

TfL Pension Fund

**Trust Deed & Rules**

**and**

**Deeds of Variation**

**March 2015**

## **Contents**

### **Trust Deed & Rules**

**Deed of Variation – 26 March 2010**

**Deed of Variation – 15 February 2013**

**Deed of Variation – 15 November 2013**

Dated 19<sup>th</sup> December 2008

**TfL PENSION FUND**  
**DEED OF VARIATION**  
**ADOPTING THE CONSOLIDATED**  
**TRUST DEED AND RULES**

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

*Sacker & Partners LLP*  
.....  
SACKER & PARTNERS LLP Date *14/1/09*

**SACKER<sup>®</sup>**  
& PARTNERS

29 Ludgate Hill  
London EC4M 7NX  
Tel: 020 7329 6699  
Fax: 020 7248 0552

THIS DEED IS MADE this 19<sup>th</sup> day of December

2008

**BETWEEN:**

- (1) **TRANSPORT FOR LONDON**, a body corporate established by statute of 55 Broadway, London SW1H 0BD ("TfL"); and
- (2) **TfL TRUSTEE COMPANY LIMITED** (registered no 2338675) whose registered office is at 55 Broadway, London SW1H 0BD (the "Trustees")

**BACKGROUND**

- (A) The TfL Pension Fund (the "**Scheme**") was established with effect from 1 January 1988 by an interim trust deed dated 26 November 1986 to provide retirement pensions and other benefits.
- (B) The Scheme is currently governed by a trust deed and rules scheduled to a deed of variation dated 23 March 2000, as amended by the further deeds and resolutions listed in Schedule 1 to this deed (respectively the "**Definitive Trust Deed**" and the "**Rules**").
- (C) The Trustees are the present sole trustee of the Scheme.
- (D) Under Clause 15 of the Definitive Trust Deed the Trustees and TfL may at any time by deed amend of the provisions of the Definitive Trust Deed subject to certain restrictions which are not infringed by this deed.
- (E) Under with Rule 44 of the Rules, the Rules may be amended (including retrospectively) by the Trustees subject to certain conditions referred to below and subject to certain restrictions which are not affected by this deed.
- (E) The Trustees, with the consent of TfL, have an additional power to modify the Scheme by resolution under Section 68 of the Pensions Act 1995 and Regulation 7 of the Occupational Pension Schemes (Modification of Schemes) Regulations 2006 in relation to all or part of the member's subsisting rights so that after his death:
  - (i) a surviving civil partner is treated in the same way as a widow or widower; and
  - (ii) the rights of any other survivor are determined as if the surviving civil or partner were a widow or widower.
- (F) By virtue of the resolution dated 6 April 2006 the Trustees resolved, amongst other things, to retain the limits and restrictions required by HM Revenue & Customs before 6 April 2006 for the Scheme to retain its approved status under the Income & Corporation Taxes Act 1988. The provisions of the Scheme were amended by a Deed of Variation dated 6 April 2006 on an interim basis for the purpose of removing some of those limits and restrictions and incorporate various other changes consequential on the Finance Act 2004. That Deed also provided that TfL and the Trustees shall, by Deed, alter or add to the provisions of the Rules in such a manner that is necessary for incorporating definitively the interim amendments made by that Deed.

(G) TfL and the Trustees wish by this Deed make the following changes to the Definitive Trust Deed and Rules:

- (1) to incorporate definitively the changes made in interim form by the deed dated 6 April 2006;
- (2) to extend the benefits payable on the death of a Member on or after 5 December 2005 to the Member's surviving civil partner to include benefits by reference to pensionable service completed before that date;
- (3) to make any changes as a result of updates to statutory references;
- (4) to make changes consequential on The Employment Equality (Age) Regulations 2006; and
- (5) to replace the Definitive Trust Deed and Rules in their entirety by the revised definitive trust deed and rules (including the changes referred to above) set out in Schedules 2 and 3 to this deed.

(H) The proposed modification of Rules has been confirmed by resolution of the Board of TfL and by the Actuary and the nature of the amendments is such that they do not require to be confirmed by resolution of the Scheme members at a General Meeting.

**NOW THIS DEED WITNESSES** that with effect from the date of this Deed in accordance with Clause 15 of the Trust Deed and Rule 44 of the Rules (and to the extent that those powers of amendment do not confer how to make all the alterations set out in this Deed, the Trustees, in exercise of the powers referred to in Recital (E) above and with the consent of the TfL resolve to make those alterations) hereby amend the Rules as follows:

1. The Trustees and TfL hereby amend the Definitive Trust Deed so that the provisions of the Definitive Trust Deed are deleted in their entirety and replaced by the new provisions set out in Schedule 2 to this Deed. Certain Clauses, including Clause 14 (except for consequential amendments arising from a changed definition and changed statutory provisions) and Clause 15, have not been amended and are re-stated in the Schedule 2.
2. The Trustees hereby amend the Rules so that the provisions of the Rules are deleted in their entirety and replaced by the new provisions in Schedule 3 to this Deed.
3. The Trustees and TfL hereby confirm that the amendments made by this Deed do not affect the provisions of the Deed of Confirmation dated 7 February 2008 which remain in full force and effect.
4. The amendments made by this Deed to Rule 12, Rule 17, Rule 18, Rule 19(2)(c) and Rule 25(2)(b) shall have effect on and from 1 December 2006 in relation to those Members still in Service on the date of this deed except that:
  - (a) in relation to Members that have attained age 65 on or after 1 December 2006, such amendment shall only have effect if the Member is in Service on and from 1 July 2008; and

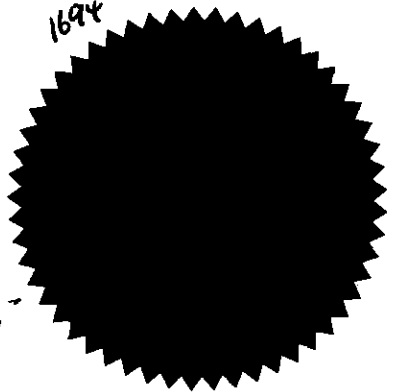
(b) in relation to those Members who have accrued 40 years Total Membership on or after 1 December 2006, such amendments shall only have effect if the Member is still in Service on and from 1 July 2008.

5. The amendments made by this Deed to Rule 20(6) shall have effect on and from 1 April 2008.

IN WITNESS WHEREOF these presents have been entered into as a deed on the day and year first before written.

THE COMMON SEAL of TRANSPORT  
FOR LONDON was affixed to this Deed  
in the presence of:

  
Authorized Signatory



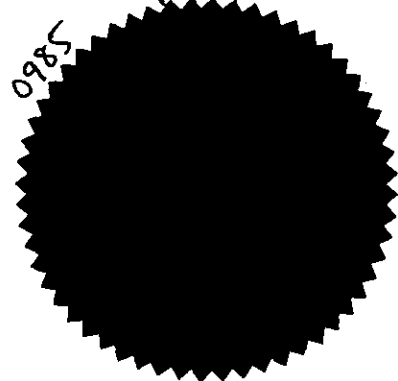
THE COMMON SEAL of TfL TRUSTEE  
COMPANY LIMITED was affixed to this Deed  
in the presence of:

Director



Secretary





### SCHEDULE 1

No	Date	Document	Parties
1	23 March 2000	Deed of Variation introducing new Definitive Trust Deed and Rules	<ol style="list-style-type: none"> <li>1. London Regional Transport</li> <li>2. LRT Pension Fund Trustee Company Limited</li> </ol>
2	11 April 2001	Deed of Amendment	<ol style="list-style-type: none"> <li>1. London Regional Transport</li> <li>2. LRT Pension Fund Trustee Company Limited.</li> </ol>
3	8 January 2002	Deed of Variation	<ol style="list-style-type: none"> <li>1. London Regional Transport</li> <li>2. LRT Pension Fund Trustee Company Limited.</li> </ol>
4	15 July 2003	Deed of Amendment and Substitution	<ol style="list-style-type: none"> <li>1. London Regional Transport</li> <li>2. Transport for London</li> <li>3. LRT Pension Fund Trustee Company Limited.</li> </ol>
5	6 July 2004	Deed of Variation	<ol style="list-style-type: none"> <li>1. Transport for London</li> <li>2. LRT Pension Fund Trustee Company Limited.</li> </ol>
6	11 March 2005	Deed of Variation	<ol style="list-style-type: none"> <li>1. Transport for London</li> <li>2. TfL Trustee Company Limited.</li> </ol>
7	6 April 2006	Resolution	<ol style="list-style-type: none"> <li>1. TfL Trustee Company Limited.</li> </ol>
8	6 April 2006	Deed of Variation	<ol style="list-style-type: none"> <li>1. Transport for London</li> <li>2. TfL Trustee Company Limited.</li> </ol>
9	7 March 2007	Deed of Variation	<ol style="list-style-type: none"> <li>1. Transport for London</li> <li>2. TfL Trustee Company Limited</li> </ol>
10	7 March 2007	Deed of Variation	<ol style="list-style-type: none"> <li>1. Transport for London</li> <li>2. TfL Trustee Company Limited</li> </ol>

<b>No</b>	<b>Date</b>	<b>Document</b>	<b>Parties</b>
11	26 March 2007	Resolution	1. TfL Trustee Company Limited.
12	7 February 2008	Deed of Confirmation	1. Transport for London 2. TfL Trustee Company Limited
13.	31 March 2008	Deed of Variation	1. Transport for London 2. TfL Trustee Company Limited
14.	1 April 2008	Deed of Variation	1. Transport for London 2. TfL Trustee Company Limited 3. Metronet Rail BCV Limited 4. Metronet Rail SSL Limited 4. Alan Robert Bloom and others
15.	19 June 2008	Resolution	1. TfL Trustee Company Limited.



**SCHEDULE 2**

**Revised definitive trust deed**

**TfL PENSION FUND  
TRUST DEED AND RULES**

The footnotes to the Trust Deed and Rules explain:-

1. Changes made by all deeds of variation / resolutions since 23 March 2000.
2. Changes made by the deed adopting the provisions of this Trust Deed and Rules.

**SACKER**<sup>®</sup>  
& P A R T N E R S

29 Ludgate Hill,  
London,  
EC4M 7NX  
Tel: 020 7329 6699  
Fax: 020 7248 0552  
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# TfL PENSION FUND<sup>1</sup>

## TRUST DEED

### CONTENTS

Clause No	Description	Page
1	Name	1
1A	Definitions	1
2	Commencement Date	1
3	Principal Trust	1
4	Purpose of Scheme	1
5	Entrenchment	1
5A	Replacement of Principal Employer	2
6	Administration of the Scheme	2
7	Investment and Management Powers and Duties	2
7A	Unitised Fund	3
8	Borrowing	5
9	Investment Managers	5
10	Delegation	6
11	Nominees	6
12	Duration	7
13	Discontinuance	7
14	Exclusion of benefit to Principal Employer	7
14A	Exclusion of benefit to Participating Employers	7
15	Amendment	7
16	Apportionment in respect of Metronet SSL and Metronet BCV Sections of the Scheme	7

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<sup>1</sup> The heading was changed by clause 1(a) of the deed of variation dated 11 March 2005.

## FIRST SCHEDULE

### THE TRUST DEED OF THE TfL PENSION FUND<sup>2</sup>

#### 1. Name<sup>3</sup>

This retirement benefits scheme is called the TfL Pension Fund.

#### 1A Definitions

The definitions set out in the Rules contained in the Second Schedule shall also apply for the purposes of this Deed.

#### 2. Commencement Date

The Scheme was established with effect from 1 April 1989 under the provisions of an Interim Trust Deed dated 26 November 1986 ("the Interim Deed").

#### 3. Principal Trust

The Trustees shall hold the Fund upon the trusts and with and subject to the powers and provisions contained in the Interim Deed and this Deed and to be applied in accordance with the Interim Deed, this Deed and the Rules.

#### 4. Purpose of Scheme<sup>4</sup>

(1) The purpose of the Scheme is the provision of retirement pensions and other benefits for and in respect of such of the following persons as are or become eligible to participate in the Scheme in accordance with the provisions and regulations governing the Scheme set out in this Deed and in the Rules.

(2) Those persons are:

(a) the employees and former employees of the Principal Employer and any other Participating Employer or former Participating Employer, and

(b) the members of the Board of the Principal Employer<sup>5</sup>.

#### 5. Entrenchment

The Principal Employer covenants with the Trustees that it will not, by itself or its nominees, without the consent of a majority of each of the two groups of directors of the Trustees, namely the TfL nominated directors<sup>6</sup> and the other nominated directors, exercise any of the rights vested in it as a shareholder of the Trustees to effect any amendment of the Memorandum or Articles of Association of the Trustees or to appoint or remove any director or officer of the Trustees. The Principal Employer covenants with the Trustees that it will not sell, transfer or otherwise dispose of the shares in the Trustees unless the proposed

<sup>2</sup> The heading was changed by clause 1(b) of the deed of variation dated 11 March 2005.

<sup>3</sup> This clause was inserted by clause 1(c) of the deed of variation dated 11 March 2005.

<sup>4</sup> The whole of this clause was amended by clause 1 of the deed of variation dated 11 April 2001.

<sup>5</sup> This clause was amended by clause 1(d) of the deed of variation dated 11 March 2005.

<sup>6</sup> This clause was amended by clause 1(c) of the deed of variation dated 11 March 2005

purchaser or transferee has first entered into covenants with the Trustees in or substantially in the same form as the covenants contained in this Clause.

#### **5A Replacement of Principal Employer<sup>7</sup>**

- (1) Subject to sub-Clauses (2), (3) and (4) of this Clause 5A any person (the "New Principal Employer") may by deed become the Principal Employer under the Scheme instead of the person who is, immediately before that deed takes effect, the Principal Employer (the "Old Principal Employer").
- (2) The power in Clause 5A(1) can only be exercised if the Trustees consent and either the Old Principal Employer consents or it has been dissolved.
- (3) The New Principal Employer must covenant with the Trustees to undertake the obligations and liabilities of Principal Employer under the Scheme.
- (4) The Old Principal Employer shall be released from all obligations and liabilities under this Deed which apply to it as Principal Employer (excluding any rights, liabilities or obligations arising prior to the exercise of the power in Clause 5A(1), or at any time under section 75 of the 1995 Act and associated regulations) upon the New Principal Employer giving an undertaking to the Trustees as provided in sub-Clause (3) of this Clause.

#### **6. Administration of the Scheme**

The Scheme shall be administered, managed, dealt with and disposed of by the Trustees in accordance with the terms of the Interim Deed, this Deed and the Rules.

#### **7. Investment and Management Powers and Duties**

7.1 The Trustees shall have the following powers which they may exercise in such manner as they think fit:

- (1) power to invest in, acquire, dispose of, lend or otherwise deal in or undertake to deal in any property, currencies, assets, rights, assurances, contracts or interests; and
- (2) power to retain monies comprised in the Fund in cash in any currency or upon deposit or current account with any deposit taking institution or bank without being liable for any gain forgone; and
- (3) power to apply the Fund in repairing, maintaining, demolishing, moving, storing, developing, improving any assets of the Scheme or insuring any assets of the Scheme or against any liabilities in connection with the Scheme; and
- (4) all other powers relating to such properties, currencies, assets, rights, assurances, contracts and interests forming part of the Fund which the Trustees would have if they were absolutely and beneficially entitled to the Fund.

7.2 (a) The Trustees must comply with the requirements contained in the 1995 Act for the preparation, maintenance and revision of a statement of the principles governing decisions about investments. In exercising their powers under this

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<sup>7</sup> This clause was inserted by clause 1 of the deed of amendment and substitution of principal employer dated 15 July 2003. Clause 5A(3) has been deleted.

Clause 7, the Trustees must also comply with the requirements of the 1995 Act relating to investments and the need to obtain proper advice about investments.

- (b) The Trustees may adopt a different investment policy for each Section. When reviewing their investment policy, the Trustees will consider the investment policy for each Section separately and will consult with the Participating Employer or Participating Employers of that Section and obtain proper investment advice in accordance with the 1995 Act when they do so.<sup>8</sup>

7.3 The Trustees must comply with the provisions of section 40 of the 1995 Act relating to employer related investments.

7.4 The Trustees may secure the payment of any ill-health pension, any pension for an Eligible Child or Dependant or any lump sum death benefit either:

- (1) by insuring those benefits with a Life Assurance Company; or  
(2) by establishing a risk pooling, or self-insurance, arrangement within the Scheme, whereby one or more of those benefits are to be met partly by other Sections.

Any premium paid under (1) above and the cost of the risk pooling arrangement under (2) above will be paid from the assets of each Section in such proportions as the Trustees will decide, having obtained the advice of the Actuary. If, in the Trustees' opinion, additional funds are required to meet the premium or additional cost, the Trustees may require one or more of the Participating Employers to pay an increased Employer's Contribution (of an amount decided by the Trustees having obtained the advice of the Actuary).<sup>9</sup>

#### 7A Unitised Fund<sup>10</sup>

- (1) In this Clause:

"**Business Day**" means any day on which The London Stock Exchange is open for business;

"**Category**" means one of the categories in the Unitised Fund, which will each be invested in a different type of investment, as determined from time to time by the Trustees under Clause 7A(4) below;

"**Contribution**" means a contribution made by a Participating Employer to the Unitised Fund in accordance with the Rules (including contributions paid by Members under Rule 12);

"**Trade Date**" means the first Business Day immediately following a Valuation Date and such other Business Days as the Trustees may decide are appropriate from time to time;

"**Unit**" means one undivided share in the Unitised Fund;

<sup>8</sup> Inserted by paragraph 1(1) of schedule 2 to the deed of amendment dated 11 April 2001.

<sup>9</sup> This clause was inserted by paragraph 1(2) of schedule 2 to the deed of amendment dated 11 April 2001.

<sup>10</sup> The whole of this clause was inserted by paragraph 2 of schedule 2 to the deed of amendment dated 11 April 2001.

**"Unitised Fund"** means the fund comprising all of the assets of the Scheme except:

- (a) cash (other than cash which is being managed as cash by a fund manager);
- (b) assets derived from Voluntary Contributions;
- (c) any direct or indirect interests in land or buildings; and
- (d) any other assets which the Trustees decide from time to time shall not form part of the Unitised Fund.

**"Valuation Date"** means 1 April 2001 and, after that, the last Business Day in each calendar month and any other Business Day (other than a Trade Date or the Business Day immediately preceding a Valuation Date) which the Trustees may from time to time decide is appropriate for valuation of the Unitised Fund, the Units and the Contributions.

- (2) The Trustees may establish and administer an arrangement whereby the assets of each Section are invested in a Unitised Fund. The following paragraphs apply if they do so.
- (3) The Trustees will having obtained the advice of the Actuary and a suitably qualified investment adviser adopt, and may from time to time amend, regulations governing the Unitised Fund and will issue them to the Participating Employers. The matters for decision by the Trustees which are referred to in the remainder of this Clause 7A will be determined in accordance with those regulations.
- (4) The Unitised Fund will be divided into Categories. The Trustees will decide how the investments underlying the Unitised Fund will be initially allocated between the Categories and may from time to time decide to add to or reduce the number of Categories, and to divide, amalgamate or otherwise change the composition of any one or more of the Categories if they decide it is appropriate. The Trustees will decide the method of valuing the Units in each Category, which may differ depending on the type of investment in which the Category is invested.
- (5) Any valuation made by the Trustees of the value of the Unitised Fund, a Unit, a Contribution or any investment shall be conclusive and binding on each Participating Employer.
- (6) The allocation of Units will take effect on each Trade Date. In respect of any one Section, if there is a net inflow of funds during the period between one Trade Date and the next, the Trustees will allocate Units to that Section to the value of that net inflow and if there is a net outflow of funds during such a period, the Trustees will cancel Units of that Section to the value of that net outflow. The prices at which Units will be allocated and cancelled will be decided by the Trustees. The Trustees will decide the number of Units of each Category which will be allocated or cancelled to any one Section in accordance with the investment policy adopted in respect of that Section by the Trustees.
- (7) The Trustees may place any cash Contribution on deposit, in which case any interest earned between the date of the deposit and the next Trade Date (including any tax recoverable in respect of that interest) will form part of that Contribution.

- (8) When a Member of one Section:
- (a) becomes a Member of another Section and a transfer payment is made in respect of him in accordance with Rule 20(5); or
  - (b) opts-out, leaves Service, retires or dies and a transfer payment is made in respect of him in accordance with Rule 21A;

if Units form any part of that transfer payment, the appropriate number of Units will be cancelled in the transferring Section and allocated to the receiving Section in accordance with the arrangements described in paragraph (6) above unless the Trustees decide otherwise.

- (9) In respect of each Section, the Trustees will prepare as at each Valuation Date, a statement setting out the details of the transactions in Units, by Category, which have taken place since the last Valuation Date and the total number and Category of Units standing to the credit of each Section at the Valuation Date to which the statement relates.
- (10) As soon as practicable after the end of each Accounting Year<sup>11</sup>, the Trustees shall:
- (a) prepare an annual report and accounts setting out the transactions of the Unitised Fund during that year on such basis and in such detail as the Trustees may decide;
  - (b) if requested by a Participating Employer or if the Trustees otherwise think fit, arrange for these accounts to be audited by an auditor appointed by the Trustees; and
  - (c) send to each Participating Employer a copy of the annual report and accounts.

## 8. Borrowing

The Trustees may, for the purposes of the Scheme, borrow such sums as they may think fit, either on the security of investments comprised within the Fund or without security, and may pay interest on any such borrowings.

## 9. Investment Managers<sup>12</sup>

- (1) (a) The Trustees may from time to time appoint any person or persons who satisfies the requirements of section 34 of the 1995 Act relating to fund managers to act as the Investment Manager or Investment Managers on such terms, and subject to such conditions, as the Trustees may from time to time agree with that person or those persons.
- (b) The Trustees may direct that the whole or any part of the Fund under the management of one Investment Manager be transferred to the management of another Investment Manager.

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<sup>11</sup> This clause was amended by clause 1 of the deed of variation dated 6 July 2004.

<sup>12</sup> The whole of this clause was inserted by paragraph 3 of schedule 2 to the deed of amendment dated 11 April 2001.



- (c) The Trustees may empower the Investment Manager to commingle all or any part of the Fund with other Funds of the Investment Manager or of the other customers of the Investment Manager or of any other person.
  - (d) The Trustees may empower the Investment Manager to engage in transactions for the account of the Fund where the Investment Manager or persons connected with the Investment Manager are interested in the transaction or the transaction amounts to self dealing on the part of the Investment Manager.
  - (e) The Trustees shall have all powers necessary to give effect to the preceding provisions of this Clause 9.
- (2) The Investment Manager may be empowered to exercise or carry out the powers of investment set out in Clause 7 (Investment and Management Powers) in respect of that part of the Fund of which it is Investment Manager.
  - (3) The Trustees may remove an Investment Manager and substitute any other person or persons as an Investment Manager on such terms as the Trustees think fit.
  - (4) (a) The Investment Manager shall be entitled to receive fees for its services on a basis agreed between the Trustees and the Investment Manager.  
(b) The fees of the Investment Manager shall be treated as an expense of the Fund for the purpose of Rule 47 (Expenses).

#### 10. **Delegation**<sup>13</sup>

The Trustees may also from time to time delegate to any person or persons, on such terms as they shall think fit (which may include power to sub-delegate), such of the powers and discretions, other than those specified in Clause 9, vested in the Trustees under the Interim Deed, this Deed or the Rules as the Trustees shall think fit. Nothing in this Clause shall prevent the delegation of those powers and discretions specified in Clause 9 of the Trust Deed to a committee of directors in accordance with the Articles of Association of the Trustees. The Trustees may revoke or vary any delegation.

Subject to the 1995 Act, the Trustees will not be bound to supervise the action of the delegate or its sub-delegate, or be in any way responsible for any loss (however caused) suffered as a result of any delegation or sub-delegation.

The Trustees must ensure that the persons required under the 1995 Act to be appointed as professional advisers are appointed in accordance with the 1995 Act.

#### 11. **Nominees**

The assets of the Scheme may be held either in the name of the Trustees or in the name of any custodian or nominee for the Trustees on such terms as the Trustees shall determine.

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<sup>13</sup> This clause was amended by clause 1 of the deed of amendment dated 31 March 2008.

## 12. Duration

The trusts of the Scheme constituted by this Deed and the Interim Deed shall continue for a period not exceeding eighty years from the date of the Interim Deed unless before that date it is by legislation made or is otherwise determined to be lawful for the trusts to continue.

## 13. Discontinuance

Upon the discontinuance of the Scheme, the affairs thereof shall be wound up in accordance with the Rules and any surplus of the Fund remaining thereafter shall, subject to complying with the relevant requirements of the 1995 Act, be paid to the Principal Employer.

## 14. Exclusion of benefit to the Principal Employer<sup>14</sup>

Except as provided in this Deed or the Rules or with the unanimous consent of the directors of the Trustees or as may be permitted by virtue of a modification order made by the Pensions Regulator pursuant to section 69 of the 1995 Act (and subject in every case to any approval which may be required under the Finance Act 2004) no part of the Fund shall in any circumstances be payable or paid to the Principal Employer and no benefit from the Fund shall accrue to or be enjoyed by the Principal Employer.

### 14A. Exclusion of benefit to Participating Employers<sup>15</sup>

The provisions of Clause 14 shall apply in relation to Participating Employers in the same way as they apply in relation to the Principal Employer.

## 15. Amendment

The Trustees and the Principal Employer may at any time by Deed amend any of the provisions of this Deed other than this Clause and Clause 14, provided that such amendment shall not:

- (1) vary the main purposes of the Scheme as described in Clause 4;
- (2) authorise the application of monies otherwise than for the purposes of the Scheme;
- (3) reduce without his consent the benefit of any person already in receipt of a pension on the date of any such Deed;
- (4) extend the operation of the Scheme beyond the period specified in Clause 12 hereof except in the circumstances therein specified.

## 16. Apportionment in respect of the Metronet SSL and Metronet BCV Sections of the Scheme<sup>16</sup>

- (1) In respect of the Metronet BCV Section of the Scheme, for the purposes of Section 75 of the 1995 Act ("Section 75") and Regulation 6(2)(b) of the Occupational Pension Schemes (Employer Debt) Regulations ("Regulation 6" and the "Employer Debt Regulations" respectively), the share of any difference to be calculated under Section 75 and Regulation 6 and payable by Metronet TMU Limited (registered

<sup>14</sup> This clause has been updated to reflect statutory changes.

<sup>15</sup> This clause was amended by paragraph 4 of schedule 2 to the deed of amendment dated 11 April 2001.

<sup>16</sup> This clause was inserted by clause 2 of the deed of variation dated 1 April 2008.

number 03211465) upon an employer cessation event or other relevant event occurring in relation to it under Section 75 shall be £1 (one pound sterling) with the balance being apportioned to Metronet Rail BCV Limited (registered number 03923496) as the remaining Participating Employer in the Metronet BCV Section (or to any successor to it as Participating Employer under the Metronet BCV Section);

- (2) In respect of the Metronet SSL Section of the Scheme, for the purposes of Section 75 of the 1995 Act ("Section 75") and Regulation 6(2)(b) of the Occupational Pension Schemes (Employer Debt) Regulations ("Regulation 6" and the "Employer Debt Regulations" respectively), the share of any difference to be calculated under Section 75 and Regulation 6 and payable by Metronet REW Limited (registered number 03211492) upon an employment cessation event or other relevant event occurring in relation to it under Section 75 shall be £1 (one pound sterling) with the balance being apportioned to Metronet Rail SSL Limited (registered number 03923484) as the remaining Participating Employer in the Metronet SSL Section (or to any successor to it as Participating Employer under the Metronet SSL Section).
- (3) Notwithstanding any other provision of this Deed references to Section 75 or Regulation 6(2)(b) of the Employer Debt Regulations shall include any re-enactment for the time being in force but shall not include any modification unless the Principal Employer and the Trustees otherwise agree

**SCHEDULE 3**  
**Revised definitive rules**



# TfL PENSION FUND<sup>17</sup>

## RULES

### TABLE OF CONTENTS

Rule No.	Description	Page
	<b>PRELIMINARY</b>	
1	Introduction	11
2A	Definitions	11
2B	Participation by other employers	21
2C	Establishment of Sections	22
2D	Unauthorised Payments	23
	<b>MANAGEMENT</b>	
3	Trustees	23
4	Directors of the Trustees	24
5	Chairman	25
6	Secretary	25
	<b>MEMBERSHIP</b>	
7	Joining the Scheme	26
8	Pre-1 April 1989 Existing Members	27
9	Opting out of Membership	27
10	Benefits in respect of Transfer Payments	28
11	Pensionable Salary	28
11A	Part-Time Service	30
	<b>CONTRIBUTIONS</b>	
12	Period for Contributions	31
13	Rate of Contribution	31
14	Family Leave	33
15	Leave without Pay	34
16	Employers' Contributions	35
16A	Further Employers' Contributions	36
	<b>BENEFITS</b>	
17	Retirement at Scheme Pension Age	37
18	Variation to Scheme Pension Age: Late Retirement	37
19	Ill-Health Retirement	38
20	Leaving Service	39
21	Early Retirement	42
21A	Transfers between Sections	43
22	Commutation of Pension	44
23	Variable Pension Option	44
24	Widow's, Widower's or Civil Partner's Pension	45
24A	Survivor's Minimum Pension	45

<sup>17</sup> The heading was amended by clause 2(a) of the deed of amendment dated 11 March 2005.

<b>Rule No.</b>	<b>Description</b>	<b>Page</b>
25	Dependants' and Eligible Children's Pensions	46
26	Lump Sum Death Benefits	47
27	Additional Voluntary Contributions	49
28	Pension Increases	51
28A	Augmentation	52
29	Contracting-out	53
30	Scheme Limits	53
31	Tax	54
31A	Finance Act 2004 issue: Lifetime Allowance etc	54
	<b>MISCELLANEOUS</b>	
32	Benefits not Assignable	55
33	Payment of Pensions	55
33A	Interest	55
34	Evidence of Age, Eligibility etc	55
35	Determination of Dependant	56
36	Cessation of Pensions	56
37	Commutation of Small Pensions	56
38	Exercise of Options	57
39	Lien on Benefits	57
40	Forfeiture of Benefits	57
41	Incapacity of Beneficiary	57
42	Payment of Death Benefit	58
43	The Actuary	58
44	Rule Amendments	60
44A	Participating Employers	60
45A	Cessation of Participation	60
45B	Discontinuance of the Scheme	63
46	Claims on the Scheme	66
47	Expenses	66
	<b>GENERAL MEETINGS</b>	
52	Meetings	66
53	Proceedings of General Meetings	67
54	Voting at General Meetings	67
Appendix 1	GMP Model Rules	69
Appendix 2	Scheme Limits	80
Appendix 3	Pension Sharing Provisions	98

**SECOND SCHEDULE**  
**RULES OF THE TFL PENSION FUND<sup>18</sup>**

**PRELIMINARY**

**1. Introduction**

- (1) These Rules constitute the Rules of the Fund until such time as they may be altered as hereinafter provided.
- (2) The headings and marginal notes to these Rules shall not constitute any part of the Rules and are given for convenience and reference only.
- (3) Wherever the context permits, words in the singular include the plural, words in the plural include the singular, words importing the masculine gender include the feminine, words importing the feminine gender include the masculine, and references to month and year shall be construed as reference to calendar month and calendar year respectively.
- (4) References to legislation include regulations made under that legislation, modifications and re-enactments of that legislation and those regulations but only to the extent that they apply to the Scheme.
- (5) References to the 1995 Act and the 2004 Act are references to the relevant provisions of that Act (as applicable). Any reference to the requirements of the 1995 Act or the 2004 Act is a reference only to those requirements which are relevant, and is not (unless expressly stated otherwise) a reference to any permissive provisions of that Act (as applicable).<sup>19</sup>

**2A. Definitions<sup>20</sup>**

In these Rules the following expressions and words shall, so far as is not inconsistent with the context or the subject matter, have the meanings respectively assigned to them, namely:

**"1993 Act"** means the Pension Schemes Act 1993 and (to the extent that they are not consolidated in that Act) those provisions of the Social Security Administration Act 1992 which replaced, by way of consolidation or otherwise, the provisions of the Social Security Pensions Act 1975;

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

**"2004 Act"**<sup>21</sup> means the Pensions Act 2004;

**"Accounting Year"**<sup>22</sup> means a year commencing on 1 April and finishing on the following 31 March. This is the "scheme year" for the purposes of the Occupational Pension Schemes Disclosure of Information Regulations 1996 and the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996;

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<sup>18</sup> The heading was amended by clause 2(b) of the deed of amendment dated 11 March 2005.

