

The conditions are that:-

- a) It (the United Kingdom employer or the United Kingdom branch of the overseas Employer) should continue to pay to the scheme any employer contributions due, but must be reimbursed by the overseas employer for the costs, unless the Board have specifically agreed otherwise;
- b) the prospective pension in respect of the service abroad should be calculated and funded by reference to the rate of remuneration appropriate for similar employment in the United Kingdom; and
- c) the period of service abroad should not exceed 10 years. If there has been a previous period or periods of service abroad continuation of scheme membership is limited to an aggregate of 10 years.

For the purposes of the aggregation calculation:-

- (i) any period or periods of service abroad separated from a subsequent period of service abroad by at least one year's employment in the United Kingdom can be ignored; and
  - (ii) any period of service that arises from employees performing their duties abroad for a United Kingdom resident employer who are provided with benefits under an approved scheme (regardless of whether they are effectively chargeable) can be ignored.
4. Benefits for any employees of the said Participating Employers shall be provided in relation only to their periods of service with and remuneration from the Participating Employer whilst they satisfy the eligibility conditions in paragraph 2 or 3.
  5. In the event of an employee of one of the said Participating Employers ceasing to satisfy the eligibility conditions in paragraph 2 or 3 his/her benefits will be held subject to the rules until he/she leaves service or retires or his/her benefits are transferred out of the Scheme.



No part of the Fund shall be invested in taxable property within the meaning of Schedule 29A of the Finance Act 2004.

## **15. PENSION SHARING ON DIVORCE**

### **(1) Definitions-**

- (I) "Ex-Spouse" means an individual to whom Pension Credit rights have been or are to be allocated following a Pension Sharing Order, agreement or equivalent provision.
- (II) "Pension Credit" means a credit under section 29(1) (b) of the WRPA.
- (III) "Pension Debit" means a debit under section 29(1) (a) of the WRPA.
- (IV) Pension Sharing Order means any order or provision as is mentioned in section 28(1) of the Welfare Reform and Pensions Act 1999 or Article 25(1) of the Welfare Reform and Pensions (Northern Ireland) Order 1999.
- (V) "WRPA" means the Welfare Reform and Pensions Act 1999 or the Welfare Reform and Pension (Northern Ireland) Order as appropriate.

### **(2) Assignment**

Rules 7 and 13(2) are amended to permit the assignment of part or all of the Member's retirement benefits or rights to benefits under the Scheme to his/her Ex-Spouse to the extent necessary to comply with a Pension Sharing Order, agreement or equivalent provision.

- (3) Where the benefits of a Member are subject to a Pension sharing Order, agreement or equivalent provision, these benefits shall be reduced by the applicable Pension Debit. The Scheme Administrator will discharge its liability in respect of the Pension Credit in accordance with Schedule 5 to the WRPA by paying the cash equivalent of the Pension Credit to an Other Scheme.
- (4) The Trustees must give full details of the Pension Debit to the Other Scheme where the fund underlying the benefits for a Member with a Pension Debit is transferred to an Other Scheme.
- (5) Where the Trustees accept a transfer payment and are informed by the transferor of the details of a Pension Debit relating to the transfer payment, the Trustees must take account of the Pension Debit, if appropriate, in the calculation of any limit on benefits for that Member.
- (6) If the Ex-Spouse dies after a Pension Sharing Order, agreement or equivalent provision is made but before it is acted upon by the Trustees, the following benefits may be paid:-



Member and the Board and subject to any conditions and undertakings that may be required, make payment to any Other Scheme of the value of the Fund in respect of a Member to whom Rule 9 or 10 applies.

- (2) The Trustees shall provide a certificate showing the part of the transfer payment which should be treated as the Member's contributions (and interest on them) in the Other Scheme and any restrictions on refunds of such contributions.

