"Post- September 1994 Member"** means a Member who joined the N&P Scheme on or after 1 September 1994;

**"Pre- September 1994 Member"** means a Member who joined the N&P Scheme before 1 September 1994;

**"Pre- September 1994 Optant Member"** means a Pre-September 1994 Member who elects to be treated as a Post-September 1994 Member in respect of benefits earned and contributions payable on and from such date that he may agree with the Society, such election being irrevocable;

**"Review Date"** means such date as may be notified from time to time to the N&P Member by the Society;

**"Service"** means the period of employment with any of the Employers and Service shall be deemed continuous although performed with more than one of the Employers, so long as any break in employment does not exceed one month;

**"Special Pre-September 1994 Member"** means a Pre-September 1994 Member who became a Member on or after 1 September 1987 and, if his Normal Pension Age had been altered from his 65th birthday to his 60th birthday with effect on and from on 1 September 1994 (in line with other Members who became Members on and after 1 September 1987), he would have otherwise been unable to complete 20 years' Pensionable Service.

**2. APPLICATION**

- 2.1 The N&P Section is closed to new Members.
- 2.2 N&P Section Rule 3 applies to N&P Pensioner Members and N&P Deferred Members.
- 2.3 N&P Section Rules 4 to 8 apply for the purposes of determining benefits payable from the Scheme to or in respect of persons who were members of the N&P Scheme on 27 February 2014 and became members of the N&P Section with effect from 28 February 2014 pursuant to the N&P Merger Deed.

**3. PENSIONS IN PAYMENT AND DEFERRED PENSIONS ON 28 FEBRUARY 2014**

Members who are N&P Pensioner Members or N&P Deferred Members shall be entitled to a pension and other benefits (including but not limited to contingent benefits) of the same amount and payable in accordance with General Rule 4.8 from the Scheme with effect from 28 February 2014, as were payable under the N&P Governing Documents on 27 February 2014.

**4. RETIREMENT BENEFITS**

An N&P Member will be entitled to his pension under this N&P Section Rule 4 when he reaches Normal Pension Age provided that if he remains in Service, the consent of the Society shall be required.

**4.1 Normal Pension Age**

The amount of an N&P Member's pension at Normal Pension Age will be:

- 4.1.1 for a Pre-September 1994 Member (other than a Pre-September 1994 Optant Member) who completes at least 20 years of Pensionable Service, two-thirds of the Member's Final Pensionable Salary;
- 4.1.2 for a Pre-September 1994 Optant Member the total of:
  - 4.1.2.1 the proportion of two-thirds of the Member's Final Pensionable Salary that the Member's period of Pensionable Service before the date on which he is first treated as a Pre-September 1994 Optant Member (to the next higher complete month) bears to the total period of Pensionable Service completed (to the next higher complete month); and
  - 4.1.2.2 for each complete year of Pensionable Service on and after the date on which he is first treated as a Pre-September 1994 Optant Member, the amount calculated in accordance with N&P Section Rule 4.1.2.3 below.
  - 4.1.2.3 for any other Member,
    - (a) if the Member so elects at any time on or after 1 September 2006 by notice in writing to the Trustees, 1/70th of his Final Pensionable Salary for each complete year of Pensionable Service after the effective date of such election (such election being irrevocable); and

- (b) 1/60th of his Final Pensionable Salary for each complete year of any other Pensionable Service,

An N&P Member who has elected to alter his Normal Pension Age from 60 to 65 is precluded from electing to accrue pension at an annual rate of 1/70th of Final Pensionable Salary under (a) above.

#### 4.2 **Early Retirement**

- 4.2.1 An N&P Member who takes his retirement benefits from the Money Purchase Section before Normal Pension Age may with the consent of the Society and the Trustees elect in writing to the Trustees to take his pension in respect of his Membership of the N&P Section calculated as in N&P Section Rule 4.1 but reduced to take account of the earlier commencement of payment by such amount as the Trustees decide having taken the advice of an Actuary. For pension attributable to Age 60-related Pensionable Service the reduction will be calculated in relation to the N&P Member's 60th birthday, and for any other pension it will be calculated in relation to his Normal Pension Age.
- 4.2.2 An N&P Member who leaves Service before Normal Pension Age but after he has reached Minimum Pension Age may elect in writing to the Trustees for an immediate pension on leaving. If the N&P Member remains in Service, the consent of the Society shall be required.
- 4.2.3 The reduction for early payment referred to in N&P Section Rule 4.2.1 shall be applied in respect of each complete month between the date of its commencement and Normal Pension Age, in order that it is equivalent on a reasonable basis to the benefits to which the Member would otherwise have been entitled on leaving Service.

