

# Scheme Rules

S/RO6 rules booklet

# Contents

Rule	Page
<b>1. Scheme status, definitions and interpretation</b>	<b>4</b>
1.1 Scheme status	4
1.2 Contracted-out Scheme	4
1.3 Definitions	4
1.4 Interpretation	5
1.5 Transitional protection under the Act	5
<b>2. Membership and contributions</b>	<b>6</b>
2.1 Membership	6
2.2 Contributions	6
<b>3. Member benefits</b>	<b>6</b>
3.1 Member's Account	6
3.2 Short Service	7
3.3 Age at which Member may take benefits	7
3.4 Benefit crystallisation	7
3.5 Pension income	7
3.6 Pension commencement lump sum	8
3.7 Commutation lump sum	8
3.8 Lump sum on grounds of serious ill-health	8
<b>4. Benefits on death</b>	<b>8</b>
4.1 Lump sum benefits	8
4.2 Dependant's pension	9
4.3 Commutation lump sum death benefit	9
4.4 Pension protection benefit	9
<b>5. Transfers</b>	<b>9</b>
5.1 Transfers from the Scheme	9
5.2 Transfers into the Scheme	9
5.3 Pension Sharing Order	9

<b>6. Participation in Scheme</b>	<b>10</b>
6.1 Admission of Employers	10
6.2 Replacement of Principal Employer	10
6.3 Withdrawal of Employer	10
6.4 Obligations of Employers	10
<b>7. Appointment, removal and resignation of Trustees</b>	<b>10</b>
<b>8. Trustees' decisions</b>	<b>11</b>
<b>9. Administration of the Scheme</b>	<b>11</b>
<b>10. Indemnity of Trustees</b>	<b>11</b>
<b>11. Amendment of the Rules</b>	<b>12</b>
<b>12. Terminating and winding-up the Scheme</b>	<b>12</b>
<b>13. General provisions</b>	<b>13</b>
13.1 Rights under the Scheme	13
13.2 Assignment or Surrender	13
13.3 Payments from the Scheme	13
13.4 Beneficiary unable to act	13
13.5 Evidence and documentation	13
13.6 Notice to Trustees	13
13.7 Costs and expenses	13
13.8 Surrender of benefit	13
13.9 Deduction and payment of tax	13
13.10 Monetary obligation owed by Member	13
13.11 Application of Regulations	13
13.12 Governing Law	13
<b>Appendix – Protected Rights Rules</b>	<b>14</b>

## 1. Scheme status, definitions and interpretation

### 1.1 Scheme status

The Scheme is an occupational money purchase pension scheme registered under section 153; or deemed registered under paragraph 1 Schedule 36; of the Finance Act 2004 and established under irrevocable trust.

### 1.2 Contracted-out Scheme

The Appendix will apply if an Employer has received a contracting-out certificate under section 7 of the Pension Schemes Act in respect of the employments to which the Scheme relates, and when a Member's Account contains a Protected Rights Fund, as defined in the Appendix.

### 1.3 Definitions

The following words have the following meanings:

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

**"Benefit Crystallisation Date"** means the date on which the Benefit Crystallisation Event is effective and benefits are tested against the Member's Lifetime Allowance in accordance with the Act.

**"Benefit Crystallisation Event"** means a benefit crystallisation event as defined in section 216 of the Act. For example, each occasion when a Member takes benefits in the form of Pension or lump sum will be a benefit crystallisation event.

**"Child"** means a natural or adopted child of the Member, where the child:

- (a) has not reached the age of 23; or
- (b) has reached that age and, in the opinion of the Trustees, was at the date of the Member's death dependent on the Member because of physical or mental impairment.

**"Civil Partner"** means a civil partner of a Member as defined in section 1 of the Civil Partnership Act 2004.

**"Corporate Trustee"** means a limited company or a partnership that acts as trustee to the Scheme.

**"Crystallised Benefits"** means any Pensions or lump sum payments that have been put into payment and tested against the Member's Lifetime Allowance in accordance with section 219 of the Act, including any benefits put into payment before 6 April 2006.

**"Dependant"** means:

- (a) a person who was the Member's spouse or Civil Partner at the date of the Member's death;
- (b) a person who was the Member's spouse or Civil Partner when the Member first became entitled to a Pension under the Scheme;
- (c) the Member's Child; or
- (d) a person who, in the opinion of the Trustees, at the date of the Member's death:
  - (i) was financially dependent on the Member;
  - (ii) had a financial relationship with the Member that was one of mutual dependence or interdependence; or
  - (iii) was dependent on the Member because of physical or mental impairment.

Where benefits have been crystallised, dependency and any related benefits will be determined by reference to the terms of the contract governing the benefits chosen in accordance with Rule 3.5.

**"Employee"** means an individual employed by an Employer.

**"Employer"** means the Principal Employer, or any other employing entity that has been admitted to the Scheme.

**"Employer Contributions"** means contributions to the Scheme under Rule 2.2 by an Employer in respect of a Member.

**"Ex-Civil Partner"** means a former Civil Partner to whom Pension Credit Rights have been allocated under a Pension Sharing Order, agreement or equivalent provision.

**"Ex-Spouse"** means a former spouse of the Member to whom Pension Credit Rights have been allocated under a Pension Sharing Order, agreement or equivalent provision.