<sup>19</sup> The rule has been amended to reflect statutory changes.

<sup>20</sup> Throughout the definitions, the words "the" or "a" that appear before any definition have been deleted.

<sup>21</sup> This definition has been inserted to reflect statutory changes.

<sup>22</sup> This definition was inserted by clause 2 of the deed of variation dated 6 July 2004.



**"Actuary"**<sup>23</sup> means a person or a firm or a limited liability partnership ("LLP") or a company appointed for the time being by the Trustees, being a Fellow of the Institute of Actuaries or of the Faculty of Actuaries, or a firm of such Actuaries (in which at least 50% of partners are Actuaries), or an LLP of such Actuaries (in which at least 50% of LLP members are Actuaries), or a company providing actuarial services;

**"Appropriate Percentage"** means 100 per cent, except in the case of LUL Company Plan Employees where it means:

90 per cent multiplied by the proportion of Total Membership which relates to periods of Service up to and including 5 April 1998;

plus

- (1) 95 per cent multiplied by the proportion of Total Membership which relates to periods of Service after 5 April 1998 up to and including 4 April 1999 where the Member leaves Service on or before 4 April 1999; or
- (2) 100 per cent multiplied by the proportion of Total Membership which relates to periods of Service after 5 April 1998 where the Member leaves Service after 4 April 1999;

Except that, for the purpose of assessing Pensionable Salary under Rule 26, the Appropriate Percentage for an LUL Company Plan Employee shall be:

- (i) 90 per cent if he died (in relation to Rule 26(1)) or left Service (in relation to Rule 26(2)) before 6 April 1998;
- (ii) 95 per cent if he died (in relation to Rule 26(1)) or left Service (in relation to Rule 26(2)) on a date from 6 April 1998 to 4 April 1999, inclusive; and
- (iii) 100 per cent if he died (in relation to Rule 26(1)) or left Service (in relation to Rule 26(2)) after 4 April 1999.

For the purposes of this definition, where Total Membership includes Deemed Membership or Transferred Membership, or any period of Service included under Rule 19(2)(c), the period of Deemed or Transferred Membership or Service shall relate to the period of Service during which it was granted;

<sup>24</sup>

**"Assessment Date"** means for any Scheme Year the last day of the payroll calculation period which includes the first Thursday in November in the immediate preceding Scheme Year, excepting that for the Scheme Year in which a Member joins the Scheme, the Assessment Date shall be deemed to be the date he joined the Scheme;

**"Associated Company"**<sup>25</sup> is a Subsidiary or any other body, whether corporate or unincorporated which is associated with the Principal Employer, whether by shareholding or by regular trade dealings or otherwise;

**"Auditor"** means the Auditor for the time being appointed under Rule 3;

<sup>23</sup> This definition was amended by clause 2(3) of the deed of amendment dated 6 July 2004.

<sup>24</sup> The definition of Approved Scheme has been deleted to reflect tax changes on and after 6 April 2006.

<sup>25</sup> This definition was amended by Clause 4 of the deed of amendment dated 6 April 2006.

"**AVC Account**" means the account maintained by the Trustees in the name of a Contributing Member who has elected to pay Voluntary Contributions under Rule 27;

"**Basic Entitlements**" is defined in Rule 45A(3);

"**Beneficiaries**" has the meaning given to it in Rule 45B for the purposes of that Rule;

"**Chairman of the Scheme**" has the meaning set out in Rule 5;

"**Civil Partner**"<sup>26</sup> means a person of the same sex as the Member who is in a civil partnership with the Member which exists under or by virtue of the Civil Partnership Act 2004;

"**Commencement Date**" means 1 April 1989;

"**Contracted-out Employment**" means the sum of the following:

- (a) a period during which a Member of the Scheme contributes under Rule 12 while there is in force in relation to the Scheme a contracting-out certificate under section 8 (1) of the 1993 Act; and
- (b) a period of membership of another pension fund or scheme before the Member entered the Scheme while there was in force such a contracting-out certificate in relation to such fund or scheme from which a transfer payment was made in respect of the Member which included his accrued rights to a guaranteed minimum pension;

"**Contributing Member**" means a person who having been admitted as a Member contributes to the Scheme in accordance with Rule 12;

"**Contributory Membership**" means the period in respect of which a Member is liable to pay contributions under Rule 12;

"**Contributory Pensionable Salary**"<sup>27</sup> means the salary as described in Rule 11(2). Contributory Pensionable Salary (unless otherwise provided in the Rules) in relation to a Class A Member is limited to the Scheme Earnings Cap;

"**Council**" means the Pensions Consultative Council established by the Principal Employer and any replacement of such Council from time to time accepted by the Trustees;

"**Councillor**"<sup>28</sup> means a member of the Council;

"**Deemed Membership**" means a period of membership granted to a Member under Rule 10(1);

"**Dependant**"<sup>29</sup> means, subject to Rule 35, a person other than an Eligible Child who was, in the opinion of the Trustees, wholly or in large part dependent on a Member for support and the maintenance of his or her accustomed standard of living at the date of the Member's death;

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<sup>26</sup> This definition has been inserted by the adoption of this consolidation to reflect the provision of benefits for civil partners.

<sup>27</sup> This definition has been amended to reflect tax changes on and after 6 April 2006.

<sup>28</sup> This rule was corrected by clause 3(1) of the deed of amendment dated 6 July 2004.

<sup>29</sup> This definition was inserted by clause 1 of the deed of amendment dated 8 January 2002.

**"Director"**<sup>30</sup> means a Director of the TfL Trustee Company Limited;

**"Disclosure Requirements"**<sup>31</sup> means the requirements of the 1995 Act relating to disclosure, including the requirements of the Occupational Pension Schemes (Disclosure of Information) Regulations 1996 and of Regulation 11 of the Occupational Pension Schemes (Transfer Values) Regulations 1996, and section 251 of the Finance Act 2004;

**"Eligible Child"**<sup>32</sup> means:

- (a) a child who was, in the opinion of the Trustees, wholly or in large part dependent on the Member for support and maintenance of his accustomed standard of living at the time of the Member's death and who was either the child of the Member or a legally adopted child or a step-child or a child in respect of whom, in the opinion of the Trustees, the Member stood in loco parentis; or
- (b) a child who was born within twelve months of the date the Member died but who, in the opinion of the Trustees, would have qualified as an Eligible Child if the child had been born at the date the Member died;

provided in either case that such child:

- (i) has not attained the age of 18; or
- (ii) has not attained (subject to Rule 25(4)) the age of 25 and is in full-time education or professional or vocational training; or
- (iii) has attained age 18 but is, in the opinion of the Trustees mentally or physically disabled and who either was so disabled at the time the Member died or became so disabled before he attained the age of 18 and is unable to earn an income.

**"Employer's Contribution"** shall have the meaning ascribed by Rule 16;

**"Equivalent Pension Benefits"** means the benefits defined in section 57(1) of the National Insurance Act 1965 in respect of a period of membership in non-participating employment within the meaning of that Act in respect of which no payment in lieu of contributions had been made;

**"Existing Schemes"** means the London Transport Pension Fund and the London Transport 1970 Superannuation Fund and "Existing Scheme" means either of the Existing Schemes;

**"Existing Member"** is a Member as described in Rule 7(1) and Rule 8(1);

**"Flat-rate State Pension"** means the weekly pension for a single person provided by way of the flat-rate National Insurance Contributions as required by the National Insurance Act 1965 provided that the full rate of State Pension shall be taken into account irrespective of whether a particular Member is entitled to such full rate;

**"Fund"** means the monies, investments and other assets which are from time to time subject to the trusts of the Scheme;

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<sup>30</sup> The definition was amended by clause 2(c) of the deed of amendment dated 11 March 2005.

<sup>31</sup> This definition has been updated to reflect tax changes on and after 6 April 2006.

<sup>32</sup> This definition was inserted by clause 2 of the deed of amendment dated 8 January 2002 and subsequently amended in accordance with clause 17 of the deed of variation dated 6 April 2006.

**"Guaranteed Minimum Pension"** means so much of the Member's pension, determined at the time the Member leaves Service in accordance with Part III, Chapter I of the 1993 Act, in respect of a period of contracted-out employment by reference to the Scheme within the meaning of that Act prior to 6 April 1997;

**"HMRC"**<sup>33</sup> means the Board of HM Revenue and Customs;

**"Identified Beneficiaries"** is defined in Rule 45A(2);  
<sup>34</sup>

**"Investment Manager"** means an investment manager appointed by the Trustees under Clause 9<sup>35</sup>.

**"Life Insurance Company"**<sup>36</sup> has the meaning given in section 275 of the Finance Act 2004.

**"Lifetime Allowance"**<sup>37</sup> has the meaning given in section 218 of the Finance Act 2004. The Lifetime Allowance shall take account of any Lifetime Allowance Enhancement Factor which operates in respect of the Member.

**"Lifetime Allowance Charge"**<sup>38</sup> has the meaning given in sections 214 and 215 of the Finance Act 2004.

**"Lifetime Allowance Enhancement Factor"**<sup>39</sup> means any of the factors the operation of which is provided for in the provisions listed in section 218(5) of the Finance Act 2004.

**"Linked Qualifying Membership"** means the sum of:

- (a) any consecutive periods of Contributory Membership such that the interval between any two such consecutive periods does not exceed one month notwithstanding that the Member may have received a lump sum under Benefit I of Rule 20 in respect of one or more of such periods; and
- (b) any period during which the Member was both in Service and in respect of which he has been granted deferred benefits from any pension fund, scheme or arrangement to which the Member's employer had an actual or contingent liability to contribute; and
- (c) any period of service of the Member with the same or another employer which coincides with the Member's membership of any retirement benefit fund, scheme or arrangement in respect of which the Member has been granted a period of Deemed or Transferred Membership under the provisions of Rule 10, provided that no period of time shall be reckoned twice;

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<sup>33</sup> This definition has been inserted to reflect tax changes on and after 6 April 2006.

<sup>34</sup> The definition of Inland Revenue Limits has been deleted to reflect tax changes on and after 6 April 2006.

<sup>35</sup> This definition was inserted by paragraph 1(3) of schedule 3 to the deed of amendment date 11 April 2001.

<sup>36</sup> This definition has been amended to reflect tax changes on and after 6 April 2006.

<sup>37</sup> This definition has been inserted to reflect tax changes on and after 6 April 2006.

<sup>38</sup> This definition has been inserted to reflect tax changes on and after 6 April 2006.

<sup>39</sup> This definition has been inserted to reflect tax changes on and after 6 April 2006.

**"London Underground Railway Industry Employer"**<sup>40</sup> means an employer of persons who:

- (a) are to be regarded as employed in the London underground railway industry for the purposes of paragraph 3 of Schedule 32 to the Greater London Authority Act 1999, or
- (b) have remained in continuous employment (within the meaning given by Chapter I of Part IV of the Employment Rights Act 1996) since they ceased to be so regarded.

**"Lower Earnings Limit"** means the annual rate of the lower earnings limit for the purposes of National Insurance contributions from time to time;

**"LRT"** means London Regional Transport established by the London Regional Transport Act 1984;  
41

**"LUL Employee"** is defined in Rule 4(1) for the purposes of that Rule;

**"LUL Company Plan"** means the outcome with regard to pay and conditions of the total review of the organisation of London Underground Limited undertaken during 1992;

**"LUL Company Plan Employees"**<sup>42</sup> means employees whose basic remuneration under the LUL Company Plan became contractual salary for the purposes of the LUL Company Plan on or after 1 November 1992 and individuals who have become employed by London Underground Limited under the same terms after that date, or who after 31 March 2000 have become employed by a subsidiary or contractor of London Underground Limited under the same terms, so long as they remain in that category of employee;

**"Member"** means a person other than a Dependant or Eligible Child who is entitled or prospectively entitled to receive a pension under the Rules (whether contributing to the Scheme or not). A PCB Member who is provided with Pension Credit Benefits under Appendix 3 is not a Member for any other purpose<sup>43</sup>;

**"Member's Total Contributions"** means the sum of the Member's own contributions including:

- (a) for an Existing Member, his own contributions to an Existing Scheme; and
- (b) for a Member for whom a transfer payment is received from a contributory pension scheme such part of the transfer payment as is certified by the administrator of the said fund or scheme to be the employee's contributions;

**"Minimum Pension Age"**<sup>44</sup> means:

- (a) up to and including 5 April 2010, the age of 50; and

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<sup>40</sup> Inserted by the deed of amendment dated 11 April 2001.

<sup>41</sup> LRT Nominated Directors and Other Nominated Directors were deleted by clause 2(c) of the deed of variation dated 11 March 2005.

<sup>42</sup> Inserted by paragraph 1(2) of schedule 3 to the deed of amendment date 11 April 2001.

<sup>43</sup> This sentence was inserted by paragraph 1(2) of schedule 3 to the deed of amendment date 11 April 2001 and has subsequently been amended by adoption of this consolidation.

<sup>44</sup> This definition has been inserted to reflect tax changes on and after 6 April 2006.

(b) on and after 6 April 2010, the age of 55, unless a person who joined the Scheme before 6 April 2006 has a "protected pension age" of 50 for the purposes of the Finance Act 2004;

"**New Member**" is a Member as described in Rule 7(3);

"**New Section**"<sup>45</sup> where used in the Rules means any Section of the Scheme other than the TfL Section.

"**Non-associated Company**"<sup>46</sup> means any Participating Employer which is not an Associated Company.

"**Open Market Option**" means an arrangement whereby the proceeds of an assurance contract may be applied before, at or after the Member reaches State Pension Age to secure an annuity on the most favourable terms then available;

<sup>47</sup>

"**Part-Time Service**" means any period of Service during which a Member's weekly contractual hours of work are less than the standard weekly contractual hours of work of a full-time employee in the same or equivalent position (which in case of doubt shall be determined by the Participating Employer);

"**Participating Employer**" means the Principal Employer,<sup>48</sup> London Underground Limited, Victoria Coach Station Limited and any other person or body<sup>49</sup> which has entered into a Deed pursuant to Rule 2B(a) and which has not ceased to be a Participating Employer pursuant to Rule 2B or under any other provision of the Rules. In respect of any Member, "Participating Employer" means that one of the Participating Employers by which he is, or was at the relevant time, employed;

"**Pensionable Salary**" means, in relation to any Member, the salary as described in Rule 11(1). Pensionable Salary (unless otherwise provided in the Rules) in relation to a Class A Member is limited to the Scheme Earnings Cap;

"**Pensioner**" is defined in Rule 4(1) for the purposes of that Rule;

"**Person**" shall include any individual, firm or body corporate;

"**Principal Employer**"<sup>50</sup> means TfL or any other body corporate which may undertake the obligations of Principal Employer in relation to the Scheme in succession to TfL;

"**Private Sector Employer**"<sup>51</sup> means a Participating Employer which is for the time being a private sector company, for the purposes of Schedule 32 to the Greater London Authority Act 1999;

"**Public Sector Employer**"<sup>52</sup> means a Participating Employer which for the time being is not a Private Sector Employer;

<sup>45</sup> This definition was inserted by paragraph 1(3) of schedule 3 to the deed of amendment date 11 April 2001 and subsequently replaced by clause 2(c) of the deed of variation dated 11 March 2005. Amended further by the adoption of this consolidation.

<sup>46</sup> This definition was inserted by paragraph 1(3) of schedule 3 to the deed of amendment date 11 April 2001.

<sup>47</sup> The definition of "Paid Family Leave" was deleted by clause 2(2)(a) of the deed of variation dated 6 July 2004.

<sup>48</sup> The definition was amended by clause 2(c) of the deed of variation dated 11 March 2005.

<sup>49</sup> Inserted by clause 2 of the deed of amendment date 11 April 2001.

<sup>50</sup> This definition was inserted by paragraph 1(2) of schedule 3 to the deed of amendment date 11 April 2001 and subsequently amended by clause 2(c) of the deed of variation dated 11 March 2005.

<sup>51</sup> This definition was inserted by paragraph 1(3) of schedule 3 to the deed of amendment date 11 April 2001.

**"Qualifying Overseas Scheme"**<sup>53</sup> means a "recognised overseas pension scheme" as defined in section 150(8) of the Finance Act 2004;

**"Reference Salary"**<sup>54</sup> is as described in Rule 11(6);

**"Registered Pension Scheme"**<sup>55</sup> has the meaning given by section 150(2) of Finance Act 2004;

**"Relevant Benefit Accrual"**<sup>56</sup> has the meaning given to it in paragraph 13 of Schedule 36 of the Finance Act 2004.

**"Retained Benefits"**<sup>57</sup> means the pension benefits together with the pension equivalent of any non-pension benefits of a Contributing Member deriving from any fund, scheme or arrangement of a previous employer in respect of his employment prior to his entry to Service and including benefits payable under a retirement annuity contract or trust scheme registered under Part 4 of the Finance Act 2004;

**"Rules"** means these Rules in their present form or as they may be amended from time to time under Rule 44 and "Rule" means any one of the Rules;

**"Salary Segment"** is defined in Rule 11(2);

**"Scheme"**<sup>58</sup> means the pension scheme known as the TfL Pension Fund (established under the name LRT Pension Fund by Interim Deed dated 26 November 1986 made between London Regional Transport and Barry Gordon Dale, Philip Dennis Marsden and Ian Eric King);

**"Scheme Actuary"** means the actuary appointed from time to time by the Trustees for the purposes of the 1995 Act under Rule 43(1);

**"Scheme Earnings Cap"** means<sup>59</sup>:

- (a) for the Tax Years up to and including the Tax Year 2005/6, has the meaning given in section 590C(2) of the Income and Corporation Taxes Act 1988; and
- (b) for the Tax Years after the Tax Year 2005/6, the figure that would have been arrived at if section 590C (2) of the Income and Corporation Taxes Act 1988 had remained in force on or after 6 April 2006 and the Treasury had made the orders required by that section, as it had effect immediately before its repeal, in respect of each Tax Year after 2005/6.

If the Treasury has not made such an order or indicated what the amount would have been and the Index has risen during the 12 months ending in the September before the Tax Year in question the following provisions will apply. The Scheme Earnings Cap will be calculated by increasing the Scheme Earnings Cap for the previous Tax

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<sup>52</sup> This definition was inserted by paragraph 1(3) of schedule 3 to the deed of amendment date 11 April 2001.

<sup>53</sup> This definition has been inserted to reflect tax changes on and after 6 April 2006.

<sup>54</sup> This definition was inserted by clause 1 of a deed of variation dated 1 March 2007.

<sup>55</sup> This definition has been inserted to reflect tax changes on and after 6 April 2006.

<sup>56</sup> This definition has been inserted to reflect tax changes on and after 6 April 2006.

<sup>57</sup> This definition has been updated to reflect tax changes on and after 6 April 2006.

<sup>58</sup> This definition was amended by clause 2(c) of the deed of amendment dated 11 March 2005.

<sup>59</sup> This definition has been inserted to reflect tax changes on and after 6 April 2006.

Year by the percentage rise in the Index during the 12 months ending in the September in the previous Tax Year. If the result is not a multiple of £600, the Scheme Earnings Cap will be rounded up to the next higher multiple.

For the purpose of this definition Index shall have the meaning given in Rule 28.

**"Scheme Limits"**<sup>60</sup> means the limitations on Members' contributions and Scheme benefits set out in Appendix 2 and such other restrictions and limits set out in HMRC's previously published practice note known as IR12 (2001) "Practice Notes on Approval of Occupational Pension Schemes";

**"Scheme Pension Age"** means, subject to Rule 18(1), 65 years;

**"Scheme Year"** means a year commencing on 1 January and finishing on the following 31 December;

**"Section"**<sup>61</sup> means a Section of the Scheme established in accordance with Rule 2C;

**"Segregated Assets"** means those assets subject to the Scheme which are, under Rule 27(2), to be kept separate from the other assets subject to the Scheme;

**"Separate Fund"** is defined in Rule 45A(3);

**"Separate Period"** is defined in Rule 11(2);

**"Service"** means:

- (a) employment by any Participating Employer, provided that if a contract states that an employment shall not be reckonable for pension purposes under the Scheme then it shall be excluded from this definition;
- (b) membership of the board of any Participating Employer (other than the Principal Employer), provided:
  - (i) that such membership is immediately preceded by a period of Service under (a) above; and
  - (ii) that if the terms of such membership state that it shall not be reckonable for pension purposes under the Scheme then it shall be excluded from this definition; or
- (c) membership of the board of the Principal Employer provided that, if such membership is not immediately preceded by a period of Service, the Secretary of State so determines at the commencement of such membership;

**"Share of Fund"** is defined in Rule 45A(3);

**"State Pension Age"**<sup>62</sup> means:

- (a) for the purpose of Guaranteed Minimum Pensions: a woman's 60<sup>th</sup> birthday and a man's 65<sup>th</sup> birthday; and

<sup>60</sup> This definition has been inserted to reflect tax changes on and after 6 April 2006.

<sup>61</sup> This definition was inserted by paragraph 1(3) of schedule 3 to the deed of amendment date 11 April 2001.

<sup>62</sup> This definition has been amended by the adoption of this consolidation to provide clarification.



(b) for all other purposes: an individual's State "pensionable age" under the rules in paragraph 1 of Schedule 4 to the Pensions Act 1995;

**"Subsidiary"**<sup>63</sup> has the meaning given to it by Section 1159 of the Companies Act 2006 (taking references in that section to a company as including references to a body corporate);

**"Tax Year"**<sup>64</sup> means a year of assessment for income tax as defined in the Income Tax Act 2007.

**"Termination Date"** has the meaning given to it in Rule 2B;

**"TfL"**<sup>65</sup> means Transport for London, a body corporate established by the Greater London Authority Act 1999;

**"TfL Group Employee"**<sup>66</sup> is defined in Rule 4(1) for the purposes of that Rule;

**"TfL nominated directors"** and **"other nominated directors"**<sup>67</sup> shall bear the meaning ascribed to them respectively under the Articles of Association of the Trustee;

**"TfL Section"**<sup>68</sup> means the Section of the Scheme in which TfL and the Associated Companies participate.

**"Total Membership"** means the sum of Contributory Membership, Deemed Membership and Transferred Membership provided that no period shall be counted twice;

**"Transferred Membership"** means membership granted in accordance with Rule 10(2);

**"Trust Deed"** means the Interim Trust Deed dated 26 November 1986 and made between London Regional Transport and Barry Gordon Dale, Phillip Dennis Marsden and Ian Eric King and the Definitive Trust Deed dated 31 March 1989 and made between London Regional Transport of the one part and the LRT Pension Fund Trustee Company Limited of the other part and includes any Deed at any time amending the same or supplemental thereto;

**"Trustee"** means a trustee for the time being in office under the Scheme;

**"Trustees"**<sup>69</sup> means TfL Trustee Company Limited;

**"Unauthorised Payment"**<sup>70</sup> has the meaning given by section 160(5) of the Finance Act 2004;

**"Voluntary Contributions"** means contributions made by a Member under Rule 27.

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<sup>63</sup> This definition was amended by clause 2(c) of the deed of amendment dated 11 March 2005 and has been updated following the enactment of the Companies Act 2006.

<sup>64</sup> This definition has been inserted to reflect tax changes on and after 6 April 2006.

<sup>65</sup> This definition was inserted by the deed of amendment dated 11 March 2005.

<sup>66</sup> Inserted by paragraph 1(1) of schedule 3 to the deed of amendment dated 11 April 2001.

<sup>67</sup> The definition was inserted by clause 2(c) of the deed of variation dated 11 March 2005.

<sup>68</sup> The definition was inserted by clause 2(c) of the deed of variation dated 11 March 2005.

<sup>69</sup> This definition was amended by the deed of variation dated 11 March 2005.

<sup>70</sup> This definition has been inserted to reflect tax changes on and after 6 April 2006.

## 2B. Participation by other employers

- (a) (i)<sup>71</sup> The Principal Employer may, subject to the consent of the Trustees, admit to participation in the Scheme each
- (I) Associated Company, or
  - (II) other London Underground Railway Industry Employer, or
  - (III) subsidiary of Transport for London,
- which enters into a Deed under which it covenants to observe and be bound by the provisions of the Trust Deed and Rules applicable to it and to its employees who are or become Members subject to such variations and with effect from such date as may be specified in the Deed.
- (ii) In particular, the Principal Employer will notify any person or body admitted to participation under this rule<sup>72</sup> of the Employer's Contribution payable by it under Rule 16 before or at the time when participation begins.
- (b)<sup>73</sup> The Deed by which an Associated Company or other London Underground Railway Industry Employer or subsidiary of Transport for London is admitted to participation in the Scheme may specify any or all of the following matters:
- (i) the date when the Company is to cease to participate;
  - (ii) whether or not employees of the Company who enter its Service after the date of admission are to be eligible for membership of the Scheme;
  - (iii)<sup>74</sup> the basis on which the Company is to pay contributions under Rule 16; and
  - (iv) the Section in which the Company is to participate.
- (c) A Participating Employer must cease to participate in the Scheme in the following circumstances. The date from which participation will cease is referred to below as "the Termination Date". A Participating Employer may not cease to participate in any other circumstances, except if the Scheme is terminated.
- (i) If the Participating Employer ceases to be an Associated Company or other London Underground Railway Industry Employer or a subsidiary of Transport for London, participation must cease on a Termination Date which is:
    - (A) agreed between the Trustees, the Principal Employer and the Participating Employer or,
    - (B) failing such agreement, specified in a prior written notice from the Trustees to the Participating Employer.<sup>75</sup>

<sup>71</sup> This clause was amended by clause 3 of the deed of amendment dated 11 April 2001.

<sup>72</sup> This wording was inserted by clause 3 of the deed of amendment date 11 April 2001.

<sup>73</sup> This rule was inserted by paragraph 2 of schedule 3 to the deed of amendment date 11 April 2001 and further amended by the deed of variation dated 6 April 2006 and the deed of variation dated 31 March 2007.

<sup>74</sup> The previous clause 2B(b)(iii) was deleted by clause 4 of the deed of variation dated 6 April 2006.

<sup>75</sup> This clause was amended by clause 4 of the deed of variation dated 6 April 2006.

- (ii) If the Principal Employer and the Participating Employer (other than any company which is a Participating Employer on 1 June 1993) agree that the Participating Employer's participation in the Scheme is to end on a particular date (which may be earlier than the date of the agreement), the Termination Date will be that agreed date.
- (iii) If the Participating Employer fails to comply with the Trust Deed and Rules applicable to it (including any variations made under (a) above), and the Trustees decide that its participation should terminate, the Termination Date will be the date notified to the Participating Employer by the Trustees.
- (iv) If the Participating Employer goes into liquidation, the Termination Date will be the date it goes into liquidation.

## 2C. Establishment of Sections<sup>76</sup>

- (1)<sup>77</sup> With effect from 1 May 2001 the Trustees shall divide the Scheme into Sections. Each Section shall have one or more Participating Employers participating in it (but no Participating Employer may participate in more than one Section in respect of any particular Member). TfL and the Public Sector Employers shall participate in the TfL Section<sup>78</sup>. Any Participating Employer which is a Private Sector Employer shall participate in one of the New Sections. With the consent of the Trustees a Public Sector Employer may also participate in a New Section.
- (2) On any occasion when a Participating Employer becomes a Private Sector Employer, the Trustees shall establish a New Section for that Employer or allocate it to an existing New Section.
- (3) The Trustees shall allocate to each Section such portion of the assets of the Scheme as the Trustees, having considered the advice of the Actuary, determine to be appropriate having regard to the liabilities of the Scheme for and in respect of Contributing Members employed by the Participating Employers participating in that Section, based on their Total Membership completed up to the date the Section is established.
- (4) If any body, whether corporate or unincorporated, which is not an Associated Company wishes to become a participating Employer at any time after the effective date of division of the Scheme under Rule 2C(1), if the Principal Employer and the Trustees agree it shall enter into a deed under which it covenants to observe and be bound by the provisions of the Trust Deed and these Rules applicable to it and to its employees who became Members, subject to such variations and with effect from such date as may be specified in such deed, and it shall thereupon become a Non-associated Company and the Trustees shall allocate it to a Section, or establish a New Section for it, as they think fit.
- (5) If the Trustees decide it is appropriate, having obtained the advice of the Actuary and with the consent of the Participating Employer or Participating Employers which participate in the relevant Sections, they may merge, on such terms as they see fit, two or more Sections by transferring all of the assets of one or more Sections to another Section or Sections.

<sup>76</sup> This rule was inserted by paragraph 3 of schedule 3 to the deed of amendment date 11 April 2001.

<sup>77</sup> This rule was amended by clause 4 of the deed of variation dated 1 April 2008.

<sup>78</sup> This rule was amended by clause 2(d) of the deed of variation dated 11 March 2005.

- (6)<sup>79</sup> The Trustees may, with the consent of the Principal Employer, at any time agree to a transfer of assets and liabilities between two New Sections of the Scheme on such terms as the Trustees and Principal Employer may agree and with or without Member consents. The consent of the Participating Employers of those New Sections will also be required.

## 2D. **Unauthorised Payments**<sup>80</sup>

- (1) If the Trustees are required, to make a payment which would in whole or in part be an Unauthorised Payment that payment shall, to the extent it is an Unauthorised Payment (and notwithstanding anything to the contrary), be payable only at the discretion of the Trustees (subject to the consent of any other person required for payment under the relevant provision of the Scheme).
- (2) Without prejudice to (1) above, every discretion or power conferred on:
- (a) the Principal Employer;
  - (b) a Participating Employer; or
  - (c) the Trustees

under the Scheme shall so far as practicable not be exercised so as to give an individual an entitlement to an Unauthorised Payment.

## **MANAGEMENT**

### 3. **Trustees**

- (1) The Trustees shall be responsible for the management and direction of the Scheme including the determination of all claims made thereon and the payment thereof of the benefits prescribed by the Rules.
- (2) The Trustees' decision on all questions arising under the Rules or in connection with the management and direction of the Scheme (except as regards matters left to the certificate of the Actuary) shall be final and conclusive.
- (3) The Trustees shall cause proper accounts and other records relating to the Scheme to be kept and shall prepare an annual statement of accounts of the Scheme. In keeping accounts and records the Trustees must comply with the requirements of the 1995 Act and the Participating Employers shall give such assistance to the Trustees as they may reasonably require for this purpose.

The books of the Scheme shall be audited by the Auditor appointed by the Trustees who shall be a person qualified for appointment as an auditor of a company as required under Chapter 2 of Part 16 of the Companies Act 2006 and permitted by the 1995 Act to be the Auditor of the Scheme<sup>81</sup>.

<sup>79</sup> This rule was inserted by clause 5 of the deed of variation dated 1 April 2008.

<sup>80</sup> This clause has been inserted to reflect tax changes on and after 6 April 2006.

<sup>81</sup> This rule has been amended following the enactment of the Companies Act 2006.

The Auditor shall be given and have access to such information as he may properly require. The Auditor must report to the Trustees whether the accounts correctly summarise the transactions of the Scheme during the Accounting Year<sup>82</sup>.