### **13. GENERAL PROVISIONS**

- (1) In this Rule "beneficiary" means a Member or other person beneficially entitled to a benefit under the Scheme (whether expressly by virtue of the Rules or by exercise of discretion or power of appointment vested in the Trustees or any other person or persons under the Trust Deed or the Rules).
- (2) All benefits under the Scheme are strictly personal and may not be assigned, charged or otherwise alienated in any way by the beneficiary nor may they be the subject of any lien or set off. Should the beneficiary attempt to alienate any benefit payable to him or commit any act of bankruptcy or should any benefit by operation of law or otherwise become payable to any person other than the beneficiary, all rights to such benefit shall immediately cease. The Trustees may, however, at their discretion pay a sum not exceeding the value of the benefit to anyone or more of the beneficiary's Dependents for such Dependents' own benefit or may apply the same towards the support or maintenance of the beneficiary himself.
- (3) If a beneficiary is at any time:-
  - (a) in the opinion of the Trustees suffering from any mental disorder or any physical or legal or other incapacity rendering him unable to manage his affairs or to give a valid receipt or
  - (b) serving a period of imprisonment or detention in legal custody,

the Trustees shall have absolute discretion to pay any benefit to which the beneficiary would otherwise be entitled under the Scheme to any responsible person or persons for the benefit of the beneficiary himself or to anyone or more of his Dependents for such Dependant's own benefit. The receipt of any person or persons to whom payment is so made shall be a complete discharge to the Trustees who shall be under no liability to see to the application thereof.
- (4) On request by a Member the Trustees will commute all the Member's benefits under the Scheme (including any contingent death benefits for his Spouse or Dependents) for a Trivial Commutation Lump Sum within the meaning of and payable in accordance with the requirements of the Finance Act 2004.
- (5) If any payment or instalment of benefit due under the Scheme is not claimed by the beneficiary, or by his personal representatives if he is dead, within six years of such payment or instalment first becoming due, the Trustees may at their absolute discretion declare the beneficiary's interest (or that of his personal representatives) in



if the Member dies before the end of the period of ten years beginning with the day on which the Member became entitled to a Scheme Pension payment may continue to be made to any person until the end of that period.

3. All pensions paid must be Scheme Pensions, Lifetime Annuities or Unsecured Pensions but a Scheme Pension may only be paid if the Member had an opportunity to select a Lifetime Annuity instead.
4. The total amount of Unsecured Pension paid in each Unsecured Pension Year must not exceed 120% of the basis amount for the Unsecured Pension Year.
5. The total amount of Alternatively Secured Pension paid in each Alternatively Secured Pension Year must not exceed 70% of the basis amount for the Alternatively Secured Pension Year.

### C LUMP SUM RULES

No lump sum shall be paid to the Member other than:-

1. a Pension Commencement Lump Sum satisfying the requirements of para. 1 of Sch.29 to the Finance Act 2004;
2. a Serious Ill-Health Lump Sum ;
3. a Short Service Refund Lump Sum;
4. a Refund of Excess Contributions Lump Sum;
5. a Trivial Commutation Lump Sum;
6. a Winding-up Lump Sum;
7. a Lifetime Allowance Excess Lump Sum.

### D PENSION DEATH BENEFIT RULES

1. Where the Member dies after 5 April 2006 having attained the age of 75 before his death and at the time of his death he is actually or prospectively entitled to one or more Scheme Pensions the total amount payable as Dependants' Scheme Pensions shall not exceed the initial member pension limit as defined in paras. 16B and 16C of Sch. 28 to the Finance Act 2004.
2. Pension Death Benefit may only be paid to a Dependant and may only be paid in the form of a Dependant's Scheme Pension, a Dependants' Scheme Annuity or a Dependants' Unsecured Pension but a Dependants' Scheme Pension may only be paid if the Member or Dependant had an opportunity to select a Dependants' Annuity instead.
3. The total amount of Dependants' Unsecured Pension paid to a Dependant in each Unsecured Pension Year must not exceed 120% of the basis amount for the Unsecured pension year.



any payment to the Member's personal representatives shall form part of the Member's estate.