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

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

**"Lifetime Allowance Charge"** means a tax charge taken in accordance with section 214 of the Act where the Member's Lifetime Allowance has been exceeded.

**"Member"** means an individual who has become a Member under Rule 2.1.

**"Member's Account"** shall have the meaning given to it in Rule 3.1.

**"Member Contributions"** means contributions to the Scheme under Rule 2.2 by the Member or by any other Person on the Member's behalf.

**"Member's Lifetime Allowance"**

means the Standard Lifetime Allowance, adjusted in accordance with section 218 of the Act. The Member's Lifetime Allowance is the value of benefits that the Member can draw from all Registered Pension Schemes in his or her lifetime without triggering a Lifetime Allowance Charge.

**"Payment Schedule"**

means the documentation required by section 87 of the Pensions Act.

**"Pension"** means a lifetime annuity, a scheme pension, an unsecured pension or an alternatively secured pension, all as defined in Schedule 28 of the Act.

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

**"Pension Credit"** means a credit under section 29(1)(b) of the Welfare Reform and Pensions Act 1999.

**"Pension Credit Rights"** means rights to benefits attributable to a Pension Credit.

**"Pension Debit"** means a debit under section 29(1)(a) of the Welfare Reform and Pensions Act 1999.

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

**"Pension Sharing Order"** means any order or provision as defined in either section 19 or 20 of the Welfare Reform and Pensions Act 1999.

**"Person"** means an individual or a body of persons whether or not incorporated, other than the Employer.

**"Policy"** means the contract or contracts effected between the Trustees and Prudential to secure benefits under the Scheme for the Members.

**"Principal Employer"** means a corporation, company, firm or person which established the Scheme or its successor for the time being.

**"Prudential"** means The Prudential Assurance Company Limited or any subsidiary or associated company of The Prudential Assurance Company Limited or of its ultimate holding company.

**"Qualifying Recognised Overseas Pension Scheme"** means a qualifying recognised overseas pension scheme as defined in section 169 of the Act.

**"Registered Medical Practitioner"** means a fully registered medical person within the meaning of the Medical Act 1983 or someone with equivalent overseas qualifications.

**"Registered Pension Scheme"** means a pension scheme registered in accordance with section 153 of the Act, or deemed registered in accordance with paragraph 1 Schedule 36 of the Act.

**"Rules"** means these Rules, including any applicable appendices.

**"Scheme"** means the scheme named in the document adopting these Rules.

**"Standard Lifetime Allowance"** means the standard lifetime allowance established by the Treasury for each Tax Year under section 218 of the Act.

**"Tax Year"** means a period beginning on 6 April and ending on the following 5 April.

**"Trustees"** means the trustee or trustees of the Scheme as appointed from time to time.

**"Unauthorised Payment"** means an unauthorised payment as defined in section 160(5) of the Act.

**"Uncrystallised Benefits"** means

benefits not yet put into payment and not yet tested against the Member's Lifetime Allowance in accordance with section 219 of the Act.

## 1.4 Interpretation

(a) Any reference to legislation (including regulations) includes reference to the equivalent Northern Ireland legislation and includes any amendment or replacement to the legislation.

(b) Any reference to the singular includes a reference to the plural and vice versa.

(c) In no event will these Rules be interpreted as giving any right to the payment of an Unauthorised Payment.

(d) A reference to "Rule" means a rule other than a section in the Appendix, if any. A reference to a "section" is to a paragraph in the Appendix, if any, unless the reference is to a statute, in which case the statute is identified.

(e) Where the Scheme is or has been contracted-out of the State Earnings Related Pension Scheme or the State Second Pension, the Appendix will apply.

## 1.5 Transitional protection under the Act

Where the Member is entitled to transitional protection under Schedule 36 of the Act, the Trustees may pay benefits in accordance with the provisions of Schedule 36 of the Act.

## 2. Membership and contributions

### 2.1 Membership

- (a) In order to become a Member, an individual must:
- (i) be under age 75;
  - (ii) be proposed as a Member by the Employer;
  - (iii) be accepted as a Member by the Trustees and the Principal Employer; and
  - (iv) make a contribution to the Scheme or a contribution must be made on his or her behalf.
- (b) No individual who is a "qualifying person" as defined in the Occupational Pension Schemes (Cross-border Activities) Regulations 2005 may remain a Member of this Scheme.

### 2.2 Contributions

- (a) The Scheme may accept only the following contributions:
- (i) Member Contributions; and
  - (ii) Employer Contributions.
- (b) Member Contributions will normally be made as a deduction from pay. The Employer may specify the contribution, if any, that must be paid by a Member. The Member may make additional contributions as agreed by the Trustees.
- (c) A Member may at any time direct that no further contributions will be made to his or her Member's Account.
- (d) It is the Member's responsibility to determine whether his or her contributions are entitled to tax relief or that total contributions on his or her behalf remain within the annual

allowance described in the Act. Except as provided for in Rule 2.2(i) below, a contribution will not be refunded once it has been invested unless there is a legal requirement that it be returned.

