



the Cheviot **trust**

Deed of Consolidation

Dated 19 February 2023



THIS DEED OF CONSOLIDATION is made on 19 February 2023

PARTY:

- (1) **CHEVIOT TRUSTEES LIMITED** (No 05396879) whose registered office address is at Kingswood House, 58 - 64 Baxter Avenue, Southend-On-Sea, SS2 6BG (the **Trustee**)

INTRODUCTION:

- (A) The Cheviot Trust was established by a trust deed dated 23 May 1930.
- (B) The Cheviot Trust is a centralised pension arrangement for non-associated employers and is currently governed by a definitive trust deed dated 29 December 2022 and the rules scheduled thereto (the **2022 Deed and Rules**), as amended from time to time. The Trustee is the current trustee of the Cheviot Trust.
- (C) The Cheviot Trust operates as an 'umbrella' trust comprising a number of separate pension schemes. The assets and liabilities of each scheme and section are legally segregated from the other schemes and sections under the Cheviot Trust. The Cheviot Trust consists of a number of individual final salary schemes (the **Final Salary Schemes**) and a sectionalised scheme known as the Cheviot Pension (the **Cheviot Pension**), further details of which are set out in Clause 1.3 of the New Trust Deed.
- (D) In accordance with Clause 25 of the 2022 Deed and Rules, the Trustee may at any time alter add to or replace the Trust Deed and its Schedules. Any such amendment must be made by deed. In exercise of this power, the Trustee wishes to amend the 2022 Deed and Rules by replacing it in its entirety with the trust deed and schedules in the appendix to this Deed (the **New Trust Deed**). The New Trust Deed will take effect on and from the date of this deed (the **Effective Date**), save that any provision of the New Trust Deed which is specified to take effect from a particular date shall have effect from that date.
- (E) Definitions used in this Deed have the same meaning as set out in Schedule 1 (Definitions) of the Appendix to this Deed.
- (F) Section 67 of the 1995 Act provides that any exercise of the power to modify a pension fund to make a regulated modification (as defined in Section 67A of the 1995 Act) is voidable in accordance with Section 67(G) of the 1995 Act unless the requirements of Section 67 of the 1995 Act are satisfied.
- (G) The Trustee is satisfied that the amendments effected by this Deed are not regulated modifications and thus the requirements of Section 67(2) of the 1995 Act do not apply.
- (H) For the purposes of section 37(1) of the 1993 Act (Alteration of rules of contracted-out schemes), the alterations set out in this deed may be made by virtue of regulation 3 of the Occupational Pension Schemes (Schemes that were Contracted-out) (No 2) Regulations 2015.
- (I) The footnotes contained within the New Trust Deed and schedules do not form part of any clause, rule or definition in the New Trust Deed and schedules and are included for convenience only or to provide a summary or description of legislation as it stands at the Effective Date. Any footnotes may not be used to assist in the construction of any clause, rule or definition and the footnotes do not create any rights, obligations, or benefits.

EFFECT OF THIS DEED:

- I. With effect on and from the Effective Date the Trustee replaces the 2022 Deed and Rules in its entirety with the New Trust Deed in accordance with recital (D) above but not so as to prejudice the validity of



any decision, act, omission or other thing made, done or omitted to be done in accordance with the provisions of any other documentation of the Cheviot Trust before the execution of this Deed.

- II. Each person who, as at the date immediately preceding the Effective Date (or such other effective date in relation to a particular provision set out in Recital (D)), is in receipt of or contingently entitled to a benefit from the Cheviot Pension continues to be entitled to a pension of the same amount. Each person who, as at the date immediately preceding the Effective Date, is a pensioner or a deferred pensioner under a Final Salary Scheme (or is entitled to a pension on the death of a pensioner or deferred pensioner) continues to be entitled to a pension of the same amount.
- III. The adoption of the New Trust Deed shall not cause any Member to cease to be a Member.
- IV. In the event that there is any doubt as to which provisions apply, the Trustee will have the power to determine (by resolution or otherwise) any doubt, inconsistency or any other matter arising in connection with any conflicting provisions.
- V. The FS Appendices and the documentation governing the Separate Rules Schemes continue in force and are unchanged by this Deed. Where the provisions of a particular Final Salary Scheme are set out in another deed then those provisions will continue to apply.
- VI. The law of England and Wales applies to The Cheviot Trust and the New Trust Deed and to its administration.

EXECUTED AS A DEED by the Party on the date of this Deed.

EXECUTED and DELIVERED as a DEED by)	
CHEVIOT TRUSTEES LIMITED)	
)	
)	Director
)	
)	
)	Director/Secretary

Appendix
New Trust Deed and Rules



the Cheviot **trust**

Trust Deed

Dated 19 February 2023

DELEGATIONS INCLUDED IN THE FOOTNOTES, WHICH ARE NOT BINDING BUT REFLECT THE TRUSTEE'S PRACTICE.

IF THERE ARE NO DELEGATIONS, THE DECISION LIES WITH THE TRUSTEE BOARD.

THE DELEGATIONS IN THE FOOTNOTES REFLECT THE APPROACH TAKEN AS AT DECEMBER 2022



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1 Structure of The Cheviot Trust

- 1.1 Any Qualifying Employer may participate in the Money Purchase Section and/or may onboard their own defined benefit scheme as a Final Salary Scheme of the Cheviot Trust in accordance with either method set out in Clause 2.3.
- 1.2 A Qualifying Employer which participates in a Cheviot Trust Scheme on the date immediately preceding the date of this Trust Deed (the **Effective Date**) continues to participate in that Cheviot Trust Scheme without further formality.
- 1.3 The Cheviot Trust operates as an 'umbrella' trust comprising a number of separate pension schemes. Each scheme's and section's assets and liabilities are legally segregated from the other schemes and sections under the Cheviot Trust. The Cheviot Trust consists of a number of individual final salary schemes (the **Final Salary Schemes**) and a sectionalised scheme known as the Cheviot Pension (the **Cheviot Pension**):

i. The Final Salary Schemes

- a) The majority of the Final Salary Schemes are subject to the FS Rules (also known as the General Rules) of the Cheviot Trust, as set out in Schedule 2 to this Deed. The FS Rules are amended in relation to each Final Salary Scheme by a separate special rules appendix for that particular Final Salary Scheme (the **FS Appendices**), with the FS Appendix overriding the FS Rules where there is any inconsistency. A list of these schemes under the Cheviot Trust at the Effective Date can be found in paragraph A of Section 2 of the FS Rules (Schedule 2).
- b) There are also a number of Final Salary Schemes that retain their own governing documentation (the **Separate Rules Schemes**). These Separate Rules Schemes are not governed by the FS Rules. The governing provisions for these Separate Rules Schemes are contained in standalone documents. A list of these schemes under the Cheviot Trust at the Effective Date can be found in paragraph B of Section 2 of the FS Rules (Schedule 2).

ii. The Cheviot Pension

The Cheviot Pension comprises three sections: the Money Purchase Section, the Life Cover Section and the With Profits Section:

- a) The Money Purchase Section is a defined contribution arrangement open to new members, the rules of which are set out in Section 1 of Schedule 3 to this Deed.
- b) The Life Cover Section is an arrangement where Employers pay contributions to cover Life Cover Policy premiums, the rules of which are set out in Section 2 of Schedule 3 to this Deed.
- c) The With Profits Section is a closed legacy cash balance arrangement, the rules of which are set out in Schedule 5 to this Deed.

These together comprise the Cheviot Trust.



- 1.4 The assets of each Cheviot Trust Scheme must be kept legally segregated at all times (including on the termination of any Final Salary Scheme or Section). The assets of each of the Final Salary Schemes will be invested on a pooled basis as described in Rule 19 of the FS Rules (Schedule 2).
- 1.5 Each Final Salary Scheme is restricted to the employees of a Qualifying Employer or of a company or firm which is associated with it. If there is any conflict between the provisions of this Trust Deed and the provisions of any Final Salary Scheme on the date immediately preceding the Effective Date, the provisions of this Trust Deed shall prevail.
- 1.6 The Trustee shall:
- (a) hold the assets of each of the Cheviot Trust Schemes on the trusts applicable to them respectively as set out in this Trust Deed; and
 - (b) administer and manage each of the Cheviot Trust Schemes in accordance with this Trust Deed and the Rules.
- 1.7 The Trustee is the administrator of each of the Cheviot Trust Schemes for the purposes of Section 270 of the FA 2004. The Trustee must discharge the duties imposed on an administrator under the FA 2004 and may take such steps and give any undertakings necessary under the Registration Requirements.
- 1.8 The Schedules (and the FS Appendices and the attachments to them) form part of this Trust Deed. Schedule 1 contains the definitions of words used in this Trust Deed, its Schedules and Appendices. Schedule 2 contains the FS Rules (also known as the General Rules) which apply to the schemes listed within of which fall into two categories (namely those governed by the FS Rules and those governed by separate rules). The Separate Rules Schemes contain definitions which are independent of those in Schedule 1 and the provisions of the FS Rules are varied in respect of each of those Final Salary Schemes by an FS Appendix (being a separate document containing scheme specific provisions). Schedule 2 also sets out the provisions governing the investment of the assets of each of the Final Salary Schemes on a pooled basis. Schedule 3 contains the Rules of the Money Purchase Section and Life Cover Section. Schedule 4 contains provisions relating all of the Cheviot Trust Schemes (including HMRC limits, tax on benefits and the provisions concerning pension sharing on divorce). Schedule 5 contains the Rules of the legacy With Profits Section.