## **9. DISCONTINUANCE OF CONTRIBUTIONS**

- (1) If contributions in respect of a Member cease, whether at his request, the Employer's option or as a consequence of the Member's termination of service without retirement benefits becoming payable to him, then, subject to (6) below, no further contributions shall be payable, and the Member shall be entitled to benefits at Normal Retirement Date, or otherwise, in accordance with the Rules.
- (2) If this Rule becomes applicable to a Member, and a transfer is not made as provided in Rule 12, the Member's Fund will, subject to (6) below, be used to purchase a policy from an Insurance Company on the date of leaving service, to secure benefits in accordance with (3) below. The policy will be issued in the name of the Member who, together with his Dependants if appropriate, will be entitled to the benefits provided by the policy, and the policy will be endorsed as provided in (3) and (4) below, and a copy of these Rules will be attached to the policy. Unless the remainder of this Rule specifies otherwise, the Rules shall apply to the benefits which are set out in this Rule.
- (3) The policy shall provide benefits for the Member, in the same form and proportions as already agreed in accordance with Rule 4, and, save as is provided in the endorsement; neither the policy nor the benefits under the policy may be commuted, surrendered or assigned by the Member. The maximum monetary value of the benefits so provided shall be determined under Rule 11 and stated in the endorsement and should there be no Dependant at the date the Member takes his retirement benefits his pension may be augmented from the value of the policy provided that:-
  - (a) in no circumstances shall the benefits received exceed the limits defined in Rule 11;
  - (b) any surplus part of the value of the policy shall be returned to the Employer or, if that is not possible, retained by the Insurance Company;
  - (c) the retirement benefits of the Member shall be taken at the Member's Normal Retirement Date, or, at his option, at any of the time or times set out in Rule 5(1).
- (4) The endorsement of the policy shall be to the following effect:-
  - (a) If the benefits become payable when the Member is under the age of 75 he may commute part or all of the pension which he would otherwise receive for a lump sum which shall not exceed the maximum permitted by Rule 11.
  - (b) If the benefits become payable under Rule 5 (5) the whole of the Member's retirement pension may be commuted for a lump sum payment subject to deduction of tax, if necessary, by the Insurance Company.
  - (c) In the event of the death of the Member under the age of 75 before he takes his retirement benefits, the value of the policy may be paid to the Member's



## **6 MEMBER'S ALTERNATIVELY SECURED PENSION FUND**

- (1) Immediately prior to the Member attaining the age of 75 (or such later age as may be expressly permitted by the Board) his Unsecured Pension Fund shall, if not used to provide a Lifetime Annuity or Scheme Pension for the Member, be applied to create an Alternately Secured Pension Fund. Subject to Rule 11 the Member shall be entitled to be paid an amount from his Alternately Secured Pension Fund.
- (2) The Member may instruct the Trustees to apply his Alternately Secured Pension Fund to provide a Lifetime Annuity or a Scheme Pension.
- (3) On the death of the Member his Alternately Secured Pension Fund shall be applied (subject to Rule 11) to provide at the Trustees' discretion pension benefits for the Member's Dependants or if none either to provide a Transfer Lump Sum Death Benefit or to transfer the same to such charity or charities as the Member may have nominated in writing. Any tax due shall be deducted from the lump sum, before payment is made, by the Scheme Administrator who shall account for it to the Board.

## **7. PAYMENTS OF PENSION BENEFITS**

- (1) Whenever a Lifetime or Dependant's Annuity becomes payable under these Rules the Trustees shall arrange that it is secured by the immediate purchase by them of a non-commutable and non-assignable annuity from an Insurance Company.

If the pension to a Member has been secured under this Rule then in respect of any pension payable under (2)(b) below or any pension which is in itself an additional pension intended to increase an existing pension the Trustees shall purchase the pension immediately that the pension or increase therein becomes payable.

### **(2) Commencement, Cessation and Escalation of Pensions**

- (a) A pension payable to a Member under Rule 4(1)(a) shall be payable by monthly instalments and shall commence on the date he elects to take the benefit and shall cease on the later of the date of the Member's and the day before a selected date not exceeding ten years after the first instalment of his pension was due, and the pension, if any, payable to the spouse and/or Dependants of the Member shall commence on the later of the date of the Member's death and that selected date.