- (e) Employer Contributions will be paid at the rates set out in the relevant Payment Schedule. Where an Employer wishes to reduce or terminate its contributions, it must consult Members if required to do so by the Pensions Act 2004.
- (f) Contributions may be made on behalf of a Member working overseas so long as that Member is a "seconded worker" as defined in The Occupational Pension Schemes (Cross-border Activities) Regulations 2005 or is working outside a Member State of the European Union.
- (g) Where a Member is absent due to maternity, paternity, parental responsibilities or adoption of a child, the Employer will contribute to the Scheme on his or her behalf in accordance with applicable law.
- (h) Contributions may be used to pay premiums towards a life assurance policy that provides a benefit on the Member's death to be distributed in accordance with Rule 4.
- (i) The Trustees may, if permitted by law and at their absolute discretion, refund any contributions paid in error and return these to the Member or Employer as applicable.
- (j) Member Contributions and Employer Contributions must satisfy the minimum contribution levels prescribed in the Policy or any other investment contract that the Trustees have entered into to provide benefits in respect of the Members.

## 3. Member benefits

### 3.1 Member's Account

- (a) A Member's Account is the account held for the Member in the Scheme and shall comprise the accumulated values of:
- (i) the contributions paid to and retained in the Scheme by or in respect of the Member in accordance with Rule 2.2;
  - (ii) any transfer payment accepted by the Trustees in respect of the Member;
  - (iii) any Pension Credit Rights accepted by the Trustees in respect of the Member; and
  - (iv) any income or capital gain arising from the investment of such payments;
- less the exclusions in Rule 3.1(b) below.
- A Member's Account does not include Crystallised Benefits or any life assurance provision that the Trustees have arranged for the Member under the Scheme.
- (b) The following shall be excluded from the Member's Account:
- (i) any expenses, charges and deductions permitted under the Policy or any other investment contract that the Trustees have entered into to provide benefits in respect of the Member; and
  - (ii) any Pension Debit arising as a result of a Pension Sharing Order.
- (c) The Trustees will apply the Member's Account to provide benefits for the Member.

### 3.2 Short Service

(a) A Member who has at least two years' qualifying service (as defined in section 71 of the Pension Schemes Act) will remain entitled to benefits under the Scheme.

(b) If the Trustees agree or if the Trustees have agreed that this Rule 3.2(b) shall always apply, a Member who has less than two years' qualifying service (as defined in section 71 of the Pension Schemes Act) will remain entitled to benefits under the Scheme.

(c) Where a Member does not have relevant accrued rights to benefits under the Scheme (as defined in section 101AA of the Pension Schemes Act) the Member may:

(i) if he or she has satisfied the three month condition (as defined in section 101AA of the Pension Schemes Act); or

(ii) if he or she has not satisfied the three month condition (as defined in section 101AA of the Pension Schemes Act) but the Trustees and the Principal Employer agree

to elect to receive a cash transfer sum or a contribution refund as defined in section 101AB of the Pension Schemes Act.

If a Member makes such an election he or she will cease to be entitled to any benefits under the Scheme.

### 3.3 Age at which Member may take benefits

(a) The Trustees will apply the Member's Account to provide benefits for the Member on a date chosen by the Member, provided that this date is no earlier than the Member's 50th birthday (or, on or after 6 April 2010, 55th birthday).

(b) The Trustees may, if the Member requests, put the Member's Account into payment earlier than age 50 (or, on or after 6 April 2010, age 55) in accordance with Rule 3.8 or if:

(i) the Trustees are satisfied that the Member is and will continue to be incapable of carrying out his or her occupation because of a physical or mental impairment; and

(ii) the Trustees have received written evidence from a Registered Medical Practitioner confirming that the Member is and will continue to be incapable of carrying out his or her occupation because of a physical or mental impairment.

### 3.4 Benefit crystallisation

(a) When the Trustees apply the Member's Account to provide benefits for the Member in accordance with this Rule 3, such payment will give rise to one or more Benefit Crystallisation Events.

(b) Before applying the Member's Account to provide any benefit, the Trustees will ask the Member to provide information in order to determine how much, if any, of the Member's Lifetime Allowance will have been used on the relevant Benefit Crystallisation Date. Where the Trustees determine that the Member's Lifetime Allowance is exceeded, a Lifetime Allowance Charge will be deducted from any crystallising amount that exceeds the Member's Lifetime Allowance.

(c) A Member may elect to crystallise part of his or her Member's Account provided that the Trustees are able to make arrangements for the benefits to be paid in this way.

(d) If the Member attains age 75 and has not crystallised all benefits in his or her Member's Account, the Trustees will crystallise the Member's Account and may deduct a Lifetime Allowance Charge if the Member has not provided information in accordance with Rule 3.4(b). The Trustees may at their discretion secure a Pension for the Member or a Dependant with the remaining funds. The Trustees may choose the Insurance Company and form of Pension.

### 3.5 Pension income

(a) When the Member requests payment of benefits from his or her Member's Account in accordance with Rule 3.3, the Trustees will apply some or all of the Member's Account to provide a Pension from an Insurance Company.

(b) A Member may choose a Pension that provides an income for his or her Dependant if the Member predeceases the Dependant. Any Dependant's pension chosen must be payable in accordance with section 167 of the Act.

(c) A Member may choose a Pension that provides level or escalating income or income linked to investment results.

(d) The Member may use his or her Member's Account to purchase a Pension from an Insurance Company of his or her choice.

(e) The purchase of a Pension by or for a Member along with any pension commencement lump sum provided under Rule 3.6, will extinguish the Member's rights under the Scheme regarding the benefits so crystallised.