2 Qualifying Employers and substitution of an Employer

- 2.1 The Trustee¹ may at its discretion allow a Qualifying Employer to participate in the Money Purchase Section or Life Cover Section and/or to onboard or establish a Final Salary Scheme.
- 2.2 A Qualifying Employer which wishes to participate in the Money Purchase Section or Life Cover Section must enter into an undertaking satisfactory to the Trustee to comply with the provisions of that Section, as amended from time to time.
- 2.3 A Qualifying Employer may:

¹ Chief Executive for the Money Purchase and Life Cover Sections, delegated to the Pensions Administration Manager.



- (a) with the agreement of the Trustee, include within the Cheviot Trust any salary-related Retirement Benefits Scheme that has already been established by a party which is a Qualifying Employer (an **Existing Scheme**); or
- (b) with the agreement of the Trustee, establish a new Retirement Benefits Scheme as a Final Salary Scheme (which may be a scheme which provides career average revalued earnings benefits or cash balance benefits or similar), by executing a declaration of trust agreed between it and the Trustee.

Where an Existing Scheme is included under (a), the Qualifying Employer may request the Trustee's appointment as sole trustee of the Existing Scheme and that Existing Scheme shall be treated to the extent possible under the Trust Deed as a Final Salary Scheme. For the avoidance of doubt, any Existing Scheme so adopted as a Final Salary Scheme, will participate as a separate trust in the Cheviot Trust and its governing documentation will be amended in due course to align its provisions with those of the Trust Deed and shall be treated for all purposes as if it had been established under the Trust Deed. The assets of each Final Salary Scheme shall be legally distinct from the assets of the other Cheviot Trust Schemes, save that those assets may be invested in the Common Investment Fund in accordance with Rule 19 of the FS Rules (as set out in Schedule 2).

- 2.4 A Qualifying Employer may by deed participate in a Final Salary Scheme as an Associate of the Principal Employer if the Trustee and the Principal Employer agree, subject to satisfying the Registration Requirements. The terms of participation will be as agreed between the Associate, the Principal Employer and the Trustee.
- 2.5 The participation of an Associate in a Final Salary Scheme must stop:
- (a) on the effective date of any notice given by the Associate, terminating its liability to pay contributions to the Final Salary Scheme;
 - (b) if, by liquidation or otherwise, the Associate ceases to carry on a business unless the Associate and the Trustee agree otherwise; and
 - (c) on any date specified by the Principal Employer concerned or by the Trustee by one month's written notice to the other of them and to the Associate.
- 2.6 In relation to a Final Salary Scheme, if the Principal Employer shall be wound up or dissolved or if the business or functions of the Principal Employer are transferred to another business or undertaking or if the Principal Employer so requests, the Trustee may at its discretion by deed permit another Qualifying Employer which has succeeded to all or any of the functions or business of the Principal Employer to succeed as the Principal Employer for all the purposes of the Final Salary Scheme.
- 2.7 In relation to the Money Purchase Section, Life Cover Section and With Profits Section, if a Participating Employer shall be wound up or dissolved or if the business or functions of the Employer are transferred to another business or undertaking or if the Employer so requests, the Trustee may at its discretion by deed permit another Employer which has succeeded to all or any of the functions or business of the Employer to succeed as the Employer for all the purposes of that Section.
- 2.8 For the avoidance of doubt, the Trustee will not amend the benefit structure identified in a Final Salary Scheme's governing documentation without the Principal Employer's consent unless it is required to do so in accordance with legislation.



3 Constitution of and governance of the Trustee

3.1 Introduction

This Clause deals with certain matters concerning the constitution and governance of the Trustee, which is responsible for holding the assets of each Cheviot Trust Scheme in trust, together with the general management, administration and investment of each Cheviot Trust Scheme, together comprising the Cheviot Trust. The constitution of the Trustee is set out in the Articles of Association which may contain provision for certain details concerning the implementation of the constitution to be set out in a governance policy and amended from time to time. The Cheviot Trust is exempt from the requirements of Section 241 to 243 of the 2004 Act.

3.2 Constitution

- (a) The number of Trustee Directors shall not be less than six and shall not be more than ten, excluding in both cases Co-opted Directors, provided that there shall at all times (save where a vacancy arises and a replacement has not yet been appointed) be:
- (i) an equal number of individuals representing employers (**Employers' Representative Directors**) and individuals representing Members (**Members' Representative Directors**);
 - (ii) no more than five Employers' Representative Directors and no more than five Members' Representative Directors;
 - (iii) no more than three further members (**Co-opted Directors**), or such other number as may be fixed by the Trustee Directors from time to time; and
 - (iv) a majority of directors who are non-affiliated if required by the Occupational Pension Schemes (Charges and Governance) Regulations 2015 (**Governance Regulations 2015**).
- (b) The provisions relating to the mechanics of the appointment and removal of Employers' Representative Directors, Members' Representative Directors and Co-opted Directors are as set out in the Articles of Association and the governance policy. The appointment or removal of any Trustee Director must also comply with the eligibility requirements set out in this Clause 3 and with the requirements contained in Chapter 3 of the Governance Regulations 2015.

3.3 Employers' Representative Directors

In order to be eligible to be an Employers' Representative Director a person must:

- (a) be such person as is nominated by a Participating Employer; and
- (b) meet any general requirements for the time being imposed by the Trustee.

3.4 Members' Representative Directors

In order to be eligible to be a Members' Representative Director a person must be a Member and must meet any general requirements for the time being imposed by the Trustee.



3.5 Co-opted Directors

In order to be eligible to be a Co-opted Director a person must meet any general requirements and may be subject to such restrictions in their role for the time being imposed by the Trustee.

3.6 General

- (a) The Trustee may impose from time to time general requirements as to the eligibility of any person to be appointed or to be re-appointed as a Trustee Director. These requirements may in particular (but without limitation) relate to the person's conduct, professional standing and any relevant requirements of the Governance Regulations 2015.
- (b) A person may act as a Trustee Director in one representative capacity only. Any question as to the eligibility of a person to be a Trustee Director or whether a Trustee Director should retire or be removed, or as to the order of retirement or removal, shall be decided by the Trustee.

3.7 Trustee meetings and decision making

Subject to any requirements imposed on it by Section 32 of the 1995 Act, the provisions of the Articles of Association and the provisions of this Clause 3.7, the Board may meet for the despatch of business, adjourn and otherwise regulate its meetings and decision making as it thinks fit.

3.8 Execution of documents

- (a) Any deed, resolution or other document entered into by the Trustee may be executed in counterpart and where two signatures are required from the Trustee, each signatory may sign a separate counterpart. If a deed, resolution or other document is executed in counterpart, each of the executed counterparts shall be deemed to be an original, but taken together they will constitute one instrument.
- (b) One Trustee Director's signature only is required in respect of any such deed, resolution or other document, where such document solely concerns a matter on which the Board has made a decision (recorded in writing). For the avoidance of doubt, in the case of a deed, where only one Trustee Director is signing, the signature must be witnessed.
- (c) In respect of all matters to which Clause 3.8(b) does not apply, two Trustee Directors' signatures are required to any such deed, resolution or other document.

4 Investment and application of assets

4.1 All the investments, assets and moneys of each Cheviot Trust Scheme shall be held under the legal control of and by, or in the name of, the Trustee, provided that the Trustee may place any or all of the investments, assets and moneys of a Cheviot Trust Scheme under the control of an investment manager appointed in accordance with Clause 5 (Investment manager).