- (b) A pension payable to the Dependants of a Member shall be payable by monthly instalments and shall commence:-

- (I) in the case of a pension under rule 4(1) (d), immediately on his death;  
or
- (II) In the case of a pension under Rule 4(1) (b) provided that the Trustees have not selected an alternative date under (2) (a) above on the date coincident with or immediately following his death on which the next payment of his own pension would otherwise have been made to the Member.



- (5) Payments of transfer values from other Schemes may, with the prior and specific consent of the Board, be received by the Trustees and applied as contributions in accordance with (2) above, subject to Rule 11.

### **3. INVESTMENTS**

The investments of the Fund by the Trustees shall be carried out in conformity with the relevant parts of Clause 8 of the Trust Deed.

### **4. DESCRIPTION OF BENEFITS**

- (1) The Scheme may (subject to Rule 11) provide any or all of the following benefits for each Member from the Member's Fund:-
- (a) a pension payable to the Member;
  - (b) a pension payable to the Dependants of the Member in the event of his death after the commencement of his pension under (a);
  - (c) a lump sum payable in the event of the death of the Member whether or not in the employ of the Employer;
  - (d) a pension payable to the Dependants of the Member in the event of his death before receiving a benefit under (a).
- (2) The Employer shall advise each Member on the date his membership commences which of the benefits in (1) above will be provided under the Scheme and shall also advise the Member whenever any change is made at a later date in the benefits being provided.
- (3) If either of (b) and (d) in (1) above is to be provided for a Member, he shall be advised of the manner of calculation of such benefit.

### **5. RETIREMENT BENEFITS**

- (1) A Member may (subject to Rule 11) receive retirement benefits:-
- (a) on his retirement in the case of Incapacity; or
  - (b) at any time or times:
    - (i) before 6 April 2010 on or after his fiftieth birthday
    - (ii) on or after 6 April 2010 on or after his fifty-fifth birthday

but in any event not later than his seventy fifth birthday unless the Board shall have specifically agreed to a later date and if the date is before the Member's Normal Retirement Date and the Member remains in the employment of the Employer, the Employer's written consent is given.



- (47) "Registered Pension Scheme" means a scheme registered in accordance with Chapter 2 of Part 4 of the Finance Act 2004.
- (48) "Registration" means registration under Chapter 2 of Part 4 of the Finance Act 2004.
- (49) "Relatives" means the descendants of the grandparents of the Member and of his Spouse and the spouses of those descendants.
- (50) "Relevant Scheme" means any scheme registered or seeking registration under Chapter 2 of Part 4 of the Finance Act 2004.
- (51) "Rules" means these Rules and includes any alteration for the time being in force.
- (52) "Scheme Administrator" means the person or persons appointed as such under Clause 9 of the Trust Deed.
- (53) "Scheme Administration Member Payments" means payments made to or in respect of a Member which are made for the purposes of the administration or management of the Scheme and which are of an amount which might be expected to be paid to a person at arms' length.
- (54) "Scheme Pension" means a pension payable by the Scheme Administrator or an Insurance Company selected by the Scheme Administrator payable at least annually until the Member's death or until the later of the Member's death and the end of a term not exceeding ten years.
- (55) "Serious Ill Health Lump Sum" has the meaning given by para. 4 of Schedule 29 to the Finance Act 2004.
- (56) "Short Service Refund Lump Sum" has the meaning given by para. 5 of Schedule 29 to the Finance Act 2004.
- (57) "Short Term Annuity" has the meaning given by para. 6 of Schedule 28 to the Finance Act 2004.
- (58) "Spouse" means in relation to a Member:-
- (a) the wife or husband to whom the Member was legally married at the date of the Member's death; or
  - (b) with effect on and from 5 December 2005, references in this Scheme to a "Spouse" shall include a Civil Partner, references to a widow or widower shall include a surviving Civil Partner, and references to marriage or divorce shall include references to registration or dissolution of a civil partnership.
- (59) "Standard Lifetime Allowance" means the standard lifetime allowance for the time being specified in accordance with Section 218 of the Finance Act 2005.
- (60) "Transfer Lump Sum Death Benefit" has the meaning given by para. 19 of Schedule 29 to the Finance Act 2004.



employment or which seriously and permanently impairs his earning capacity and where the Scheme Administrator has received evidence from a registered medical practitioner that the relevant Member is (and will continue to be) incapable of carrying on the Member's occupation because of physical or medical impairment and the Member has in fact ceased to carry on the Member's occupation.