### 3.6 Pension commencement lump sum

- (a) If the Member requests, the Trustees will arrange for part of the Member's Account to be paid as a pension commencement lump sum from the Scheme when the Member becomes entitled to a Pension under Rule 3.5.
- (b) The Trustees will arrange for a pension commencement lump sum to be paid:
- (i) when the Member's benefits crystallise as a Pension in accordance with Rule 3.4;
  - (ii) provided that the amount is not more than 25% of the amount of the Member's Account being applied to provide benefits (including the lump sum) for the Member;
  - (iii) within three months of the relevant Benefit Crystallisation Date and before the Member's 75th birthday;
  - (iv) that does not, when added to all pension commencement lump sums taken from all other Registered Pension Schemes, exceed 25% of the Standard Lifetime Allowance applicable at the time it is paid; and
  - (v) up to the amount of the unused Member's Lifetime Allowance.

### 3.7 Commutation lump sum

The Trustees will arrange to pay the Member's Account as a commutation lump sum where:

- (a) on a date agreed or chosen by the Member for valuation for this purpose across all Registered Pension Schemes, the value of the Member's

Crystallised Benefits and Uncrystallised Benefits together does not exceed 1% of the Standard Lifetime Allowance;

- (b) the lump sum extinguishes the Member's entitlement to any further benefits under the Scheme;
- (c) no commutation lump sum has been paid from any other Registered Pension Scheme under paragraph 7 Schedule 29 of the Act more than twelve months previously to the payment from this Scheme;
- (d) the Member has reached the age of 60 but has not reached the age of 75; and
- (e) the Member has all or part of his or her Member's Lifetime Allowance available at the time the lump sum crystallises.

### 3.8 Lump sum on grounds of serious ill-health

The Trustees will pay the Member's Account as a serious ill-health lump sum where:

- (a) the Trustees have received written evidence from a Registered Medical Practitioner confirming that the Member is expected to live for less than one year;
- (b) the Member has all or part of his or her Member's Lifetime Allowance available at the time the lump sum crystallises;
- (c) the lump sum extinguishes the Member's entitlement to any further benefits under the Scheme; and
- (d) the lump sum is paid before the Member's 75th birthday.

## 4. Benefits on death

### 4.1 Lump sum benefits

- (a) The Trustees may pay all or some of the Member's Account, and the proceeds of any life assurance policy applicable to the Member under Rule 2.2(h), as a lump sum to or for the benefit of any one or more of the following in such proportions as the Trustees decide:
- (i) any Person nominated by the Member in writing to the Trustees;
  - (ii) the Member's surviving spouse or Civil Partner and any children and remoter issue of any of them;
  - (iii) the Member's parents and grandparents;
  - (iv) the Member's Dependants;
  - (v) the Member's or his or her surviving spouse's or Civil Partner's brothers and sisters (including half-brothers and half-sisters) and their spouses and any children or remoter issue of any of them;
  - (vi) the Member's or his or her surviving spouse's or Civil Partner's aunts and uncles (including half-aunts and half-uncles) and their spouses and any children or remoter issue of any of them;
  - (vii) any Person entitled under the Member's will to any interest in the Member's estate;
  - (viii) any other Person; or
  - (ix) the Member's estate.

In this Rule 4.1, a relationship acquired by legal adoption is as valid as a blood relationship.

- (b) The Trustees will normally pay any lump sum within two years of the Member's death in order to avoid tax charges.

#### 4.2 Dependant's pension

The Trustees may apply all or part of the Member's Account, and the proceeds of any life assurance policy applicable to the Member under Rule 2.2(h), to provide for one or more Dependant's pensions in accordance with the Act.

#### 4.3 Commutation lump sum death benefit

The Trustees may pay a commutation lump sum death benefit where:

- (a) the Member had not reached age 75 at the date of the Member's death;
- (b) the value of the Dependant's pension does not exceed 1% of the Standard Lifetime Allowance; and
- (c) the lump sum extinguishes the Dependant's entitlement to any further death benefits in respect of the Member under the Scheme.

The Trustees must pay any commutation lump sum death benefit to the Dependant prior to the date that would have been the Member's 75th birthday.

#### 4.4 Pension protection benefit

Where the Trustees have chosen a Pension for the Member that includes a lump sum on death of the Member, that lump sum will be paid in accordance with Rule 4.1.

## 5. Transfers

### 5.1 Transfers from the Scheme

- (a) A Member who has satisfied the three month condition (as defined in section 101AA of the Pension Schemes Act) may direct the Trustees to transfer the Member's Account to another pension scheme so long as the transfer constitutes a recognised transfer under section 169 of the Act.
- (b) The transfer must be made in accordance with the Act.
- (c) The Member may withdraw a request for transfer by giving the Trustees notice in writing to that effect but may not withdraw a request after the Trustees have disinvested the Member's Account except on terms agreed with the Trustees. A Member who has withdrawn a request may make another request for a transfer.
- (d) If the Trustees agree, the Member may elect under this Rule 5.1 for different parts of the Member's Account to be transferred to more than one Registered Pension Scheme or Qualifying Recognised Overseas Pension Scheme.
- (e) The Member and his or her Dependents will cease to be entitled to benefits under the Scheme in respect of any rights transferred in accordance with this Rule 5.1 and the Trustees will be discharged from any obligation to provide benefits in respect of those transferred rights.
- (f) A Member may elect to transfer part of his or her Member's Account provided that the Trustees are able to make arrangements for such a transfer.