4.2 The Trustee may retain such of the moneys of all or any of the Cheviot Trust Schemes as it decides in any current or deposit account with any bank, building society, Insurance Company, local authority, finance company or other deposit taking institution at such rate of interest (if any) and upon such terms as the



Trustee² thinks fit, and shall, subject to Clause 4.6, invest or otherwise apply the balance of those moneys as it thinks fit:

- (a) in any manner in which it could do if it were absolutely and beneficially entitled to those moneys; and
- (b) in any manner in which it is empowered to do as trustee of a Retirement Benefits Scheme and whether or not it is authorised by the law relating to the investment of trust monies.

4.3 This Clause shall be construed so that the Trustee may in particular (but not limited to), and without prejudice to the generality of Clause 4.2, enter into any of the following transactions:

- (a) the purchase of any stocks, shares, debenture stocks, bonds, gilts, unit trusts, bearer securities, commodities or any other similar securities;
- (b) the purchase from an Insurance Company, and maintenance of, any deferred or immediate annuity for the life of any person, or for any other period (whether depending upon or calculated by reference to life or not);
- (c) the establishment and maintenance of any policy of life assurance (including the payment of premiums) or sinking fund, deposit administration or managed fund policies or contracts;
- (d) the underwriting or sub-underwriting (or guaranteeing the subscription of) any funds, securities, bonds, debentures, stocks or shares;
- (e) the purchase of assets which do not produce an income;
- (f) any transaction intended by the Trustee to enhance the value of all or any of the Cheviot Trust Schemes or to offset or reduce any risk of loss to all or any of the Cheviot Trust Schemes (so that the Trustee may enter into contracts affecting investments such as (but not limited to) foreign currencies, options, traded options, financial futures or swaps, whether for present or future settlement); and
- (g) the purchase of real property.

4.4 The Trustee³ may at any time and from time to time sell, convert, vary or transpose any of the investments or assets of a Cheviot Trust Scheme.

4.5 In relation to any real property or any interest in real property forming part of a Cheviot Trust Scheme, the Trustee shall have power:

- (a) in addition to any powers of management conferred by law to sell, exchange, convey, lease, charge, agree to let, licence or otherwise conduct the management of any such property as if the Trustee was absolutely and beneficially entitled to such property; and

² Finance and Operations Committee or Investment Committee

³ Investment Committee



- (b) to apply any money for the time being forming part or all of the assets of a Cheviot Trust Scheme in improving, repairing or developing any such property or in enlarging, improving, demolishing or rebuilding any building comprised in such property.

4.6 In exercising its powers under this Clause, the Trustee shall have regard to:

- (a) any statement of investment principles which may be made by it, after consultation with the Principal Employer of a Final Salary Scheme or the Participating Employers of a Section, pursuant to Section 35 of the 1995 Act;
- (b) in relation to choosing investments and proper advice, the provisions of Section 36 of the 1995 Act (as amended by Section 245 of the 2004 Act); and
- (c) the restrictions of Section 40 of the 1995 Act in relation to employer-related investments.

4.7 The Trustee⁴ shall have power to grant or give any indemnity, guarantee, warranty, covenant or assurance in respect of or in relation to any investment or asset held as part of a Cheviot Trust Scheme.

4.8 The Trustee may enter into arrangements for the common investment on a pooled basis of some or all of the assets of a Cheviot Trust Scheme with assets held on the trusts of another pension scheme. Those arrangements may confer on the managers of those assets any powers which the Trustee may exercise in relation to the assets of a Cheviot Trust Scheme and may include provisions in favour of those persons which have a similar effect as those contained in Clause 7 (Conflicts of interest and information policy), Clause 5 (Investment manager) and Clause 8 (Protection of Trustee).

5 Investment manager

5.1 Without prejudice to the generality of its powers, the Trustee may appoint⁵ an investment manager of all or part of the assets of any one or more Cheviot Trust Scheme with authority to exercise all or any of its powers and discretions. The Trustee must do this where it is obligatory under the 1995 Act and must comply with the 1995 Act and 2004 Act in selecting an investment manager.

5.2 The Trustee is free to decide the terms on which any investment manager is appointed. In particular, the Trustee may authorise the investment manager to act although a conflict between the investment manager's duties to a Cheviot Trust Scheme and his interests or other duties might arise (including the purchase of assets from a Cheviot Trust Scheme and the sale of assets to a Cheviot Trust Scheme), to retain any benefit received through acting as investment manager, to deal for the account of a Cheviot Trust Scheme without being obliged to secure the best terms available and to delegate any of its powers (including power to authorise a delegate to appoint a sub-delegate and so on for any lower level of sub-delegation).

6 Trustee's powers - general

6.1 General powers

In addition to all powers conferred by law and subject to the provisions of the Articles of Association, the Trustee may take any action or make any arrangements generally in connection with the administration

⁴ Investment Committee

⁵ Investment Committee



or management of a Cheviot Trust Scheme which it thinks fit (subject in the case of the Money Purchase Section to Clause 6.4 below). In particular, but without limitation (save as to Clause 6.4 below), it may exercise any of the following powers:

- (a) to give guarantees, indemnities, warranties and undertakings binding on any Cheviot Trust Scheme, including by giving security⁶;
- (b) to borrow money upon any terms and conditions (including as to security);
- (c) subject to the provisions of Section 47 of the 1995 Act, to obtain advice from, engage the services of or employ any person on any terms⁷;
- (d) to delegate, either generally or for any particular purpose, to any person or committee any or all of the powers, discretions and duties of the Trustee on any terms, including as to quorum;
- (e) to appoint any person as custodian of any assets of a Cheviot Trust Scheme on any terms (including the holding of assets in a nominee's name); and
- (f) to insure its members and any of the Trustee's employees against any liabilities incurred in connection with a Cheviot Trust Scheme and to insure any Cheviot Trust Scheme against any losses or liabilities⁸.

6.2 Insurance

- (a) The Trustee⁹ may insure any asset of a Cheviot Trust Scheme or any benefit arising under a Cheviot Trust Scheme on such terms as it thinks fit and the premiums may be paid out of income or capital. Any insurance money received by the Trustee may be used to restore the asset concerned, or (if the asset cannot be restored) shall be applied by the Trustee as if it were the proceeds of the sale of the asset.
- (b) The Trustee¹⁰ may insure a Cheviot Trust Scheme against the risk of such loss to such Cheviot Trust Scheme as it thinks appropriate.
- (c) If the Trustee effects a policy of insurance under this Clause where the risk is or includes the imposition of fines or penalties imposed by the Regulator under the 1995 Act, the premiums or the relevant proportion thereof shall not be paid or borne by that Cheviot Trust Scheme, but shall instead constitute part of the Trustee's management expenses and shall be paid by the relevant Participating Employers. The same shall apply for insurance against fines or penalties imposed by any other regulatory body, if the payment of the premiums from scheme assets is prohibited under legislation.

⁶ May be exercised by Investment Committee in relation to investment agreements

⁷ All Committees and Chief Executive

⁸ Finance and Operations Committee

⁹ Chief Executive, Finance and Operations Committee

¹⁰ Chief Executive, Finance and Operations Committee



6.3 Miscellaneous

- (a) The powers in Clauses 6.1(d) and 6.1(e) include power to authorise the delegate or custodian to exercise the powers in Clauses 6.1(d) and 6.1(e). A sub-delegate or sub-custodian so appointed may also be authorised to exercise those powers and to give the same authority to its sub-delegate or sub-custodian and so on for any lower level of sub-delegation or sub-custodianship.
- (b) The Trustee may agree to arrange the provision of services to the trustees of, or an employer which has established, a Retirement Benefits Scheme in connection with that Retirement Benefits Scheme.
- (c) The exercise of every power or discretion and the making of every determination or decision by the Trustee in relation to a Cheviot Trust Scheme is at its absolute discretion.
- (d) To the extent permitted by law, the Trustee shall have the power to make all decisions, including acting on behalf of a Participating Employer, in connection with decisions required by the 2004 Act in relation to the funding status of a Cheviot Trust Scheme, to include (without limitation) the statement of investment principles¹¹ and the scheme-specific funding basis¹².

6.4 Auto-enrolment

In the event that any Employer enters into an Arrangement with the Trustee to fulfil its Employer Duties through the Money Purchase Section, the Trustee shall¹³ have regard to those Employer Duties when it takes (or refrains from taking) any action or makes (or refrains from making) any arrangements generally.