#### 4.3 **Retirement due to incapacity**

An N&P Member may be able to retire before his Normal Pension Age from the N&P Section on account of Incapacity. In those circumstances, his pension payable under the N&P Section Rules will be payable at the same rate and determined in accordance with N&P Section Rule 4.2.1.

#### 4.4 **Late Retirement**

An N&P Member who takes his retirement benefits from the Money Purchase Section after Normal Pension Age will be entitled to a pension in respect of his Membership of the N&P Section calculated as in N&P Section Rule 4.1 but increased to take account of the later commencement of payment on a basis certified by the Actuary as reasonable and agreed by the Trustees.

#### 4.5 **Flexible Retirement**

- 4.5.1 An N&P Member may, with the consent of the Society and Trustees, receive a pension whilst continuing in Service.
- 4.5.2 If an N&P Member receives a pension in respect of his N&P Section benefits whilst continuing in Service, he can elect to continue to accrue benefits under the Money Purchase Section.

## **5. RETIREMENT OPTIONS**

### **5.1 Lump sum commutation**

- 5.1.1 An N&P Member may surrender pension in return for a lump sum, payable when his pension is due to start, which will (subject as set out below) be calculated on a basis determined by the Trustees and confirmed as reasonable by the Actuary. However, if he has been Contracted-out under the Scheme, the lump sum will be restricted to comply with the Contracting-out Provisions. A lump sum paid to a Member shall not exceed the permitted maximum pension commencement lump sum under schedule 29 FA 2004.
- 5.1.2 Any lump sum payable under this N&P Section Rule 5.1 may include such part of the N&P Member's AVCs as the N&P Member notifies to the Trustees.

### **5.2 Surrender for Dependant's pension**

- 5.2.1 The Trustees may allow an N&P Member to surrender pension to provide a pension (starting on his death after his own pension has started) for one or more Dependants nominated by him. The pension will be payable until the death of the Dependant or (if the Dependant is an Eligible Child) until he ceases to be an Eligible Child.
- 5.2.2 The amount of the resulting Dependants' pensions will be determined by the Trustees on a basis confirmed as reasonable by the Actuary.
- 5.2.3 This option may not be exercised so that:
- 5.2.3.1 the N&P Member's pension would in the opinion of the Trustees on the advice of the Actuary be likely at state pension age to be less than the N&P Member's revalued GMP; or
  - 5.2.3.2 the aggregate annual amount of the Dependants' pensions exceeds the N&P Member's pension after surrender but before any pension is given up to provide a retirement lump sum.
- 5.2.4 If, before the N&P Member's pension starts, the nominated Dependant dies, the surrender will not have effect, but if a nominated Dependant dies after the N&P Member's pension has started, that pension will continue to be reduced as if that Dependant had not died.
- 5.2.5 A pension under this N&P Section Rule 5.2 is additional to any arising under N&P Section Rule 7, and no pension arising under N&P Section Rule 7 will affect the computation of one under this N&P Section Rule 5.2.

## **6. LUMP SUM DEATH BENEFITS**

The Trustees will pay any lump sum death benefit under this N&P Section Rule 6 in accordance with General Rule 5.19.

### **6.1 Lump sum death benefits before retirement**

On the death of an N&P Member prior to his pension commencing a lump sum death benefit will be payable equal to his Member contributions plus his AVCs.

## 6.2 Lump sum on death after retirement

6.2.1 On the death of an N&P Member within the five years after his pension started, a lump sum death benefit will be payable in accordance with General Rule 5.19 equal to the discounted value of the pension payments which would otherwise have been paid to him during the remainder of the five year period but disregarding any possible increase which might have been made in the rate of the N&P Member's pension but which had not taken effect before the date of his death.