The audited accounts must comply with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

- (4) The Trustees must comply with the Disclosure Requirements in relation to the preparation and disclosure of accounts, the annual report to Members, the actuarial valuations and statement and all other matters covered by those Requirements.
- (5) The Trustees must maintain a disputes resolution procedure in accordance with the 1995 Act.
- (6) The Trustees must keep any monies received by them in a separate account kept by them at an institution authorised under the Banking Act 1987, in accordance with the 1995 Act.
- (7) No Trustee, and no director or officer of a corporate Trustee, will be personally liable for any breach of trust unless it is fraudulent on the part of that person.
- (8) The Participating Employers jointly and severally<sup>83</sup> will indemnify each Trustee against any costs, claims, damages, losses or expenses incurred in connection with the Scheme, to the extent that such person is unable or prevented by law from meeting them out of the Scheme, whether they relate to that person's own act or omission, or that of any other trustee or any secretary, agent or delegate lawfully appointed by the Trustees. However, the indemnity will not apply where the loss was caused by breach of trust knowingly and intentionally committed by that Trustee. This Rule applies to an officer or director of a corporate Trustee as if that person were a Trustee.
- (9) Paragraphs (7) and (8) above apply to former Trustees and also current and former directors and officers of any corporate Trustee which is, or was formerly, a Trustee.

#### **4. Directors of the Trustees**

- (1) The appointment of Directors shall be made in accordance with the Articles of Association of the Trustees and in compliance with the terms of any arrangements approved in accordance with the 2004 Act<sup>84</sup>. Persons shall be nominated to serve as Directors as follows:
  - (a) nine persons by the Principal Employer of whom at least five must be Members;
  - (b) one person each by:
    - Transport and General Workers' Union;
    - National Union of Rail, Maritime and Transport Workers;
    - Associated Society of Locomotive Engineers and Firemen;
    - London Transport Joint Trades Committee;

<sup>82</sup> This rule was amended by clause 2 of the deed of variation dated 6 July 2004.

<sup>83</sup> This rule was amended by paragraph 4 of schedule 3 to the deed of amendment date 11 April 2001.

<sup>84</sup> This rule has been amended to reflect statutory changes.

- Transport Salaried Staffs' Association;  
or successor body.
- (c) two persons from and by Councillors who are Pensioners; and
- (d) one person from and by Councillors who are TfL Group Employees<sup>85</sup>; and
- (e) one person from and by Councillors who are LUL Employees.

For the purpose of Rule 4(1):

- (i) "Pensioner" means any Member (or the widow or widower of any deceased Member) in receipt of a pension under the Rules, and includes any Member who has elected to take a deferred pension pursuant to Rule 20(2)(II) or (III);
  - (ii) "TfL Group Employee"<sup>86</sup> means a Member who is neither a Pensioner nor an LUL Employee; and
  - (iii) "LUL Employee" means a Member (other than a Pensioner) who is employed by London Underground Limited or any subsidiary thereof or any Private Sector Employer who is a contractor thereof<sup>87</sup>.
- (2) The body nominating a person for appointment as a Director shall determine the period for which such person is to serve as a Director and shall have the power to revoke the nomination. The nomination of a Council nominee shall be treated as revoked if he ceases to be a Councillor. Upon the revocation of any nomination or, in the case of a Council nominee, his ceasing to be a Councillor, the nominated Director shall continue to hold office as a Director until the appointment of his successor following a fresh nomination by the relevant nominating body. A director nominated by a section of the former council appointed under former Rule 48 shall be deemed to have been nominated in accordance with Rule 4.1(c), (d) or (e), as appropriate, and this Rule 4(2) shall apply in relation to such a Director as if the words "the body nominating a person for appointment as a Director" was a reference to "the body deemed to have nominated a person for appointment as a Director".

## 5. **Chairman**

The Chairman of the Trustees shall be known as the "Chairman of the Scheme".

## 6. **Secretary**<sup>88</sup>

- (1) The Principal Employer shall appoint a Secretary from time to time in accordance with the procedure set out in Rule 6(3).
- (2) The Secretary and such other staff as are necessary for the operation of the Scheme shall be employees of the Principal Employer but their role shall be to act on behalf of and in the interests of the Trustees. The Principal Employer shall determine the terms and conditions of employment of the Secretary and such other staff in accordance with the Principal Employer's usual arrangements for its staff.

<sup>85</sup> This rule was amended by paragraph 5 of schedule 3 to the deed of amendment date 11 April 2001.

<sup>86</sup> This rule was amended by paragraph 5 of schedule 3 to the deed of amendment date 11 April 2001.

<sup>87</sup> This rule was amended by paragraph 5 of schedule 3 to the deed of amendment date 11 April 2001.

<sup>88</sup> This rule was amended by clause 2(2)(e) of the deed of amendment dated 6 July 2004.

- (3) In appointing a Secretary, the Principal Employer shall prepare and agree with the Trustees a description of the job of Secretary, or that part of the job that includes that role, advertise the post (if the Principal Employer and Trustees agree it is appropriate) and compile a shortlist of candidates. The Trustees shall choose which, if any, of those shortlisted candidates they wish to have appointed and shall so inform the Principal Employer who shall appoint the chosen candidate.
- (4) The Secretary will not also be a Trustee or a director of a corporate Trustee. If the person chosen to be the Secretary is already a Trustee or a director of corporate Trustee, he or she must resign from that role on or before being appointed as Secretary.

## **MEMBERSHIP**

### **7. Joining the Scheme**

- (1) Subject to Rule 9 the following persons who are in Service on the Commencement Date shall join the Scheme on the date specified in paragraph (2) below and shall be called Existing Members:
  - (a) any member of an Existing Scheme, and
  - (b) any person who on the Commencement Date is at least 18 and, but for its winding up, would have become eligible to join one of the Existing Schemes from a later date; and
  - (c) any person who had not attained age 18 on the Commencement Date but who, prior to 31 December 1993 or such later date as the Trustees may permit, applies to the Secretary in writing to join the Scheme as an Existing Member and who pays the appropriate contributions no later than 30 June 1994.
- (2) Any person falling within paragraphs (1)(a) and (b) above shall join the Scheme on the Commencement Date. Any person falling within paragraph 1(c) above shall join the Scheme on his 18<sup>th</sup> birthday.
- (3) The following persons shall, subject to Rule 9 and to paragraph (4) of this Rule, join the Scheme from the stated date and shall be called New Members:
  - (a) a person entering Service after the Commencement Date, from the date of so entering or, if later, on attaining age 18;
  - (b) a person in Service on the Commencement Date who had not then attained age 18 and who has not applied to join the Scheme as an Existing Member in accordance with paragraph (1)(c) above. Such a person shall join the Scheme on his 18<sup>th</sup> birthday; and
  - (c) any other person in Service on the Commencement Date who was not then a member of an Existing Scheme but who applies to the Secretary so to join, from the date of such application provided that such application is approved by the Principal Employer and Trustees;

provided that he has not then attained age 63 (but this proviso shall not apply if any period of Transferred Membership is granted which would enable him to complete at least two years' Total Membership before attaining Scheme Pension Age).

- (4) A person who commences Service after the Commencement Date and is receiving or is entitled to receive benefits from the Scheme in respect of an earlier period of service shall rejoin the Scheme on such terms as the Trustees may determine on the advice of the Actuary and with the consent of the Participating Employer<sup>89</sup>.
- (5) Every person joining the Scheme under this Rule shall join the Section in which his Employer participates. Any person who from time to time is accruing benefits under another retirement benefits scheme in which his Participating Employer participates cannot be a Member for that period unless such membership has the approval of the Participating Employer in whose employment the person is.<sup>90</sup>

#### 8. Pre-1 April 1989 Existing Members

- (1)(a)<sup>91</sup> Every member of an Existing Scheme who left Service prior to 1 April 1989 shall join the Scheme on that date but shall (except as provided in paragraph (b) below) be entitled to benefits from the Scheme in accordance with the Rules of the Existing Scheme of which he was a member as applied on 31 March 1989, and Rules 17 to 26 below shall not apply to such a Member, who shall also be called an Existing Member;
- (b) The exception to paragraph (a) above is that benefits payable to or in respect of such an Existing Member may be affected by amendments made to the Trust Deed and Rules of the Scheme after 31 March 1989 if the relevant amending Deed expressly states that those amendments will apply to those benefits.<sup>92</sup>
- (2) Every widow, widower, dependant or Eligible Child of a member of an Existing Scheme who died prior to 1 April 1989 shall be entitled to benefits from the Scheme in accordance with the rules of the relevant Existing Scheme in force on 31 March 1989.

#### 9. Opting out of Membership

- (1) Any person who but for this Rule would join the Scheme may elect not to join the Scheme.
- (2) Any Member may elect to cease contributing to the Scheme in which case, for the purpose of the Rules, he shall be deemed to have left Service on the day he ceased contributions. No benefit shall be payable to or in respect of him until he actually leaves Service; except that he may elect for immediate payment under Rule 20 of that part of Benefit V which relates to membership after 1 April 1988 or Benefit I.
- (3) An election under this Rule shall be made in writing to the Secretary and must give notice of at least one month or such lesser period as the Trustees may decide.

<sup>89</sup> This rule was amended by paragraph 7 of schedule 3 to the deed of amendment date 11 April 2001.

<sup>90</sup> This rule was inserted by paragraph 6 of schedule 3 to the deed of amendment date 11 April 2001 and further amended by clause 5 of the deed of variation dated 6 April 2006.

<sup>91</sup> This rule was amended by clause 3 of the deed of amendment dated 8 January 2002.

<sup>92</sup> This rule was inserted by clause 3 of the deed of amendment dated 8 January 2002.



- (4) Any person who elects not to join the Scheme or who, having joined, ceases to be a Member may apply to the Secretary in writing to be admitted or readmitted (as the case may be) as a Member and, if the Trustees and the Participating Employer consent, he shall be admitted or readmitted (as the case may be). The Trustees will determine the date of his admission or readmission but the consent of the Participating Employer will be required if such date is earlier than the beginning of the Scheme Year in which the application for admission or readmission is made.<sup>93</sup>
- (5) The Trustees may require a person who applies for admission or readmission under (4) above to give such evidence as to his state of health as they decide is appropriate.

#### 10. **Benefits in respect of Transfer Payments**<sup>94</sup>

- (1) An Existing<sup>95</sup> Member shall, by virtue of section 16 of the London Regional Transport Act 1989, be granted a period of Deemed Membership equal to his membership (including deemed membership) of an Existing Scheme.
- (2) If the Trustees receive a transfer payment for any person from another pension scheme, then they may grant such benefits in respect of that person (including, in the case of a Member, a period of Transferred Membership) as the Trustees may decide on the advice of the Actuary.<sup>96</sup>

#### 11. **Pensionable Salary**

- (1) The Pensionable Salary for a Member who leaves Service shall be whichever is the greatest of:
- (a) the Appropriate Percentage of his salary in the 12 months immediately preceding the date of his leaving Service, LESS, for a New Member, the Lower Earnings Limit over the same period; or
  - (b) the total of his Contributory Pensionable Salary over the same period as determined under Rule 11(2); or
  - (c) in the case of an LUL Company Plan Employee, the total of his Contributory Pensionable Salary over the same period that would have applied if he had exercised an option under Rule 11(5), with the consent of the Principal Employer and the Trustees, for his Contributory Pensionable Salary in respect of each subsequent Scheme Year to be deemed to be the same as his Contributory Pensionable Salary for the Scheme Year commencing 1 January 1992, or for the Scheme Year commencing 1 January 1993 (whichever was the higher),

provided that the Pensionable Salary of a Member who has not completed one year's Contributory and Deemed Membership shall be the Appropriate Percentage of the annual equivalent of the salary during his period of Contributory and Deemed Membership.

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<sup>93</sup> This rule was amended by paragraph 7 of schedule 3 to the deed of amendment date 11 April 2001.

<sup>94</sup> The title of this rule was amended by paragraph 8 of schedule 3 to the deed of amendment date 11 April 2001.

<sup>95</sup> This rule was corrected by clause 3(1)(b) of the deed of amendment dated 6 July 2004.

<sup>96</sup> This rule was amended by paragraph 8 of schedule 3 to the deed of amendment date 11 April 2001.

- (2) The Contributory Pensionable Salary of a Member during any Scheme Year shall be:
- (a) the Appropriate Percentage of his annual rate of salary actually used for pay calculation purposes on the Assessment Date, LESS, for a New Member, the Lower Earnings Limit; or
  - (b) where, during that Scheme Year, a Member changes from full-time Service to Part-Time Service (or vice versa), or the Member's contractual hours of work while in Part-Time Service are varied in relation to the contractual hours of work of a full-time employee in the same or equivalent position (which in case of doubt shall be determined by the Participating Employer), the sum of all the Salary Segments during that Scheme Year.

"Salary Segment" means the Appropriate Percentage of the Member's annual rate of salary used for pay calculation purposes at the start of each Separate Period (LESS, for a New Member, the Lower Earnings Limit) multiplied by the proportion of the Member's Contributory Membership during that Scheme Year to which that Separate Period relates.

"Separate Period" is defined as follows: A Member's first Separate Period begins on the first day of the Scheme Year and continues until the day before the Member's contractual hours of work change. Each successive Separate Period begins on the day on which the Member's contractual hours of work change (or change again) and continues until the earliest of:

- (i) the end of the Scheme Year;
  - (ii) the day before the Member's contractual hours of work change again; or
  - (iii) the date on which the Member ceases to be a Contributing Member.
- (2A) If a New Member is in Part-time Service for any period during the Scheme Year, the deduction for that period in respect of the Lower Earnings Limit referred to in paragraph (1)(a) or (2) above will be multiplied by the fraction A/B (as defined in Rule 11A(a)).
- (3) Where for any reason other than that specified in paragraph (4) of this Rule an incorrect rate has been used for pay calculation the Trustees shall substitute the correct rate.
- (4) Changes in a Member's salary which are not used for pay calculation purposes until after the said Assessment Date shall not be taken into account in determining the Contributory Pensionable Salary unless the changes relate to a period before the said Assessment Date.<sup>97</sup>
- (5) Where the Contributory Pensionable Salary in respect of a Member for any Scheme Year would otherwise be less than his Contributory Pensionable Salary in the immediately preceding Scheme Year he shall be given an option, subject to the consent of the Participating Employer and the Trustees, for his Contributory Pensionable Salary to be deemed to be the same as in the said preceding Scheme Year. He may exercise this option by giving written notice to the Trustees before the

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<sup>97</sup> Rule 11(4) is amended by the adoption of this consolidation.

31 March which follows the relevant Assessment Date. If a Member takes this option for any Scheme Year, he will be treated as having taken the option for each succeeding Scheme Year, until the Scheme Year in which his actual Contributory Pensionable Salary exceeds the Contributory Pensionable Salary he is deemed to have under this Rule 11(5) or until the Member notifies the Trustees that he no longer wishes to be so treated.<sup>98</sup>

- (6) For the purposes of this Rule and Rule 13 salary means basic annual salary or wages excluding fluctuating emoluments, but may, subject to the consent of the Trustees and the Participating Employer, include such part as they may determine of any permanent additional allowance.<sup>99</sup>

Provided that for so long as the Member is participating in any flexible benefits arrangement designated for this purpose and for the purpose of Rule 13 by the Member's Participating Employer or the Principal Employer, the Member's basic annual salary or wages will be his or her Reference Salary as notified to the Trustee by the Participating Employer or the Principal Employer as the case may be.<sup>100</sup>

#### 11A Part-Time Service

If a Member has completed one or more periods of Part-Time Service, the following provisions shall apply to each such period (and shall be applied separately to each period beginning on the day on which the Member's contractual hours of work vary in relation to the contractual hours of work of a full-time employee in the same or equivalent position (which in case of doubt shall be determined by the Participating Employer)).

- (a) (i) The Member's Deemed Membership or Contributory Membership during that period shall be taken as the actual period of Part-Time Service multiplied by the fraction  $A/B$ ;
- (ii) the Salary Segment for such a period, for the purposes of calculating the Member's Pensionable Salary, shall be taken as the Salary Segment (as defined in paragraph (b) of the Rule 11(2)) multiplied by the fraction  $B/A$ ;
- (iii) if he is a New Member, the Lower Earnings Limit in respect of him shall be taken as the Lower Earnings Limit multiplied by the fraction  $A/B$ ; and
- (iv) if he is an Existing Member, the deduction of £20 referred to in Rule 13(1)(b) shall be multiplied by the fraction  $A/B$ ;

where A is the number of his weekly contractual hours of work during that period, and B is the number of the standard weekly contractual hours of work of a full-time employee in the same or equivalent position (which in case of doubt shall be determined by the Participating Employer) (and for any period which is not Part-Time Service,  $A/B$  is deemed to equal 1).

<sup>98</sup> This rule was amended by paragraph 7 of schedule 3 to the deed of amendment date 11 April 2001.

<sup>99</sup> This rule was amended by paragraph 7 of schedule 3 to the deed of amendment date 11 April 2001.

<sup>100</sup> This rule was amended by clause 2 of a deed of variation dated 7 March 2007 and clause 6 of the deed of variation dated 31 March 2008.

- (b) This Rule 11A shall apply for all purposes other than for the calculation of contributions, except for the purposes of:
  - (i) determining a Member's Total Membership under Rule 19(2) (except where expressly stated in Rule 19(2)) or Rule 25(2); and
  - (ii) calculating Pensionable Salary under Rule 19(2), Rule 22 and Rule 26.

## **CONTRIBUTIONS**

### **12. Period for Contributions<sup>101</sup>**

A Member shall pay a contribution to the Trustees for every Thursday included in the period commencing on the date from which he joins the Scheme and ending on the earliest of:

- (a) the date he leaves Service, dies or his pension starts;
- (b) the last day of the pay period containing the day on which the Member attains Scheme Pension Age, where contributions cease at that age following an election made under Rule 18; or
- (c) the last day of the pay period containing the day on which the Member completes 40 years of Total Membership, where contributions cease following an election to that effect (in writing to the Secretary) before or within 3 months after that date. In this event his Total Membership will remain at 40 years for the purposes of calculating his pension under Rule 17 or Rule 18.

### **13. Rate of Contribution**

(1) The annual contributions payable by a Member shall be calculated:

- (a) (for Members who are not LUL Company Plan Employees) by taking 5 per cent of his Contributory Pensionable Salary; or
- (b) (for Members who are LUL Company Plan Employees) by taking 5 per cent of:
  - (i) 90 per cent of his salary actually used for pay calculation purposes on the Assessment Date (after deducting, for a New Member, the Lower Earnings Limit) in respect of contributions collected up to and including 5 April 1998;
  - (ii) 95 per cent of his salary actually used for pay calculation purposes on the Assessment Date (after deducting, for a New Member, the Lower Earnings Limit) in respect of contributions collected after 5 April 1998 up to and including 4 April 1999;
  - (iii) 100 per cent of his salary actually used for pay calculation purposes on the Assessment Date (after deducting, for a New Member, the Lower Earnings Limit) in respect of contributions collected after 4 April 1999;

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<sup>101</sup> This rule is amended by the adoption of this consolidation.

unless the Member has exercised the option in Rule 11(5), in which case the percentages in (i) to (iii) above shall be applied to the figure which is deemed to be his Contributory Pensionable Salary under Rule 11(5)

- (c) when a Member changes from full-time Service to Part-Time Service (or vice versa), or the Member's contractual hours while in Part-Time Service are varied in relation to the contractual hours of work of a full-time employee in the same or equivalent position (which in case of doubt shall be determined by the Participating Employer), the annual contributions payable by the Member during the relevant Separate Period shall be calculated by taking 5 per cent of:
- (i) (if the Member is not an LUL Company Plan Employee) his salary actually used for pay calculation purposes immediately following such change, or
  - (ii) (if the Member is an LUL Company Plan Employee) 90 per cent of his salary actually used for pay calculation purposes immediately following such change in respect of contributions collected up to and including 5 April 1998, 95 per cent of his salary actually used for pay calculation purposes immediately following such change in respect of contributions collected after 5 April 1998 up to and including 4 April 1999, and 100 per cent of his salary actually used for pay calculation purposes immediately following such change in respect of contributions collected after 4 April 1999,

in each case after deducting, for a New Member, the Lower Earnings Limit;

and, for an Existing Member, deducting £20 from the product, or

- (d) in such other way as may be determined by the Trustees from time to time after consultation with the Actuary with the consent of the Principal Employer.

Provided that, for a Member who is in Part-Time Service, the deduction of £20 for an Existing Member, or in respect of the Lower Earnings Limit for a New Member, will be multiplied by the fraction A/B (as defined in Rule 11A(a)).

Provided further that changes in a Member's salary which are not used for pay calculation purposes until after the Assessment Date referred to in (b) above or the date of any change as referred to in (c) above (as appropriate) but which relate to a period before the said Assessment Date or such date of any change shall be taken into account in determining the annual contributions payable by the Member.<sup>102</sup>

- (2) The contribution payable for each such Thursday shall be 6/313ths of the amount calculated in paragraph (1) of this Rule provided that the Trustees shall have the power to make such marginal calculation adjustments as they consider necessary to facilitate the administration of the Scheme.
- (3) Contributions payable by a Member shall be due either at the like intervals as are customary in relation to the payment of his wages or salary and the relevant Participating Employer, when making payments of wages or salary to him, may

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<sup>102</sup> Rule 13(1) is amended by the adoption of this consolidation.

deduct the appropriate amount; or in such manner as the Trustees with the consent of the Member may determine. Amounts deducted by the relevant Participating Employer in accordance with the foregoing shall be paid to the Trustees within five working days from the end of the period in respect of which the relevant payment of the Member's wages or salary was made.

- (4) If the relevant Participating Employer regards a Member as being on sick leave from Service and his gross emoluments from which his contribution would otherwise be deducted are less than that contribution, then he shall not be liable to pay that contribution (although the period of membership to which it relates will nevertheless rank as Contributory Membership).
- (5) The Trustees shall not be entitled to recover arrears of contributions from a Member whose Pensionable Salary is determined under Rule 11(1)(c) to the extent that those arrears represent additional amounts which he would have paid if he had, in fact, exercised the option under Rule 11(5) as described in Rule 11(1)(c).

103

#### 14. **Family Leave**<sup>104</sup>

- (1) For the purposes of this Rule 14 the following terms have the meanings given below:
- "Adoption Leave"** means such a period of absence granted by the Participating Employer as defined under the Paternity and Adoption Leave Regulations 2002;
- "Family Leave"** means Adoption Leave, Maternity Leave, Parental Leave or Paternity Leave granted by the Participating Employer;
- "Family Leave Pay"** means, in relation to a period of any kind of Family Leave, such statutory or contractual remuneration paid during that period by the Participating Employer to the Member;
- "Maternity Leave"** means such a period of absence granted by the Participating Employer as defined under the Maternity and Parental Leave Regulations etc 1999, as amended by the Maternity and Parental Leave (Amendment) Regulations 2002;
- "Paid Parental Leave"** means a period of Parental Leave in respect of which a Member receives Family Leave Pay;
- "Parental Leave"** means such a period of absence granted by the Participating Employer as defined under the Maternity and Parental Leave Regulations etc 1999, as amended by the Maternity and Parental Leave (Amendment) Regulations 2002; and
- "Paternity Leave"** means such a period of absence granted by the Participating Employer as defined under the Paternity and Adoption Leave Regulations 2002.

<sup>103</sup> Rule 13(6) was deleted by clause 2(2)(b) of the deed of amendment dated 6 July 2004.

<sup>104</sup> This rule was substituted by clause 2(2)(c) of the deed of amendment dated 6 July 2004.

- (2) Paternity Leave, the first 26 weeks of Maternity Leave, the first 26 weeks of Adoption Leave and any period of Paid Parental Leave shall be counted as Contributory Membership and Linked Qualifying Membership and during this period:
  - (a) pension benefits under Rule 17 shall continue to accrue as normally provided thereunder;
  - (b) Member's contributions paid in respect of such period under Rule 13 shall not exceed 5% of Family Leave Pay; and
  - (c) the Member will be treated as remaining in Service for the purpose of entitlement to death benefits under Rules 24 to 26 which will be calculated by reference to the remuneration the Member would be likely to be receiving if the Member were working normally.
- (3) Adoption Leave which follows the first 26 weeks, Maternity Leave which follows the first 26 weeks (unless the Member applies under paragraph (4) of this Rule) and any period of Parental Leave which is not Paid Parental Leave:
  - (a) shall not be counted as Contributory Membership nor Linked Qualifying Membership; and
  - (b) no Member's contributions shall be payable under Rule 13 and no pension benefits shall accrue under Rule 17 during such a period.
- (4) In relation to Maternity Leave, if the Member so applies, paragraph (3) of this Rule shall not apply so that, during the relevant period, Member's contributions shall be payable under Rule 13 and pension benefits shall accrue under Rule 17 as normally provided thereunder. Such application shall be made in writing by the Member to the Trustees before the commencement of the Maternity Leave or within such period as the Trustees may determine.
- (5) If, after a period of Family Leave, the Member returns to work in accordance with the relevant statutory rights, the periods to be counted as Contributory Membership or Linked Qualifying Membership immediately before, during and after his or her absence will be treated as one unbroken period.
- (6) If the Member fails to return to work at the end of the Member's Family Leave in accordance with the terms of any legal right, the Member will be treated as having left Service at the end of:
  - (a) in the case of Maternity or Adoption Leave, the first 26 weeks of that Maternity Leave or Adoption Leave;
  - (b) in the case of Parental Leave, that Parental Leave; and
  - (c) in the case of Paternity Leave, that Paternity Leave.

#### 15. **Leave without Pay**

- (1) Where a Member is absent on leave without pay and Rule 14 does not apply he may elect to:
  - (a) remain liable for his own contributions to the Scheme and shall pay them

during the period of leave, and in addition after 13 weeks of such leave he shall, at the discretion of the Participating Employer, be liable to pay special additional contributions equal to the Employer's Contribution under Rule 16, such special additional contributions not to be included in the Member's Total Contributions;<sup>105</sup> or

- (b) if the period of leave exceeds 13 weeks, not be liable for any contributions and the period of leave shall not be regarded as Contributory Membership of the Scheme, no benefits shall be payable from the Scheme in respect of such period and such period shall not be part of the Member's Linked Qualifying Membership.
- (2) An election made under paragraph (1) of this Rule shall be made before the commencement of the leave or within such period thereafter as the Trustees shall in their absolute discretion permit.

#### 16. Employers' Contributions<sup>106</sup>

- (1A) The following provisions apply except as otherwise provided in overriding legislation.
- (1) (a) The Principal Employer and each other Participating Employer shall pay to the Trustees in respect of each Scheme Year an amount (the "Employer's Contribution") calculated by reference to the total contributions paid by their respective Members in that Scheme Year excluding Voluntary Contributions and special additional contributions under Rule 15;
  - (b) The amount of the Employer's Contribution for each Participating Employer shall be determined, in accordance with the following paragraphs, by the Principal Employer on the advice of the Actuary and having considered any recommendations made by the Trustees under Rule 43(6)<sup>107</sup>; and
  - (c) The Employer's Contribution payable by one Participating Employer may be different from that payable by another.
- (2) Subject to paragraphs (3), (4) and (5) below, the amount of the Employer's Contribution shall, together with the amount of the Member's Contribution, be at least sufficient to match the cost of the year-by-year accrual of benefits, as determined by the Actuary.
- (3) If the actuarial valuation shows an excess of assets over liabilities in respect of any Section<sup>108</sup>, all or part of such excess may be used to reduce the Employer's Contribution, calculated in accordance with paragraph (2) above, by such amount as the Actuary considers will, if maintained on a consistent basis over a period of not less than ten years, eliminate such excess.
- (4) If the actuarial valuation shows an excess of liabilities over assets in respect of any Section<sup>109</sup>, the Employer's Contribution, calculated in accordance with paragraph (2) above, shall be increased by such amount as the Actuary considers will, if

<sup>105</sup> This rule was amended by paragraph 7 of schedule 3 to the deed of amendment dated 11 April 2001.

<sup>106</sup> This rule has been amended to take account of overriding legislation.

<sup>107</sup> This rule was amended by clause 3(3) of the deed of amendment dated 6 July 2004.

<sup>108</sup> This rule was amended by paragraph 9 of schedule 3 to the deed of amendment date 11 April 2001.

<sup>109</sup> This rule was amended by paragraph 9 of schedule 3 to the deed of amendment date 11 April 2001.



maintained on a consistent basis over a period of not more than ten years, eliminate such excess.

- (5) In any event, the Employer's Contribution:
- (i) in respect of a Member who was, prior to 1 April 1989, a member of an Existing Scheme, shall be not less than  $2\frac{1}{3}$  times the contribution paid by that Member; and
  - (ii) in respect of any other Member, shall be not less than 2.10 times the contribution paid by that Member.
- (6) For the period from 1 April 1989 to 31 March 1994, the Employer's Contribution shall be of equivalent value to a multiple of 1.25 times the total contributions paid by their respective Members in that period excluding Voluntary Contributions and special additional contributions under Rule 15.
- (7) The Employer's Contribution, to the extent that it does not exceed the amount determined in accordance with paragraph (5) above, shall be paid to the Trustees within the same period as that provided for by Rule 13(3) for the payment to the Trustees of amounts deducted in respect of Members' Contributions, or within such longer period as the Trustees may agree. If a Participating Employer fails to pay a contribution when it becomes due, the Trustees may, without prejudice to their power to terminate its participation under Rule 2B(c)<sup>110</sup>, require that Participating Employer to pay interest on it at whatever reasonable rate and for whatever period of the delay they decide.
- (8) The rate of the Employer's Contribution for each Participating Employer may be changed, between actuarial valuations, to such rate as the Principal Employer, having considered the advice of the Actuary and with the consent of the Trustees, decides is appropriate in the circumstances. For the avoidance of doubt, the Actuary need not carry out an actuarial valuation in order to advise under this sub-rule (8).
- (9) The Participating Employers shall pay contributions at the rates and on the due dates set out or referred to in any schedule of contributions prepared, maintained and from time to time revised by the Trustees in accordance with the 2004 Act. If a Participating Employer makes a payment to the Scheme after it was due the Trustees shall, if required by the 2004 Act disclose or report that fact to the persons, and at the times required by the 2004 Act.
- (10) A Participating Employer may elect to pay to the Trustees in respect of a Scheme Year contributions in excess of the Employer's Contribution.<sup>111</sup>

#### 16A Further Employer's Contributions

The Trustees may require the Principal Employer and each other Participating Employer to pay to the Trustees such further contributions, in addition to the Employer's Contribution determined under Rule 16, as the Actuary advises to be required to meet any increase in cost immediately arising from the introduction of the Appropriate Percentage as referred to in Rules 11(1) and 11(2), until the determination of the Employer's Contribution arising from the actuarial valuation of

<sup>110</sup> This rule was amended by clause 3(2)(a) of the deed of amendment dated 6 July 2004.

<sup>111</sup> This rule was inserted by the deed of amendment dated 11 April 2001 and has subsequently been amended by the adoption of this consolidation.

the Scheme next following that undertaken as at 31 March 1997. For the avoidance of doubt, the Actuary need not carry out an actuarial valuation of the Scheme in order to advise under this Rule 16A.

## **BENEFITS**

### **17. Retirement at Scheme Pension Age<sup>112</sup>**

(1) A Member who leaves Service at or after Scheme Pension Age shall be entitled to receive a pension under this Rule, payable in accordance with Rule 33, from the date of his leaving Service during his lifetime.

(2) The annual amount of this pension shall be 1/60th of Pensionable Salary for each year of Total Membership,

LESS, for Existing Members: £10.10 per annum for each year of Total Membership, or, if shorter:

(a) the period from 1 January 1971 to the date the Member left Service, if he retired before 1 October 1993; or

(b) the period from 1 October 1993 to the date the Member left Service, if he retired on or after 1 October 1993.

(3) Where a Member has either:

(a) suffered a reduction in Contributory Pensionable Salary; or

(b) become an LUL Company Plan Employee;

during his Contributory Membership (the date of the change being called in this Rule 17(3) the "Relevant Date"), the pension under paragraph (2) of this Rule shall be a minimum of the sum of:

(a) a pension based on his Total Membership up to the Relevant Date calculated on his Contributory Pensionable Salary immediately before the Relevant Date (increased in accordance with Rule 28 for the period since the Relevant Date); and

(b) a pension based on his Pensionable Salary for the Total Membership since the Relevant Date.