7 Conflicts of interest and information policy

- 7.1 Clauses 7.2, 7.3 and 7.7 apply to the Trustee, the Trustee Directors, any employee of the Trustee, any member of any committee appointed by the Trustee, any person engaged to do any act in connection with a Cheviot Trust Scheme and to any person to whom any of the powers, discretions or duties of the Trustee have been delegated (for the purposes of this Clause only, a **Relevant Person**).
- 7.2 No exercise of a power or discretion or discharge of a duty by a Relevant Person is to be invalidated or questioned on the ground that he is a beneficiary of a Cheviot Trust Scheme or has any other interest, whether generic or specific, in the decision or exercise of the power, discretion or duty.
- 7.3 Notwithstanding Clause 7.2, any Relevant Person with such an interest shall be required to declare it to the Trustee and to comply with any conflict of interests policy from time to time applying to the Trustee.
- 7.4 A Relevant Person may, subject to Clause 9 (Expenses of Trustee Directors), retain for himself any benefit which he derives from his connection with any or all of the Cheviot Trust Scheme(s).
- 7.5 In the case of an investment manager appointed under Clause 5 or any other person who is not a member, or an employee, of the Trustee but is remunerated for anything done in connection with any or all of the Cheviot Trust Scheme(s), Clauses 7.2 and 7.3 apply only to the extent provided by any agreement entered

¹¹ Investment Committee

¹² Funding Committee

¹³ Finance Manager/Pension Administration Manager



into by that person relating to the performance of his duties in connection with each such Cheviot Trust Scheme.

- 7.6 In this Clause **delegate** means a person to whom a power has been delegated under this Trust Deed and includes a sub-delegate appointed by a delegate or sub-delegate of the Trustee (at whatever level of sub-delegation) under a power to sub-delegate validly granted.
- 7.7 Any Relevant Person is not required to disclose to the Trustee any information which is within his knowledge and which relates to a Qualifying Employer if such disclosure would or might cause him to become in breach of any duty of fidelity or confidentiality owed by him to that Qualifying Employer by reason of his employment by that Qualifying Employer or otherwise. However, this Clause will not apply unless the Relevant Person has first declared to the Trustee the existence in relation to any matter to which the information is or may be relevant of a conflict between the duties owed by him to the Qualifying Employer and to the Trustee respectively and has absented himself from and refrained from participating in any discussion of, and the decision making process relating to, that matter.
- 7.8 The Trustee¹⁴ shall from time to time adopt and may revise an information policy which sets out in writing information which the Qualifying Employers are required to disclose to the Trustee (the **Information Policy**). The Trustee¹⁵ shall provide to the Qualifying Employers a copy of the Information Policy and any amendments made to it. Without prejudice to its obligations to disclose information under Regulation 6 of the Scheme Administration Regulations or other overriding legislation, each Qualifying Employer is required to disclose to the Trustee in writing such information as may be specified in the Information Policy and such other information as the Trustee¹⁶ may request in any particular circumstances.
- 7.9 The Trustee may put in place such procedures as it considers appropriate from time to time for the management of conflicts of interest, including the establishment of information barriers.

8 Protection of Trustee

- 8.1 This Clause applies to the Trustee (and the Committee and any previous trustee of The Cheviot Trust) and to each current and past Trustee Director, employee of the Trustee and member of any committee appointed by the Trustee. This Clause does not apply to the extent that it would be inconsistent with the provisions of the 1995 Act, the 2004 Act or the 2006 Act applicable to the Trustee.
- 8.2 No person to whom this Clause applies is liable for any act or omission, except an act or omission of his own which was not done or omitted in good faith and which he knows is a breach of duty.
- 8.3 All costs and liabilities arising out of any actions, proceedings or claims which are made against a person to whom this Clause applies and which arise out of the management or administration of a Cheviot Trust Scheme are to be paid out of the assets of such Cheviot Trust Scheme (and if more than one such Cheviot Trust Scheme, in proportions decided by the Trustee¹⁷), unless they are covered by insurance or result from that person's own act or omission which was not done or omitted in good faith and which he knows is a breach of duty.

¹⁴ Funding Committee

¹⁵ Chief Executive

¹⁶ Chief Executive with advice

¹⁷ Or Finance and Operations Committee



8.4 This Clause does not reduce any protections or indemnities given by law to a person to whom this Clause applies, but, if there is a conflict, this Clause is overridden by any agreement entered into by a person to whom this Clause applies relating to the performance by him of his duties.

8.5 This Clause shall continue to apply notwithstanding the closure to accrual or contributions or termination or winding-up of any Cheviot Trust Scheme (or Section or part thereof).

9 Expenses of Trustee Directors

9.1 Each Trustee Director is entitled to be reimbursed personally out of the assets of The Cheviot Trust in respect of the direct costs and expenses which he has properly incurred personally in carrying out his functions as a Trustee Director. Each Trustee Director must provide the Cheviot Trust with appropriate evidence of costs and expenses incurred prior to receiving any reimbursement under this Clause.

9.2 An allowance is payable out of the assets of The Cheviot Trust in respect of the services provided by the Employers' Representative Directors and the Members' Representative Directors. If the Trustee Director is employed, this allowance is paid to the employer of the relevant Trustee Director or, as appropriate, to the firm in which he is a partner or the legal practice of which he is a member. If the employer is a company owned by a firm or a legal practice, the allowance may instead be paid to the firm or legal practice. The amount of the allowance and the terms of its payment are decided from time to time by the Trustee¹⁸. If the Trustee Director is not employed, any allowance payable under this Clause shall be paid to him personally.

9.3 An allowance is also payable out of the assets of The Cheviot Trust in respect of the services of the chairman and vice-chairman. This allowance is paid to the employer of the chairman or vice-chairman or, as appropriate, to the firm in which he is a partner or the legal practice of which he is a member. If the employer is a company owned by a firm or a legal practice, the allowance may instead be paid to the firm or legal practice. The amount of the allowance and the terms of its payment are to be decided from time to time by the Trustee¹⁹; (except that the chairman or vice-chairman shall abstain from voting). The Trustee may from time to time and at any time decide to extend the provisions of this Clause to any other Trustee Director; except that the Trustee Director concerned shall abstain from voting.

9.4 The Trustee may also decide that any one or more Trustee Directors be paid out of the assets of The Cheviot Trust any fees decided from time to time by the Trustee²⁰. In addition, any firm in which a Trustee Director is a partner or any legal practice of which he is a member and any corporation in which he is in any way interested may, with the agreement of the Trustee, be paid a reasonable charge in respect of business transacted, time spent and acts done in connection with The Cheviot Trust²¹.

9.5 Any references in this Clause to a firm shall include a limited liability partnership.

¹⁸ Finance and Operations Committee

¹⁹ Finance and Operations Committee

²⁰ Chair and Chief Executive

²¹ Chair and Chief Executive



10 Change of Trustee

- 10.1 The powers of appointment and retirement of trustees in the Trustee Act 1925 apply, except that a trustee may retire even though as a result the number of trustees may be reduced, or remain, below two (including a sole corporate trustee which is not a trust corporation).
- 10.2 A body corporate may be appointed as sole Trustee, notwithstanding that it is not a trust corporation.
- 10.3 Upon a Trustee Director's resignation or removal from office, such Trustee Director shall be discharged automatically from all or any liabilities deriving from his trusteeship, except in respect of acts or omissions not done or omitted in good faith and which the Trustee Director knows to be a breach of duty.

11 Group and individual transfers in

- 11.1 This Clause 11 does not apply to a transfer from the With Profits Section to the Money Purchase Section (where the provisions of Clause 12 shall apply).

The Trustee may at its discretion²² accept a transfer payment to a Final Salary Scheme or the Money Purchase Section relating to any person who is, or is about to become, a Member of that Final Salary Scheme or the Money Purchase Section. Before accepting a transfer the Trustee²³ must be satisfied that the transfer is from a Registered Pension Scheme or another source permitted by HMRC (the **Previous Scheme**) and the Trustee must receive such information as it shall from time to time require from the Previous Scheme and shall ascertain that the transfer would be a Recognised Transfer and the Registration Requirements are met.

- 11.2 If the person to whom the transfer payment relates joins or is a Member of the Money Purchase Section, the Trustee²⁴ must credit the transfer payment received to the Money Purchase Member's Account under the Money Purchase Section.
- 11.3 If the person to whom the transfer payment relates joins or is a Member of a Final Salary Scheme, the Trustee²⁵ must provide for and in respect of him benefits of an amount and type and subject to terms decided by it after consulting the Actuary. The Trustee shall comply with the Preservation Requirements.
- 11.4 The Trustee may at its discretion on the request of a Qualifying Employer at any time accept a transfer into the Money Purchase Section or a Final Salary Scheme of all or any part of the assets of a Previous Scheme whereupon:
- (a) the individuals to whom the transfer relates shall be treated (if they are not already) as Active Members, Early Leavers, Pensioners or Beneficiaries (as appropriate); and
 - (b) benefits shall become payable from the Money Purchase Section or a Final Salary Scheme to or in respect of any person who is transferred to the Final Salary Scheme or Money Purchase Section upon such terms as the Trustee with the consent of the Qualifying Employer shall decide and

²² Chief Executive/Pensions Admin Manager – Money Purchase Section only. No transfer are currently accepted to other sections.