6.2.2 An N&P Member may elect that in the event of his death after age 75 and within five years of retirement, no lump sum will be payable under N&P Section Rule 6.2.1, but instead, the Trustees will continue to pay the pension the N&P Member would have received for the remainder of the five year period (including increases under N&P Section Rule 8) to such one or more of the N&P Member's Spouse, Civil Partner or Dependants as the Trustees consider appropriate but the continuation of his pension under this N&P Section Rule 6.2.2 shall not prevent the payment of any Spouse's, Civil Partner's, Dependants or Child's pension otherwise due on the death of the N&P Member.

## 6.3 Lump sum on death of Former Spouse before implementation of Pension Sharing Order

If the Former Spouse of an N&P Member or Pensioner dies before the Trustees have implemented the relevant Pension Sharing Order then the Former Spouse shall be treated as if he was entitled to Pension Credit Benefits under the Scheme at the time of his death and the Trustees shall use the cash equivalent of the Former Spouse's benefits under the Pension Sharing Order (calculated in accordance with The Pension Sharing (Pension Credit Benefit) Regulations 2000) to provide such lump sum benefits on discretionary trust in accordance with General Rule 5.19 and pensions for the Dependants of the Former Spouse as they shall decide. For the purposes of this Rule, references to "Member" in General Rule 5.19 shall be replaced by references to the "Former Spouse". Any pension so payable shall be paid for life or, in the case of a child of the Former Spouse for so long as the child remains a Dependants.

## 7. DEPENDANT'S PENSION

On the death of an N&P Member an immediate pension will be payable to the N&P Member's Spouse or Civil Partner in the circumstances and of an amount set out in this N&P Section Rule 7. The amount payable shall, in each case, be subject to the minimum required to comply with the Contracting-out Provisions.

### 7.1 Dependants' pension on death before retirement

On the death of an N&P Member who dies whilst entitled to a Deferred Pension under the N&P Section, a pension will be paid to the N&P Member's Spouse or Civil Partner equal to the aggregate of:

- 7.1.1 two-thirds of that part of the N&P Member's pension which is attributable to Pensionable Service up to and including 31 August 1994; and
- 7.1.2 one-half of that part of the N&P Member's pension which is attributable to Pensionable Service on and after 1 September 1994,

calculated at the date on which the N&P Member ceased to be in Pensionable Service and revalued in accordance with Section 12B(4)(d) of the Pension Schemes Act 1993.

## 7.2 **Dependant's pension on death in retirement**

On the death of an N&P Member after his pension from this N&P Section has commenced, a pension will be payable to the N&P Member's Spouse or Civil Partner equal to the following proportion of the pension which the N&P Member was receiving at his death:

- 7.2.1 two-thirds of the pension accrued up to and including 31 August 1994; and
- 7.2.2 one-half of the pension accrued on and after 1 September 1994.

If the N&P Member's pension has been reduced on account of any lump sum received under N&P Section Rule 5.1 or any allocation under N&P Section Rule 5.2, the Spouse's pension shall be calculated ignoring that reduction.

## 7.3 **Provisions affecting Dependant's pension**

- 7.3.1 The Trustees may reduce any pension payable to an N&P's Spouse, Civil Partner or adult Dependant who is more than ten years younger than the N&P Member by 2.5% for each complete year of disparity in excess of ten (with a proportionate amount in respect of each month in excess of ten years), and subject to a maximum deduction of 25% (but not below the Spouse's GMP (if any)).
- 7.3.2 Where the whole of an N&P Member's AVCs has not been used to provide a lump sum under N&P Section Rule 6, any sums remaining will be used to provide survivor's benefits to the N&P Member's Dependents either in a manner agreed with the N&P Member prior to death or as the Trustees determine.
- 7.3.3 The amount of any pension payable under this N&P Section Rule 7 shall, unless the Trustees agree otherwise, be calculated disregarding any additional pension provided to a N&P Member from his AVCs.
- 7.3.4 A pension payable to a Spouse or Civil Partner shall only be payable where the marriage or partnership ceremony took place six months or more before the N&P Member's death, subject always to the payment of the minimum pension (if any) required under Part III of the 1993 Act including, where applicable, the pension which would be payable to a spouse or Civil Partner under the reference scheme in accordance with Section 12B(4) of the 1993 Act.
- 7.3.5 If on the day of the death of the N&P Member there is (by reason of lawful polygamy) more than one Spouse, the Trustees must decide which, if any, survivor is the Spouse for the purposes of N&P Section Rules 7.1 or 7.2. In such circumstances they may consider any one or more of the other Spouses for a pension under N&P Section Rule 7.3.6 without having to investigate whether they satisfy the definition of Dependant and irrespective of whether the N&P Member was living with the Spouse selected for the purposes of N&P Section Rules 7.1 or 7.2 at the date of his death.
- 7.3.6 If an N&P Member to whom this N&P Section Rule 7 applies dies without leaving a Spouse or Civil Partner, the Trustees may in their absolute discretion, pay the pension which would have been payable to a Spouse or Civil Partner under N&P Section Rule 7, to a Dependant of the N&P Member.