- (g) The Trustees may transfer a Member's Account to another Registered Pension Scheme without the consent of the Member where permitted by law provided all the relevant conditions under the law are satisfied.

### 5.2 Transfers into the Scheme

- (a) The Trustees may, at the written request of the Member or an Employer and with the consent of Prudential, accept a transfer payment representing the value of the Member's rights (including any Pension Credit Rights) under another Registered Pension Scheme, a Qualifying Recognised Overseas Pension Scheme, or any other source permitted by HMRC.
- (b) A transfer payment is not a relievable pension contribution under section 188 of the Act.
- (c) The Trustees may accept a transfer without the Member's written request where the Member's consent to that transfer is not required by law, provided that all the relevant conditions under the law are satisfied.
- (d) The transfer must be made in accordance with the Act.

### 5.3 Pension Sharing Order

- (a) If a Pension Sharing Order is made against a Member's benefits under the Scheme and his or her Ex-Spouse or Ex-Civil Partner is awarded a Pension Credit, the Pension Sharing Order will be implemented by a transfer of the Pension Credit to another Registered Pension Scheme or a Qualifying Recognised Overseas Pension Scheme.

(b) The Member may transfer a Pension Credit in respect of the Member to the Member's Account where the Trustees and Prudential agree to the transfer.

## 6. Participation in Scheme

### 6.1 Admission of Employers

An employing entity may be admitted as an Employer if:

- (a) the Principal Employer agrees to the employing entity's admission; and
- (b) the employing entity agrees by deed to comply with the Rules.

### 6.2 Replacement of Principal Employer

The Principal Employer may be replaced if:

- (a) the Principal Employer and the prospective principal employer consent by deed; or
- (b) the Principal Employer ceases trading, is dissolved or otherwise ceases to exist, commences liquidation proceedings or a creditor presents a petition for its winding-up, or is deemed to have been withdrawn from the Scheme under Rule 6.3, and the prospective principal employer agrees with the Trustees by deed to act as Principal Employer in accordance with the Rules.

### 6.3 Withdrawal of Employer

- (a) An Employer may withdraw from the Scheme by giving the Trustees written notice of its intention to do so.
- (b) The Trustees may deem the Employer to have withdrawn from the Scheme where:
  - (i) the Employer has failed to comply with its obligations under the Rules;

(ii) the Employer has ceased trading, has been dissolved or otherwise ceased to exist, has commenced liquidation proceedings or a petition to wind-up the Employer has been presented; or

(iii) the Employer's continued participation in the Scheme prejudices the Scheme's status as a Registered Pension Scheme.

(c) Where an Employer has withdrawn or has been deemed to have withdrawn from the Scheme, but the Scheme is not being wound-up in accordance with Rule 12, the Trustees may:

- (i) notify Members who are employed by the Employer that they may exercise their rights under Rule 3.2 and Rule 5.1; or
- (ii) transfer the Member's Account to another Registered Pension Scheme in accordance with Rule 5.1(g).

### 6.4 Obligations of Employers

Each Employer will provide such information to the Trustees as is required by law or that the Trustees may reasonably require in order to administer the Scheme.

## 7. Appointment, removal and resignation of Trustees

7.1 The minimum number of Trustees is normally two. Alternatively, one or more Corporate Trustees may be appointed instead of or in addition to individual trustees. Where one Corporate Trustee has been appointed, references to Trustees in these Rules should be read as references to that Corporate Trustee.

7.2 The Principal Employer may at any time by deed appoint or remove a Trustee. The Principal Employer will notify the continuing Trustees when it exercises this power.

7.3 The power to appoint Trustees vests in the Trustees alone if the Principal Employer:

- (a) goes into liquidation, ceases to exist, or is deemed to have been withdrawn from the Scheme under Rule 6.3, and is not replaced under Rule 6.2; or
- (b) has by deed transferred powers of appointment to the Trustees alone.

7.4 If sections 241-243 of the Pensions Act 2004 apply to the Scheme, the Trustees shall put in place such procedures as they from time to time determine in consultation with the Principal Employer for the appointment of member-nominated trustees or directors, in accordance with the Pensions Act 2004.

7.5 A Trustee may resign as a Trustee by giving written notice to the Principal Employer and to any remaining Trustees. Where there is no Principal Employer, notice to remaining Trustees and Employers, if any, is sufficient. The notice will become effective at the end of the notice period which shall be one month or such other period as may be agreed with the Principal Employer and the remaining Trustees. If, as a result of this resignation, the number of Trustees falls below the minimum number of Trustees described in Rule 7.1, a new Trustee will be appointed in accordance with Rule 7 as soon as practicable.

7.6 If a Trustee is disqualified from acting as a Trustee under the Pensions Act he or she will be automatically removed from office.