²³ Pensions Admin Manager

²⁴ Pensions Admin Manager

²⁵ Pensions Admin Manager



shall be notified to such person by the Trustee at or as soon as reasonably practicable after the time he transfers.

- 11.5 The Trustee will be liable for any tax for which the administrator or trustees of the Previous Scheme would have been liable (for example on commutation), having regard to the nature of its tax approval at the relevant time.
- 11.6 The Trustee may at its discretion accept a transfer payment (or an assignment of an existing insured benefit or policy) to the Money Purchase Section in respect of a Member or other person. Benefits shall become payable upon such terms as the Trustee shall determine. Such transfer in or assignment and benefits payable shall be subject to the requirements of the FA 2004.
- 11.7 The Trustee may at its discretion accept a transfer payment (or an assignment of an existing insured benefit or policy) to the Money Purchase Section in circumstances where such transfer payment or assignment relates to AVCs paid to a Final Salary Scheme and where such AVCs are already held in an Account under the Money Purchase Section. Following receipt of such a transfer payment or assignment the Member of the Final Salary Scheme to whom the transfer or assignment relates shall become a Member of the Money Purchase Section (if he was not such a Member beforehand) and shall be entitled to benefits from the Account in accordance with the Rules governing the Money Purchase Section.

12 Group and individual transfers out

- 12.1 This Clause applies if a Beneficiary of a Final Salary Scheme or the With Profits Section or Money Purchase Section is or becomes entitled to rights under another Retirement Benefits Scheme whose trustees or managers are able and willing to accept the transfer or to any other fund, scheme or arrangement (including a transfer from the With Profits Section to the Money Purchase Section) as may be acceptable to HMRC (the **New Scheme**). A transfer under this Clause shall only be made by the Trustee²⁶ if:
- (a) it would be a Recognised Transfer (for transfers between separate Retirement Benefits Schemes only)²⁷;
 - (b) the Registration Requirements are met; and
 - (c) to the extent the transfer includes safeguarded benefits (as defined in Section 48(8) of the Pension Schemes Act 2015 (**2015 Act**)) the Trustee is satisfied that the member or survivor has received appropriate independent advice for the Trustee to meet its obligations under Section 48 of the 2015 Act.
- 12.2 If this Clause applies, the Trustee²⁸ may (or must if the Beneficiary is entitled to a Cash Equivalent and has exercised his option to transfer) arrange for a transfer payment to be made to the trustees or other administrator of the New Scheme, if they agree to accept it.
- 12.3 Every Member of a Final Salary Scheme whose Pensionable Service terminates at least one year before his Normal Pension Age, and every Member of the Money Purchase Section or With Profits Section may,

²⁶ Pensions Admin Manager

²⁷ Note that this requirement applies to transfers to external schemes only, and not to internal transfers from the With Profits Section to the Money Purchase Section

²⁸ Pensions Admin Manager



in accordance with Sections 93 to 101 of the 1993 Act, elect that the Cash Equivalent of his benefits shall be used by transferring it to a New Scheme.

- 12.4 Any election made under this Clause shall be in writing and shall be made within the period set out in section 95(1A) of the 1993 Act (if applicable).
- 12.5 The Trustee²⁹ shall make effective any election under this Clause (unless the Member withdraws the application in writing) above, in accordance with the statutory requirements, or (in the case of a Beneficiary who is not entitled to a Cash Equivalent) by not later than the expiry of twelve months from the date when the Trustee receives the application.
- 12.6 In the case of a Beneficiary who is not entitled to a Cash Equivalent, the amount of the transfer payment will be calculated on a basis decided by the Trustee³⁰ after taking the advice of the Actuary. In the case of a Final Salary Scheme, the Trustee may increase the amount of the transfer payment with the agreement of the Principal Employer. In the case of the Money Purchase Section or With Profits Section the Trustee can, if it considers it appropriate, increase the amount after taking the advice of the Actuary.
- 12.7 If some (but not all) Beneficiaries become entitled at the same time to rights under the same New Scheme in which a Participating Employer (or a successor to the whole or part of the undertaking of a Participating Employer) participates:
- (a) at the request of the Participating Employer concerned, the Trustee may, after consulting the Actuary, make a transfer payment in respect of all or some of the Beneficiaries concerned as a group; and
 - (b) the transfer payment in relation to the group of Beneficiaries may be made only if the Trustee obtains from the Actuary advice to the effect that the transfer payment proposed would not be greater than the relevant amount (except as a result of the application of the Cash Equivalent provisions). For this purpose, the relevant amount is the value of the portion of the relevant Cheviot Trust Scheme which in the opinion of the Actuary relates to the group of Beneficiaries. Without limiting his discretion, the Actuary may reserve assets of the relevant Cheviot Trust Scheme concerned for liabilities relating to one or more categories of Beneficiaries and may apportion only the remaining assets of the relevant Cheviot Trust Scheme concerned.
- 12.8 The Trustee may make a transfer payment in respect of a Beneficiary without his written consent only in accordance with the 1993 Act.
- 12.9 The Trustee³¹ must give the trustees or other administrator of the New Scheme such information in connection with the transfer as they may reasonably require.
- 12.10 The Trustee may, if requested by the Beneficiary or otherwise if the requirements of the 1993 Act concerning transfers without consent are met, transfer (or assign, in the case of an insured benefit or policy) separately his entitlement under the relevant Final Salary Scheme, and/or the Money Purchase Section or With Profits Section, and/or his AVCs (if any). In that event, references to transfer payment (or

²⁹ Pensions Admin Manager

³⁰ Funding Committee

³¹ Pensions Admin Manager



like expressions) in this Clause are to be read as a reference to the transfer value (or assignment) in relation to each part to be transferred.

- 12.11 On making a transfer payment the Trustee is discharged from all liability to or in respect of the Beneficiary concerned, except any part of the Cash Equivalent to be applied in another way permitted by Section 95(2) of the 1993 Act. This discharge is in addition to and without prejudice to any other discharge given to the Trustee.

13 Buy out and open market option

- 13.1 At the sole discretion of the Trustee³² or with the consent of the Trustee on the request of a Qualifying Employer, the Trustee may purchase a Policy for a Beneficiary or a Group of Beneficiaries in respect of their benefits under any Section or Final Salary Scheme. The Trustee shall not be required to obtain the consent of the Beneficiary, save where required to do so under the 1993 Act.
- 13.2 If an Early Leaver from a Cheviot Trust Scheme who is entitled to a Cash Equivalent has by virtue of the 1993 Act required the Trustee to use all or part of the Cash Equivalent in taking a Policy out for him which satisfies the Preservation Requirements, the Trustee³³ shall do what is reasonably required to carry out what the Member requires. The amount of the Cash Equivalent will be determined as set out in Clause 13.3 below.
- 13.3 If an Active Member or an Early Leaver from a Cheviot Trust Scheme, to whom Clause 13.2 does not apply, is about to become a Pensioner, he may request the Trustee in writing to apply an amount in taking out a Policy for him which satisfies the requirements of the HMRC and the Preservation Requirements. If the amount is to be paid from a Final Salary Scheme then it must be calculated in compliance with the Cash Equivalent provisions. If the amount is to be paid from the With Profits Section then it must be calculated as set out in With Profits Rule 7.6 (Member's Cash Equivalent). The Preservation Requirements and Revaluation Requirements must also be taken into account in determining the amount. In the case of a Final Salary Scheme, the Trustee may increase the amount with the agreement of the Principal Employer. In the case of the Money Purchase Section or With Profits Section, the Trustee can if it considers appropriate, increase the amount after taking the advice of the Actuary.
- 13.4 A Policy taken out under Clause 13.1, 13.2 or 13.3:
- (a) may provide benefits of an ascertained or unascertained amount which may differ in form and/or amount from those otherwise payable under the relevant Cheviot Trust Scheme; and
 - (b) must be issued in the name of the Beneficiary or issued in the name of the Trustee and subsequently assigned by the Trustee to the Beneficiary.
- 13.5 On taking out or transferring the benefit of a Policy, the Trustee is discharged from all liability to or in respect of the Beneficiary concerned. This discharge is in addition to and without prejudice to any other discharge given to the Trustee.

³² Pensions Admin Manager for single life policies, Funding or Legal Committee for buy outs for multiple members.