For the purposes of this Rule 17(3) only, the Contributory Pensionable Salary of a Member who has completed one or more periods of Part-Time Service shall be calculated on the basis set out in Rule 11(2)(b) and 11(2A).

### **18. Variation to Scheme Pension Age: Late Retirement<sup>113</sup>**

(1) An Existing Member may opt (in writing to the Secretary), before or within 3 months after attaining age 60 or such other date as the Trustees may decide from time to time that, for the purpose of this Rule 18, his Scheme Pension Age is 60.

<sup>112</sup> This rule is amended by the adoption of this consolidation.

<sup>113</sup> This rule is amended by the adoption of this consolidation.

Contributions will then cease and his pension on leaving Service on or after attaining age 60 will be calculated as set out in (3) below.

- (2) A Member subject to Scheme Limits who remains in Service after attaining age 65, may elect to receive a pension payable from the date of attaining age 65 and calculated as if he had left Service on that date.
- (3)<sup>114</sup> A Member who remains in Service after attaining Scheme Pension Age and who is not in receipt of a pension under (2) above, may as an alternative to a pension payable under Rule 17 elect (by notice in writing to the Secretary within such period as the Trustees determine) to receive a pension under this Rule payable from the date of his leaving Service during his lifetime. Subject to Scheme Limits, such pension shall be the pension he would have received had he left Service at Scheme Pension Age, together with a bonus pension of two-thirds of one per cent of that pension for each complete month by which his leaving Service is deferred after Scheme Pension Age provided that such deferment is at least six months.

### 19. Ill-Health Retirement

- (1) Subject to Rule 19(5), a Member who leaves Service before Scheme Pension Age and, in the opinion of the Trustees and on production of such evidence as they require, is prevented by mental or physical incapacity from the performance of his duties shall be entitled to benefits under Rule 20 or alternatively under this Rule. If such incapacity is, in the opinion of the Trustees, the result of his own misconduct or neglect, the Trustees may at their discretion disqualify him from taking benefits under this Rule.
- (2) The benefit under this Rule shall be:
  - (a) if Total Membership is less than two years, a lump sum of one quarter of Pensionable Salary, PLUS:

if he has completed at least two years' Linked Qualifying Membership, a pension payable from State Pension Age during his lifetime equal to his Guaranteed Minimum Pension. Rules 24, 25 and 26 shall not apply; or
  - (b) if Total Membership is more than two years but less than five years, or more than 40 years, a pension calculated in accordance with Rule 17; or
  - (c) if Total Membership is at least five years but less than 40 years, a pension calculated in accordance with Rule 17 as if Total Membership included an extra period of the shorter of 10 years and the period between the date of leaving Service and the date the Member will attain Scheme Pension Age, but with a maximum of 40 years.<sup>115</sup> For the avoidance of doubt, the £10.10 per annum deduction for Existing Members will apply in respect of such period of Total Membership<sup>116</sup>. The pension so payable in respect of such extra period shall not be exchangeable for a lump sum under Rule 22 except in the circumstances described in Rule 22(5).<sup>117</sup>

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<sup>114</sup> Rule 18(3) has been amended to take account of the interim amendments in clause 7 of the deed of variation dated 31 March 2008 and is amended further by the adoption of this consolidation.

<sup>115</sup> Rule 19(2)(c) is amended by the adoption of this consolidation.

<sup>116</sup> This rule has been amended in accordance with clause 2 of the deed of variation dated 31 March 2008.

<sup>117</sup> This rule was amended by clause 6 of the deed of amendment dated 8 January 2002.

If at the date of leaving Service the Member was in Part-Time Service, the extra period shall be multiplied by the fraction C/D; where C is the number of his weekly contractual hours of work at the date of leaving Service, and D is the number of standard weekly contractual hours of work of a full-time employee in the same or equivalent position (which in case of doubt shall be determined by the Participating Employer.)

- (3) Subject to Rule 19(5), the pension payable under Rule 19(2) (b) or (c) shall be payable from the date of his leaving Service for the lifetime of the Member.
- (4) Subject to Rule 19(5), if a Member who has elected to receive a deferred pension in accordance with Rule 20 becomes, before that pension commences, incapacitated from undertaking remunerative employment by bodily or mental infirmity he shall, on the production of such evidence as the Trustees may require, be entitled to receive immediately the benefits which would have been payable at or from Scheme Pension Age including any increase in the deferred pension accrued to date under Rule 28.
- (5) The Trustees may in their absolute discretion vary or suspend the pension payable under Rule 19(2)(b) or (c) or 19(4) as they deem the circumstances justify if the Member:
  - (a) is, in the opinion of the Trustees, at any time (in the case of a Member leaving Service, whether before or after he leaves Service) capable of earning an income, or
  - (b) does not when so requested supply evidence of continued ill-health satisfactory to the Trustees.
- (6) A decision made by the Trustees under paragraph (1) of this Rule to disqualify a Member from taking benefits under this Rule may be reviewed at any time by the Trustees and if, after review, such decision to disqualify is reversed, the Member shall be entitled to take benefits under this Rule as if the decision to disqualify had never been made,

## 20. Leaving Service

- (1) If a Member leaves Service before Scheme Pension Age without qualifying for a benefit under any other Rule then he shall be entitled to one of the benefits under this Rule. He may elect such benefit from Benefit I, II, IV or V if his Linked Qualifying Membership is less than two years, or Benefit II, III, IV or V if his Linked Qualifying Membership is at least two years.
- (2) The benefits referred to in paragraph (1) of this Rule are as follows:
  - (I)<sup>118</sup> a lump sum equal to the Member's Total Contributions provided that such a lump sum may be subject to recovery therefrom under section 61 of the 1993 Act of any part of any contributions equivalent premium recoverable under the said section. In addition the said contributions equivalent premium shall be paid;
  - (II) a deferred pension payable in accordance with Rule 21 and calculated as at the date of leaving Service in accordance with Rule 17;

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<sup>118</sup> This has been amended to reflect statutory changes.

- (III) a deferred pension payable in accordance with Rule 21 and calculated as at the date of leaving Service in accordance with Rule 17 but taking into account only membership since 6 April 1975;
- (IV) a transfer payment, which is a recognised transfer payment for the purposes of section 169 of the Finance Act 2004, paid on his behalf to a Registered Pension Scheme or a Qualifying Overseas Scheme of which he has become a member<sup>119</sup>. The amount of the transfer payment shall be determined by the Actuary. The Principal Employer shall provide the Trustees with a copy of its instructions to the Actuary to make such a determination and the Actuary shall provide the Trustees with a copy of its Report at the same time as the Report is provided to the Principal Employer. The amount so determined by the Actuary shall be either the value of Benefit II hereunder or such greater amount as may be agreed between the Actuary and the Participating Employer<sup>120</sup>, after consultation with the Trustees, not exceeding the amount calculated using the formula  $A/B \times C$  (the "Maximum Amount") where:
- A is the value of the liabilities of the Scheme for and in respect of the Member based on Total Membership completed
  - B is the value of the liabilities of the Scheme for and in respect of all Members, Dependants and Eligible Children, for Contributing Members based upon Total Membership completed and for other Members, Dependants and Eligible Children based upon the pensions actually and/or prospectively payable to, and in respect of, them
  - C is the market value of the assets of the Scheme

In placing a value on the liabilities for the determination of A and B, the Actuary shall use an ongoing valuation basis including assumed rates of future salary increases.

If the transfer payment is more than the value of Benefit II, the Maximum Amount may be adjusted in such manner as the Actuary may specify to take account of the period of time (if any) between the dates as at which the Maximum Amount is calculated and the date on which the transfer payment is made.

In no event shall the amount of the transfer payment be less than the cash value of the Member's Guaranteed Minimum Pension as calculated under the 1993 Act. The Secretary shall:

- (a) certify to the administrator of the Registered Pension Scheme or the Qualifying Overseas Scheme<sup>121</sup> the amount included in the transfer payment which represents the Member's Total Contributions both in respect of the period before and after 6 April 1975, and the period of Linked Qualifying Membership which the Member had completed when he left Service; and

<sup>119</sup> This has been amended to reflect to reflect tax changes on and after 6 April 2006.

<sup>120</sup> This rule was amended by paragraph 7 of schedule 3 to the deed of amendment date 11 April 2001.

<sup>121</sup> This has been amended to reflect statutory changes and to reflect tax changes on and after 6 April 2006.

- (b) (i) obtain a written assurance from the administrator of the Registered Pension Scheme or the Qualifying Overseas Scheme that liability for the Member's Guaranteed Minimum Pension is accepted by the Registered Pension Scheme or the Qualifying Overseas Scheme and that all contracting-out requirements appertaining thereto under section 20 of the 1993 Act are met;<sup>122</sup> or
- (ii) pay a contributions equivalent premium as defined in section 55(2) of the 1993 Act in respect of the Members Contracted-out Employment.

<sup>123</sup>No transfer payment shall be made under this paragraph in respect of a Member who is a protected person for the purposes of Schedule 32 to the Greater London Authority Act 1999, in any case where article 5 of the London Transport Pension Arrangements Order 2000 applies, unless:

- (a) the employer has obtained a certificate from an actuary appointed by the Trustees for the purpose that in his opinion:
    - (i) the pension rights acquired by and in respect of him under the receiving scheme as a result of the payment are overall materially at least as good as those in respect of him under the Scheme at the date of the relevant transaction (as defined in those Regulations); and
    - (ii) the pension rights which accrue to or in respect of him under the receiving scheme in respect of his service after he begins to participate in the receiving scheme are overall materially at least as good as the pension rights accruing to or in respect of him under the Scheme in respect of service immediately before that transaction; or
  - (b) the Member has agreed in writing that no such certificate need be obtained.
- (V) a payment of an amount determined by the Actuary in respect of the Member made to a Life Insurance Company for the purchase of an annuity or life insurance policy or personal pension scheme as defined in the 1993 Act securing benefits of any amount<sup>124</sup>, provided that the Secretary shall obtain a written assurance from that Life Insurance Company or personal pension scheme provider that liability for the Member's Guaranteed Minimum Pension (and all contracting-out requirements appertaining thereto under the 1993 Act) is accepted by the Life Insurance Company or the personal pension scheme provider.

- (3) A Member who qualifies for a benefit under this Rule and who fails to make an election under paragraph (1) of this Rule within three months of leaving Service (or such longer periods as the Trustees may determine) shall be deemed to have elected to receive Benefit I or, if he is not entitled to that Benefit, Benefit II.

<sup>122</sup> This has been amended to reflect statutory changes to reflect tax changes on and after 6 April 2006.

<sup>123</sup> The following sub-rules (a) to (b) were inserted by paragraph 10 of schedule 3 to the deed of amendment date 11 April 2001.

<sup>124</sup> This has been amended to reflect statutory changes.

- (4) If a Member has at least two but less than five years Linked Qualifying Membership and elects to receive a deferred pension under this Rule, then the Trustees may at their discretion purchase an Open Market Option to secure for the Member an annuity equivalent thereto. He shall then have no further claim on the Scheme.
- (5)<sup>125</sup> (a) If a Member of one Section enters the employment of a Participating Employer in another Section and thereupon becomes a Member of that other Section, his Service shall, subject to paragraph (b) of this Rule 20(5), for all purposes of the Scheme be deemed to remain continuous; and a transfer payment shall be made in respect of him from the previous Section to the new Section. The amount of the transfer payment shall be determined by the Actuary and shall comprise a number of Units equal to the value of the liabilities of the Scheme, as at the most recent Valuation Date, for and in respect of the Member based on his Total Membership completed to the date of joining the new Section, using an ongoing valuation basis including assumed rates of future salary increases.<sup>126</sup>
- (b) For the purposes of calculating a cash lump sum at retirement but not otherwise, Rule 20(5)(a) applies to a Member in respect of Service throughout which he remains a protected person employed in the London underground railway industry for the purposes of Schedule 32 to the Greater London Authority Act 1999.
- (6) A Member who qualifies for a deferred pension under this Rule (excluding a person who has opted out under Rule 9) may elect (by notice in writing to the Secretary within such period as the Trustees determine) to receive it from such future date after age 60 as the Member shall elect. Such pension shall be calculated as the pension the Member would have received at age 60, together with a bonus pension of two-thirds of one percent of that pension for each complete month by which the start of his pension is deferred after age 60 provided that such deferment is at least six months.<sup>127</sup>

## 21. Early Retirement

- (1) A Member who has elected to receive a deferred pension under Rule 20 and has attained Minimum Pension Age<sup>128</sup> may elect to receive instead of the deferred pension an immediate pension payable from such election during his lifetime calculated, in the case of a Member leaving Service on or after 17 May 1990, by multiplying the deferred pension by the percentage shown in the following table:

Exact Age at Election	%	Exact Age at Election	%
60 or more	100	54	79
59	96	53	76
58	92	52	73
57	88	51	70
56	85	50	67
55	82		

<sup>125</sup> This rule was inserted by paragraph 11 of schedule 3 to the deed of amendment date 11 April 2001.

<sup>126</sup> This rule was amended by paragraph 7 of schedule 3 to the deed of amendment date 11 April 2001.

<sup>127</sup> Rule 20(6) has been added by the adoption of this consolidation

<sup>128</sup> This has been amended to reflect tax changes on and after 6 April 2006.

And for the interim ages, the percentage shall be calculated by proportional interpolation between the percentages applicable to the nearest exact ages.

- (2) A Member under age 60 may not exchange a deferred pension for an immediate pension in accordance with paragraph (1) of this Rule if to do so would result in the immediate pension being less than the Guaranteed Minimum Pension increased at such annual rate as may be determined by the Trustees, having taken the advice of the Actuary, between the date of retirement and State Pension Age.

#### 21A Transfers between Sections<sup>129</sup>

- (1) If a Member of a New Section opts out or leaves Service and becomes entitled to a deferred pension, retires with an entitlement to an immediate pension, or dies, a transfer payment will be made in respect of him from the New Section to the TfL Section<sup>130</sup>, if the New Section is one to which this Rule applies for the time being.
- (2) The Trustees may propose, by written notice to the Principal Employer and the Participating Employer, that this Rule shall apply to a New Section if the Trustees consider this to be justified on financial or investment management grounds. The notice must be given at least twenty-eight days before the date from which the arrangement is to take effect (the "Implementation Date").
- (3) The Trustees may adopt and may from time to time amend regulations which will govern the application of this Rule and shall inform a Participating Employer to whom notice is given under this Rule of the content of those regulations.
- (4) The Principal Employer and the Participating Employer must agree the Trustees' proposal unless either of them considers the proposal is not justified on financial or investment management grounds, in which case it must give written notice to the Trustees stating the reasons for its objection, at least seven days before the Implementation Date.
- (5) The amount of the transfer payment will be determined by the Trustees in accordance with tables adopted from time to time by them on the advice of the Actuary. The transfer payment may be made up of Units and/or cash. If Units are transferred, they will be valued for this purpose as at the most recent Valuation Date.
- (6) If the transfer payment actually made or expected to be made is not sufficient to secure the benefits payable to or in respect of the Member, then the Participating Employer of the Member may make a special contribution to the New Section to increase the transfer payment so that it is sufficient to secure those benefits. If the Participating Employer does not do this, then the benefits payable to or in respect of the Member will be reduced in such manner as the Trustees think fit so that the amount of those benefits is equal in value to the transfer payment actually made. Details of any such reduction shall be recorded in a register maintained for this purpose by the Secretary which shall be conclusive as to the existence and terms of such reduction.

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<sup>129</sup> This rule was inserted by paragraph 12 of schedule 3 to the deed of amendment date 11 April 2001.

<sup>130</sup> This rule was amended by clause 2(e) of the deed of variation dated 11 March 2005.



- (7) On any occasion when a transfer payment is made under this Rule in respect of a Member, at a time when any Pension Credit Rights exist under the Scheme which arose from a Pension Sharing Order made in respect of that Member, the Trustees may if they think fit transfer the Pension Credit Rights to the Section to which the transfer payment in respect of the Member is made.

## 22. **Commutation of Pension**<sup>131</sup>

- (1) At the time a pension becomes payable to a Member he may, subject to paragraph (7) of this Rule, elect to exchange any part of it in excess of the Guaranteed Minimum Pension for a lump sum payment. The lump sum payment must not exceed the maximum permitted as a "pension commencement lump sum" as specified in paragraph 2 of Schedule 29 to the Finance Act 2004 (as amended where appropriate by Schedule 36 of the Finance Act 2004).
- (2) The commutation rate will be decided by the Trustees from time to time having taken the advice of the Actuary.
- (3) This Rule shall not apply to pensions payable to or in respect of the Dependant or Eligible Children of the Member.
- (4) The election referred to in this Rule shall cease to be exercisable after a pension becomes payable to a Member.
- (5) If the Trustees receive evidence from a registered medical practitioner that the Member is expected to live for a period of less than one year then before the pension has come into payment the Member may, with the consent of the Participating Employer and the Trustees, elect to exchange all of the benefits to which he or she is actually or prospectively entitled for a lump sum provided all the conditions of paragraph 4 of Schedule 29 of the Finance Act 2004 are satisfied. The basis of calculating the lump sum will be determined by the Trustees having taken the advice of the Actuary. Any pension or pensions contingently payable on the Member's death will be treated as a new arrangement within section 152 of the Finance Act 2004 and will be separate from the arrangement under which the lump sum is payable to the Member.
- (6) A Member may commute his Equivalent Pension Benefits provided that the conditions set out in regulation 2 of the Registered Pension Schemes (Authorised Payments) Regulations 2006 are fulfilled.
- (7) A Member may not exchange any part of an addition to a pension in payment arising from an increase in Pensionable Salary applied retrospectively.

## 23. **Variable Pension Option**

- (1) At the time a pension becomes payable to a Member he may, subject to paragraphs (5) and (6) of this Rule, elect to exchange part thereof for an additional pension which shall be payable immediately but which shall cease to be payable at State Pension Age or earlier death provided that the Member shall not exchange so much of his pension as to provide him with an additional pension in excess of one-and-one half times the Flat-rate State Pension applicable on the date of such election.

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<sup>131</sup> This rule has been amended to reflect tax changes on and after 6 April 2006.

- (2) The additional pension shall be determined by multiplying the annual pension exchanged by such factor as may be determined by the Trustees on the advice of the Actuary.
- (3) This Rule shall not apply to a pension payable under Rules 19, 24 and 25.
- (4) The election referred to in this Rule shall cease to be exercisable after the expiry of four weeks from the date a pension became payable to a Member or such longer period as the Trustees may determine.
- (5) A Member may not exchange such an amount of pension as would make the pension excluding the additional pension remaining to him less than the greater of:
  - (a) the total of his Equivalent Pension Benefits and Guaranteed Minimum Pension increased by such rate as may be determined by the Trustees, having taken the advice of the Actuary, between the date of retirement and State Pension Age; and
  - (b) one-half the pension that would have been payable to him before the application of this Rule and Rule 22.
- (6) A Member may not exchange any part of an addition to a pension already in payment arising from an increase in Pensionable Salary applied retrospectively.
- (7) Any exchange of pension under Rule 22 shall be made before the application of this Rule.

#### 24. **Widow's, Widower's or Civil Partner's Pension**<sup>132</sup>

If a Member dies leaving a widow, widower or Civil Partner then a pension shall be paid to the widow, widower or Civil Partner for any period such as is mentioned in section 17 of the 1993 Act. The amount of this pension shall be the minimum amount described in Rule 5.3, Rule 5.5 or Rule 5.6A (as the case may be) of Appendix 1 to these Rules provided that in relation to the widow, widower or Civil Partner of any Member who was a member of an Existing Scheme at 1 April 1989, the annual amount of the pension payable under this Rule shall not be less than 1/160<sup>th</sup> of the annual average of the Member's Pensionable Salary for the last three years of his Contributory Membership (or, if such period is less than three years, for the whole period of his Contributory Membership) for each year of Contracted-out Employment.

#### 24A **Survivor's Minimum Pension**<sup>133</sup>

- (1) Subject to (2) below, a pension will be payable under this Rule 24A to the widow, widower or Civil Partner ("the survivor") of any Member who was not a member of an Existing Scheme at 1 April 1989 and who dies after 5 April 1997.
- (2) Unless the Trustees otherwise determine, a pension under (1) above will not be paid if:
  - (a) the survivor is a Dependant; or

<sup>132</sup> This has been amended to reflect the statutory changes and the provision of benefits for civil partners.

<sup>133</sup> This rule has been updated by the adoption of this consolidation to reflect the provision of benefits for civil partners.

- (b) the Member married or entered into a civil partnership with the survivor after having received benefits from the Scheme; or
  - (c) at the time of the Member's death, the survivor is living together as husband or wife or as Civil Partner with another person to whom he or she is not married or in civil partnership with; or
  - (d) the circumstances of the survivor fall within any circumstances that may be prescribed for the purposes of section 12B(4)(a) of the 1993 Act.
- (3) The pension payable under (1) above will be:
- (a) payable only in respect of the Member's Contracted-out Employment after 5 April 1997;
  - (b) of such annual amount as, in the opinion of the Scheme Actuary (as defined in Rule 43(1)), is necessary to enable the Scheme to satisfy the statutory standard referred to in section 12A of the 1993 Act; and
  - (c) payable for life but will cease if the survivor remarries or lives together as husband and wife or as Civil Partner with another person to whom he or she is not married or in civil partnership unless the Trustees otherwise determine

**25. Dependants' and Eligible Children's Pensions.**

- (1) If a Member dies in any of the circumstances referred to in paragraph (2) of this Rule a pension shall be payable to or in respect of his Eligible Children and Dependants. Subject to paragraph (3) of this Rule the amount of this pension shall be one half of the Member's Pension in respect of the Dependant and, in the case of a Member dying on or after 1 January 1993, a total of one half or, if no pension is payable to a Dependant, the full amount of the Member's Pension, to be divided equally between the Eligible Children up to four in number provided that no Eligible Child shall be entitled to receive more than one quarter or, if no pension is payable to a Dependant, one half of the Member's Pension.
- (2) The Member's Pension referred to in paragraph (1) of this Rule shall be:
- (a) if the Member dies in Service after completing at least two years' Total Membership but has not attained Scheme Pension Age, the pension before any exchange under Rule 22 or 23 that would have been payable to the Member under Rule 19 if he had retired due to incapacity on the day he died; or
  - (b) if the Member dies in Service after attaining Scheme Pension Age, the pension before exchange under Rule 22 or 23 that would have been payable to the Member under Rule 17 or Rule 18 if he had retired on the day of his death<sup>134</sup>; or

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<sup>134</sup> This rule is amended by the adoption of this consolidation

- (c) if the Member dies whilst receiving a pension under Rule 21, provided that he had completed at least two years' Total Membership, or under Rule 17, 18 or 19, the pension that would have been payable to the Member at the date of his death with the following qualifications:
- (i) any exchange under Rule 22 or 23 shall be disregarded; and
  - (ii) for the purpose of calculating the pension payable to a Dependant who is in receipt of a pension payable under Rule 24 there shall have been included any pension increase that had been made under Rule 28; and
  - (iii) for the purpose of calculating the pension payable to a Dependant who is not in receipt of a pension payable under Rule 24, there shall be included any pension increase that would have been made under Rule 28 if Rule 28(4)(b) had not applied; or
- (d) if the Member had completed at least two years' Total Membership and dies after electing to receive a deferred pension under Rule 20, the pension that would have been payable to the Member under Rule 21 from Scheme Pension Age with the qualifications set out in sub-paragraph (c) above.
- (3) During such period as a pension is payable to the widow, widower or Civil Partner of a Member under Rule 24, the pension payable to or in respect of any Dependant (but not the pension payable to or in respect of any Eligible Child) under this Rule shall be reduced by the amount of pension payable under Rule 24.<sup>135</sup>
- (4) In the event the Trustees, pursuant to Rule 2D, stop an Eligible Child's pension at age 23 they may (if in their opinion there is a reasonable expectation that the child will remain in full time education beyond the age of 23) may make an additional payment to such child as follows. The payment will be made before the child reaches age 23 and must not exceed two times the rate of the child's pension in payment and may be payable in such amounts and at such times as the Trustees decide.<sup>136</sup>

## 26. Lump Sum Death Benefits<sup>137</sup>

- (1) If a Member dies in Service a lump sum of four times his Pensionable Salary (ignoring the Scheme Earnings Cap in the case of a member who dies after 5 April 2006) may, at the discretion of the Trustees, be paid to such one or more of the persons described in paragraph (6) below and in such shares as the Trustees, in their absolute discretion, think fit.<sup>138</sup>
- (2) If a Member dies after leaving Service, a lump sum may, at the discretion of the Trustees, be paid to such one or more of the persons described in paragraph (6)

<sup>135</sup> This rule was amended by clause 9 of the deed of amendment dated 8 January 2002 and has subsequently been amended by the adoption of this consolidation to reflect the provision of benefits for civil partners.

<sup>136</sup> This rule has been amended to reflect tax changes on and after 6 April 2006.

<sup>137</sup> This clause was amended in accordance with clause 1 of schedule 1 to a deed of variation dated 7 March 2007.

<sup>138</sup> This rule has been amended by a resolution dated 26 March 2007.

below and in such shares as the Trustees, in their absolute discretion, think fit. The amount of the lump sum will be:

- (a) if he was receiving a pension under Rule 19(2)(c) but had not attained Scheme Pension Age, four times the Member's Pensionable Salary; or
  - (b) if he was receiving a pension under Rule 19(2)(b) and died within five years of leaving Service but before Scheme Pension Age, four times the Member's Pensionable Salary; or
  - (c) if otherwise and there is no pension payable under Rule 24 or 25, the lesser of five times the Member's Pension defined in Rule 25(2) (ignoring the requirement for at least two years' Total Membership) or four times the Member's Pensionable Salary; or
  - (d) if otherwise and there is a pension payable under Rule 24 or 25, the lump sum which would have been payable if the maximum amount of the Member's Pension as defined in Rule 25(2) had been commuted in accordance with Rule 22 as it stood immediately before 6 April 2006.<sup>139</sup>
- (3) The lump sum payable under paragraphs (1) or (2) of this Rule shall be reduced by the amount of pension and lump sum already paid to the Member.
  - (4) In the case of a Member dying between 1 September 1990 and 30 June 1993 inclusive, paragraphs (1) and (2) above shall take effect as if the words "three times" were substituted for the words "four times" wherever the same appear.
  - (5) In the case of a Member who was in Part-Time Service for any period during the 12 months preceding his death, his Pensionable Salary for the purposes of this Rule 26 shall be whichever is the greater of:
    - (a) the Appropriate Percentage of his annual rate of salary at the date of his death, LESS, for a New Member, the Lower Earnings Limit at that date multiplied by the fraction A/B (as defined in Rule 11A(a)); and
    - (b) his Contributory Pensionable Salary at the date of his death as determined under Rule 11(2).
  - (6) The persons referred to in paragraphs (1) and (2) above are:
    - (a) the Member's husband or wife, Civil Partner or unmarried partner;
    - (b) the Member's children;
    - (c) the parents, grandparents and great-grandparents of the Member and the Member's husband or wife, Civil Partner or unmarried partner;
    - (d) the descendants of the persons mentioned in (b) and (c) above;
    - (e) the husbands and wives, Civil Partners or unmarried partners of the persons mentioned in (b) and (c) above;

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<sup>139</sup> This rule has been amended in accordance with the resolution dated 19 June 2008.

- (f) any former husband or wife, Civil Partner or unmarried partner of the Member
- (g) any Dependant of the Member;
- (h) any person (including a charity, society or club) nominated by the Member by notice in writing received by the Trustees during the Member's lifetime;
- (i) any person beneficially entitled under the Member's Will, in respect of which a grant of representation has been obtained;
- (j) the Member's legal personal representatives;
- (k) the trustees of a trust (including one set up for this purpose by the Trustees for the benefit of any one or more of the persons mentioned in paragraphs (a) to (j) above). The Trustees will decide the terms of any such trust which may include powers wider than those given to trustees under statute (including those of investment, maintenance, advancement, appropriation and insurance). Any costs, expenses and tax incurred in setting up such a trust or making a payment to it may, if the Trustees decide, be deducted from the lump sum.

A person's unmarried partner for the purpose of this Rule means the partner they are living with as if they were married or in a civil partnership.

The descendants of a Member (or of a Member's descendant) include a stepchild or a legitimated, adopted or illegitimate child.

Any part of a lump sum death benefit which remains unpaid 24 months after the date on which it became payable (or such longer period as the HMRC will allow) will be paid to the Member's legal personal representatives, unless and to the extent that the Crown, the Duchy of Lancaster or the Duke of Cornwall would benefit from a lump sum death benefit payable under this Rule, when it will be retained as part of the Fund.

- (7) The Trustees may make or authorise to be made such enquiries as they consider reasonable about the identity and whereabouts of any person who is or may be within a class of person mentioned in paragraph (6) or obtain any other relevant information in relation to any such person. The Trustees can accept any evidence of the relationship of a person to the Member that they consider to be sufficient.

The Trustees need to consider only those persons of whom they are aware at the time they use their discretion under this Rule 26 or could have discovered on making such enquiries as they considered reasonable in the circumstances. The Trustees shall not be held to have acted in breach of trust or otherwise to have been guilty of maladministration by reason of the fact that any enquiries made were either insufficient or inappropriate.

- (8) A Member may elect in writing to the Trustees, before his or her pension starts, to have any cash sum payable upon his or her death after commencement of pension treated for tax purposes as a "pension protection lump sum death benefit" (as defined in paragraph 14 of Schedule 29 of the Finance Act 2004.) In that event the

Trustees shall deduct from the lump sum any tax for which it may be liable to account for to HMRC under section 206 of the Finance Act 2004.<sup>140</sup>

**27. Additional Voluntary Contributions<sup>141</sup>**

- (1) A Member in Service (who has not opted out of membership under Rule 9) may elect to pay Voluntary Contributions to the Trustees provided that these together with any other contributions paid by the Member under these Rules or under any other Registered Pension Schemes (or, previously, retirement benefit schemes approved by HMRC) shall not exceed 15 per cent of his emoluments.

In relation to a Class A Member (as defined in Appendix 2) "emoluments" shall be limited to the Scheme Earnings Cap.<sup>142</sup>

- (2) A Member's Voluntary Contributions shall be credited to his AVC Account which shall be kept separate from the other assets subject to the Scheme and invested in such manner as the Trustees (with the consent of the Member) shall determine.

- (3) The monies credited to the Member's AVC Account shall be applied in the following manner:

(a) Unless the Trustees decide otherwise:

- (i) to the purchase of a life annuity (such annuity shall not be deemed a pension for the purpose of these Rules) for or in respect of the Member; or
- (ii) to the payment of a lump sum to the Member (subject to the limits and conditions set out in Rule 22(1))<sup>143</sup>

at the time his other benefits under the Scheme (apart from Benefit III under Rule 20) become payable.

- (b) If the Trustees decide, they may, instead of applying those monies as described in (a) above, use them to provide such benefits additional to those referred to elsewhere in these Rules in such form, and payable at such time, as the Member, with the consent of the Trustees, may decide and of such amount as the Trustees decide after consulting the Actuary and as are notified to the Member. The Trustees will not be responsible for the Member's decisions as to the form in which he takes such benefits or the time at which he takes them. Additional benefits can include a pension which is commutable into a capital sum.<sup>144</sup>

- (c)<sup>145</sup> Alternatively to (a) or (b) above the Trustees may comply with a Member's written request (in a form that satisfies the Trustees) to transfer part or all of his AVC Fund to one or more different Registered Pension Schemes or Qualifying Overseas Scheme (the "Receiving Scheme") provided that it is a

<sup>140</sup> This rule has been inserted to reflect tax changes on and after 6 April 2006.

<sup>141</sup> The rule has been updated to reflect statutory references.

<sup>142</sup> This has been amended by clause 4 of the deed of variation dated 31 March 2008.

<sup>143</sup> This has been amended to reflect tax changes on and after 6 April 2006.