#### 7.4 **Children's pensions**

In circumstances where a retired N&P Member dies and either:

- 7.4.1 no Spouse's, Civil Partner's, or adult Dependant's pensions are otherwise payable under this N&P Section Rule 7; or
- 7.4.2 the Spouse, Civil Partner or adult Dependant of an N&P Member dies whilst in receipt of a pension under this N&P Section Rule 7;

and if the Trustees so determine, a pension will be paid for the benefit of any surviving Eligible Child and if more than one in equal shares.

The pension payable under this N&P Section Rule 7.4 will be equal to the amount of the Spouse's or Civil Partner's pension that would have been payable to a Spouse or Civil Partner of the N&P Member assuming the N&P Member and his Spouse or Civil Partner were the same age.

### 8. **PENSION INCREASES**

This N&P Section Rule 8 applies to any pension payable from the N&P Section.

#### 8.1 **Standard Increases**

- 8.1.1 Any pension currently payable from the N&P Section shall increase each year in accordance with the table set out in Appendix 2, excluding any part of a pension derived from the payment by the N&P Member of AVCs.
- 8.1.2 The increases payable under this N&P Section Rule 8.1 shall take effect on 1 September each year and shall be calculated as at each 1 September by reference to the number of completed months since the date when the pension became payable, or, if later, from the date of the last calculation. For the purposes of this N&P Section Rule 8.1, the Trustees shall use the Index as at the preceding June or such other month as the Society and the Trustees decide.

#### 8.2 **Discretionary increases**

In addition to the provisions of N&P Section Rule 8.1 (Standard Increases), the Society and the Trustees may at their discretion arrange for a pension in payment to be increased by such amount and at such times as they may agree.



## **APPENDIX 1: SPECIAL BENEFITS (CHELSEA SECTION RULES)**

### **1. THOSE INDIVIDUALS IDENTIFIED AT PARAGRAPH 1 OF APPENDIX 2 OF THE CHELSEA GOVERNING DOCUMENTS**

Those individuals identified at paragraph 1 of Appendix 2 of the Chelsea Governing Documents shall be entitled to benefits under the Chelsea Section subject to the following variations:

- 1.1.1 Chelsea Section Rule 4.1 shall be varied so that the annual rate of pension payable to the Member is 1/30th of Final Pensionable Salary for each year and proportionately for each additional complete month of Pensionable Service subject to a maximum of 20 years;
- 1.1.2 With regard to the individual identified at paragraph 1(b) of Appendix 2 of the Chelsea Governing Documents, in the event of a termination by the Society of his employment before Normal Pension Age, Chelsea Section Rule 4.2 shall not apply, such that there shall be no discounting of pension payable on the retirement of him before age 60 (or Normal Pension Age in respect of a male City of London Member), provided he has reached the age of 55. If he retires before reaching the age of 55, Chelsea Section Rule 4.2 shall apply, but only to take account of the period between date of retirement and his reaching the age of 55;
- 1.1.3 Rule 8.1(c) shall apply to the proportion of the pension in payment that the number of years and additional complete months of Pensionable Service accrued by the Member before 1 April 2002 (not exceeding 20 years) bears to 20 years. Rule 8(b) shall apply to the proportion accrued between 1 April 2002 and 5 April 2006. Rule 8(a) shall apply to the balance.