³³ Pensions Admin Manager



14 Payment of lump sums on death³⁴

- 14.1 Subject to Clauses 14.5, the Trustee has power to pay or apply the whole or any part of any lump sum benefit payable in accordance with this Clause to or for the benefit of all or any 1 (one) or more of the following persons who were living at the date of the Member's death (including a child conceived but not yet born) in proportions as the Trustee determines:
- (a) Relatives;
 - (b) Dependants;
 - (c) any person (including an unincorporated association or trust) entitled (otherwise than as a creditor) to any interest in a Member's free estate under a testamentary disposition made by the Member or as a result of his intestacy;
 - (d) any person (including an unincorporated association or trust) named in a letter for the purpose signed by the Member, which has been deposited with the Trustee before the Member's death; and/ or
 - (e) his personal representatives.
- 14.2 Subject to Clause 14.3, to the extent that any part of the benefit is unpaid or unapplied directly before the expiry of 2 (two) years from the Member's death, the Trustee will pay the benefit (or relevant part of it) to his personal representatives.
- 14.3 If the lump sum is a Defined Benefits Lump Sum Death Benefit, an Uncrystallised Funds Lump Sum Death Benefit or a Drawdown Lump Sum Death Benefit it must, if the Member is under the age of 75 at the date of death, be paid within 2 (two) years of the earlier of:
- (a) the day on which the Trustee in its capacity (as the administrator of the relevant Cheviot Trust Scheme under the FA 2004) first knew of the Member's death; and
 - (b) the day on which the Trustee could first reasonably be expected to have known of it,
- otherwise the benefit will be subject to tax in accordance with statutory requirements.
- 14.4 To the extent that there is no person to whom the Trustee has the power under this Clause to pay the lump sum death benefit, and the Crown, the Duchy of Lancaster or the Duchy of Cornwall is entitled to the Member's estate, the benefit is forfeited in accordance with Clause 16.4 (Benefits – deduction of tax, overpaid and unclaimed).
- 14.5 The Trustee may, in exercise of the power in Clause 14.1, pay or transfer the lump sum benefit (or any part of it) to trustees (including themselves) to be held upon such trusts (including discretionary trusts) for any one or more of the persons referred to in Clause 14.1(a) to 14.1(d) in such shares as the Trustee decides. The Trustee may confer on those trustees any powers and discretions (including power to charge remuneration) it thinks fit.

³⁴ All the provisions in this section are delegated by the Legal Committee to the Chief Executive if the benefit is below £25,000.



- 14.6 The Trustee has power to apply the whole or any part of the lump sum benefit in the purchase of Policies for any one or more of the persons referred to in Clause 14.1(a) to 14.1(d).

15 Payment of pensions

- 15.1 Final Salary Scheme pensions which started before 1 September 1997

- (a) This Clause applies to pensions payable under a Final Salary Scheme if the first instalment of the first pension payable in relation to the Member (whether payable to the Member or to another person in respect of him) fell due before 1 September 1997.
- (b) A Pensioner's pension is payable by monthly instalments throughout his lifetime (or longer periodical instalments the Trustee determines³⁵) without proportion to the date of death. The first instalment falls due on the first day of the month after the event which gives entitlement to payment of the pension. The last instalment falls due on the first day of the month before the Pensioner's death.
- (c) A Spouse's or Dependant's pension is payable by monthly instalments (or longer periodical instalments the Trustee determines³⁶) during his lifetime without proportion to the date of death (or for any shorter period provided for by the FS Rules). The first instalment falls due on the first day of the month coincident with or following the date of death of the Member concerned. The last instalment falls due on the first day of the month before the date of the Spouse's death or, where the FS Rules so provide, the Spouse's remarriage or, in the case of a Dependant's pension, any other event causing its termination.
- (d) A Child's pension is payable by monthly instalments (or longer periodical instalments the Trustee determines³⁷) until the Child ceases to be a Child as defined in Schedule 1 (Definitions) without proportion to the date of cessation. The first instalment falls due on the first day of the month coincident with or following the date of death of the Member concerned or, where the FS Rules so provide, the death of the Member's spouse. The last instalment falls due on the first day of the month before the event causing the termination of the Child's pension.

- 15.2 Final Salary Scheme pensions which started on or after 1 September 1997

- (a) This Clause applies to all other pensions payable under a Final Salary Scheme.
- (b) A Pensioner's pension is paid in arrears by monthly instalments, or such longer periodical instalments as the Trustee from time to time determines, on the last day of each month during the lifetime of the Pensioner. The first instalment is paid on the last day of the month in which the pension is to start. The last instalment will be paid on the last day of the month in which the Pensioner dies. If a Pensioner's pension does not start from the first day of the month the first instalment must be an appropriate proportion of a full monthly instalment.
- (c) A Spouse's or Dependant's pension is paid in arrears by monthly instalments, or such longer periodical instalments as the Trustee from time to time determines, on the last day of each month during the lifetime of the Spouse or Dependant (or for any shorter period provided for by

³⁵ Chief Executive

³⁶ Chief Executive

³⁷ Chief Executive



the FS Rules). The first instalment will be paid on the last day of the month after the month in which the Member's death occurs. The last instalment will be paid on the last day of the month in which the Spouse dies or, where the FS Rules so provide, remarries or, in the case of a Dependant's pension, the event causing its termination occurs.

- (d) A Child's pension is payable by monthly instalments, or such longer periodical instalments as the Trustee from time to time determines, until the Child ceases to be a Child as defined in Schedule 1 (Definitions). The first instalment will be paid on the last day of the month after the month in which the Member's death occurs. The last instalment will be paid on the last day of the month in which the event causing the termination of the Child's pension occurs.

15.3 Policies from the Money Purchase Section and With Profits Section

The provisions governing the purchase of Policies from the Money Purchase Section and With Profits Section are set out in the Money Purchase Rules and the With Profits Rules as appropriate. Provisions governing With Profits Pensioners in respect of whom Policies were not purchased, are set out in the trust deed governing the Cheviot Pension which was in force at the time their benefit started to be paid.

16 Benefits - deduction of tax, overpaid and unclaimed

- 16.1 The Trustee³⁸ may deduct from any payment from a Cheviot Trust Scheme any tax or other duty in respect of the payment for which it is liable in respect of that payment. The Trustee may also exercise its powers under Section 1 of Schedule 4 (HMRC Limits and Tax)³⁹.
- 16.2 If any amount paid to a Beneficiary under a Cheviot Trust Scheme exceeds his entitlement, the Trustee⁴⁰ may deduct the amount overpaid from any future payments due to that Beneficiary or to any other person who derives his entitlement to benefit through him. However the power to deduct is subject to any restriction imposed by Section 91 of the 1995 Act. Alternatively, the Trustee may⁴¹ at any time recover the amount overpaid from the person to whom it was paid. If the amount overpaid is such amount which does not have to be reported to HMRC, even if it is an Unauthorised Payment, the Trustee may decide not to recover it.
- 16.3 Unless the Trustee decides otherwise, any benefit or instalment of a benefit payable under a Cheviot Trust Scheme is forfeited if it is not claimed within six years after first becoming payable, or if later, the date on which notice of entitlement is given to the Beneficiary concerned.
- 16.4 If the Crown, the Duchy of Lancaster, the Duchy of Cornwall or any foreign country or state (or an agency or other authority of it) is entitled directly or indirectly to the whole of a deceased's estate and, apart from the provisions of this Clause, a benefit under a Cheviot Trust Scheme would be payable to the estate, that benefit is forfeited and shall be applied at the discretion of the Trustee for the purposes of the relevant Cheviot Trust Scheme.

³⁸ Pensions Administration Manager/Finance Manager

³⁹ Pensions Administration Manager/Finance Manager

⁴⁰ Chief Executive, Finance Manager or Pensions Admin Manager.

⁴¹ Chief Executive



17 Debts owed to a Participating Employer

- 17.1 If the Trustee⁴² is satisfied that a Member owes money to a Participating Employer as a result of his criminal, negligent or fraudulent act or omission, the Participating Employer may require the benefits for or in respect of the Member to be reduced by an amount which the Trustee, after taking the advice of the Actuary, decides is equal in value to the amount owed. The Trustee⁴³ must give the Member a certificate showing the amount he owes to the Participating Employer and the reduction in his benefits. A certificate signed by any two representatives of the Participating Employer shall be accepted by the Trustee as conclusive. If the Member disputes the amount owed to the Participating Employer, the Trustee must not reduce his benefits until the amount has become enforceable under a court order or arbitrator's award. If a Member's benefits are reduced, the Trustee must, provided the payment would constitute a compensation payment within the meaning of Section 178 of the FA 2004, pay to the Participating Employer the amount owed or, if less, the value of the Member's benefits, if so required by the Participating Employer. The Participating Employer's receipt shall be a complete discharge to the Trustee.
- 17.2 The powers contained in this Clause may not be exercised so as to:
- (a) reduce any benefit derived from a transfer to the relevant Cheviot Trust Scheme (unless permitted by law); or
 - (b) affect any benefit which has excluded or reduced a redundancy payment to which a Member is, or would otherwise be, entitled.
- 17.3 The powers contained in this Clause are subject to Sections 91 and 92 of the 1995 Act.
- 17.4 In this Clause **Participating Employer** includes a Qualifying Employer whose participation in the relevant Final Salary Scheme or one or more Cheviot Pension Sections has come to an end in accordance with Money Purchase Rule 6.1 (Leaving Active Membership) or Life Cover Rule 4 (Ending Membership), as appropriate.
- 17.5 The Trustee⁴⁴ may deduct any tax for which it or the relevant Cheviot Trust Scheme may be liable.