<sup>144</sup> The end of this rule has been deleted to reflect tax changes on and after 6 April 2006.

<sup>145</sup> This rule was amended following clause 2 of schedule 1 to a deed of variation dated 7 March 2007 and then subsequently by the deed of variation dated 31 March 2008.

recognised transfer for the purpose of section 169 of the Finance Act 2004 and the trustees, managers or administrators of the Receiving Scheme are able and willing to accept the transfer payment and comply with any requirements the Trustees have in relation to the transfer.

Once such a transfer has been completed then:

- (i) the Member (and any persons claiming through the Member) will have no entitlement under the Scheme in relation to that part of the AVC Fund transferred; and
- (ii) the receipt by the trustees, managers or administrators of the Receiving Scheme will be a complete discharge to the Trustees who will be under no liability to see to the application of that part of the AVC Fund so transferred,

If the Member dies in Service (or after leaving Service but before an annuity has been bought in respect of him), the monies credited to his AVC Account shall be payable at the discretion of the Trustees to such one or more of the persons described in Rule 26(6) and in such shares as the Trustees, in their absolute discretion, think fit.

- (4) Any surplus Voluntary Contributions may only be returned (less tax) to the Member to the extent that the return constitutes a refund of excess contributions lump sum within the meaning of paragraph 6 of Schedule 29 of the Finance Act 2004 and is in accordance with HMRC requirements.<sup>146</sup>

147

## 28. Pension Increases

- (1) In this Rule:
  - (a) "**Index**" means the United Kingdom General Index of Retail Prices (for all items) published by the Central Statistical Office (January 1987 = 100), or in any index which may replace the same and which the Trustees may, after consulting the Actuary, consider to be comparable;
  - (b) "**Indexation Factor**", for each Scheme Year, means the amount (expressed as a percentage to one decimal place) by which the Index for the immediately preceding September exceeds the Index for the September before that; and
  - (c) "**Pension**" means any pension payable under the Rules (including a deferred or contingent pension which has not yet commenced but excludes any pension payable under Rule 24) and the rate of any Pension shall include any increase previously granted under the provisions of this Rule.
- (2) The rate of every Pension shall be increased annually by the Indexation Factor; the increase to take effect from 1 April in the Scheme Year.
- (3) Where a Pension commences on a date other than 1 April, the increase under paragraph (2) above for the year following the date of commencement shall be one twelfth (expressed as a percentage to one decimal place) of the Indexation Factor for

<sup>146</sup> This rule has been inserted to reflect tax changes on and after 6 April 2006.

<sup>147</sup> The previous sub-rules (4) – (6) have been deleted to reflect tax changes on and after 6 April 2006.



every complete month between the date of commencement and the following 31 March.

- (4) Notwithstanding the foregoing provisions of this Rule:
- (a) no increase payable to a New Member, his Dependant or Eligible Child shall exceed 5% of the Pension before the increase;
  - (b) if a New Member ceases to be in Contracted-out Employment before State Pension Age, that part of his deferred pension which is the Guaranteed Minimum Pension will be revalued in respect of the period up to State Pension Age in accordance with paragraph 6 of Appendix 1. If the commencement of his Guaranteed Minimum Pension is postponed after State Pension Age, it will be increased in accordance with paragraph 7.1 of Appendix 1;
  - (c) on that part of the Member's Pension in payment which is the Guaranteed Minimum Pension accrued up to 6 April 1988 no increase shall be paid, and on that part which is the Guaranteed Minimum Pension accrued after 5 April 1988 no increase shall exceed 3% per annum; and
  - (d) the increase in a Pension payable under Rule 25 shall be calculated as if the Pension being paid were that which would have been payable under that Rule if Rule 24 did not apply, but increases payable on that part of a Dependant's Pension which is a Guaranteed Minimum Pension calculated in accordance with sections 17(2) to 17(4) of the 1993 Act shall be dealt with as in (c) above.
- (5) Pensions payable from the Scheme to Members, Dependents and Eligible Children (including deferred or contingent Pensions) may be increased by such amount as the Trustees subject to the consent of the Principal Employer (which shall first consult the Participating Employer)<sup>148</sup> may approve.

**28A. Augmentation<sup>149</sup>**

- (1) Subject to (2) and (3) below the Trustees may, if the Participating Employer so requests, augment any benefit payable under the Scheme or pay a benefit to or for any Member or other person in addition to those payable under the Rules or otherwise than in accordance with the Rules.
- (2) The Participating Employer and the Trustees may use the powers under (1) above only if:
  - (a) The Participating Employer of the Member and/or the Member concerned agree to pay such additional contributions to the Scheme (if any) as the Trustees, having consulted the Actuary, may decide; and

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<sup>148</sup> This rule was amended by paragraph 13 of schedule 3 to the deed of amendment date 11 April 2001.

<sup>149</sup> This rule was amended by paragraph 7 of schedule 3 to the deed of amendment date 11 April 2001 in respect of "Principal" being replaced by "Participating". The statutory references have been updated to reflect tax changes on and after 6 April 2006.

- (b) the Scheme's status as a Registered Pension Scheme is not prejudiced and the preservation and requirements (within the meaning of section 69 of the Pension Schemes Act 1993) are satisfied; and
  - (c) where benefits otherwise payable to or for a Member are being replaced by other benefits, the overall value of all benefits for the Member under the Scheme after the replacement shall not, in the opinion of the Trustees, having consulted the Actuary, be less than their overall value before the replacement.
- (3) Augmentation of a Member's pension may be achieved by the granting of an additional amount of benefit, or by the granting of underlying guarantees of a minimum level of pension and other benefits for certain members or categories of members, or in such other way as the Trustees and the Participating Employer may agree. Details of such augmentations shall be recorded in a register maintained for this purpose by the Secretary which shall be conclusive as to the existence and terms of such augmentations.

To the extent that the terms on which the benefits are payable are inconsistent ~~with~~ the Rules, they will override the Rules, subject to (2)(b) above.

References in this Rule to benefits payable for a Member include benefits payable to the Member and benefits payable by reason of his membership to his family, dependants and other persons after his death.

## 29. Contracting-out

- (1) This Rule applies if any employment becomes contracted-out by reference to the Scheme. Prior to 6 April 1997 the Scheme was contracted-out on a salary related basis whereby Guaranteed Minimum Pensions (GMPs) accrued for and on behalf of Members in contracted-out employment. From 6 April 1997 the Scheme became contracted-out on a salary related basis under section 12A of the 1993 Act.
- (2) The provisions of Appendix 1 hereto (the GMP Model Rules) shall apply if any employment was Contracted-out Employment by reference to the Scheme before 6 April 1997.
- (3) In relation to benefits which accrue in respect of Contracted-out Employment after 5 April 1997, the Trustees shall ensure that the benefits provided under the Scheme overall satisfy the statutory standard under the 1993 Act and that the Rules comply with those requirements of the Occupational Pension Schemes (Contracting-out) Regulations 1996 which apply to contracted-out salary related schemes. That part of a Member's benefits which meets the statutory standard is referred to as his section 9(2B) Rights. If these Rules fail to provide benefits which overall comply with that standard, or if the Rules fail to comply with those requirements, the Rules shall, unless the Trustees and the Principal Employer decide otherwise, be deemed to be amended to the extent which the Trustees, having considered the advice of the Actuary, consider is reasonable to ensure that they do comply.

## 30. Scheme Limits<sup>150</sup>

<sup>150</sup> This rule was amended by clause 2(2)(d) of the deed of amendment dated 6 July 2004 and has subsequently been amended to reflect tax changes on and after 6 April 2006.

The benefits payable to a person under the Rules together with any Retained Benefits shall not in aggregate exceed Scheme Limits. The total contributions made by a Class A Member as defined in Appendix 2 shall not exceed 15% of the Scheme Earnings Cap.

**31. Tax<sup>151</sup>**

If, when a payment is made from the Scheme under these Rules, there is or may be any liability to tax or duties in respect of such payment, the amount of the tax or duties (including any interest due) shall, unless the Trustees determine otherwise, be deducted from the said payment to meet such liability.

**31A Finance Act 2004 issues: Lifetime Allowance etc<sup>152</sup>**

- (1) If a Member reaches age 75 without his pension having come into payment, and the Trustees are unable to verify the amount of Lifetime Allowance remaining available to the Member, the Trustees may reduce the Member's prospective entitlement to benefits under the Scheme, determined as if the whole of his or her benefits were chargeable to a Lifetime Allowance Charge, and will then account to the HMRC for the tax due as if the Member had no Lifetime Allowance available.
- (2) The Trustees may with the agreement of the Member and the approval of the Principal Employer pay any part of the Member's benefits that are subject to a Lifetime Allowance Charge to the Member in the form of a lump sum that satisfies the conditions set out in paragraph 11 of Schedule 29 to the Finance Act 2004. The amount of the lump sum will be determined by the Trustees and agreed with the Principal Employer, taking into account the capital value of any reduction in the Member's benefits made in respect of the Lifetime Allowance Charge. The Trustees will account for any Lifetime Allowance Charge to HMRC.

Where a Member's benefits are subject to a Lifetime Allowance Charge and the Member receives those benefits in the form of pension the Trustees will pay the pension net of amounts whose value as determined by the Actuary represents the Lifetime Allowance Charge, plus any additional tax deduction in respect of the payment for which the Trustees are liable. The Trustees will account for any Lifetime Allowance Charge to HMRC

- (3) At the request of Principal Employer, the Trustees may agree special terms with a Member who has indicated that he or she will rely on Enhanced Protection (as defined in paragraph 12 of Schedule 36 of the Finance Act 2004). In that event, unless otherwise agreed in writing with the Member concerned, the Scheme shall include such provisions as are necessary to prevent Enhanced Protection ceasing to apply to that Member and the terms of membership of that Member will be restricted accordingly. The Trustees and Principal Employer may rely on any information provided by or on behalf of the Member in this respect.
- (4) The Trustees shall not be liable for the consequences of any Relevant Benefit Accrual that occurs in relation to a Member's benefits, (including without limitation, any tax charges incurred), before the Member has registered for Enhanced Protection.

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<sup>151</sup> This rule was amended by paragraph 14 of schedule 3 to the deed of amendment dated 11 April 2001 and has subsequently been updated to reflect tax changes on and after 6 April 2006.

<sup>152</sup> This new rule 31A has been inserted to reflect tax changes on and after 6 April 2006.

- (5) Subject to the preservation requirements (as defined in section 69 of the 1993 Act), a Member's pension will not start before age 75 unless the Member has provided evidence to the satisfaction of the Trustees of the amount of Lifetime Allowance that is available to him or her (if any).

## **MISCELLANEOUS**

### **32. Benefits not Assignable**

A beneficiary under these Rules may not assign or charge in any way any part of his entitlement (whether actual or prospective) to another person and in any event no payment shall be made to such other person. If he does make such arrangement then the Trustees may at their absolute discretion cease to pay benefits to the beneficiary or may pay all or part of those benefits to or in respect of the beneficiary.

An order of the Court made under section 25B of the Matrimonial Causes Act 1973 or a Pension Sharing Order as defined in Appendix 3<sup>153</sup> in respect of a Member's rights or benefits under the Scheme shall not be treated as an assignment or charge of any part of the Member's actual or prospective entitlement.

### **33. Payment of Pensions**

- (1) All pensions payable under the Rules shall be payable in advance at four-weekly intervals or such longer intervals as the Trustees may determine.
- (2) Payment of a pension to the parent or guardian of an Eligible Child under the age of 18 shall constitute a valid payment and shall discharge the Trustees from any further liability.

### **33A. Interest<sup>154</sup>**

The Trustees may, at their discretion, on the payment of any lump sum benefit or instalment of pension due under the Rules which has been outstanding for at least three months from the date on which it first became payable, pay interest from such date and at such rate or rates as the Trustees may determine. The Trustees will exercise their discretion under this Rule in accordance with guidelines established by them and agreed with the Principal Employer from time to time. This Rule will not apply if the pension has been forfeited under Rule 40.

### **34. Evidence of Age, Eligibility etc.**

The Trustees shall have the power to require a person entitled or prospectively entitled to a pension under the Rules to furnish such evidence as the Trustees may require:

- (a) of his age and of his continued survival;
- (b) if a pensioner under Rule 19, of his continued incapacity and of the amount of any earnings;

<sup>153</sup> This rule was amended by paragraph 15 of schedule 3 to the deed of amendment date 11 April 2001.

<sup>154</sup> This rule was amended by paragraph 16 of schedule 3 to the deed of amendment date 11 April 2001.

- (c) if an Eligible Child who has attained the age of 18, of his continuing in full time education or professional or vocational training or of continued disability;<sup>155</sup>
- (d) if a Dependant, that re-marriage, civil partnership or co-habitation has not occurred;<sup>156</sup>
- (e) if a Dependant or Eligible Child, of his eligibility;
- (f) of any other matters relevant to their entitlement to benefits or payments to them from the Scheme; and
- (g) the amount of Lifetime Allowance that is available to him or her.<sup>157</sup>

And if such evidence is not produced, the Trustees may decline to pay the benefits until such evidence is produced.

### 35. **Determination of Dependant**

- (1) If there are two or more persons qualifying as the Dependant of a Member, then, on the commencement of its payment, any benefit payable to the Dependant under these Rules shall be divided between such persons in such way as the Trustees at their absolute discretion may determine except that if one of such persons is the widow or widower or Civil Partner of the Member then that person shall be accepted by the Trustees as the Member's Dependant to the exclusion of all other persons.<sup>158</sup>
- (2) If it appears to the Trustees that, on the death of any Member, there is no Dependant or Eligible Child surviving him and the claim in respect of dependency is not made within three months of the death of the Member, the Trustees may thereafter, at their discretion, apply the Rules on the assumption that there is no Dependant or Eligible Child.
- (3) If at any time there are more than four Eligible Children, then only the four oldest thereof shall be accepted as Eligible Children for the purposes of these Rules.

### 36. **Cessation of Pensions<sup>159</sup>**

Any pension payable under the Rules shall not be payable after the last day of the four-weekly payment period during which:

- (a) if a Member, he died;
- (b) if a Dependant or Eligible Child, he died or ceased to be eligible.

### 37. **Commutation of Small Pensions<sup>160</sup>**

- (1) The Trustees may (provided the Member so elects and that they are satisfied that the conditions applicable to a "trivial commutation lump sum" as set out in paragraph

<sup>155</sup> This rule was amended by clause 4 of the deed of amendment dated 8 January 2002.

<sup>156</sup> This rule has been amended by the adoption of this consolidation to accommodate the benefits for civil partners.

<sup>157</sup> This rule has been inserted to reflect tax changes on and after 6 April 2006.

<sup>158</sup> This rule has been amended by the adoption of this consolidation to accommodate benefits for civil partners.

<sup>159</sup> This rule was amended by clause 5 of the deed of amendment dated 8 January 2002.

<sup>160</sup> This rule has been amended to reflect tax changes on and after 6 April 2006.

7 of Schedule 29 of the Finance Act 2004 or a "*de minimis*" lump sum under regulations made under section 164 of the Finance Act 2004 are met) commute all of a Member's benefits under the Scheme in return for the payment of a lump sum. The amount of the lump sum will be determined by the Actuary.

- (2) The Trustees may, provided they are satisfied that the conditions set out in paragraph 20 of Schedule 29 to the Finance Act 2004 are met, commute on the request made by or properly on behalf a person or persons entitled to a pension on the death of a Member commute all the benefits under the Scheme payable to such person or persons in return for the payment of a lump sum. The amount of the lump sum will be determined by the Actuary.

### 38. Exercise of Options

Any person wishing to exercise an option under the Rules shall do so in writing in a form prescribed by the Trustees which shall be sent to the Secretary to be received by him within any time limit prescribed by the Rules.

### 39. Lien on Benefits<sup>161</sup>

- (1) Subject to the 1995 Act, if a Member is dismissed from Service by reason of a criminal, negligent or fraudulent act or omission or resigns to avoid such dismissal, the Participating Employer shall have a lien upon any benefit payable to or in respect of him under the Rules for the purpose of enabling the Participating Employer to obtain a discharge of any monetary obligation due to a Participating Employer arising from such act or omission. The amount of the lien shall be a cash sum payable at the time the Member leaves Service which shall not exceed the lesser of:
  - (a) the amount of such monetary obligation; or
  - (b) the actuarial value, as at the date on which the Member leaves Service, of the actual or prospective benefits which the Member elects to take from the Scheme, excluding the value of benefits payable in respect of any Transferred Membership and/or the amount of any Guaranteed Minimum Pension.
- (2) The Secretary shall give to the Member a certificate showing the amount recovered and its effect on his benefits.
- (3) If a dispute should arise between the Member and the Participating Employer as to the amount of the lien then this Rule shall only apply if an order to that effect is made by a competent Court or by an independent arbitrator appointed by agreement between the parties (or failing such agreement by the President for the time being of the Law Society).

### 40. Forfeiture of Benefits

Any lump sum benefit or instalment of pension due under the Rules which is not claimed within six years from the date on which it falls due shall be forfeited unless the Trustees shall otherwise determine.

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<sup>161</sup> This rule was amended by paragraph 7 of schedule 3 to the deed of amendment date 11 April 2001.

#### 41. Incapacity of Beneficiary

If the Trustees shall at any time be satisfied by medical or other<sup>162</sup> evidence that a person entitled to or in receipt of benefits under the Rules (on whose behalf no deputy under the Mental Capacity Act 2005<sup>163</sup> or any legislation repealing or amending the same has been appointed) is incapable of managing his own affairs the Trustees may pay so much of the benefits as they think fit to the institution or person having the care of the beneficiary and may pay the surplus, if any, or part thereof for or towards the maintenance and benefit of the wife, husband, relatives or Dependants of the beneficiary.

#### 42. Payment of Death Benefit

(1)(a)<sup>164</sup>This paragraph (1) applies if a Member, Dependant, Eligible Child or PCB Member (as defined in Appendix 3) dies and a sum of money would, but for this Rule, be payable in respect of him under the Rules to his legal personal representatives but he has no legal personal representatives for the time being. In those circumstances, the Trustees may pay any such sum, not exceeding the amount defined in (b) below, to any one or more of the persons referred to in Rule 26(6) as the Trustees may determine. If the Trustees do this, they shall not be liable to make any further payment to any claimant in respect of the deceased Member, Dependant, Eligible Child or PCB Member.

(b)<sup>165</sup> The amount referred to in (a) above is the greater of:

- (i) £10,000, as increased annually by the Indexation Factor defined in Rule 28, with the first increase being made in September 2002; and
- (ii) such limit as the Treasury may by Order direct for the purposes of the Administration of Estates (Small Payments) Act 1965.

(2) In any case where a Member, Dependant or Eligible Child dies intestate in circumstances where his residuary estate shall belong to the Crown or to the Duchy of Lancaster or to the Duke of Cornwall as *bona vacantia* no sum whatsoever shall be payable out of the Scheme to the estate of the Member, Dependant or Eligible Child following his death notwithstanding the other provisions of the Rules.

#### 43. The Actuary

(1A) The following provisions apply except as otherwise provided in overriding legislation.

(1) The Trustees will appoint an individual actuary (being a Fellow of the Institute of Actuaries or of the Faculty of Actuaries) in accordance with section 47 of the 1995 Act ("the Scheme Actuary"). Notwithstanding anything else in the Trust Deed and in the Rules, the Scheme Actuary will perform the tasks required of the actuary under that Act and such other tasks as may be agreed by the Trustees. Where the Trustees have appointed a company or firm to act as Actuary then the Scheme Actuary must be a partner in, director of, or a person employed by that firm or company.

<sup>162</sup> This rule was amended by clause 7 of the deed of amendment dated 8 January 2002.

<sup>163</sup> This has been updated to reflect new legislation.

<sup>164</sup> This rule was inserted by clause 8 of the deed of amendment dated 8 January 2002 and it was then amended by clause 3 of schedule 1 to a deed of variation dated 7 March 2007.

<sup>165</sup> This rule was amended by clause 8 of the deed of amendment dated 8 January 2002.

- (2) The Actuary will provide the Trustees with such actuarial services (other than tasks which are required by the 1995 Act and the 2004 Act to be performed by the Scheme Actuary) as the Trustees may require.
- (3) The Actuary must carry out a full actuarial valuation of the Scheme as and when the Trustees direct but at least once in every three years and six months and at such other intervals and within such time limits as are required to comply with the 2004 Act. Before signing a formal report on that valuation, the Actuary must give a written summary of the results of the investigation he has made for the purposes of the valuation to the Trustees and will simultaneously submit a copy of that summary to the Principal Employer. The summary of results will include a preliminary indication of his advice in respect of the Employer's Contribution to be determined under Rule 16(1). The Actuary must also give to each Participating Employer a copy of that part of the summary of results which relates to the Section in which the Participating Employer participates<sup>166</sup>.
- (4) The Trustees and the Principal Employer and the other Participating Employers shall treat the summary of results as confidential save to the extent that the Trustees, the Principal Employer and each Participating Employer participating in the Section or Sections in respect of which disclosure is to be made, consent to its formal disclosure to other Participating Employers and to third parties whose terms of reference include consideration of the issues involved in the review referred to in (6) below. It shall be condition of the disclosure that such Participating Employers and third parties will treat it as confidential.<sup>167</sup>
- (5) Following delivery of the summary of results referred to in (3) above, the Principal Employer will consult with the other Participating Employers. If, as a result of that consultation or otherwise, the Actuary decides upon any changes to the summary, the Principal Employer must consult the Trustees regarding those changes, and must also notify any third parties whose terms of reference include consideration of issues which may be affected by the changes.

Such consultation and notification shall take place not less than 18 weeks before the date on which the formal report on the valuation is required to be signed under the 1995 Act.<sup>168</sup>

- (6) The Trustees shall review the summary of results referred to in (3) above and may, in consequence, recommend changes in the Rules to the Principal Employer, including:
  - (a) amendment of the Member's contribution payable under Rule 13; and
  - (b) increasing any benefits payable under the Rules.

The Principal Employer is not obliged to consider any recommendations made under this sub-rule which are made less than 14 weeks before the date notified by the Actuary to the Principal Employer as the date on which the formal report on the valuation under Rule 43(3) is required to be signed under the 1995 Act.<sup>169</sup>

<sup>166</sup> This sub-rule was amended by paragraph 17 of schedule 3 to the deed of amendment date 11 April 2001 and updated to reflect new statutory references.

<sup>167</sup> This sub-rule was moved by paragraph 17 of schedule 3 to the deed of amendment date 11 April 2001 and then amended by clause 3(2)(b) of the deed of variation dated 6 July 2004.

<sup>168</sup> This sub-rule was inserted by paragraph 17 of schedule 3 to the deed of amendment date 11 April 2001.

<sup>169</sup> This sub-rule was moved by paragraph 17 of schedule 3 to the deed of amendment date 11 April 2001.



- (7) When the Actuary submits his formal report on the valuation to the Trustees, he must at the same time submit copies of it to the Principal Employer and to each Participating Employer.<sup>170</sup>

#### 44. Rule Amendments

- (1) Subject to the provisions of the 1995 Act, the Rules may be amended (including retrospectively) by the Trustees provided that the amendment be first confirmed:
- (a) by a resolution of the Principal Employer; and
  - (b) if contributions or benefits are affected in any way, by the Actuary; and
  - (c) if the benefits payable or prospectively payable to any person are adversely affected, by a resolution of Members at a General Meeting convened for that purpose.
- (2) If the method of calculation of benefits is amended then such amendment shall not (unless the Rule amendment specifically so states) affect the benefits payable to or in respect of a Member who has ceased to pay contributions or attained State Pension Age prior to the date from which such amendment comes into effect, and such benefits shall continue to be calculated according to the Rules in force on the date the Member ceased to pay contributions or attained State Pension Age whichever is the earlier.
- (3) No amendment shall be made which:
- (a) will cause the main purpose of the Scheme to cease to be that of the provision of pensions for Members on retirement and for their Dependants and Eligible Children;
  - (b) authorises the payment of any of the monies held or to be held by the Trustees to the Principal Employer other than as authorised by the Trust Deed or the Rules or the application of such monies otherwise than for the purposes of the Scheme;
  - (c) reduces without his consent the benefit of any person already in receipt of a pension on the date of the amendment.

#### 44A Participating Employers

No amendment shall be made under Rule 44 which authorises the payment of any of the monies held or to be held by the Trustees to any Participating Employer.

#### 45A Cessation of Participation

- (1) A Participating Employer may cease to participate in the Scheme only in the circumstances described in Rule 2B(c). Rule 2B(c) specifies the Termination Date from which the cessation takes effect.<sup>171</sup>

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<sup>170</sup> This sub-rule was inserted by paragraph 17 of schedule 3 to the deed of amendment date 11 April 2001.

<sup>171</sup> This sub-rule was amended by clause 3(2)(c) of the deed of amendment dated 6 July 2004.

A Participating Employer's liability (whether to contribute, pay a debt arising by reason of the 1995 Act, pay expenses, indemnify or otherwise) will not terminate in respect of amounts due, expenses incurred or claims made on or before the Termination Date.

- (2) If a Participating Employer ceases to participate, the Trustees will identify the following persons (called "Identified Beneficiaries"):
- (a) Members in Service on the Termination Date (other than Members who, immediately after the Termination Date, are in the Service of another Participating Employer which has not ceased to participate in the Scheme), and
  - (b) at the discretion of the Trustees and with the consent of the Principal Employer, any one or more of the following persons:
    - (i) Members who are not Members in Service but are still living on the Termination Date who would, in the opinion of the Trustees, have been in the Service of the Participating Employer had they still been Members in Service, and
    - (ii) persons entitled to receive benefits as a result of the membership of Members who, in the opinion of the Trustees, would have been Identified Beneficiaries had they still been living on the Termination Date.

A person cannot be an Identified Beneficiary for one cessation if he is already an Identified Beneficiary for an earlier cessation.

The Trustees must notify Identified Beneficiaries of the cessation as soon as reasonably practicable after the event causing the cessation.

If a Participating Employer ceases to participate in the Scheme, the Trustees must set up a Separate Fund in accordance with Rule 45A(3). The Trustees may then, depending on the circumstances, either transfer the Separate Fund to another Section or<sup>172</sup> apply Rule 45B. Identified Beneficiaries may not benefit from any part of the Fund other than the Separate Fund, except as mentioned in Rule 45B(12).

A Member who is an Identified Beneficiary may not pay contributions for Service after the Termination Date.

- (3) The Trustees will set up a Separate Fund within the Fund.

If the cessation relates to the sole Participating Employer, or all the Participating Employers, of a Section, the Separate Fund will comprise the assets of that Section. In any other case<sup>173</sup>, the value of the Separate Fund will be the Basic Entitlements or such larger amount not exceeding the Share of Fund as the Trustees may, with the consent of the Principal Employer, decide. The only exception to this is if the Share of Fund is less than the Basic Entitlements, in which case the Separate Fund will be equal to the Share of Fund.

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<sup>172</sup> This sub-rule was amended by paragraph 18 of schedule 3 to the deed of amendment date 11 April 2001.

<sup>173</sup> This sub-rule was amended by paragraph 18 of schedule 3 to the deed of amendment date 11 April 2001.

For these purposes:

- (a) "Basic Entitlements" means the amount certified by the Actuary to be required to provide or secure the benefits described in Rule 45B(6) without abatement for the Identified Beneficiaries,
- (b) "Share of Fund" means the value of that part of the assets of the Section which relates to the Identified Beneficiaries, calculated by the Actuary on a basis acceptable to the Trustees under which the whole of the assets of the Section would have related to the Beneficiaries if all Participating Employers had ceased to participate in the Scheme.<sup>174</sup>

The Separate Fund will include Voluntary Contributions on the basis set out in Rule 45B(12).

The Trustees may set up a Separate Fund with effect from any time on or after the event causing the cessation. If the Trustees have not set up the Separate Fund by the Termination Date, they shall do so as soon as reasonably practicable after that date.

Amounts paid or received by the Trustees after the Separate Fund has been set up, the whole or part of which relate to Identified Beneficiaries, shall be deducted from or added to the Separate Fund in such proportion as the Trustees consider appropriate.

Once the Separate Fund has been set up, the Identified Beneficiaries will not be entitled to benefits from any other part of the Fund in respect of periods of membership before the Termination Date.

- (4) When setting up a Separate Fund as part of the Fund, it is not necessary to allocate particular assets to it. Instead, the Scheme's accounts may record the value of the Separate Fund and all payments, receipts and other transactions affecting that value. The Trustees shall adjust the value of any part of the Separate Fund which is not so represented by assets allocated to it as they think fit, which may be by addition of interest or by additions or deductions reflecting the investment performance of all or any part of the Fund.
- (5) If a Participating Employer ceases to participate in the Scheme, on the Termination Date:
  - (a) any powers or discretions of the Participating Employer relating to benefits of persons who are not Identified Beneficiaries will be transferred to any subsequent Participating Employer of the Member or, if none, to the Principal Employer, and
  - (b) the Participating Employer may not, without the consent of the Principal Employer, receive a payment out of the Scheme on any subsequent cessation of another Participating Employer's liability.
- (6) The Trustees must deal with the Separate Fund in accordance with Rule 45B(4) to (15) as if the Separate Fund were the Fund and as if the Identified Beneficiaries were the Beneficiaries.

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<sup>174</sup> This sub-rule was amended by paragraph 18 of schedule 3 to the deed of amendment date 11 April 2001.

- (7) If the Participating Employer participated in a New Section, the Trustees may, instead of dealing with the Separate Fund in accordance with Rule 45B(4) to (15), deal with it in accordance with Rule 21A.<sup>175</sup>

#### **45B Discontinuance of the Scheme**

- (1) The Scheme shall be terminated on the expiry of the period referred to in Clause 12 of the Trust Deed or earlier, if the Trustees resolve that to do so is necessary to protect the interests of the Members. The Termination Date will be such date as the Trustees decide.
- (2) The liability of every Participating Employer will terminate on the Termination Date. A Participating Employer's liability (whether to contribute, pay a debt arising by reason of the 1995 Act, pay expenses, indemnify or otherwise) will not terminate in respect of amounts due, expenses incurred or claims made on or before the Termination Date. Interest may continue to accrue under Rule 16(7) despite termination.
- (3) The Trustees must give notice of the termination to all Members living on the Termination Date and to all persons entitled to receive benefits as a result of the membership of Members who died on or before the Termination Date (the "Beneficiaries" for the purposes of this Rule). This notice should be given as soon as reasonably practicable after the event giving rise to the termination.
- (4) If the Scheme is to terminate, the Trustees must wind up the Fund in accordance with the remainder of this Rule with effect from the Termination Date.
- (5) The Fund may be used to pay costs and expenses which relate to the Fund or the Beneficiaries and which can properly be recovered from the Fund. The Fund may also be used to buy insurance or guarantees for the Trustees against claims being made by Beneficiaries or any other person after all or part of the Fund has already been spent.
- (6) Subject to paragraph (5) above and to the requirements of the 1995 Act, the assets of each Section must be applied, in accordance with the following priorities, to provide the benefits to which the Beneficiaries in that Section are entitled from that Section (the "Basic Entitlements").<sup>176</sup>

#### **Priority 1**

- (a) pensions and other benefits already in payment;
- (b) if a Member was in Service on the Termination Date and had then reached Scheme Pension Age, the pension and other benefits he would have received if he had retired on that date; and
- (c) in respect of each Member covered by (a) or (b) above, the pensions and other benefits to which his spouse, Civil Partner, Eligible Children or

<sup>175</sup> This sub-rule was inserted by paragraph 18 of schedule 3 to the deed of amendment date 11 April 2001.

<sup>176</sup> This rule was amended by paragraph 19 of schedule 3 to the deed of amendment date 11 April 2001 and has subsequently been amended by the adoption of this consolidation to reflect the provision of benefits for civil partners.

Dependants will be entitled on his death (assuming for a Member in Service that he retired on the Termination Date);

in each case calculated ignoring guaranteed future pension increases under Rule 28.