## 8. Trustees' decisions

- 8.1 The Trustees may resolve in writing that they will transact business at meetings when a specified quorum is present and for decisions to be made either unanimously or by a simple or special majority of the Trustees voting at a meeting. If no resolution is made, decisions will be made by a simple majority of the Trustees voting at a meeting.
- 8.2 The Trustees may decide how their meetings are to be conducted. These meetings may be held in person or by electronic means such as by telephone. Notice of meetings shall be given in accordance with section 32 of the Pensions Act. Any minutes signed by the chairman of the meeting of which they are a record (or at which they are approved) will be treated as conclusive evidence of what happened at the meeting except where there is an obvious error. A written resolution signed by all the Trustees (whether as one document or as several documents setting out materially the same resolution) is a valid resolution of the Trustees whether or not approved at a meeting.
- 8.3 No decision or exercise of a power or discretion by the Trustees shall be invalidated or questioned on the grounds that the Trustees had a direct or other personal interest in the making or result of a decision or in the exercise of a power or discretion. This Rule 8.3 applies in addition to and separately from section 39 of the Pensions Act.

## 9. Administration of the Scheme

- 9.1 The Trustees have all powers necessary for proper administration of the Scheme, and may exercise their powers without the consent of the Employers or Members except where such consents are required by law or the Rules.
- 9.2 The Trustees may by resolution delegate or sub-delegate any of their powers, duties and discretions as they consider appropriate to such persons as the Trustees may from time to time determine, in accordance with the Rules and relevant legislation. The Trustees may impose such conditions and restrictions and agree such written terms of reference as they think prudent in the circumstances.
- 9.3 The Trustees have the power to determine whether or not any Person is entitled to any payment of benefit in accordance with these Rules.
- 9.4 The Trustees will invest all contributions (except those invested pursuant to Rule 2.2(h)) in an investment vehicle offered by Prudential, unless Prudential agrees otherwise.
- 9.5 The Trustees, after consultation with the Principal Employer, may appoint and obtain the advice of an actuary, auditor, legal adviser or other professional adviser, upon whose advice they are entitled to rely. The Principal Employer will be responsible for all reasonable expenses in connection with any such appointment. The terms of all such appointments shall comply with section 47 of the Pensions Act. The Trustees will not be chargeable or accountable in respect of any

matter or thing made, done or omitted by the Trustees in the administration of the Scheme upon advice so obtained.

- 9.6 The Trustees have the power to determine any dispute. If section 50 of the Pensions Act applies, the Trustees will adopt and operate an internal disputes resolution procedure. Any doubt or dispute concerning the interpretation of the Rules or a question of fact will be determined conclusively by the Trustees.
- 9.7 The Trustees will arrange for a complete record of all Persons entitled to benefit under the Scheme to be kept and will record all matters necessary for the proper administration and management of the Scheme in accordance with the Pensions Act and other applicable requirements.
- 9.8 The Trustees will provide information concerning the Scheme to Members, to HMRC and to any other relevant authority in accordance with relevant legislation.

## 10. Indemnity of Trustees

- 10.1 The Trustees shall not be liable for the consequences of any act or failure to act in connection with the Scheme (whether his or her own or that of another Person or an Employer). So far as permitted by law, the Trustees shall be indemnified by the Principal Employer for any and all liabilities and expenses incurred in the exercise of their duties as Trustees, save where the liabilities or expenses incurred are due to the Trustees' wilful neglect or default, fraud or breach of trust.

10.2 The Trustees may purchase an insurance policy from an authorised insurer to insure against any liabilities and expenses. The premium for this insurance policy shall be paid by the Principal Employer or if the Principal Employer declines to do so, by the Trustees. For the avoidance of doubt, the premiums may not be paid from Members' Accounts.

## 11. Amendment of the Rules

Subject to section 67 of the Pensions Act, the Trustees and the Principal Employer may together at any time by deed change all or any of the Rules. The Trustees alone may amend the Rules by deed if the Principal Employer:

- (a) goes into liquidation, ceases to exist, or is deemed to have been withdrawn from the Scheme under Rule 6.3, and is not replaced under Rule 6.2; or
- (b) has by deed transferred power to amend the Rules to the Trustees alone.

The Trustees shall notify each Member of any such amendment in writing to the extent required by law.

## 12. Terminating and winding-up the Scheme

12.1 The Scheme will (subject to Rule 12.7) terminate when:

- (a) the Principal Employer gives written notice to the Trustees that it wishes the Trustees to wind-up the Scheme; or

(b) the Principal Employer ceases trading, is dissolved or otherwise ceases to exist, commences liquidation proceedings or a creditor presents a petition for its winding-up, or it is deemed to have been withdrawn from the Scheme under Rule 6.3. However, this Rule 12.1(b) will not apply if a new Principal Employer is appointed under Rule 6.2.

When the Scheme terminates, the Trustees will wind-up the Scheme in accordance with this Rule 12.

12.2 The Trustees will commence winding-up the Scheme on such date as the Trustees shall determine.

12.3 Any fees, costs, charges or expenses of or incidental to the winding-up of the Scheme will be paid by the Employers.

12.4 The Trustees will arrange that ownership of any pension in payment under the Scheme be assigned or transferred into the name of the Member or Dependant to whom it is being paid.

12.5 In respect of Members whose benefits have not yet crystallised, the Trustees will notify each Member of his or her rights to transfer his or her Member's Account under Rule 5.1 and provide to the Member any information relevant to the Member's Account that is required by law. If a Member does not choose to transfer his or her Member's Account under Rule 5.1, the Trustees may transfer the Member's Account to another

Registered Pension Scheme without the consent of the Member where permitted by law provided all the relevant conditions under the law are satisfied.