18 Benefits not to be assigned

- 18.1 No Beneficiary may in any way assign, charge, commute or surrender the whole or part of his interest under a Cheviot Trust Scheme. If a Beneficiary does this, or became bankrupt before 6 April 2002 or anything happens as a result of which his benefits would or might, but for this Clause, be payable wholly or in part to another person, his benefits are forfeited with effect from the relevant event or the time his benefits become payable, if later.
- 18.2 Clause 18.1 does not apply as follows:
- (a) in relation to the exercise of any option or the making of any election under the Trust Deed or the Rules; or

⁴² Legal Committee

⁴³ Chief Executive

⁴⁴ Pensions Admin Manager



(b) for the purposes of any order or provision as referred to in Sections 24 and 28 of the 1999 Act.

- 18.3 If a Beneficiary's benefits are forfeited for any reason, the Trustee⁴⁵ may apply the amount of the forfeited benefits for or towards the benefit of the Beneficiary and/or any of the persons listed in Clauses in 14.1(a) to 14.1(e) of the Trust Deed (excluding any assignee and construing any reference to a "Member" in that Clause as meaning the Beneficiary in question) in the proportions and manner it decides. In a case of bankruptcy, the Trustee⁴⁶ may reinstate the entitlement to benefit if the Beneficiary is discharged from bankruptcy.
- 18.4 This Clause does not apply to any benefit or instalment of benefit that is due to be paid before the benefit is forfeited.

19 Payment without probate

If a grant of representation has not been made in respect of the estate of a deceased person, any sum payable to the legal personal representatives of the deceased may⁴⁷ nevertheless be paid by the Trustee to the spouse, or any of the Dependants, of the deceased, or to any person entitled to any benefit from the deceased's estate. A receipt given to the Trustee by the person to whom payment is made is as effective as if it had been given by the legal personal representatives.

20 Legal Incapacity

- 20.1 If a Beneficiary is a minor or, in the Trustee's opinion, suffers from any mental or physical incapacity making him unable to manage his affairs, the Trustee⁴⁸ may pay all or part of his benefit either to any other person for the benefit of the Beneficiary or to any of the Beneficiary's Dependants. Any part of the benefit which is retained may be paid later to the Beneficiary or the Beneficiary's Dependants. The receipt of the person to whom the benefit is paid is a complete discharge for the amount paid and the Trustee has no further responsibility in relation to the payment. If the Beneficiary is a minor, the Trustee may⁴⁹ pay any benefit to him if it thinks this is appropriate. Any amount still retained by the Trustee on the Beneficiary's death is held upon the same trusts and provisions as apply to a lump sum death benefit under this Trust Deed and the Rules.
- 20.2 If a Member or Beneficiary, in the Trustee's opinion⁵⁰, suffers from any mental incapacity making him unable to make decisions in relation to his Account, the Trustee⁵¹ may take instructions regarding investment decisions or any other decision in relation to the Member's Account from a person holding a validly executed power of attorney on behalf of the Member or, in the alternative, the Trustee may⁵², in its absolute discretion, make any such decision on behalf of the Member. The Trustee's decision will be treated as having been directed by the Member.

⁴⁵ Legal Committee

⁴⁶ Legal Committee

⁴⁷ Legal Committee

⁴⁸ Legal Committee

⁴⁹ Legal Committee

⁵⁰ Legal Committee

⁵¹ Legal Committee

⁵² Legal Committee



21 Evidence and information

- 21.1 A Beneficiary of a Cheviot Trust Scheme must produce any evidence (including but not limited to certificates or other evidence of birth, marriage, death, civil partnership, age or identity) and information the Trustee from time to time requires⁵³. The Trustee may rely on any evidence or information produced by a Beneficiary to a Participating Employer, instead of obtaining it directly. Payment of any benefit may be deferred or suspended by the Trustee until the evidence or information required is produced.
- 21.2 If any evidence or information produced by a Beneficiary is incorrect, the benefits for and in respect of him will be adjusted, reduced, cancelled or reclaimed to the extent the Trustee thinks appropriate⁵⁴, after taking the advice of the Actuary.
- 21.3 The Trustee is entitled to rely on any information received from a Participating Employer concerning any matter relating to a Cheviot Trust Scheme, including whether a person is eligible for membership of a Cheviot Trust Scheme, whether a person is in full or part-time Employment, a person's normal hours of work and any full-time equivalent, the amount or nature of any person's earnings, the calculation of any period of employment or the reason why a Member's employment ends or why he is no longer eligible for continued membership of a Cheviot Trust Scheme.
- 21.4 A Jobholder who is an Active Money Purchase Member is not required to express a choice in any matter, or to provide any information in order to become or remain a Money Purchase Active Member, and this Clause 21.4 overrides Clause 21.1 to 21.3 inclusive to the extent necessary.

22 General meetings of Members

- 22.1 For the purpose of this Clause, an AVC Member is treated as a Member of the appropriate Cheviot Pension Section.
- 22.2 The Trustee may hold a meeting of some or all Members and, if it so decides, of some or all Participating Employers.
- 22.3 The Trustee shall decide the time and place of a meeting, with notice to be given to Members, Participating Employers and Trustee Directors and the terms upon which the meeting is to be conducted.

23 Actuarial investigations and surpluses

- 23.1 In accordance with the provisions of Section 47 of the 1995 Act, the Trustee must appoint an individual as Actuary to the With Profits Section, the Money Purchase Section and each of the Final Salary Schemes. Different individuals may be appointed as Actuary for different schemes. An appointment may be revoked and a new appointment made. Any requirement under this Trust Deed or the Rules on the Trustee to take the advice of the Actuary is construed as a requirement to consult an Actuary or a firm the majority of whose partners are actuaries or a corporate body making available the advice of an Actuary.
- 23.2 The Trustee must obtain actuarial valuations and reports required under Section 224 of the 2004 Act at the required intervals (or more frequently, if it so decides). If the 2004 Act does not require a valuation to be obtained in relation to a Final Salary Scheme or the With Profits Section, the Trustee may obtain

⁵³ Chief Executive/Pensions Admin Manager

⁵⁴ Legal Committee



valuations as it decides from time to time. All necessary accounts and information must be supplied by the Trustee and the Participating Employers for the purpose of any valuation or report.

- 23.3 If the actuarial valuation in respect of a Final Salary Scheme discloses that the value of the assets of the scheme exceeds its liabilities, the Trustee may, subject to compliance with Section 37 of the 1995 Act, pay to any Participating Employer concerned the excess or part of it. A payment may only be made if it is an Authorised Surplus Payment as described in Section 177 of the FA 2004.
- 23.4 If the actuarial valuation of the With Profits Section discloses that the value of the assets of the With Profits Section exceeds its liabilities, the Trustee may, to the extent it considers that this is because excessive With Profits Employer contributions have been paid under Rule 3 of Schedule 5, and subject to Section 37 of the 1995 Act, pay to any With Profits Employer such excess or that part of it attributable to that With Profits Employer. A payment may only be made if it is an Authorised Surplus Payment as described in Section 177 of the FA 2004.
- 23.5 The actuarial valuations relating to each of the Final Salary Schemes or the With Profits Section shall be forwarded by the Trustee⁵⁵ to the Regulator, as required under the 2004 Act. The Trustee may delegate this obligation to the appropriate Actuary or such other person as it sees fit.

24 Auditor, accounts and records

- 24.1 The Trustee must appoint an Auditor to each Cheviot Trust Scheme and each Section.
- 24.2 The Trustee⁵⁶ must keep books and records relating to its meetings and the financial transactions of each Cheviot Trust Scheme as required by Section 49 of the 1995 Act.
- 24.3 The Trustee must as soon as reasonably practicable (and in any event within seven months) after 31 December in each year (or any other date it substitutes) obtain audited accounts for the period ending on that date and an auditor's statement, as required by Section 41 of the 1995 Act. The Trustee⁵⁷ must give the Auditor information for this purpose, as required by the 1995 Act.