### **Priority 2**

guaranteed minimum pensions and accrued rights to guaranteed minimum pensions, including contributions equivalent premium (as defined in the 1993 Act), and equivalent pension benefits within the meaning of the National Insurance Act 1965;

### **Priority 3**

all other benefits to which any Beneficiary is contingently entitled (and the benefits payable on the death of any such person who is a Member) calculated on the basis that all Members in Service left Service on the Termination Date entitled to a deferred pension, and calculated ignoring guaranteed future pension increases under Rule 28.

### **Priority 4**

guaranteed future pension increases in relation to benefits under Priority 1 and Priority 3 in accordance with Rule 28.

A benefit is included only in the first Priority which refers to it.

- (7) If any one Section<sup>177</sup> is insufficient to provide the Basic Entitlements, the Trustees shall abate all or any of them in such manner as they consider equitable after consulting the Actuary but shall not abate any of the benefits in Priority 1 or Priority 2 until they have entirely abated all of the benefits in Priority 4 and then all of the benefits in Priority 3.
- (8) If any one Section is more than sufficient to provide the Basic Entitlements, the Trustees shall use the balance of that Section to make further provision, to the maximum extent permitted by Scheme Limits for benefits for Members and their Spouses, Civil Partners, Dependants and Eligible Children in such manner as the Trustees shall in their discretion consider appropriate. In exercising their discretion, the Trustees shall take and consider the advice of the Actuary and shall have regard to the extent to which the benefits of Members in that Section have accrued as at the Termination Date.<sup>178</sup>
- (9)<sup>179</sup> Any balance of the Fund that remains after applying 45B(1) to 45B(8) will:
  - (a) on a winding up of the whole Fund, be paid to the Principal Employer,
  - (b) on one or more Participating Employers ceasing to participate, be transferred to the part of the Fund which is not the Separate Fund.

<sup>177</sup> This rule was amended by paragraph 19 of schedule 3 to the deed of amendment date 11 April 2001.

<sup>178</sup> This rule was amended by paragraph 19 of schedule 3 to the deed of amendment date 11 April 2001 and has subsequently been amended by the adoption of this consolidation to reflect the provision of benefits for civil partners.

<sup>179</sup> The whole of this rule was amended by paragraph 19 of schedule 3 to the deed of amendment date 11 April 2001.

- (10) The provisions of Rules 45B(1) to 45B(9) above will be implemented subject to the requirements of the 1995 Act.
- (11) The Trustees may provide benefits from the Scheme in any of the following ways:
- (a) by making individual transfer payments under Rule 20(2);
  - (b) by making arrangements concerning any policy of assurance or indemnity which may be held in the Fund to secure payment of the benefits;
  - (c) by paying contributions equivalent premiums in accordance with the 1993 Act;
  - (d) by deciding with the consent of the Principal Employer (unless the Principal Employer is in liquidation, administrative receivership, administration or is dissolved), to continue to run the Fund as a closed Fund and to pay out benefits in accordance with the Rules, in which case:
    - (i) the Trust Deed will continue to apply in relation to the closed fund (except that the Participating Employers will have no liability in relation to it);
    - (ii) no new Members may be admitted to the closed fund; and
    - (iii) the closed fund will be wound up as nearly as possible in accordance with this Rule at any date which the Trustees decide, but not later than the expiry of the perpetuity period stated in Clause 12 of the Trust Deed;
  - (e) if the Trustees are satisfied that the conditions applicable to a "winding up lump sum" as set out in paragraph 10 of Schedule 29 to the Finance Act 2004 or paragraph 21 of Schedule 29 to the Finance Act 2004 are met by commuting all of a Member's benefits under the Scheme together with any benefits payable on his or her death in return for the payment of a lump sum the amount of which will be determined by the Actuary,<sup>180</sup> and
  - (f) by the payment of a cash sum of an amount determined by the Trustees having taken the advice of the Actuary to a person in total commutation of any benefits, payable to or in respect of the Member under the Scheme, if the person is in an exceptional state of serious ill-health and provided that the conditions set out in paragraph 4 of Schedule 29 to the Finance Act 2004 are satisfied.<sup>181</sup>
- (12) The Trustees will apply the Segregated Assets to provide benefits, in respect of each Member who has paid Voluntary Contributions under Rule 27, which the Actuary advises are equal in value to the proportion of the Segregated Assets attributable to the Member.
- (13) The Trustees may transfer from the Fund to any Separate Fund, including one set up by the Trustees for this purpose, an amount or assets of such value as they think appropriate so that benefits which would otherwise be provided from the Fund shall instead be provided from the other Separate Fund to which the transfer was made.

<sup>180</sup> This rule has been inserted to reflect tax changes on and after 6 April 2006.

<sup>181</sup> This rule has been inserted to reflect tax changes on and after 6 April 2006.

- (14) The Trustees may transfer the whole of the Fund (or whatever remains of the Fund) to another scheme as follows:
- (a) The transfer will be made instead of applying Rule 45B(1) to 45B(12) but after applying Rule 45B(13).
  - (b) The other scheme must be one which all or some of the Beneficiaries have joined as members and which accepts the liability to pay all Guaranteed Minimum Pensions and accrued rights to Guaranteed Minimum Pensions of the Beneficiaries.
  - (c) The transfer cannot be made without the consent of the Principal Employer.
  - (d) The transfer must comply with Rule 20(2) (transfers out)
  - (e) The transfer may be subject to such terms and conditions as the Trustees think fit, which may include the giving of assurances or commitments (whether or not legally binding) by the trustees of the other scheme or by other persons.
- (15) The power of amendment contained in Rule 44 will continue to be exercisable, notwithstanding any termination of the Scheme, until the winding-up of the Scheme has been completed. However if the Principal Employer is in liquidation, administrative receivership, administration or is dissolved, the Trustees may exercise the power of amendment without the need for a resolution by the Principal Employer.

#### **46. Claims on the Scheme**

Save as prescribed by the Rules no person shall have any claim upon the Scheme.

#### **47. Expenses**

All expenses in connection with the operation and investment of the Scheme, and all the salaries of staff referred to in Rule 6, shall be borne by the Scheme.

**There are no rules 48 to 51 (inclusive).**

### **GENERAL MEETINGS**

#### **52. Meetings**

- (1) The Trustees shall hold a meeting of the Members at least once every year on such day and at such time and place as the Trustees shall appoint at which the Trustees will report on the Scheme and on any changes that have been made to it since the date of the last such meeting. Such a meeting will not be a General Meeting for the purposes of these Rules but Rule 53(1) which applies to notices of General Meetings will also apply to a notice of a meeting of Members held in accordance with this Rule 52(1). The Chairman of the Scheme shall be chairman of the meeting but if he shall not be present within five minutes after the time appointed for holding the meeting, another director of the Trustees shall be the chairman of the meeting.

- (2) Extraordinary General Meetings may be called by the Trustees or by a requisition to that effect signed by two hundred Members<sup>182</sup>.

### **53. Proceedings of General Meetings**

- (1) The Secretary shall give not less than seven clear days' notice by circular despatched to each Member (despatch thereof being effected by such means as may appear to the Secretary to be reasonable), and/or by notice displayed in the workplaces, of the day, place and hour appointed and of the business to be transacted. If any meeting is adjourned for more than a week he shall give at least two clear days' notice in like form of the adjourned meeting. The accidental failure to give notice of a meeting to a Member or the non-receipt of any such notice shall not invalidate the proceedings of that Meeting.
- (2) No business (except the adjournment of the meeting) shall be transacted and no vote shall be taken at any General Meeting unless ten Members at least are present.
- (3) No business shall be transacted at any General Meeting, or any adjournment thereof, except the business stated in the circular convening the meeting.
- (4) The Chairman of the Scheme shall be the chairman of a General Meeting but if he shall not be present within five minutes after the time appointed for holding the meeting, another director of the Trustees shall be the chairman of the meeting.
- (5) The chairman of any General Meeting may, with the consent of the meeting, adjourn such meeting from time to time and from place to place.
- (6) Any Director who is not a Member may attend, speak at, and vote at (but not by proxy) General Meetings as if he were a Member.
- (7) Minutes of the proceedings of a General Meeting shall be recorded by the Secretary in a book kept for that purpose. Any such minute, if purporting to be signed by the chairman of that Meeting, or by the chairman of the next succeeding meeting, shall be conclusive evidence of the matters therein stated (unless and until the contrary is proved at a subsequent meeting).

### **54. Voting at General Meetings**

- (1) At a General Meeting a motion shall be decided by a majority vote determined by:

- (a) a show of hands of Members present; or
- (b) if at least five Members present so demand, by an open poll; or
- (c) if at least five Members present so demand, by a secret poll;

and in the event of an equality of votes the chairman of the Meeting shall have a casting vote.

- (2) The chairman of the meeting may adjourn the meeting for a reasonable time for the purpose of taking such poll. On a poll, a Member who is present shall have in addition to his own vote one vote for each Member for whom he is proxy.

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<sup>182</sup> This rule was corrected by clause 3(1)(c) of the deed of amendment dated 6 July 2004.



- (3) A Member may appoint any other Member his proxy for voting at any General Meeting. Such appointment shall be made by an instrument of proxy, signed by the Member appointing the proxy and left with the Secretary, or at his office, at least 48 hours before the time for holding the General Meeting and shall be available only for that meeting or any adjournment thereof. Such instrument shall be in the terms or effect as:

"I (name) of (address), a Member of the Scheme, hereby appoint (name) of (address), or failing him, (name) of (address), to act as my proxy at the General Meeting held on the (date) and at every adjournment thereof.

As witness my hand this (date)

(Signed) ....."

APPENDIX 1 - Contracting-out Provisions<sup>183</sup>

OVERRIDING APPENDIX - GMP MODEL RULES

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CONTENTS

Clause	Page
1. Interpretation	
1.1 Definitions	
1.2 Legislation	
2. Overriding effect of Appendix	
3. Alterations to Appendix	
4. Membership of the Scheme	
5. Entitlement to GMP	
Guaranteed Minimum	
Member's GMP	
Widow's GMP	
Payment of Widow's GMP	
Widower's GMP	
Payment of Widower's GMP	
Civil Partner's GMP	
Payment of Civil Partner's GMP	
Offsetting pension against GMP	
6. Revaluation of GMP	
6.1 Revaluation before State Pension Age	
6.2 Transfers in	
6.3 Transfers out	
7. Increase of GMP	
7.1 Increase in event of postponement after State Pension Age	
7.2 Increase after State Pension Age or Member's death	
8. Anti-franking	
9. Transfers into the Scheme	
9.1 Acceptance of Transfers	
9.2 Effect of transfers	
10. Transfers out of the Scheme	
10.1 Conditions for transfer of GMP's	
10.2 Effect of such transfers	

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<sup>183</sup> This appendix has been updated to deal with benefits for civil partners and other statutory references.

11. Commutation of GMP
12. Forfeiture of GMP
13. Contributions Equivalent Premiums

## 1. INTERPRETATION

### 1.1 Definitions

The definitions set out in the Rules shall also apply for the purposes of this Appendix. In addition in this Appendix the following words have the following meanings:

**"Contracted-out Employment"** means a Member's contracted-out employment by reference to the Scheme (as in section 8(1)(a)(i) and 8(1)(b) of the 1993 Act).

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

**"GMP"** means the guaranteed minimum pension of a Member, Widow, Widower or Civil Partner as defined in the 1993 Act.

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

**"Normal Retiring Date"** means the day on which a Member attains his normal pension age (within the meaning of the 1993 Act) under the Scheme.

**"Protected Rights"** has the same meaning as in section 10 of the 1993 Act

**"Qualifying Service"** has the same meaning as in section 71(7) of the 1993 Act

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

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

**"Short Service Benefit"** means the benefit to which an early leaver who satisfies the qualifying conditions must be entitled under the preservation requirements (as defined in section 69 of the 1993 Act)

**"Widow"** and **"Widower"** means respectively the widow and the widower of a Member. If a Member has married under a law which allows polygamy and, on the day of the Member's death, has more than one spouse, the Trustees must decide which, if any, survivor is the Widow or Widower. In reaching that decision, the Trustees must have regard to the practice of the Department of Social Security and any relevant provisions of existing Social Security legislation, in particular section 17(5) of the 1993 Act.

### 1.2 Legislation

In this Appendix, references to legislation include modifications to and re-enactments of, and regulations made under that legislation and references to regulations include modifications to and re-enactments of those regulations.

## **2. OVERRIDING EFFECT OF APPENDIX**

This Appendix shall apply if any Member's employment is Contracted-out Employment by reference to the Scheme before 6 April 1997 and the Scheme was not then contracted-out on a money purchase basis. This Appendix will only apply for so long as anyone has a GMP or a prospective right to receive a GMP under the Scheme.

This Appendix overrides any inconsistent provisions elsewhere in the Scheme except provisions which are necessary in order that the Scheme is treated as a Registered Pension Scheme.

## **3. ALTERATIONS TO APPENDIX**

The persons or bodies having the power of alteration in relation to the rest of the Scheme may at any time in writing make any alteration to this Appendix necessary to comply with the contracting-out requirements of the 1993 Act applicable to salary related contracted-out schemes. This power of alteration may be exercised by them without any condition. It is additional to, and independent of, any other power of alteration in relation to the Scheme.

## **4. MEMBERSHIP OF THE SCHEME**

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

## **5. ENTITLEMENT TO GMP**

### **5.1 Guaranteed Minimum**

This Rule 5 applies to a Member, Widow, Widower or Civil Partner where the Member has a guaranteed minimum in relation to the pension provided for the Member under the Scheme in accordance with section 14 of the 1993 Act.

### **5.2 Member's GMP**

The Member shall be entitled to a pension for life paid at a rate equivalent to a weekly rate of not less than the guaranteed minimum. The pension will be paid from State Pension Age but commencement of the pension may be postponed for any period during which the Member remains in employment after State Pension Age:

- (a) if the employment is employment to which the Scheme relates and the postponement is not more than five years after State Pension Age, or
- (b) if the Member consents to the postponement

### **5.3 Widow's GMP**

Where a Member is a man and dies at any time leaving a Widow, she shall be entitled, subject to Rule 5.4, to receive a pension from the Scheme paid at a rate equivalent to a weekly rate of not less than half that guaranteed minimum.

### **5.4 Payment of Widow's GMP**

The pension shall be payable to any Widow who is eligible for payment of a State benefit as described in section 17(5) of the 1993 Act. It shall cease when the Widow ceases to be entitled to receive payment of those State benefits.

### **5.5 Widower's GMP**

Where the Member is a woman and dies at any time on or after 6 April 1989 leaving a Widower, he shall be entitled, subject to Rule 5.6, to receive a pension from the Scheme paid at a rate equivalent to a weekly rate of not less than half of that part of that guaranteed minimum which is attributable to earnings for the Tax Year 1988/89 and subsequent Tax Years up to and including 1996/97.

### **5.6 Payment of Widower's GMP**

The pension shall be payable to any Widower who is eligible for payment of a GMP under Regulation 57 of the Occupational Pension Schemes (Contracting-out) Regulations 1996. It shall cease when the Widower ceases to be entitled to receive payment of that GMP under Regulation 58 of those Regulations.

### **5.6A Civil Partner's GMP**

Where the Member dies leaving a Civil Partner, he or she shall be entitled, subject to Rule 5.6B, to receive a pension from the Scheme paid at a rate equivalent to a weekly rate of not less than half of that part of the guaranteed minimum which is attributable to earnings for the Tax Year 1988/1989 and subsequent Tax Years up to and including 1996/97.

### **5.6B Payment of Civil Partner's GMP**

The pension shall be payable to any Civil Partner who is eligible for payment of a GMP under Regulation 57 of the Occupational Pension Schemes (Contracting-out) Regulations 1996. It shall cease when the Civil Partner ceases to be entitled to receive payment of that GMP under Regulation 58 of those Regulations.

### **5.7 Offsetting pension against GMP**

Any pension payable to the Member, Widow, Widower or Civil Partner under any other provision of the Scheme may be offset against his or her pension under Rule 5 except to the extent that:

- (a) any part of the other pension is an equivalent pension benefit within the meaning of the National Insurance Act 1965, or
- (b) any part of the pension is an increase calculated in accordance with Schedule 3 of the 1993 Act and added to the amount that would be payable but for Chapter II of Part IV of the 1993 Act or regulations made under it, or

(c) Offsetting would contravene the anti-franking legislation (see Rule 8 below).

## **6. REVALUATION OF GMP**

### **6.1 Revaluation before State Pension Age**

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

#### **(A) Section 148 Revaluation**

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

#### **(B) Fixed Rate Revaluation**

The increase will be by such rate as regulations made under section 16(3) of the 1993 Act specify as being relevant at the date Contracted-out Employment ceases, for each complete tax year after the tax year containing that date up to and including the last complete tax year before the Member reaches State Pension Age (or dies, if earlier).

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

### **6.2 Transfers in**

Where a payment is received in respect of a Member from another scheme ("the transferring scheme") which includes accrued rights of the Member to a GMP, (or includes protected rights in respect of which the receiving scheme will provide a GMP) the earnings factors used in calculating that GMP will normally be revalued using section 148 Revaluation during the Member's Contracted-out Employment and Rule 6.1 will apply if that Contracted-out Employment ceases before State Pension Age. The Trustees may, however, decide, if the provisions of the transferring scheme so allow, to use Fixed Rate Revaluation from the date on which the Member ceased to be in contracted-out employment by reference to the transferring scheme until the Member attains State Pension Age (or dies, if earlier) but the Trustees may not make that decision if, on becoming a Member, the Member's contracted-out employment in relation to a previous scheme is treated as continuing for the purposes of the 1993 Act.

Where a Scheme accepts the proceeds of, or the assignment of an insurance policy which consists of, or includes, accrued rights to GMPs, the Trustees shall use section 148 Revaluation or, if it was in use under the policy, Fixed Rate Revaluation.

### **6.3 Transfers out**

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

## **7. INCREASE OF GMP**

### **7.1 Increase in event of postponement after State Pension Age.**

If the commencement of any Member's GMP is postponed for any period after State Pension Age, that GMP shall be increased to the extent, if any, specified in section 15 of the 1993 Act.

### **7.2 Increase after State Pension Age or Member's death.**

Any GMP to which a Member, Widow, Widower or Civil Partner is entitled under Rule 5 above shall, insofar as it is attributable to earnings in the tax years from and including 1988/1989, be increased in accordance with the requirements of section 109 of the 1993 Act.

## **8. ANTI-FRANKING**

Except as permitted in sections 87-92 and 110 of the 1993 Act, no part of a Member's, Widow's, Widower's or Civil Partner's pension under the Scheme may be used to frank an increase in the Member's, Widow's, Widower's or Civil Partner's GMP under Rule 6 or Rule 7.

## **9. TRANSFERS INTO THE SCHEME**

### **9.1 Acceptance of transfers**

The Trustees may accept:

- (1) a transfer payment in respect of the Member's accrued rights to GMPs under a scheme which is or was a contracted-out salary related scheme or a policy of insurance or annuity contract of the type described in section 19 of the 1993 Act.
- (2) a transfer of the liability for the payment of GMPs to, or in respect of, any person who has become entitled to them.
- (3) a transfer of pre-6 April 1997 Protected Rights
  - (a) in respect of the Member or a former Member from another scheme which is, or was, an appropriate personal pension scheme.
  - (b) in respect of the Member or a former Member from another scheme which is, or was, a scheme contracted-out on a money purchase basis.

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



## 9.2 Effect of transfers

Where a transfer is accepted as referred to in Rule 9.1(1), the Member's accrued rights to GMPs under the Scheme will be increased accordingly.

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

## 10. TRANSFERS OUT OF THE SCHEME

### 10.1 Conditions for transfer of GMPs

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

(1) All schemes and arrangements

The Member must consent to the transfer unless it is a connected employer transfer

The transfer will be subject to any requirements of the HMRC and the Finance Act 2004.

The receiving scheme, policy or contract must be an appropriate personal pension scheme, a contracted-out occupational pension scheme, an overseas scheme or an insurance policy or annuity contract of the type described in section 19 of the 1993 Act.

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

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

(3) All occupational pension schemes (except overseas schemes or connected employer transfers).

The Member must have entered employment with an employer which is a contributor to the receiving scheme or must previously have been a member of the receiving scheme.

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

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

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

The requirements of regulation 6 of the Contracting-out (Transfer and Transfer Payment) Regulations 1996 must be met.

In this Rule, "connected employer transfer" and "overseas scheme" have the same meanings as in the Contracting-out (Transfer and Transfer Payment) Regulations 1996.

## **10.2 Effect of such transfers**

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

## **11. COMMUTATION OF GMP**

A Member's, Widow's, Widower's or Civil Partner's GMP may be commuted in the circumstances set out in, and in accordance with, Regulation 60 of The Occupational Pension Schemes (Contracting-Out) Regulations 1996.

## **12. WINDING UP OF THE SCHEME**

### **12.1 Priorities on winding up**

If the Scheme winds-up for any reason, priority must be given, over any other liability to provide benefits, to any benefit which falls within any one or more of the following:

- (1) pensions and other benefits in respect of which entitlement to payment has already arisen.
- (2) GMPs and accrued rights to GMPs.
- (3) state scheme premiums.
- (4) equivalent pension benefits within the meaning of the National Insurance Act 1965.
- (5) in the case of a serving Member who has attained Normal Retiring Date before the winding-up began, the benefits to which the Member would have been entitled if the Member had retired on the day the winding-up began.

- (6) benefits to which the widow or widower or any dependent of a Member to whom Rule 13.1 (1) applies will be entitled on the Member's death.
- (7) benefits to which any dependent of a deceased Member will be entitled on the death of any widow or widower or dependant of that Member.
- (8) benefits to which the widow or widower or any dependant of a serving Member who has attained Normal Retiring Date before the winding-up began will become entitled on the death of the Member.

## **12.2 Order of priorities**

The Trustees and the principal employer participating in the Scheme may elsewhere in the provisions of the Scheme specify an order of priorities amongst the items listed in Rule 13.1 but the order of priorities shall not give any liability to provide benefits which are not listed in Rule 13.1 priority equal to or exceeding the priority given to any item which is listed there.

## **12.3 Voluntary Contributions**

Where Member's voluntary contributions to the Scheme are being used to provide benefits equivalent on a money purchase basis to the voluntary contributions paid and where there are separately identifiable assets attributable to those voluntary contributions within the Scheme, Rule 13.1 shall not apply to those separately identifiable assets. That part of those assets which is attributable to the voluntary contributions of a Member shall be used to provide benefits for or in respect of that Member of the types specified in the other provisions of the Scheme. No regular payments may be made by the employer to those separately identified assets unless they are used solely for the purpose of meeting administrative expenses.

## **13. SUSPENSION OF GMP**

Payment of a GMP may be suspended during any period when

- (1) the person receiving the GMP is unable to act (by reason of mental disorder or otherwise) but the amount of the GMP must either be paid or applied for the maintenance of the recipient or his or her dependants, or paid to the recipient when the recipient is again able to act, or paid to the recipient's estate after the recipient's death, or
- (2) the Member is receiving the GMP but is then re-employed in an employment to which the Scheme relates. The GMP must then be increased under Rule 7.1 above during the period of suspension.

## **14. FORFEITURE OF GMP**

Any instalment of a GMP may be forfeited if it is not paid within 6 years of the date on which the instalment became due and the Trustees do not know the whereabouts of the recipient.

## 15. CONTRIBUTIONS EQUIVALENT PREMIUMS

- 15.1 A contributions equivalent premium shall be paid, subject to Rule 16.2, in respect of an Member who ceases to be in Contracted-out Employment before whichever is the earlier of the Member's Normal Retiring Date and the end of the tax year preceding that in which the Member will reach State Pension age with less than 2 years' Qualifying Service and less than 2 years' Contracted-out Employment. A contributions equivalent premium shall not be paid where the Member's accrued rights include rights transferred from a personal pension, nor in respect of Widower's GMP where the Member is a woman who dies in contracted-out employment.

Payment of the contributions equivalent premium extinguishes the Member's accrued rights to GMPs under the Scheme. Therefore, where the premium is paid, any refund of contributions to the Member or any transfer payment from the Scheme in respect of the Member shall be reduced by the amount which section 61 of the 1993 Act permits to be deducted in relation to that premium and any pension benefit under the Scheme for the Member or the Member's Widow or Widower shall be reduced so as to allow for the fact that their accrued rights to GMPs have been extinguished.

- 15.2 The premium shall not be payable if:

- (1) its amount is less than £17 (or such greater amount as is specified in regulations made under the 1993 Act); or
- (2) the Member's accrued rights to GMPs are transferred to another scheme, policy or contract in accordance with Rule 10, or
- (3) the Member become entitled to an immediate or deferred pension under the Scheme on ceasing to be in Contracted-out Employment.

## APPENDIX 2 - SCHEME LIMITS<sup>184</sup>

The Scheme Limits appropriate to a Member's contributions and any benefit are the greatest of:

- (i) the maximum amount specified in this Appendix 2 in relation to those contributions or that benefit;
- (ii) the minimum amount thereof which is consistent with the preservation requirements (as defined in section 69 of the 1993 Act); and
- (iii) such other amount as would have been permitted by HMRC's practice under Chapter 1 of Part XIV of the Income and Corporation Taxes Act 1988 as set out in IR12 (2001) (known as the Occupational Pension Scheme Practice Notes) published by the former Inland Revenue Pension Scheme Office on 23 March 2001 as it stood immediately before 6 April 2006 (as amended by any special dispensations granted in writing by that office of HMRC or its predecessor in relation to the Fund).

Provided that where a transfer payment from another scheme has been received in respect of a Member the Scheme Limits shall be increased by such amount as is consistent with the Scheme's registered status under the Finance Act 2004.

References in this Schedule and the Trust Deed and Rules to the Income and Corporation Taxes Act 1988, the Finance Act 1989 and associated regulations shall be references to those provisions as they were on 5 April 2006.

(Note: Sections 1 to IV are modified by Section V)

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### SECTION 1

#### 1. Definitions

The definitions set out in the Rules shall also apply for the purposes of this Appendix. In addition in this Appendix the following words have the following meanings:

- (A) **"Aggregate Retirement Benefit"** shall mean the aggregate of:
  - (i) the Member's pension under this Scheme and any Associated Scheme, and
  - (ii) the pension equivalent of the Member's Lump Sum Retirement Benefit.
- (B) **"Associated Employment"** shall mean 2 or more concurrent employments held by the Member which are associated i.e. where:
  - (i) there is a period during which the Member has held all of them,
  - (ii) the period counts under the Scheme in the case of all of them as a period in respect of which benefits are payable, and

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<sup>184</sup> Appendix 2 has been updated to reflect tax changes on and after 6 April 2006.

- (iii) during the period all the employers in question are associated.
- (C) "**Associated Scheme**" shall mean either (i) or (ii) below as appropriate:
- (i) in respect of a Class A Member any Relevant Scheme which is a Connected Scheme or which provides benefits in respect of Service;
  - (ii) in respect of a Class B Member or Class C Member any Relevant Scheme providing benefits in respect of Service.
- (D) "**Class A Member**" shall mean any Member who joined the Scheme or on after 1 June 1989 and is not a Class B Member or Class C Member and any Class B Member or Class C Member who has elected to be deemed to have become a Class A Member.
- (E) "**Class B Member**" shall mean any Member who:
- (i) joined the Scheme on or after 17 March 1987 and before 1 June 1989, or
  - (ii) by or under regulations made under Part II of Schedule 6 to the Finance Act 1989 is not treated as a Class A Member and is not a Class C Member.
- Provided that a Class B Member may elect at any time before the Relevant Date to be deemed to have become a Class A Member.
- (F) "**Class C Member**" shall mean any Member who:
- (i) joined the Scheme before 17 March 1987, or
  - (ii) by or under regulations made under Schedule 23 to ICTA 1988 is treated as a pre-17 March 1987 Member of the Scheme.
- Provided that a Class C Member may elect at any time before the Relevant Date to be deemed to have become a Class A Member.
- (G) "**Connected Scheme**" shall mean any Relevant Scheme which is connected with the Scheme in relation to the Member i.e. if:
- (i) there is a period during which the Member has been the employee of 2 associated employers;
  - (ii) that period counts under both schemes as a period in respect of which benefits are payable, and
  - (iii) the period counts under one scheme for service with one employer and under the other for service with the other employer.
- (H) "**Controlling Director**" shall mean a director of an Employer who was prior to 6 April 1973 a controlling director (as defined in section 624(3) of ICTA 1988) of that company.
- (I) "**Final Remuneration**" shall mean:
- (1) In relation to a Class A Member the greater of:

- (a) the highest remuneration for any one of the 5 years preceding the Relevant Date being the aggregate of:
  - (i) the basic pay for the year in question, and
  - (ii) the yearly average over 3 or more consecutive years ending with the expiry of the corresponding basic pay year, of any fluctuating emoluments Provided that fluctuating emoluments of a year other than the basic pay year may be increased in proportion to any increase in the Index from the last day of that year up to the last day of the basic pay year, and
- (b) the yearly average of the total emoluments for any 3 or more consecutive years ending not earlier than 10 years before the Relevant Date.

Providing that:

- (i) remuneration and total emoluments do not include
  - (I) any amounts which arise from the acquisition or disposal of shares or an interest in shares or from a right to acquire shares except where the shares, interest or right in respect of which there is a liability under Schedule E were acquired or granted before 17 March 1987, or
  - (II) anything in respect of which tax is chargeable by virtue of section 148 of ICTA 1988;
- (ii) in relation to a Special Director, Final Remuneration shall (subject to proviso (iv) below) be the amount ascertained in accordance with (b) above and (a) above shall not apply;
- (iii) where Final Remuneration is computed by reference to any year other than the last complete year ending on the Relevant Date, the Member's remuneration (as calculated in (a) above) or total emoluments (for the purposes of (b) above) of any year may be increased in proportion to any increase in the Index from the last day of that year up to the Relevant Date but this proviso shall not apply to the calculation of the maximum Lump Sum Retirement Benefit in accordance with paragraph 2 of Section II unless (and subject to proviso (iv) below) the Member's Aggregate Retirement Benefit is similarly increased beyond the maximum amount which could have been paid but for this proviso and the proviso to (a)(ii) above and then only to the same proportionate extent;
- (iv) Final Remuneration, and the annual rate of the Member's Remuneration for the purpose of the calculation of the maximum benefits in accordance with paragraphs 3 and 4(c) of Section II, shall not exceed the Scheme Earnings Cap;

- (2) in relation to Class B Member the greater of:
- (a) the highest remuneration for any one of the five years preceding the Relevant Date being the aggregate of:
    - (i) the basic pay for the year in question, and
    - (ii) the yearly average over 3 or more consecutive years, ending with the expiry of the corresponding basic pay year, of any fluctuating emoluments Provided that fluctuating emoluments of a year other than the basic pay year may be increased in proportion to any increase in the Index from the last day of that year up to the last day of the basic pay year, and
  - (b) the yearly average of the total emoluments for any 3 or more consecutive years ending not earlier than 10 years before the Relevant Date.