12.6 Trustees may pay the Member's Account to the Member as a lump sum where:

- (a) all or part of the Member's Lifetime Allowance is available;
- (b) the payment extinguishes the Member's entitlement to any further benefits under the Scheme;
- (c) the payment is made before the Member's 75th birthday; and
- (d) the lump sum does not exceed 1% of the Standard Lifetime Allowance for the Tax Year in which it is paid.

12.7 The Trustees may delay wind-up, and instead:

- (a) enter into such arrangements as they see fit for the continuance of the Scheme (or part of it); or
- (b) stop admitting new members to the Scheme (or part of it) but continue to accept contributions from and in respect of existing Members; or
- (c) stop admitting new members to the Scheme (or part of it) and stop accepting contributions from and in respect of existing Members.

If the Trustees choose to exercise their discretion to delay wind-up, they may at any time subsequently resolve that the Scheme be wound-up.

## 13. General provisions

### 13.1 Rights under the Scheme

An individual's rights under the Scheme are limited to those given under the documents governing the Scheme, including these Rules.

### 13.2 Assignment or Surrender

No benefits secured with or arising from the Scheme may be assigned or surrendered except:

- (a) to the extent necessary to comply with a Pension Sharing Order;
- (b) in accordance with section 91 of the Pensions Act; and
- (c) in accordance with Rule 13.8.

### 13.3 Payments from the Scheme

All benefits under the Scheme are payable in Sterling or any replacement currency adopted by the United Kingdom government.

### 13.4 Beneficiary unable to act

If the Trustees on advice of a Registered Medical Practitioner consider that an individual to whom a benefit is due to be paid is not physically or mentally capable, the Trustees may exercise any option under the Rules on behalf of that individual. The Trustees may arrange that the benefit payment, instead of being made to that individual, will be made for the maintenance of that individual and/or any of that individual's Dependents. Any payment made in accordance with this provision will discharge the Trustees from any obligation to provide the benefits to which it relates.

### 13.5 Evidence and documentation

The Trustees may require any Member or any other Person to whom benefits are payable under the Scheme to produce any evidence or information which the Trustees reasonably require. If the Member or the other Person does not produce the required evidence or information, the Trustees may withhold payment of any benefit to which it is relevant until it is produced, or deduct tax charges or penalties at the highest rate allowed in legislation.

### 13.6 Notice to Trustees

Where these Rules give a Member or other Person a choice which must be notified to the Trustees, the Trustees may impose requirements on the period or form of the notice to be given by the Member or other Person.

### 13.7 Costs and expenses

All costs and expenses incurred in connection with the management and administration of the Scheme shall be paid by the Principal Employer or by the Employers in proportion to their contributions (or in such other proportions as the Principal Employer shall determine and confirm to the other Employers).

### 13.8 Surrender of benefit

If the Member registers, or notifies the Trustees in writing, that he or she intends to register for enhanced transitional protection under Schedule 36 of the Act, the Trustees shall have discretion to surrender the relevant excess under paragraph 12(5) of that Schedule.

### 13.9 Deduction and payment of tax

Prior to payment, the Trustees are entitled to deduct from the Member's Account a sum equal to any charge, tax, levy, fee or duty for which the Trustees are or may become liable in respect of that Member's benefits.

### 13.10 Monetary obligation owed by Member

An Employer or the Trustees may exercise a charge or lien on or set-off against an individual's accrued right or entitlement to a benefit for the purpose of discharging a monetary obligation due to the Employer or the Scheme and arising out of a criminal, negligent or fraudulent act or omission of that individual, or where applicable a breach of trust by that individual under the Scheme to the extent permitted by section 91 of the Pensions Act.

### 13.11 Application of Regulations

For the avoidance of doubt, The Registered Pension Schemes (Modification of the Rules of Existing Schemes) Regulations 2006 do not apply.

### 13.12 Governing Law

The Scheme will be governed in accordance with the laws of the jurisdiction that governs documents establishing the Scheme.

# Appendix – Protected Rights Rules

## 1. Introduction and definitions

1.1 The Scheme has been a contracted-out occupational pension scheme under the Pension Schemes Act and holds Protected Rights Funds in respect of all or some of its Members.

1.2 **"Minimum Payments"** means contributions equalling the flat-rate percentage of earnings for the purposes of section 42A of the Pension Schemes Act.

**"Non-Protected Rights Fund"** means that part of the Member's Account that is not attributable to a Protected Rights Fund.

**"Protected Payments"** means the payments made to the Protected Rights Fund in respect of the Member and listed in section 2.1 of this Appendix.

**"Protected Pension"** means a pension provided from a Member's Protected Rights Fund.

**"Protected Rights Fund"** means that part of the Member's Account attributable to Protected Payments and any income or capital gain arising from the investment of those payments. The Trustees will identify each Member's Protected Rights Fund separately from his or her Non-Protected Rights Fund.

**"Safeguarded Rights"** means the Member's rights to benefits attributable to contracted-out rights resulting from a Pension Credit under section 68A of the Pension Schemes Act.