### **2. CITY OF LONDON EXECUTIVES**

A City of London Executive shall be entitled to benefits under the Chelsea Section subject to the following variations:

- 2.1.1 Chelsea Section Rule 4.1 shall be varied so that the annual rate of pension is two-thirds of Final Pensionable Salary if the Member retires at Normal Pension Age and has completed at least ten years' Service;
- 2.1.2 if the Member retires before age 60 (or Normal Pension Age in respect of a male City of London Member) under Chelsea Section Rule 4.2 his pension shall be calculated using the formula:

$$N/NS \times P$$

where

N is his actual period of Pensionable Service

NS is his potential Pensionable Service were he to remain in Active Membership up to age 60 (or Normal Pension Age in respect of a male City of London Member) (including his actual period of Pensionable Service); and

P is the Pension which would have been payable to him under the Chelsea Section at Normal Pension Age had his salary remained unchanged.

Any pension paid before age 60 (or Normal Pension Age in relation to a male City of London Member) to a City of London Executive shall be reduced as described in Chelsea Section Rule 4.2;

2.1.3 the benefits for and in respect of a male City of London Executive attributable to Pensionable Service accrued or credited before 17 May 1990 shall be calculated as though his Normal Pension Age is age 65 such that on retirement at any time on or after age 60, but before age 65, his benefits shall be actuarially reduced in accordance with Chelsea Section Rule 4.2;

2.1.4 Rule 8.1(c) shall apply to the proportion of the pension in payment that the number of years and additional complete months of Pensionable Service accrued by the Member before 1 April 2002 (not exceeding 10 years) bears to 10 years. Rule 8.1 (b) shall apply to the proportion accrued between 1 April 2002 and 5 April 2006. Rule 8.1(a) shall apply to the balance.

**APPENDIX 2: TABLE OF INCREASES (N&P SECTION RULE 8)**

<b>Category</b>	<b>Pensionable Service period (all dates inclusive)</b>	<b>Amount of increase</b>
A. Ex-Norwich Members	1. Before 22 May 1991	5% per annum compound
	2. 23 May 1991 to 31 August 1998	5% per annum compound, but not all exceeding the total increase in the Retail Prices Index since the due date of the initial payment of pension, subject to the Note below
	3. On and after 1 September 1998 and before 1 September 2006	By the percentage increase in the Retail Prices Index during the previous 12 months or, if less, by 5%
	4. On and after 1 September 2006	By the percentage increase in the Retail Prices Index during the previous 12 months or, if less, by 2.5%
B. Members who were Members before 1 July 1987	1. Before 1 December 1982	For ex-Argyle Members only, 3% per annum compound
	2. 1 December 1982 to 30 June 1987	3% per annum compound
	3. 1 July 1987 to 22 May 1991	(a) For Members in Pensionable Service on and after 6 September 1994, 5% per annum compound subject to the total increase in the Retail Prices Index since the due date of the initial payment of pension, but with a minimum of 3% per annum compound, subject to the Note below.  (b) For Members who ceased to be in Pensionable Service before 6 September 1994, 3% per annum compound
	4. 23 May 1991 to 31 August 1998	5% per annum compound, but not exceeding the total increase in the Retail Prices Index since the due date of the initial payment of pension, subject to the Note below

<b>Category</b>	<b>Pensionable Service period (all dates inclusive)</b>	<b>Amount of increase</b>
	5. On and after 1 September 1998 and before 1 September 2006	By the percentage increase in the Retail Prices Index during the previous 12 months or, if less, by 5%
	6. On and after 1 September 2006	By the percentage increase in the Retail Prices Index during the previous 12 months or, if less, by 2.5%
C. Members who became Members on and after 1 July 1987	1. Before 1 September 1998	5% per annum compound, but not exceeding the total increase in the Retail Prices Index since the due date of the initial payment of pension, subject to the Note below.
	2. On and after 1 September 1998 and before 1 September 2006	By the percentage increase in the Retail Prices Index during the previous 12 months or, if less, by 5%
	3. On and after 1 September 2006	By the percentage increase in the Retail Prices Index during the previous 12 months or, if less, by 2.5%

Note: In relation to A.2, B.3(a), B.4 and C.1 above, any reduction in the Index may be disregarded in the case of a pension actually being paid if the Society and the Trustees so agree.