Provided that:

- (i) remuneration and total emoluments do not include:
  - (I) any amounts which arise from the acquisition or disposal of shares or an interest in shares or from a right to acquire shares, except where the shares, interest or right in respect of which there is a liability under Schedule E were acquired or granted before 17 March 1987 or
  - (II) anything in respect of which tax is chargeable by virtue of section 148 of ICTA 1988;
- (ii) in relation to a Special Director or any other Member whose remuneration in any year subsequent to 5 April 1987 used for the purpose of calculating benefits has exceeded £100,000 or such other figures as may be prescribed in an order made by the Treasury, Final Remuneration shall (subject to proviso (iv) below) be the amount ascertained in accordance with (b) above and (a) above shall not apply:
- (iii) where Final Remuneration is computed by reference to any year other than the last complete year ending on the Relevant Date, the Member's Remuneration (as calculated in (a) above) or total emoluments (for the purposes of (b) above) of any year may be increased in proportion to any increase in the Index from the last day of that year up to the Relevant Date but this proviso shall not apply to the calculation of the maximum Lump Sum Retirement Benefit in accordance with paragraph 2 of Section III unless (and subject to proviso (iv) below) the Member's Aggregate Retirement Benefit is similarly increased beyond the maximum amount which could have been paid but for this proviso and the proviso to (a)(ii) above and then only to the same proportionate extent;



- (iv) for the purpose of the calculation of the maximum Lump Sum Retirement Benefit in accordance with paragraph 2 of Section III Final Remuneration shall not in any event exceed £100,000 or such other sum as may be specified in an order made by the Treasury.
- (3) in relation to a Class C Member where the Relevant Date is on or before 16 March 1987 the greater of:
- (a) the highest remuneration for any one of the 5 years preceding the Relevant Date being the aggregate of:
    - (i) the basic pay for the year in question, and
    - (ii) the yearly average over 3 or more consecutive years ending with the expiry of the corresponding basic pay year, of any fluctuating emoluments provided that fluctuating emoluments of a year other than the basic pay year may be increased in proportion to any increase in the Index from the last day of that year up to the last day of the basic pay year, and
  - (b) the yearly average of the total emoluments for any 3 or more consecutive years ending not earlier than 10 years before the Relevant Date.
- Provided that:
- (i) in relation to a Special Director Final Remuneration shall be the amount ascertained in accordance with (b) above and (a) above shall not apply.
  - (ii) where Final Remuneration is computed by reference to any year other than the last complete year ending on the Relevant Date, the Member's Remuneration (as calculated in (a) above) or total emoluments (for the purposes of (b) above) of any year may be increased in proportion to any increase in the Index from the last day of that year up to the Relevant Date but this proviso shall not apply to the calculation of the maximum Lump Sum Retirement Benefit in accordance with paragraph 2 of Section III unless the Member's Aggregate Retirement Benefit is similarly increased beyond the maximum amount which could have been paid but for this proviso and the proviso to (a)(ii) above and then only to the same proportionate extent.
- (4) in relation to a Class C Member where the Relevant Date is on or after 17 March 1987, the greater of:
- (a) the highest remuneration for any one of the 5 years preceding the Relevant Date being the aggregate of:
    - (i) the basic pay for the year in question, and

- (ii) the yearly average over 3 or more consecutive years ending with the expiry of the corresponding basic pay year of any fluctuating emoluments provided that any fluctuating emoluments of a year other than the basic pay year may be increased in proportion to any increase in the Index from the last day of that year up to the last day of the basic pay year, and
- (b) the yearly average of the total emoluments for any 3 or more consecutive years ending not earlier than 10 years before the Relevant Date.

Provided that:

- (i) remuneration and total emoluments do not include
    - (I) any amounts which arise from the acquisition or disposal of shares of an interest in shares or from a right to acquire shares except where the shares, interest or right in respect of which there is a liability under Schedule E were acquired or granted before 17 March 1987, or
    - (II) anything in respect of which tax is chargeable by virtue of section 148 of ICTA 1988;
  - (ii) in relation to a Special Director or any other Member whose remuneration in any year subsequent to 5 April 1987 used for the purpose of calculating benefits has exceeded £100,000 or such other figures as may be prescribed in an order made by the Treasury, Final Remuneration shall be the amount ascertained in accordance with (b) above and (a) above shall not apply;
  - (iii) where Final Remuneration is computed by reference to any year other than the last complete year ending on the Relevant Date, the Member's remuneration (as calculated in (a) above) or total emoluments (for the purposes of (b) above) of any year may be increased in proportion to any increase in the Index from the last day of that year up to the Relevant Date but this proviso shall not apply to the calculation of the maximum Lump Sum Retirement Benefit in accordance with paragraph 2 of Section III unless the Member's Aggregate Retirement Benefit is similarly increased beyond the maximum amount which could have been paid but for this proviso and the proviso to (a)(ii) above and then only to the same proportionate extent.
- (J) "ICTA" shall mean the Income and Corporation Taxes Act
- (K) "Lump Sum Retirement Benefit" shall mean the total value of all retirement benefits payable in any form other than non-commutable pension under this and any Associated Scheme.

- (L) **"Negative Deferred Pension"** means the amount by which the Member's pension or deferred pension under the Scheme which arose or arises from Service with the Employers is required to be reduced at the Relevant Date by section 31 of the Welfare Reform Act or under corresponding Northern Ireland legislation following a Pension Sharing Order in order not to prejudice the Scheme's status as a Registered Pension Scheme. For this purpose, Service with the Employers includes all periods of service with other employers which have been treated as if they were Service with the Employers because of a transfer payment to the Scheme in respect of that other service.
- (M) **"Pensionable Service"** shall have the meaning ascribed to it by paragraph 3 of Schedule 16 to the Social Security Act 1973.
- (N) **"Relevant Date"** shall mean:
- (i) for a retirement or death before 1 March 1991, the date of retirement or death as the case may be,
  - (ii) where (i) does not apply, the earliest of:
    - the date of retirement,
    - leaving Pensionable Service, or
    - death,
 as the case may be.
- (O) **"Relevant Scheme"** shall mean any scheme which is a Registered Pension Scheme or a Qualifying Overseas Scheme.
- (P) **"Remuneration"** in relation to any year shall mean:
- (i) as regards a Class A Member the aggregate of the total emoluments for the year in question:
    - (a) from the Employer, and
    - (b) in respect of any Associated Employment or any Connected Scheme, which are assessable to Income Tax under Schedule E but excluding:
      - (I) any amounts which arise from the acquisition or disposal of shares or an interest in shares or a right to acquire shares, or
      - (II) anything in respect of which tax is chargeable by virtue of section 148 of ICTA 1988

Provided that in arriving at such emoluments there shall be disregarded any emoluments in excess of the permitted maximum as defined in section 590C(2) of ICTA 1988.
  - (ii) as regards a Class B Member and a Class C Member whose Relevant Date is on or after 17 March 1987 total emoluments from the Employer in the year

in question which are assessable to Income Tax under Schedule E but excluding:

- (I) any amounts which arise from the acquisition or disposal of shares or an interest in shares or a right to acquire shares, or
- (II) anything in respect of which tax is chargeable by virtue of section 148 of ICTA 1988.
- (iii) as regards a Class C Member whose Relevant Date is on or before 16 March 1987 total emoluments from the Employer in the year in question which are assessable to Income Tax Under Schedule E.

(Q) **"Service"**

- (i) In respect of a Class A Member the aggregate of:
  - (a) all periods of service with the Employer, and
  - (b) all other periods which count in respect of any Associated Employment or any Connected Scheme.
- (ii) in respect of a Class B Member or Class C Member service with the Employer.

(R) **"Special Director"** shall mean a Member who, at any time on or after 17 March 1987 and in the last 10 years before the Relevant Date, has in relation to the Employer, been both within the definition of a director in section 612(1) of ICTA 1988 and within paragraph (b) of that section 417(5) of that Act.

## SECTION II

### RESTRICTIONS APPLICABLE TO CLASS A MEMBERS

Notwithstanding anything to the contrary in the Scheme provisions,

- (i) any term used in the Scheme as a measure of the annual earnings of a Class A Member for the purpose of calculating benefits is to be interpreted as though those earnings are no greater than the Scheme Earnings Cap. The benefits so calculated may be augmented up to the maximum limits in (ii) below;
- (ii) the benefits payable to a Class A Member or his Dependants or other beneficiaries in respect of him shall not, when aggregated with all benefits of a like nature provided under all Relevant Schemes providing benefits in respect of Service, exceed the limits set out below.

#### 1. **Class A Member's Aggregate Retirement Benefit**

The Member's Aggregate Retirement Benefit shall not exceed:

- (a) on retirement at any time between attaining Minimum Pension Age and attaining age 75, except before Normal Retirement Date on grounds of Incapacity, a pension of 1/60<sup>th</sup> of Final Remuneration for each year of Service (not exceeding 40 years) or

such greater amount as would not have prejudiced Revenue Approval before 6 April 2006;

- (b) on retirement at any time before Normal Retirement Date on grounds on Incapacity, a pension of the amount which could have been provided at Normal Retirement Date in accordance with paragraph 1(a) above; Final Remuneration being computed as at the actual date of retirement;
- (c) on leaving Pensionable Service before attaining age 75, a pension of  $1/60^{\text{th}}$  of Final Remuneration for each year of that service (not exceeding 40 years) or such greater amount as would not have prejudiced Revenue Approval before 6 April 2006;. The amount computed as aforesaid may be increased in proportion to any increase in the Index which has occurred between the date of termination of Pensionable Service and the date on which the pension begins to be payable. Any further increase necessary to comply with statutory or governmental requirements is also allowable.

## **2. Class A Member's Lump Sum Retirement Benefit**

The Member's Lump Sum Retirement Benefit shall not exceed:

- (a) on retirement at any time between attaining Minimum Pension Age and attaining age 75, except before Normal Retirement Date on grounds on Incapacity,  $3/80^{\text{ths}}$  of Final Remuneration for each year of Service (not exceeding 40 years) or such greater amount as would not have prejudiced Revenue Approval before 6 April 2006;
- (b) on retirement at any time before Normal Retirement Date on grounds on Incapacity, the amount which could have been provided at Normal Retirement Date in accordance with paragraph 2(a) above, Final Remuneration being computed as at the actual date of retirement;
- (c) on leaving Pensionable Service before attaining age 75, a lump sum of  $3/80$  of Final Remuneration for each year of that service (not exceeding 40 years) or such greater amount as would not have prejudiced Revenue Approval before 6 April 2006. The amount computed as aforesaid may be increased in proportion to any increase in the Index which has occurred between the date of termination of Pensionable Service and the date on which the pension begins to be payable but only if and to the same extent as the total benefits have been increased under paragraph 1(c) above.

## **3. Class A Member's Lump Sum Death Benefit**

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

- (a) £5,000, and
- (b) 4 times the annual rate of the Member's remuneration at the date of this death, less
  - (i) any lump sum (other than a refund of his own contributions and any interest thereon) payable on the death of the Member under all Relevant Schemes in respect of service with previous employers, and

- (ii) any lump sum life assurance benefit payable on the death of the Member under a retirement annuity contract or a trust scheme approved under Chapter III of Part XIV of ICTA 1988, or a person pension scheme approved under Chapter IV of Part XIV of ICTA 1988,

if the aggregate of such lump sums exceeds £1,000 (£2,500 if death occurs on or after 1 August 1991),

or such greater amount as would not have prejudiced Revenue Approval before 6 April 2006.

#### **4. Class A Member's Dependants' Pensions**

Any pension for a Dependant, when aggregated with the pensions, other than those provided by surrender of the Member's own pension, payable to that Dependant under all Associated Schemes, shall not exceed:

an amount equal to 2/3rds of the Aggregate Retirement Benefit:

- (a) being paid to the Member at the date of his death (including any pension increases given under the Rules), or
- (b) being a deferred benefit payable to the Member at any time between attaining Minimum Pension Age and attaining age 75, or
- (c) prospectively payable to the Member who dies in Service had he remained in Service up to the Normal Retirement Date at the rate of pay in force immediately before his death, or
- (d) prospectively payable to the Member who dies in Service after Normal Retirement Date on the basis that he had retired on the day before he died,

or such greater amount as would not have prejudiced Revenue Approval before 6 April 2006.

If pensions are payable to more than one Dependant of a Member, the aggregate of all Dependants' pensions payable in respect of him under this and all Associated Schemes shall not exceed the full amount of whichever is the appropriate Aggregate Retirement Benefit under (a), (b), (c) or (d) above or such greater sum as would not have prejudiced Revenue Approval before 6 April 2006.

#### **5. Pension increases for Class A Members**

The maximum amount of a pension ascertained in accordance with this Section II less any pension which has been commuted for a lump sum or surrendered to provide a Dependant's pension may be increased in proportion to the increase in the Index which has occurred since the pension commenced to be paid.

#### **6. Special Directors and Controlling Directors who are Class A Members**

The preceding provisions of this Section II shall be modified in their application to a Member who is or has been a Special Director or Controlling Director as follows:

the amount of the maximum Aggregate Retirement Benefit in paragraph 1 and of the maximum Lump Sum Retirement Benefit in paragraph 2 shall be reduced, where necessary for Revenue Approval, so as to take account of any corresponding benefits under either a retirement annuity contract or a trust scheme approved under Chapter III of Part XIV of ICTA 1988 or a personal pension scheme approved under Chapter IV of Part XIV of ICTA 1988.

### SECTION III

#### RESTRICTIONS APPLICABLE TO A CLASS B MEMBER OR CLASS C MEMBER

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

##### 1. Class B Member's or Class C Member's Aggregate Retirement Benefit

The Member's Aggregate Retirement Benefit shall not exceed:

- (a) on retirement at or before Normal Retirement Date, a pension of  $1/60^{\text{th}}$  of Final Remuneration for each year of Service (not exceeding 40 years) or such greater amount as would not have prejudiced Revenue Approval before 6 April 2006;
- (b) on retirement after Normal Retirement Date, a pension of the greatest of:
  - (i) the amount calculated in accordance with paragraph 1(a) above on the basis that the actual date of retirement was the Member's Normal Retirement Date,
  - (ii) the amount which could have been provided at Normal Retirement Date in accordance with paragraph 1(a) above increased either actuarially in respect of the period of deferment or in proportion to any increase in the Index during that period, and
  - (iii) where the Member's total Service has exceeded 40 years, the aggregate of  $1/60^{\text{th}}$  of Final Remuneration for each year of Service before Normal Retirement Date (not exceeding 40 such years) and of a further  $1/60^{\text{th}}$  of Final Remuneration for each year of Service after Normal Retirement Date, with an overall maximum of 45 reckonable years.

Final Remuneration being computed in respect of (i) and (iii) above as at the actual date of retirement, but subject always to paragraph 6 below;

- (c) on leaving Pensionable Service before Normal Retirement Date, a pension of  $1/60^{\text{th}}$  of Final Remuneration for each year of that Service (not exceeding 40 years) or of such greater amount as would not have prejudiced Revenue Approval before 6 April 2006. The amount computed as aforesaid may be increased in proportion to any increase in the Index which has occurred between the date of termination of Pensionable Service and the date on which the pension begins to be payable. Any further increase necessary to comply with statutory or governmental requirements is also allowable.

## **2. Class B Member's or Class C Member's Lump Sum Retirement Benefit**

The Member's Lump Sum Retirement Benefit shall not exceed:

- (a) on retirement at or before Normal Retirement Date, 3/80ths of Final Remuneration for each year of Service (not exceeding 40 years) or such greater amount as would not have prejudiced Revenue Approval before 6 April 2006;
- (b) on retirement after Normal Retirement Date, the greatest of:
  - (i) the amount calculated in accordance with paragraph 2(a) above on the basis that the actual date of retirement was the Member's Normal Retirement Date,
  - (ii) the amount which could have been provided at Normal Retirement Date in accordance with paragraph 2(a) above together with an amount representing interest thereon, and
  - (iii) where the Member's total Service has exceeded 40 years, the aggregate of 3/80ths of Final Remuneration for each year of Service before Normal Retirement Date (not exceeding 40 such years) and of a further 3/80ths of Final Remuneration for each year of Service after Normal Retirement Date, with an overall maximum of 45 reckonable years.

Final Remuneration being computed in respect of (i) and (iii) above as at the actual date of retirement, but subject always to paragraph 6 below;

- (c) on leaving Pensionable Service before Normal Retirement Date, a lump sum of 3/80ths of Final Remuneration for each year of that service (not exceeding 40 years) or such greater amount as would not have prejudiced Revenue Approval before 6 April 2006. The amount computed as aforesaid may be increased in proportion to any increase in the Index which has occurred between the date of termination of Pensionable Service and the date on which the pension begins to be payable but only if and to the same extent as the total benefits have been increased under paragraph 1(c) above.

## **3. Class B Member's or Class C Member's Lump Sum Death Benefit**

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

- (a) £5,000, and
- (b) 4 times the annual rate of the Member's remuneration at the date of his death, less
  - (i) any lump sum (other than a refund of his own contributions and any interest thereon) payable on the death of the Member under all Relevant Schemes in respect of service with previous employers, and
  - (ii) any lump sum life assurance benefit payable on the death of the Member under a retirement annuity contract or a trust scheme approved under Chapter III of Part XIV of ICTA 1988, or a personal pension scheme approved under Chapter IV of Part XIV of ICTA 1988,



if the aggregate of such lump sums exceeds £1,000 (£2,500 if death occurs on or after 1 August 1991),

or such greater amount as would not have prejudiced Revenue Approval before 6 April 2006.

#### **4. Class B Member's or Class C Member's Dependants' Pension**

Any pension for a Dependant, when aggregated with the pensions, other than those provided by surrender of the Member's own pension, payable to that Dependant under all Associated Schemes, shall not exceed:

an amount equal to 2/3rds of the Aggregate Retirement Benefit:

- (a) being paid to the Member at the date of his death (including any pension increases given under the Rules), or
- (b) being a deferred benefit payable to the Member at Normal Retirement Date, or
- (c) prospectively payable to the Member who dies in Service had he remained in Service up to Normal Retirement Date at the rate of pay in force immediately before his death, or
- (d) prospectively payable to the Member who dies in Service after Normal Retirement Date on the basis that he had retired on the day before he died,

or such greater amount as would not have prejudiced Revenue Approval before 6 April 2006.

If pensions are payable to more than one Dependant of a Member, the aggregate of all Dependant's pensions payable in respect of him under this and all Associated Schemes shall not exceed the full amount of whichever is the appropriate Aggregate Retirement Benefit under (a), (b), (c) or (d) above or such greater sum as would not have prejudiced Revenue Approval before 6 April 2006.

#### **5. Increases to Pensions for Class B Members and Class C Members**

The maximum amount of a pension ascertained in accordance with this Section III less any pension which has been commuted for a lump sum or surrendered to provide a Dependant's pension may be increased in proportion to the increase in the Index which has occurred since the pension commenced to be paid (or by such greater amount as would not have prejudiced Revenue Approval before 6 April 2006).

#### **6. Benefits taken before actual retirement for Class B Members and Class C Members**

If a Member elects under the Rules to take any part of his benefits under the Scheme in advance of actual retirement, the limits set out in paragraphs 1 and 2 above shall apply as if he had retired at the date of the election as aforesaid, no account being taken of subsequent service, save that the maximum amount of any uncommuted pension not commencing immediately may be increased either actuarially in respect of the period of deferment or in proportion to any increase in the Index during that period.

**7. Special Directors and Controlling Directors who are Class B Members and Class C Members**

The preceding provisions of this Section shall be modified in their application to a Member who is or has been a Special Director or Controlling Director as follows:

the amount of the maximum Aggregate Retirement Benefit in paragraph 1 and of the maximum Lump Sum Retirement Benefit in paragraph 2 shall be reduced, where necessary for Revenue Approval, so as to take account of any corresponding benefits under either a retirement annuity contract or a trust scheme approved under Chapter III of Part XIV of ICTA 1988 or a personal pension scheme approved under Chapter IV of Part XIV of ICTA 1988,

and, in relation to a Member who is a Special Director at his Normal Retirement Date, as follows:

- (a) where retirement takes place after Normal Retirement Date but not later than the Member's 70<sup>th</sup> birthday, paragraph 1(b)(ii) and (iii) and paragraph 2(b)(ii) and (iii) shall not apply, and if retirement is later than the attainment of that age, the said paragraphs shall apply as if the Member's 70<sup>th</sup> birthday had been specified in the Rules as his Normal Retirement Date, so as not to treat as Service after Normal Retirement Date any Service before the Member reaches the age of 70;
- (b) where paragraph 6 applies to him, the rate of the actuarial increase referred to therein in relation to any period of deferment prior to his attaining the age of 70, shall not exceed the percentage increase in the Index during that period.

**SECTION IV**

**SPECIAL CONDITIONS**

**1. Adjustment of benefits for all Members where there is also a Voluntary Scheme**

Where in addition to being a member of this Scheme the Member is also a member of an approved scheme (the "Voluntary Scheme") which provides additional benefits to supplement those provided by this Scheme and to which no contributions are made by any employer of his, the provisions of the paragraph that follows shall apply in relation to any augmentation of the benefits provided for him by this Scheme after he has ceased to participate in it.

Any provisions in this Scheme imposing a limit on of a benefit provided for the Member shall have effect (notwithstanding anything in them to the contrary) as if they provided for the limit to be reduced by the amount of any like benefit provided for the Member by the Voluntary Scheme.

**2. Payment of benefits for a Class A Member**

The Scheme provisions shall have effect (notwithstanding anything in them to the contrary) as if they provided:

- (a) that a Class A Member's retirement benefit shall be paid no later than the date on which he attains age 75, and

- (b) subject to (a) above that no part of a Class A Member's retirement benefit shall be paid in advance of actual retirement or leaving Service except to the extent necessary to comply with statutory or governmental requirements.

## **SECTION V**

### **MEMO 108 CHANGES**

#### **1. Overriding status**

- (a) Notwithstanding anything to the contrary in the Scheme provisions but subject to (b) below the following paragraphs 2 to 12 shall have full effect (subject to Clause 23 (Power of amendment)) except that paragraphs 2 to 8 may not be construed as conferring powers on the Trustees that they do not otherwise have by virtue of this Deed.
- (b) This Section V may be disapplied in whole or in part and either generally or in a specific case, where permitted by HMRC or by overriding legislation.

#### **2. Continued life cover**

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

#### **3. Special Directors**

For a Special Director who is a Class A Member the definitions of Aggregate Retirement Benefit and Lump Sum Retirement Benefit are to be extended to include any benefits of either a retirement annuity contract approved under Chapter III of Part XIV of ICTA 1988 or a personal pension scheme approved under Chapter IV of that Part insofar as those benefits are secured in respect of Service with the Employer or an associated employer.

#### **4. Post-retirement increases of pension**

The amount of any pension of a Class A Member which may be increased under any provision of the Scheme to take account of increases in the cost of living may not notionally include any amount of pension which has been commuted for a lump sum.

#### **5. Definition of Service**

For a Special Director who is a Class A Member the definition of Service may not be interpreted as including a period of service for an employer who is associated with the Employer by virtue of a permanent community of interest rather than because one employer is controlled by the other or both are controlled by a third party. Where both such employers are participating in the Scheme separate calculations of maximum benefits are required in respect of the separate periods of Service. Control has the meaning in section 840 of ICTA 1988 or, in the case of a close company, section 416 of ICTA 1988.

## **6. Pension Guarantees**

Any provision in the rules for a pension to be guaranteed for a minimum period by reference to the value of the Member's contributions is hereby disapplied if the minimum period of guarantee would exceed 10 years. A pension may not be guaranteed for a minimum period exceeding 10 years.

## **7. Controlling Directors**

Any provision of this Deed which restricts the benefits of a Member solely on the grounds that the Member was before 6 April 1973 within the definition of a controlling director in section 224(1) of ICTA 1970 is hereby disapplied.

## **8. Lump sum benefit for Deferred Pension**

In relation to the deferred benefits of a Member who has left Pensionable Service, any provision which limits the cost of living increase of the lump sum in proportion with any such increase granted on the total deferred benefit shall cease to have effect.

## **9. Temporary Absence**

A provision in the Rules to permit a Member who becomes temporarily absent from Service to continue in full membership of the Scheme for a period of up to 3 years without reference to the Superannuation Funds Office may, in respect of a Member who remains resident in the United Kingdom, be construed as though that 3 year period is extended to 10 years.

## **SECTION VI<sup>185</sup>**

### **PENSION SHARING**

#### **1. Permanent Pension Debit Members**

The benefits for a Permanent Pension Debit Member are additionally subject to the following limits, subject to compliance with Social Security legislation:

- (a) The pension must not exceed the total of the Member's pensions under the Scheme and any Relevant Scheme less the Negative Deferred Pension(s) in the Scheme and in any Relevant Scheme and, in the case of a Class A Member, the Negative Deferred Pension in any Connected Scheme.
- (b) The lump sum from this and any Relevant Scheme must not exceed:
  - (i) for Permanent Pension Debit Members who are Class A Members or Class B Members, 2.25 times the initial annual pension payable
  - (ii) for Permanent Pension Debit Members who are Class C Members, the greater of:
    - 2.25 times the initial annual pension payable; or

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<sup>185</sup> This section VI was inserted by paragraph 20 of schedule 3 to the deed of amendment date 11 April 2001 and has been updated to accommodate civil partners.

- an amount determined in accordance with the Rules as if there had been no Pension Debit, less 2.25 times the Negative Deferred Pension.

For the purposes of this paragraph, the initial annual pension will be calculated on the following bases:

- (i) if the pension payable for the year changes, the initial pension payable should be taken;
  - (ii) it should be assumed that the Permanent Pension Debit Member will survive for a year;
  - (iii) the effect of commutation should be ignored.
- (c) On the death of the Permanent Pension Debit member, any pension for a Dependant shall not exceed two thirds of an amount determined in accordance with paragraph (a) as if there had been no Pension Debit, less the Negative Deferred Pension(s) in the Scheme and in any Relevant Scheme and, in the case of a Class A Member, the Negative Deferred Pension in any Connected Scheme. Where more than one pension is to be paid, the total of all the pensions cannot exceed 100% of an amount determined in accordance with paragraph (a) above as if there had been no Pension Debit, less the Negative Deferred Pension(s) in the Scheme and in any Relevant Scheme and, in the case of a Class A Member, the Negative Deferred Pension in any Connected Scheme.

## **2. Transfer-in of Members subject to Pension Debit**

If the Trustees accept a transfer payment and are given details by the transferor of a Pension Debit relating to the transfer payment, the Trustees must take account of the Pension Debit, if appropriate, in calculating any limit on benefits for that Member.

## **3. Death of a former spouse or Civil Partner before a Pension Sharing Order is implemented**

This paragraph applies if a former spouse or Civil Partner dies after a Pension Sharing Order is made but before the liability for the Pension Credit has been discharged by the Trustees. The lump sum payable is limited to 25% of what would have been the cash equivalent of the Pension Credit at the date of the former spouse or Civil Partner's death. The balance of that notional cash equivalent may be used (if the Rules so allow) to provide a non-commutable pension to a spouse and/or dependants of the former spouse or Civil Partner.

The amount of pension payable to a spouse or dependant of the former spouse or Civil Partner under this paragraph 3 is limited to a maximum of two thirds of the amount of the pension that could have been paid to the former spouse or Civil Partner at the date of death if the whole of what would have been the cash equivalent of the Pension Credit had been used to purchase an annuity at an available market rate. For the purpose of determining the pension which could have been paid to the former spouse or Civil Partner, it should be assumed that the former spouse or Civil Partner was aged 50 at the date of death, if the former spouse or Civil Partner died at an earlier age.

Where more than one pension is to be paid, the total of all the pensions cannot exceed the amount of the pension that could have been paid to the former spouse or Civil Partner.

These pensions must be payable for life, except that a pension paid to a child must cease on the attainment of age 18 or, if later, on the cessation of full-time education. A lump sum may be paid instead of such pension, however, if the pension may be fully commuted because its amount is trivial at the time it is due to start.

#### **4. Death of a PCB Member before Pension Credit Benefits come into payment**

This paragraph applies if a PCB Member dies after a Pension Sharing Order is made but before his or her Pension Credit Benefits under the Scheme have come into payment. The lump sum payable is limited to 25% of what would have been the cash equivalent of the Pension Credit Rights at the date of the PCB Member's death. The balance of that notional cash equivalent may be used (if the Rules so allow) to provide a non-commutable pension to a spouse, Civil Partner and/or dependant of the PCB Member.

The amount of pension payable to a spouse, Civil Partner or dependant of the PCB Member under this paragraph 4 is limited to a maximum of two thirds of the amount of the pension that could have been paid to the PCB Member at the date of death if the whole of what would have been the cash equivalent of the Pension Credit Rights had been used to purchase an annuity at an available market rate. For the purpose of determining the pension which could have been paid to the PCB Member, it should be assumed that the PCB Member was aged 50 at the date of death, if the PCB Member died at an earlier age.

Where more than one pension is to be paid, the total of all the pensions cannot exceed the amount of the pension that could have been paid to the PCB Member.

These pensions must be payable for life, except that a pension paid to a child must cease on the attainment of age 18 or, if later, on the cessation of full-time education. A lump sum may be paid instead of such a pension, however, if the pension may be fully commuted because its amount is trivial at the time it is due to start.

#### **5. Death of a PCB Member after pension has started**

This paragraph applies if a PCB Member dies after his or her Pension Credit Benefits under the Scheme have come into payment. The amount of pension payable to a spouse, Civil Partner or dependant of the PCB Member must not exceed two thirds of the initial annual pension which was paid to the PCB Member as increased in line with RPI since the PCB Member's pension started. Where more than one pension is to be paid, the total of all the pensions cannot exceed the amount of the initial annual pension which was paid to the PCB Member as increased in line with RPI since the PCB Member's pension started. For these purposes, initial annual pension is calculated on the same bases as for paragraph 1(b) above.

## APPENDIX 3 – PENSION SHARING PROVISIONS<sup>186</sup>

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### 1. Definitions

In this Appendix, Appendix 2 and the Rules, the following terms have the meanings given below. Other terms have the meanings given (if any) in the Rules.

**"Controlling Director"** has the meaning given to it by paragraph 5(5) of Schedule 23 to the Income and Corporation Taxes Act 1988.

**"Normal Benefit Age"** means, in respect of a PCB Member who is entitled to Pension Credit Benefits under the Scheme, age 60.

**"PCB Member"** means a person who is entitled to Pension Credit Rights or Pension Credit Benefits under the Scheme. A Member can also be a PCB Member.

**"Pension Credit"** means a credit under section 29(1)(b) of the Welfare Reform Act.

**"Pension Credit Benefits"** means any benefits payable from the Scheme for a PCB Member arising from rights under the Scheme attributable (directly or indirectly) to a Pension Credit.

**"Pension Credit Rights"** means rights to future benefits under the Scheme (or any other scheme if the context so requires) which are attributable, directly or indirectly, to a Pension Credit.

**"Pension Debit"** means a debit under section 29(1)(a) of the Welfare Reform Act.

**"Pension Sharing Order"** means any order or provision as is mentioned in 28(1) of the Welfare Reform Act.

**"Permanent Pension Debit Member"** means a Member whose benefits have been permanently reduced by a Pension Debit. Such a Member is a Member whose earnings at the date at which the marriage or civil partnership was dissolved or annulled exceeded one quarter of the permitted maximum (as defined in section 590C of the Income and Corporation Taxes Act 1988) for the Tax Year in which the dissolution or annulment occurred. Earnings for these purposes shall be taken to be the total emoluments

- (i) which were paid to the Member for Pensionable Service during the Tax Year before the Tax Year in which the marriage was dissolved or annulled, and
- (ii) from which tax was deducted in accordance with the Income Tax (Employments) Regulations 1993.

**"Qualifying Benefit"** has the meaning given to it by section 31(3) of the Welfare Reform Act.

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<sup>186</sup> This appendix was inserted by paragraph 21 of schedule 3 to the deed of amendment date 11 April 2001 and has been updated to deal with pension sharing for civil partners.

"Safeguarded Rights" are those rights of a PCB Member, falling within section 68A(1) of the 1993 Act, as are described in section 68A(2) of that Act.

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

## 2. The Pension Debit

2.1 If a Member's benefits under the Scheme are subject to a Pension Debit, the benefits will be reduced by the Pension Debit in a manner decided by the Trustees which complies with the requirements of section 31 of the Welfare Reform Act. The Pension Debit will be deducted from each of the Member's Qualifying Benefits within the implementation period (as defined in section 34 of the Welfare Reform Act).

2.2 The Trustees may require the Member to provide evidence (at the Member's own expense) of his or her state of health in relation to a cash equivalent transfer value quotation to be issued for the purposes of pension sharing at the time the Pension Sharing Order is made.