### 1.3 This Appendix controls use of the Protected Rights Fund and Safeguarded Rights

The provisions of this Appendix apply only to the Protected Rights Fund and, where stated, Safeguarded Rights. In relation to the Member's Protected Rights Fund and Safeguarded Rights, the provisions of this Appendix override any contrary provisions elsewhere in the Rules. Where provisions of this Appendix do not specifically address the application of the Protected Rights Fund or Safeguarded Rights, the Rules apply.

### 1.4 Safeguarded Rights

The Trustees will make provision for the identification of Safeguarded Rights.

## 2. Protected Rights Fund

### 2.1 Protected Payments

Protected Payments comprise of the following payments:

- (a) Minimum Payments;
- (b) transfer payments:
  - (i) secured under section 19 of the Pension Schemes Act; or
  - (ii) relating to rights under section 10(2)(b) of the Pension Schemes Act, rights under section 9(2B) of the Pension Schemes Act, or Guaranteed Minimum Pension defined in section 8(2) of the Pension Schemes Act;

(c) incentive payments under section 7 of the Social Security Act 1986 and regulation 3(10) of the Personal and Occupational Pension Schemes (Incentive Payments) Regulations 1987; and

(d) age-related payments under section 42A of the Pension Schemes Act.

### 2.2 Calculation of Protected Rights Fund

The value of the Member's Protected Rights Fund will be calculated in a way approved by the Trustees and consistent with these Rules. The calculation will be at least as favourable as the way in which any other benefits in the Member's Account are calculated.

## 3. Use of Protected Rights Fund

3.1 The Protected Rights Fund must be used to provide the Member with money purchase benefits as described in this section 3 of this Appendix except where it is used to meet expenses, charges or deductions under Rule 3.1(b) and in accordance with relevant legislation.

3.2 The Trustees will use the Protected Rights Fund to provide a Protected Pension for the Member and/or his or her surviving spouse, Civil Partner or Dependant in accordance with the relevant legislation.

3.3 The Member may take a pension commencement lump sum in accordance with Rule 3.6. The maximum amount that may be taken as a pension commencement lump sum is the lower of:

- (a) 25% of the Member's Protected Rights Fund; and

(b) the amount that represents the proportion (expressed in percentage terms) of the Protected Rights Fund which is equal to the percentage that the pension commencement lump sum drawn from the Non-Protected Rights Fund bears to that Fund.

3.4 If a Member with a Protected Rights Fund dies before a Protected Pension is provided, the Trustees will take reasonable steps to find out whether the Member is survived by a spouse or Civil Partner.

(a) If the Trustees find that the Member is survived by a spouse or Civil Partner, the Trustees will, as soon as practicable, use the Member's Protected Rights Fund to secure a pension for the surviving spouse or Civil Partner, unless the Trustees agree to pay a commutation lump sum in accordance with Rule 4.3.

(b) If the Trustees find that the Member is not survived by a spouse or Civil Partner, the Trustees may pay the value of the Member's Protected Rights Fund to a person nominated in writing to the Trustees or, where there has been no nomination, to the Member's estate, or in any other manner as permitted under legislation.

3.5 The Trustees will pay the Member's Protected Rights Fund as a lump sum on grounds of serious ill-health provided the Member's Non-Protected Rights Fund, if any, is also being paid as a lump sum under Rule 3.8. The Trustees will however designate half of the Member's Protected Rights Fund for the provision of a Dependant's pension for any surviving spouse or Civil Partner. The payment of this lump sum must comply with the provisions of Rule 3.8.

#### 4. Use of Safeguarded Rights

Safeguarded Rights will be applied by the Trustees to provide benefits for the Member in accordance with relevant legislation.

#### 5. Transfer of the Protected Rights Fund or Safeguarded Rights from the Scheme

5.1 The Protected Rights Fund or Safeguarded Rights may be transferred to:

- (a) an Appropriate Personal Pension Scheme;
- (b) a contracted-out occupational pension scheme that is a Registered Pension Scheme; or
- (c) any other pension scheme permitted by law.

5.2 The Trustees will transfer the Protected Rights Fund and Safeguarded Rights in accordance with relevant legislation including the Protected Rights (Transfer Payment) Regulations 1996. Where the Protected Rights Fund or Safeguarded Rights are transferred from the Scheme, the entire Member's Account must be transferred at the same time.

#### 6. Transfer of Protected Rights or Safeguarded Rights to the Scheme

The Trustees will not accept a transfer of benefits described in section 2.1(b)(ii) of this Appendix, or any other contracted-out rights or Safeguarded Rights.

#### 7. Legislation applicable to the Protected Rights Fund and Safeguarded Rights

The Trustees will administer the Protected Rights Fund and Safeguarded Rights and pay benefits in accordance with relevant legislation, if any, and in the absence of legislation requiring separate administration of the Protected Rights Fund or Safeguarded Rights, the Protected Rights Fund or Safeguarded Rights, as applicable, will be governed by the Rules disregarding this Appendix.

Retirement has more potential with

**PRUDENTIAL**



[www.pru.co.uk](http://www.pru.co.uk)

"Prudential" is a trading name of The Prudential Assurance Company Limited, which is registered in England and Wales. This name is also used by other companies within the Prudential Group, which between them provide a range of financial products including life assurance, pensions, savings and investment products. Registered Office at Laurence Pountney Hill, London EC4R 0HH. Registered number 15454. Authorised and regulated by the Financial Services Authority.