- (23) "Lifetime Allowance Excess Lump Sum" has the meaning given by para. 11 of Sch. 29 to the Finance Act 2004.
- (24) "Lifetime Annuity" has the meaning given by para. 3 of Sch. 28 to the Finance Act 2004.
- (25) "Lump Sum Death Benefit" means a lump sum payable on the death of the Member.
- (26) "Index" means the Index of Retail Prices for all items published by the Office for National Statistics or any other suitable index adopted by the Trustees for the purposes of the Scheme which is acceptable to the Board.
- (27) "Insurance Company" means a person or firm within the meaning of Section 275 of the Finance Act 2005.
- (28) "ITEPA" means the Income Tax (Earnings and Pensions) Act 2003.
- (29) "Lifetime Allowance Charge" means the charge to income tax under section 214 of the Finance Act 2004.
- (30) "Member" means an Employee who the Employer has in its absolute discretion decided shall be admitted to membership of the Scheme. A member ceasing to be an Employee shall be referred to as a Member in relation to any benefits to which he remains entitled.
- (31) "Member's Fund" means that part of the Fund attributable to the Member.
- (32) "Member's Lifetime Allowance" means:-
  - (i) in the case of an Ordinary Member the Standard Lifetime Allowance;
  - (ii) in the case of a Member with Primary Protection an amount equal to  $RR - SLA/SLA$  where  $RR$  is the value of the Member's protected rights and  $SLA$  is the Standard Lifetime Allowance; and
  - (iii) in the case of a Member with Enhanced Protection the value of his protected rights.
- (33) "Member with Enhanced Protection" means a Member who has been issued by the Board with a certificate showing the extent of the enhanced protection to which he was entitled at A-Day and who continues to be entitled to enhanced protection under the transitional provisions of the Finance Act 2004.
- (34) "Member with Primary Protection" means a Member who has been issued by the Board with a certificate of entitlement to primary protection in respect of accrued



## RULES

### 1. DEFINITIONS

The following expressions shall have the meanings given in this Rule and where applicable words importing the masculine include the feminine and words importing the singular include the plural, and vice versa:-

- (1) "A-Day" means 6 April 2006.
- (2) "Actuary" means a person who is a Fellow of the Institute or Faculty of Actuaries.
- (3) "Alternatively Secured Pension" means income withdrawal.
- (4) "Alternatively Secured Pension Year" means the period of twelve months beginning with the day on which the Member first becomes entitled to Alternatively Secured Pension in respect of the arrangement and each succeeding period of twelve months.
- (5) "Annuity Protection Lump Sum Death Benefit" has the meaning given by para. 16 of Sch. 29 to the Finance Act 2004.
- (6) "Arrangement Borrowing Condition" means the requirements set out in Section 182(2) of the Finance Act 2004.
- (7) "Basic Amount" means £3,600 or such greater amount as the Treasury may by order specify for the purposes of Section 190 of the Finance Act 2004.
- (8) "Basis Amount for the Alternatively Secured Pension Year" has the meaning given by para. 9 of Sch.28 to the Finance Act 2004.
- (9) "Basis Amount for the Unsecured Pension Year" has the meaning given by para. 9 of Sch. 28 to the Finance Act 2004.
- (10) "Benefit Crystallisation Event" means any of the events specified in Section 216 of the Finance Act 2004 other than Head 7 namely the payment of a relevant lump sum death benefit.
- (11) "Board" means HM Customs and Revenue.
- (12) "Charity Lump Sum Benefit" has the meaning given by para. 18 of Sch. 29 to the Finance Act 2004.
- (13) "Civil Partner" means in relation to a Member the person of the same sex to whom the Member was legally registered as a civil partner in accordance with the Civil Partnership Act 2004 at the date of the Member's death.
- (14) "Defined Benefits Lump Sum Death Benefit" has the meaning given by para. 13 of Sch. 29 to the Finance Act 2004.(15) "Dependant" means any of the following:-