## 3. Method of securing Pension Credit

If a Member's benefits under the Scheme are subject to a Pension Debit, the Trustees may discharge their liability for the corresponding Pension Credit by:

- (a) paying the amount of the Pension Credit to a qualifying arrangement in line with paragraph 1(3) of Schedule 5 to the Welfare Reform Act, or
- (b) providing benefits under the Scheme for the person entitled to the Pension Credit in line with paragraph 1(2) of Schedule 5 to the Welfare Reform Act. The benefits will be in the form of a pension and a lump sum (unless a lump sum has been paid to the Member whose benefits are subject to the relevant Pension Sharing Order before the Order was made). These benefits will be treated as being provided separately from any other benefits provided under the Scheme for the same person. The Trustees must comply with the requirements of the Welfare Reform Act in relation to Safeguarded Rights and the Pension Credit Rights and Benefits generally.

The Trustees may decide from time to time that they will, either in all cases or in certain cases, discharge their liability for Pension Credits under (a) above.

## 4. Pension Credit Secured within the Scheme

If the Trustees provide benefits from the Scheme for a PCB Member under paragraph 3(b) above or paragraph 5 below, the following provisions will apply.

### 4.1 *Drawing benefits at Normal Benefit Age or when Order implemented*

The PCB Member will be entitled to draw the Pension Credit Benefits from Normal Benefit Age or (if the PCB Member is already over the Normal Benefit Age) the date the Order is implemented.

### 4.2 *Drawing benefits early*

A PCB Member who is over Minimum Pension Age may apply to the Trustees for the Pension Credit Benefits, excluding Safeguarded Rights, to be paid immediately. If the Trustees agree to the immediate payment, the benefits will be adjusted for early



payment by an amount decided by the Trustees, having taken the advice of the Actuary.

The Trustees may only pay Pension Credit Benefits to a PCB Member who is under Minimum Pension Age if the PCB Member also has a right to benefits under the Scheme as a Member and the Trustees are satisfied, on such evidence as they think fit, that that PCB Member is prevented by mental or physical incapacity from the performance of the duties of his employment. The Trustees may at their discretion apply the provisions of Rule 19 to such a PCB Member as if the references to "Member" in that Rule 19 were to the PCB Member.

#### 4.3 *Drawing benefits late*

A PCB Member who is under Normal Benefit Age when the Order is implemented may apply to the Trustees for the Pension Credit Benefits to be paid later than Normal Benefit Age. The benefits will be adjusted for late payment by an amount decided by the Trustees, having taken the advice of the Actuary. Nothing in this Rule 4.3 shall allow a PCB Member to defer commencement of the payment of Pension Credit Benefits beyond the date at which he reaches 75 years of age.

#### 4.4 *Lump sums*

- (1) At the time the Pension Credit Benefit becomes payable to the PCB Member, the PCB Member may elect to exchange some pension for a lump sum not exceeding the amount specified in the Finance Act 2004.
- (2) The Trustees can, at their discretion, decide to pay the PCB Member the whole of the Pension Credit Rights in the form of a lump sum, instead of a pension, in the circumstances set out in Rules 22(5) (exceptional circumstances of serious ill-health) and 37 (small pension) and on the same terms and conditions as are set out in those Rules (but on the basis that references to the member are treated as references to the PCB Member).
- (3) If the PCB Member also has a right to benefits under the Scheme as a Member:
  - (a) in order to establish whether the benefits payable under the Scheme are less than the prescribed amount as defined in Rule 27, benefits from Pension Credit Rights must be included; and
  - (b) the Pension Credit Rights can be commuted under Rule 37 only if the PCB Member's benefits arising from Service as a Member are commuted at the same time.

#### 4.5 *Revaluation*

The Pension Credit Rights will be revalued up to Normal Benefit Age in line with the requirements of the 1993 Act and the 1995 Act relating to preservation of benefits for early leavers.

#### 4.6 *Pension Increases*

The Trustees will identify and record the rate or rates of increase to be applied to each element of the PCB Member's pension in payment each year being the same as the rates that apply or would apply to the pension (in excess of the Guaranteed

Minimum Pension) of the Member whose benefits were subject to the relevant Pension Sharing Order, based on the Rules and legislation in force at the time the Order is implemented. Such increases will be applied on such date and on such terms as to part years and transitional periods as the Trustees may decide.

#### 4.7 *Death before drawing benefits*

If the PCB Member dies before starting to receive benefits, the Trustees will pay a lump sum death benefit, subject to Inland Revenue Limits, equal to five times the annual pension that would have been paid if the PCB Member had retired on the day before the date of death (ignoring any restriction on retiring before Minimum Pension Age if in fact below that age) including revaluation under Rule 4.5 up to the date of death. This lump sum will be paid to the PCB Member's legal personal representatives.

#### 4.8 *Death while pension in payment*

If the PCB Member dies within five years of starting to receive the pension, the Trustees will pay to the legal personal representatives of the PCB Member a lump sum death benefit subject to any applicable Inland Revenue Limits equal to the aggregate amount of pension that would have been paid to the PCB Member during the remainder of that five-year period ignoring any future pension increases and assuming that no exchange was made under paragraph 4.4 above.

#### 4.9 *Transfers out*

The PCB Member may ask the Trustees to arrange a transfer of his or her Pension Credit Rights to another Registered Pension Scheme or Qualifying Overseas Scheme. The Trustees will allow such a transfer only if the relevant requirements of the Welfare Reform Act and the Finance Act 2004 are satisfied in relation to the transfer.

The Trustees must inform the receiving scheme or arrangements that the transfer value consists wholly or partly of Pension Credit Rights for the benefit of a PCB Member.

#### 4.10 *No assignment of PCB*

The rights to Pension Credit Benefits under the Scheme are not absolute, but will be forfeited in the circumstances described in Rule 32 or upon the bankruptcy of the PCB Member. The Trustees may then at their absolute discretion pay all or part of those benefits to or in respect of the PCB Member.

#### 4.11 *Allocation*

If the Trustees so decide, the PCB Member can, on starting to receive the pension, give up part of it to provide an allocated pension for a spouse, Civil Partner or dependant on terms to be decided by the Trustees.

#### 4.12 *Annuity purchase*

If the Trustees so decide they may, at the request of the PCB Member at the time when the PCB Member starts to receive the pension, arrange for the purchase of an annuity from a Life Insurance Company chosen by the PCB Member. In order to do

this, the PCB Member must apply in writing to the Trustees in whatever form the Trustees may from time to time require (which may include a form of discharge). The Trustees will allow an annuity to be purchased only if the relevant requirements of the Welfare Reform Act are satisfied in relation to it.

#### 4.13 *Commutation of Pension*

Any pension provided under Rules 4.1, 4.2 or 4.3 of this Appendix cannot be commuted surrendered or assigned except in accordance with the Rules. Such a pension must be payable for life unless it is fully commuted on grounds of triviality or serious ill-health and may be guaranteed.

### 5. **Transfers in**

This paragraph applies if the Trustees accept a transfer payment for an individual who is already a Member of the Scheme or a PCB Member and they are informed by the transferor that the transfer payment consists wholly or partly of Pension Credit Rights in the former scheme or arrangement. The Trustees must separately identify the transfer payment, or the part of the transfer payment, relating to the Pension Credit Rights from other funds held for the benefit of that individual. The Trustees must ensure that transferred-in Pension Credit Rights are treated as provided separately from any other benefits provided under the Scheme to the intent that the Pension Credit Rights will not count towards any Scheme limit on benefits for that individual. Pension Credit Rights and Benefits in such a case will be provided on the terms set out in paragraph 4 above and subject to paragraphs 8 and 9 below.

### 6. **Death before liability for Pension Credit is discharged**

This paragraph applies if the PCB Member dies after a Pension Sharing Order is made, but before the liability for the Pension Credit has been discharged by the Trustees. In that case, the Trustees can pay benefits in the form of either a pension or a lump sum and a pension, as they may, in their discretion, decide subject to Scheme Limits. These benefits must not exceed, and need not be equal in value to the Pension Credit. Any lump sum death benefit will be payable (if the Trustees allow such nomination) to any one or more people nominated by the PCB Member for this purpose or, if not or no nomination has been made, to the PCB Member's legal personal representatives. If a pension is paid, it can be paid to any one or more of the spouse, Civil Partner or dependants of the PCB Member.

### 7. **Member transferring-out after Pension Debit**

If the Trustees make a transfer payment to a Registered Pension Scheme or Qualifying Overseas Scheme for a Member whose benefits have been reduced by a Pension Debit, the transfer payment will be the reduced amount after the Pension Debit has been deducted

### 8. **Charges**

The Trustees may make reasonable charges for the administration involved in providing information for the purposes of a Pension Sharing Order and in implementing such an Order. Any charge made may be deducted from the benefits payable to either the Member or the PCB Member, subject to the relevant terms of the Order. The Trustees may require either party to pay the charge before providing the information or before the Pension Sharing Order is implemented where allowed by the Welfare Reform Act.

## **9. Variations**

The Trustees may decide from time to time to alter the structure of the Pension Credit Rights or Benefits to be granted to PCB Members in the future, in general or in individual cases, and may amend the terms of benefits already provided, provided that either the Actuary advises that no material extra costs will be imposed on the Scheme or the Principal Employer consents, and subject to the requirement of Section 67 of the Pensions Act 1995 in the case of Pension Credit Rights or Benefits which have been granted to a PCB Member already.



Dated 26<sup>th</sup> March 2010

**TfL PENSION FUND  
DEED OF VARIATION**

WE HEREBY CERTIFY THIS TO  
BE A TRUE COPY OF THE ORIGINAL  
*Sacker & Partners LLP*  
SACKER & PARTNERS LLP Date *29/03/10*

Sackers

29 Ludgate Hill  
London EC4M 7NX

Tel: +44 (0)20 7329 6699  
Fax: +44 (0)20 7248 0552  
Ref: 826837(4)

THIS DEED IS MADE this 26<sup>th</sup> day of

March

2010

**BETWEEN:**

- (1) **TRANSPORT FOR LONDON**, a body corporate established by statute of 55 Broadway, London SW1H OBD ("**TfL**"); and
- (2) **TfL TRUSTEE COMPANY LIMITED** (registered no 2338675) whose registered office is at 55 Broadway, London SW1H OBD (the "**Trustees**")

**BACKGROUND**

- (A) The TfL Pension Fund (the "**Scheme**") (formerly known as the LRT Pension Fund) was established by LRT with effect from 1 January 1988 by an interim trust deed dated 26 November 1986. The Scheme is now governed by a trust deed and rules scheduled to a Deed of Variation dated 19 December 2008 (respectively the "**Trust Deed**" and the "**Rules**").
- (B) The Trustees are the present sole trustee of the Scheme.
- (C) The Trustees and TfL wish to amend the Rules of the Scheme in accordance with Rule 44 of the Rules as set out in this deed.
- (D) The proposed modification of Rules has been confirmed by resolution of the Board of TfL and by the Actuary and the nature of the amendments is such that they do not require to be confirmed by resolution of the Scheme members at a General Meeting.

**NOW THIS DEED WITNESSES** that with effect on and from the date specified in the Clause of this Deed and in Rule 44 of the Rules the Trustees hereby amend the Rules as follows:

1. On and from the date of this Deed, the following words, as underlined, are inserted into Rule 2C(5):

*"If the Trustees decide it is appropriate, having obtained the advice of the Actuary and with the consent of the Participating Employer or Participating Employers which participate in the relevant Sections, they may merge, on such terms as they see fit, two or more Sections by transferring all of the assets of one or more Sections to another Section or Sections. Following such a merger the Trustees and the Principal Employer may determine to wind-up the Section or Sections from which the assets and liabilities were transferred."*

2. On and from the date of this Deed, the following words, as underlined, are inserted into Rule 2C(6):

*"The Trustees may, with the consent of the Principal Employer, at any time agree to a transfer of assets and liabilities between two New Sections of the Scheme or between a New Section of the Scheme and the TfL Section on such terms as the Trustees and Principal Employer may agree and with or without Member consents.*

*The consent of the Participating Employers of those New Sections will also be required. If such a transfer of assets and liabilities accounts for all of the assets and liabilities attributable to a New Section, the Trustees and the Principal Employer may determine to wind-up the New Section of the Scheme from which the assets and liabilities were transferred.*

3. On and from 1 April 2010, a new Rule 20(1A) shall be inserted before Rule 20(1) with the following wording:

*"If a Member leaves Service before Scheme Pension Age without qualifying for a benefit under any other Rule and his Linked Qualifying Service is less than 3 months, he shall be entitled to Benefit I."*

4. On and from 1 April 2010, the following words, as underlined shall be inserted into Rule 20(1):

*"If a Member leaves Service before Scheme Pension Age without qualifying for a benefit under any other Rule, and his Linked Qualifying Service is equal to or greater than 3 months, then he shall be entitled to one of the benefits under this Rule. He may elect such benefit from Benefit I, II, IV or V if his Linked Qualifying Membership is less than two years, or Benefit II, III, IV or V if his Linked Qualifying Membership is at least two years."*

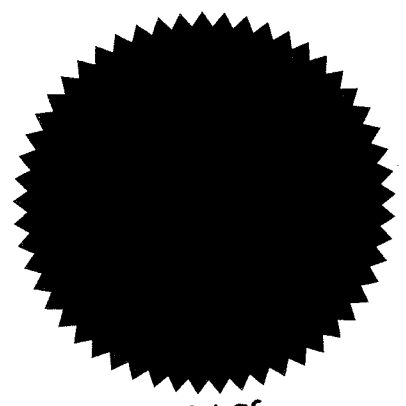
5. On and from 1 April 2010, the following words, as underlined, are inserted into the introduction to Rule 20(2);

*"The benefits referred to in paragraph (1A) and paragraph (1) of this Rule are as follows."*



IN WITNESS WHEREOF these presents have been entered into as a deed on the day and year first before written.

THE COMMON SEAL of TRANSPORT )  
FOR LONDON was affixed to this Deed )  
in the presence of: )



*[Handwritten Signature]*  
Authorised Signatory

2158

EXECUTED AS A DEED by )  
TfL TRUSTEE COMPANY LIMITED )  
acting by: )

Director

Director/Secretary

*[Handwritten Signatures]*

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

*Sacker & Partners LLP*  
SACKER & PARTNERS LLP Date *16.5.13*

DATED: 15<sup>th</sup> February 2013

**TfL PENSION FUND**

**DEED OF VARIATION**

**Sackers**

Sacker & Partners LLP  
20 Gresham Street  
London EC2V 7JE  
T +44 (0)20 7329 6699  
F +44 (0)20 7248 0552  
E [enquiries@sackers.com](mailto:enquiries@sackers.com)  
DX 42615 Cheapside  
<http://www.sackers.com>

Ref: 1766359\_7.docx

THIS DEED IS MADE this 15<sup>th</sup> day of February 2013

**BETWEEN:**

- (1) **TRANSPORT FOR LONDON**, a body corporate established by statute of 55 Broadway, London SW1H 0BD ("TfL"); and
- (2) **TfL TRUSTEE COMPANY LIMITED** (registered no 2338675) whose registered office is at 55 Broadway, London SW1H 0BD (the "Trustees")

**BACKGROUND**

- (A) The TfL Pension Fund (the "**Scheme**") (formerly known as the LRT Pension Fund) was established by London Regional Transport with effect from 1 January 1988 by an interim trust deed dated 26 November 1986. The Scheme is currently governed by a Trust Deed and Rules scheduled to a Deed of Variation dated 19 December 2008 (respectively the "**Trust Deed**" and the "**Rules**") as amended from time to time, including by a Deed of Variation dated 26 March 2010.
- (B) The Trustees are the present sole trustee of the Scheme.
- (C) Under rule 44 of the Rules, the Rules may be amended (including retrospectively) by the Trustees subject to certain conditions referred to below and subject to certain restrictions which are not affected by this Deed.
- (D) The Trustees and TfL wish, by this Deed, to make the following changes to the Rules:
  - (i) to make such changes TfL believes are necessary so it can comply with its auto-enrolment duties under part 1 of the Pensions Act 2008;
  - (ii) to make changes to deal with the "fixed" protection provisions as introduced by Finance Act 2004; and
  - (iii) to make other changes consequential on changes to legislation.
- (E) The proposed modification of Rules has been confirmed by resolution of the Board of TfL and by the Actuary and the nature of the amendments is such that they do not require to be confirmed by resolution of the Scheme members at a General Meeting.

**NOW THIS DEED WITNESSES** that with effect on and from the dates specified in the clauses of this deed in accordance with Rule 44 of the Rules the Trustees with the consent of TfL hereby amend the Rules as follows:

1. **Auto-enrolment**

The following amendments are made on and from 1 March 2013:

- (a) The following definitions are inserted in Rule 2A, in the appropriate alphabetical place:

**"Auto-Enrolment Date"** means 1 March 2013.

**"Auto-Enrolment Transitional DB Date"** means 1 October 2017 or such earlier date specified by the Principal Employer in accordance with Section 30 of the Pensions Act 2011.

**"Automatic Re-Enrolment Date"** means the date referred to in regulation 12 of the Occupational Personal Pension Schemes (Automatic Enrolment) Regulations 2010.

**"Eligible Jobholder"** means a person who satisfies the requirements set out in section 3(1) of the Pensions Act 2008.

**"Enhanced Protection"** means the protection referred to in paragraph 12 of Schedule 36 to the Finance Act 2004.

**"Fixed Protection"** means the protection referred to in paragraph 14 of Schedule 18 to the Finance Act 2011.

**"LTA Employee"** means a person who has registered for Fixed Protection or Enhanced Protection."

- (b) Rule 7 is deleted and replaced with the text set out in Schedule 1 to this deed.
- (c) Rule 9 is deleted and replaced with the text set out in Schedule 2 to this deed.
- (d) Rule 31A(3) is amended by the deletion of the words "(as defined in paragraph 12 of Schedule 3 to the Finance Act 2004)".

2. **Paternity Leave**

The following amendments are made on and from 3 April 2011:

- (a) In Rule 14(1) insert the following definitions in the correct alphabetic place:

“**Additional Paternity Leave**” means such period of absence granted by the Participating Employer as defined under the Additional Paternity Leave Regulations 2010;” and

“**Paid Additional Paternity Leave**” means a period of Additional Paternity Leave in respect of which the Member receives Family Leave Pay;”

- (b) Delete the definition of "Family Leave" in Rule 14(1) and insert the following:

“**Family Leave**” means Adoption Leave, Maternity Leave, Parental Leave, Paternity Leave or Additional Paternity Leave granted by the Participating Employer;”

- (c) Insert the following wording into Rule 14(2) after the occurrence of the words "Paternity Leave,":

"Additional Paternity Leave,"

- (d) Insert the following wording into Rule 14(3) after the words “of this Rule)”:

",any Additional Paternity Leave which is not Paid Additional Paternity Leave,"

- (e) In Rule 14(6) insert the following wording after sub-section (c):

"(d) in the case of Additional Paternity Leave, that Additional Paternity Leave."

### 3. ***Bonus pension***

In Rule 25(2)(d), on and from the date of this Deed, after the words "Rule 21", the following words are inserted:

"(but taking into account any bonus pension payable to the member under Rule 20(6))"

### 4. ***Fixed protection***

On and from 6 April 2012 the following words are inserted immediately after Rule 31A(5) as Rules 31A(6) and (7):

"(6) Unless the Participating Employer otherwise agrees in writing with a Member, the Scheme shall include such provisions as are necessary to prevent the Finance Act 2011, Schedule 18, paragraph 14 (lifetime allowance transitional protections) from ceasing to apply to that Member. As

a result benefits, contributions to and transfers into and out of the Scheme relating to or in respect of that Member shall be restricted accordingly.

- (7) Where a Member has given notice to the Secretary of their notice of intention to HMRC to rely on Finance Act 2011, Schedule 18, paragraph 14, the Trustees shall not be liable in the event that the said paragraph 14 ceases to apply in respect of such Member by reason of any event occurring in relation to that Member under the Scheme as is referred to in paragraph 14(4) of Schedule 18 to the Finance Act 2011."

#### 5. **Scheme pays**

On and from the date of this Deed and following the amendment set out in clause 4 (Fixed Protection) above, the following words are inserted immediately after Rule 31A(7) as Rule 31A(8):

- "(8) In the event that the Trustees are liable jointly and severally with a Member to meet all or part of the Member's annual allowance charge (as defined in section 227 of the Finance Act 2004) by virtue of section 237B of the Finance Act 2004, and the Trustees satisfy such liability, then the Trustees will reduce the Member's benefits in such a manner as they think fit provided that the basis for such reduction is (as provided under section 237E of the Finance Act 2004) just and reasonable having regard to normal actuarial practice."

#### 6. **Changes consequential on legislation**

- (a) On and from 6 April 2009 the following deletions are made from Appendix 3 (Pension Sharing Provisions) to the Rules:

- (i) the definition of "Safeguarded Rights" from paragraph 1;
- (ii) the words "Safeguarded Rights and the" from paragraph 3(b);  
and
- (iii) the words ", excluding Safeguarded Rights," from paragraph 4.2.

- (b) On and from 6 April 2012 the following deletions are made from Appendix 1 (Contracting-out Provisions) to the Rules:

- (i) the definition of "Protected Rights" from Pension Rule 1.1;

(ii) the words ", (or includes protected rights in respect of which the receiving scheme will provide a GMP)" from Rule 6.2; and

(iii) Rule 9.1(3).

**7. Deed of Confirmation**

The Trustees and TfL hereby confirm that the amendments made by this Deed do not affect the provisions of the Deed of Confirmation dated 7 February 2008 which remains in full force and effect.

**IN WITNESS WHEREOF** these presents have been entered into as a deed on the day and year first before written.

**THE COMMON SEAL of TRANSPORT  
FOR LONDON** was affixed to this Deed  
in the presence of: )



Authorised Signatory

**EXECUTED AS A DEED** by )  
**TfL TRUSTEE COMPANY LIMITED** )  
acting by: )

Director



~~Director~~/Secretary



## SCHEDULE 1

### "7. Joining the Scheme

- (1) Subject to Rule 9 the following persons who are in Service on the Commencement Date shall join the Scheme on the date specified in paragraph (2) below and shall be called Existing Members:
  - (a) any member of an Existing Scheme; and
  - (b) any person who on the Commencement Date is at least 18 and, but for its winding up, would have become eligible to join one of the Existing Schemes from a later date; and
  - (c) any person who had not attained age 18 on the Commencement Date but who, prior to 31 December 1993 or such later date as the Trustees may permit, applies to the Secretary in writing to join the Scheme as an Existing Member and who pays the appropriate contributions no later than 30 June 1994.
- (2) Any person falling within paragraphs (1)(a) and (b) above shall join the Scheme on the Commencement Date. Any person falling within paragraph 1(c) above shall join the Scheme on his 18<sup>th</sup> birthday.
- (3) The following persons shall, subject to Rule 9 and to paragraphs (4) and (6) of this Rule, join the Scheme on the stated date and shall be called New Members:
  - (a) a person entering Service after the Commencement Date but before the Auto-Enrolment Date on the date of so entering or, if later, on attaining age 18;
  - (aa) a person entering Service on or after the Auto-Enrolment Date on the date of entering Service;
  - (ab) a person in Service on the Auto-Enrolment Date unless the Principal Employer confirms to the Trustees that the transitional arrangements set out in Section 30 of the Pensions Act 2011 apply in respect of that person in



which case it shall be the Auto-Enrolment Transitional DB Date, provided the person remains continuously in Service from the Auto-Enrolment Date until the Auto-Enrolment Transitional DB Date;

- (ac) a person in Service on an Automatic Re-Enrolment Date, on that date;
- (b) a person in Service on the Commencement Date who had not then attained age 18 and who has not applied to join the Scheme as an Existing Member in accordance with paragraph (1)(c) above. Such a person shall join the Scheme on his 18<sup>th</sup> birthday; and
- (c) any other person in Service on the Commencement Date who was not then a member of an Existing Scheme but who applies to the Secretary so to join, from the date of such application provided that such application is approved by the Principal Employer and the Trustees;

Provided that:

- (i) before the Auto-Enrolment Date the person has not then attained age 63 (but this proviso shall not apply if any period of Transferred Membership is granted which would enable him to complete at least two years' Total Membership before attaining Scheme Pension Age);
  - (ii) on and after the Auto-Enrolment Date the person has not then attained the age of 75; and
  - (iii) paragraphs (3)(aa), (ab) and (ac) above shall not apply to an LTA Employee.
- (4) A person who commences Service after the Commencement Date or who joins the Scheme under Rule 7(3)(ab) or (ac) and is receiving or is entitled to receive benefits from the Scheme in respect of an earlier period of service shall re-join the Scheme on such terms as the Trustees may determine on the advice of the Actuary and with the consent of the Participating Employer.
- (5) Every person joining the Scheme under this Rule shall join the Section in which his Employer participates. Any person who from time to time is accruing benefits under

another retirement benefits scheme in which his Participating Employer participates cannot be a Member for that period unless such membership has the approval of that Participating Employer.

- (6) An LTA Employee will (subject to such person's ability to "opt out" as referred to in Rule 9(2)) be enrolled into the Scheme as a New Member in accordance with section 3 of the Pensions Act 2008:
  - (i) on the Auto-Enrolment Date or an Automatic Re-Enrolment Date if the LTA Employee is in Service on either of those dates;
  - (ii) if the LTA Employee is not in Service on the Auto-Enrolment Date on the date of entering Service
  
- (7) A person who under Rule 9(1) elects not to join the Scheme or under Rule 9(3) ceases to pay contributions but was not before either such dates an Eligible Jobholder shall be enrolled into the Scheme in accordance with section 3 of the Pensions Act 2008 when he or she becomes an Eligible Jobholder."

## SCHEDULE 2

### "9. **Opting out of Membership**

- (1) Any person (subject to (2) below) who but for this Rule would join the Scheme may elect not to join the Scheme, by giving a notice in writing to the Secretary.
- (2) On and after the Auto-Enrolment Date any person who joins the Scheme under Rule 7(6), Rule 7(7) or Rule 9(7) below may within one month of being admitted give notice, in accordance with the provisions of section 8 of the Pensions Act 2008 (including the form prescribed for the purposes of section 8 of the Pensions Act 2008) to the Participating Employer that he wishes to "opt out" of the Scheme. If this occurs:
  - (a) the person will be treated as if he never became a New Member on that occasion;
  - (b) the Trustees shall pay to the Participating Employer, within 1 month of the Participating Employer receiving the person's notice:
    - (i) an amount equal to any contributions made to the Scheme by him; and
    - (ii) any contributions made to the Scheme in respect of him by his Participating Employer provided that except in the case of an LTA Employee, the Participating Employer may agree that its contributions shall be retained in the Scheme.

However, if the notice is invalid for administrative reasons (excluding the passing of time) the Participating Employer shall inform the person in writing of the defect and the words "1 month" shall be modified so that they are replaced with the words "6 weeks".

- (3) Subject to the provisions of (2) above, any Member may elect to cease contributing to the Scheme in which case, for the purpose of the Rules, he shall be deemed to have left Service on the day he ceased contributions. No benefit shall be payable to or in respect of him until he actually leaves Service; except that he may elect for

immediate payment under Rule 20 of that part of Benefit V which relates to membership after 1 April 1988 or Benefit I.

- (4) An election under (3) above shall be made in writing to the Secretary and must give notice of at least one month or such lesser period as the Trustees may decide.
- (5) Any person (subject to (7) below) who either elects not to join the Scheme, gives notice that he is not to be treated as a New Member or who, having joined, ceases to be a Member may (subject to (7) below) apply to the Secretary in writing to be admitted or readmitted (as the case may be) as a Member and he shall be admitted or readmitted (as the case may be) provided that the Member shall not be admitted or readmitted (as the case may be) for the purposes of Rule 19 (Ill-Health Retirement), Rule 24 (Widow's, Widower's or Civil Partner's Pension), Rule 24A (Survivor's Minimum Pension), Rule 25 (Dependants' and Eligible Children's Pensions and/or Rule 26 (Lump Sum Death Benefits) without the consent of the Trustees and the Participating Employer. The Trustees will determine the date of his admission or readmission but the consent of the Participating Employer will be required if such date is earlier than the beginning of the Scheme Year in which the application for admission or readmission is made.
- (6) The Trustees may (subject to the provisions of Section of the Pensions Act 2011) require a person who applies for admission or readmission under (5) above to give such evidence as to his state of health as they decide is appropriate.
- (7) Where a person either opts out under (2) above, elects not to join the Scheme, gives notice that he is not to be treated as a New Member or who, having joined, ceases to be a Member, that person will be re-enrolled into the Scheme on the next Automatic Re-Enrolment Date provided that the Member shall not be enrolled for the purposes of Rule 19 (Ill-Health Retirement), Rule 24 (Widow's, Widower's or Civil Partner's Pension), Rule 24A (Survivor's Minimum Pension), Rule 25 (Dependants' and Eligible Children's Pensions and/or Rule 26 (Lump Sum Death Benefits) without the consent of the Trustees and the Participating Employer."

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

*Sacker & Partners LLP*  
.....  
SACKER & PARTNERS LLP Date *16/12/2013*.....

DATED: 15<sup>th</sup> November 2013

**TfL PENSION FUND**

**DEED OF VARIATION**

**Sackers**

Sacker & Partners LLP  
20 Gresham Street  
London EC2V 7JE  
T +44 (0)20 7329 6699  
F +44 (0)20 7248 0552  
E [enquiries@sackers.com](mailto:enquiries@sackers.com)  
DX 42615 Cheapside  
<http://www.sackers.com>

THIS DEED IS MADE this

15<sup>th</sup> day of November

2013

**BETWEEN:**

- (1) **TRANSPORT FOR LONDON**, a body corporate established by statute of 55 Broadway, London SW1H 0BD ("TfL"); and
- (2) **TfL TRUSTEE COMPANY LIMITED** (registered no 2338675) whose registered office is at 55 Broadway, London SW1H 0BD (the "Trustees")

**BACKGROUND**

- (A) The TfL Pension Fund (the "**Scheme**") (formerly known as the LRT Pension Fund) was established by London Regional Transport with effect from 1 January 1988 by an interim trust deed dated 26 November 1986. The Scheme is currently governed (amongst other things) by a Trust Deed and Rules scheduled to a Deed of Variation dated 19 December 2008 (respectively the "**Trust Deed**" and the "**Rules**") as amended from time to time.
- (B) The Trustees are the present sole trustee of the Scheme.
- (C) Under rule 44 of the Rules, the Rules may be amended (including retrospectively) by the Trustees subject to certain conditions referred to below and subject to certain restrictions which are not affected by this Deed.
- (D) The Trustees and TfL wish, by this Deed, to change the Rules so as to enable certain members who exercised an option to adjust their pension under Rule 23 of the Rules (or a previous corresponding provision) to exercise a further option to adjust their pension following changes made to Finance Act 2004 which will ensure that a reduction in pension beyond age 65 is not an unauthorised payment for tax purposes.
- (E) The proposed modification of Rules has been confirmed by resolution of the Board of TfL and by the Actuary and the nature of the amendments is such that they do not require to be confirmed by resolution of the Scheme members at a General Meeting.

**NOW THIS DEED WITNESSES** that with effect on and from the date of this deed in accordance with Rule 44 of the Rules the Trustees with the consent of TfL hereby amend the Rules as follows:

By the insertion of the following as Rule 23(6A) of the Rules:

"(6A) A Member, who has made an election under this Rule (or a previous corresponding provision of the Rules) and in respect of whom the reduction in annual pension after age 65 would before the enactment of Finance Act 2013 be an Unauthorised Payment, may exchange a further part of a pension already in payment for an additional pension payable until such date and on such terms as the Trustees on the advice of the Actuary determine. Such election can only be exercised by such time and in such form as the Trustees determine. "

**IN WITNESS WHEREOF** these presents have been entered into as a deed on the day and year first before written.

**THE COMMON SEAL of TRANSPORT FOR LONDON** was affixed to this Deed in the presence of:

)  
)  
)  
  
Authorised Signatory



**EXECUTED AS A DEED by TFL TRUSTEE COMPANY LIMITED** acting by:

)  
)  
)  
Director



~~Director/Secretary~~