25 Alterations

- 25.1 Subject to Section 67 of the 1995 Act, the Trustee may at any time alter, add to or replace this Trust Deed, its Schedules and Appendices (except an FS Appendix, where Clause 25.2 shall apply and Section 2 of Schedule 2, where Clause 25.3 shall apply). Any alteration, addition or replacement may have retrospective or prospective effect and must be effected by a deed executed on behalf of the Trustee or, in the case of the FS Rules or Section 2 of Schedule 2, by resolution or such instrument in writing as shall be acceptable to the Trustee in accordance with Clauses 25.2 and 25.3 respectively. No alteration, addition or replacement may be made if it would alter the main purpose of The Cheviot Trust, namely the provision for employees and former employees of Participating Employers of pensions on retirement at a specified age.

⁵⁵ Funding Committee

⁵⁶ Funding/Legal Committee

⁵⁷ Chief Executive and Finance Manager



25.2 Any Principal Employer may from time to time and at any time with the written consent of the Trustee by such instrument in writing as shall be acceptable to the Trustee alter or modify all or any of the provisions of the FS Appendix relating to the Final Salary Scheme of that Principal Employer.

25.3 The Trustee may amend the list of Final Salary Schemes on the Effective Date in Section 2 of Schedule 2 by resolution or such instrument in writing as shall be acceptable to the Trustee.⁵⁸

26 Increase in benefits

26.1 The Trustee has power to increase any benefit payable from the Money Purchase Section or With Profits Section or, in the case of late payment of the benefit, from a Final Salary Scheme. At the request of a Participating Employer, the Trustee will increase any benefit payable under a Cheviot Trust Scheme to or in respect of an employee or former employee of the Participating Employer, subject to the payment by the Participating Employer of any additional contributions the Trustee decides, after taking the advice of the Actuary. The Preservation Requirements must be complied with in respect of any person who has been promised an additional benefit under this Clause.

26.2 The Trustee⁵⁹ will request the Principal Employer each year to review the level of pensions payable under a Final Salary Scheme and the level of entitlements to contingent pensions, in the light of the value of the liabilities of the Final Salary Scheme and the value of its assets. The Principal Employer may decide, as a result of this, to increase the level of pensions payable and/or for the level of contingent pensions to be payable under the Final Salary Scheme, subject to the payment by any Participating Employer of the Final Salary Scheme of any additional contribution which the Trustee decides, after taking actuarial advice.

26.3 At the request of a Participating Employer, the Trustee must provide a pension or other relevant benefit for any current or former employee (or for his or her spouse or dependant) of a Participating Employer or of a Participating Employer's predecessor in business. This is subject to the payment by the Participating Employer of any additional contributions which the Trustee decides, after taking the advice of the Actuary. The Trustee will provide the pension or other benefit under the Rules of the Cheviot Trust Scheme, according to the Cheviot Trust Scheme(s) in which the Participating Employer participates. For the avoidance of doubt, the Cheviot Pension does not provide pensions and the provisions of Rule 7 of Money Purchase Rules (Schedule 3) and Rule 7 of the With Profits Rules (Schedule 5) (as applicable) shall apply.

26.4 Any increase or provision of a new benefit under this Clause shall comply with the Registration Requirements.

26.5 Any additional contributions payable by a Participating Employer or the Principal Employer under this Clause may at the discretion of the Trustee be payable either by instalments or as a lump sum.

27 Participating Employers' contributions - payment and termination

27.1 Each Participating Employer in relation to a Final Salary Scheme must pay to the Final Salary Scheme contributions at the rate (if any) which the Principal Employer and the Trustee agree, after the Actuary has been consulted, with a view to making advance provision for the benefits accruing or accrued under the Final Salary Scheme.

⁵⁸ Legal Committee and Finance and Operations Committee

⁵⁹ Pensions Admin Manager



- 27.2 Contributions payable under this Clause to a Final Salary Scheme must be paid to the Trustee or as the Trustee directs at the intervals required by any schedule of contributions for the time being in force under Section 227 of the 2004 Act. If no schedule of contributions is in force, contributions must be paid monthly on or before a date required by the Trustee.
- 27.3 A Participating Employer may at any time, by notice in writing to the Trustee, terminate its liability to pay contributions to the Final Salary Scheme. Any notice of termination is without prejudice to any obligation of the Participating Employer to pay contributions to the Final Salary Scheme under this Trust Deed or any legislative requirements. If the Principal Employer terminates its liability, Clause 29 (Termination of a Final Salary Scheme) applies. If a Participating Employer terminates its liability, the pensionable service of each Active Member in the employment of the Participating Employer ends and his benefits are calculated accordingly. The provisions of Section 75 shall apply to such Participating Employer.
- 27.4 Contributions shall be paid to each Cheviot Pension Section in accordance with the Rules of that Section, as appropriate.

28 Charges and expenses

28.1 Expenses

- (a) The Trustee is entitled to be reimbursed out of the assets of the Cheviot Trust Scheme in respect of the expenses which it has properly incurred in connection with carrying out its functions.
- (b) The Trustee⁶⁰ may at its discretion allocate a particular expense to any Cheviot Trust Scheme, in proportions to be decided by the Trustee.
- (c) Except as specified in Clause 8.3 (Protection of Trustee), the Trustee may at its discretion⁶¹ issue invoices in respect of all management and administration costs, charges and expenses (including VAT and, for the avoidance of doubt, investment costs, charges and expenses) to any Participating Employer in connection with its participation in the Cheviot Trust Scheme, in proportions the Trustee considers appropriate. Any invoices issued to a Money Purchase Employer in relation to their participation in the Money Purchase Section will be limited to such management and administration costs, charges and expenses attributable to the administration and provision of benefits to or in respect of current or former Money Purchase Members.

28.2 Final Salary Schemes

- (a) The Trustee⁶² shall estimate from time to time an amount representing expenses in respect of each Final Salary Scheme. That amount must be paid by, or on behalf of, the Principal Employer to the Trustee at intervals agreed between the Trustee and the Principal Employer. It is normally included in the appropriate Schedule of Contributions.
- (b) Costs, charges and expenses met by the Trustee are paid out of the assets of each Final Salary Scheme in proportions which the Trustee considers equitable⁶³. In order to pay any costs, charges and expenses which are to be met out of the assets of a Final Salary Scheme, the

⁶⁰ Finance and Operations Committee/Chief Executive

⁶¹ Policy set by Finance and Operations Committee; implementation Finance Manager

⁶² Finance Manager

⁶³ Finance and Operations Committee



Trustee⁶⁴ may surrender units of the Common Investment Fund referred to in Rule 19 (Common Investment Fund) of the FS Rules (Schedule 2) which are allocated to the Final Salary Scheme.

28.3 Cheviot Pension

Subject to any applicable legislative requirements, the Trustee⁶⁵ determines and allocates Cheviot Pension expenses and costs of administration and management at its discretion from time to time as follows:

- (a) expenses are apportioned between the With Profits Section, the Money Purchase Section, and the Life Cover Section when such expenses are attributable to more than 1 (one) Section; and
- (b) expenses which the Trustee determines are wholly referable to the With Profits Section are allocated directly to the With Profits Section; and
- (c) expenses or charges which the Trustee determines are wholly referable to an individual Member are allocated directly to that Member's Account, Capped Drawdown Account or Flexi-Access Drawdown Account (as the case may be), and expenses which the Trustee determines are wholly referable to an individual Life Cover Member are allocated directly to that Life Cover Member.⁶⁶

28.4 Subject to any applicable legislative requirements, the Trustee⁶⁷ may apply assets from each Cheviot Pension Section, as it deems appropriate, to meet expenses which are payable from that Cheviot Pension Section.

28.5 The Trustee⁶⁸ may, at the request of a Member, deduct such amount from a Member's Account, Capped Drawdown Account or Flexi-Access Drawdown Account (as the case may be) and may make such a payment as would meet the requirements to be a pension advice allowance payment in accordance with the FA 2004.

29 Termination of a Final Salary Scheme⁶⁹

29.1 A Final Salary Scheme will terminate:

- (a) on the effective date of any termination by the Principal Employer of its liability to contribute to the Final Salary Scheme;
- (b) if the Principal Employer ceases to carry on business, or an Insolvency Event happens to it, and it is not replaced by another Qualifying Employer in accordance with Clause 2.6 with the Trustee's agreement;
- (c) if the Trustee is advised by the Actuary to the Final Salary Scheme that it is insolvent and the Trustee resolves to terminate the Final Salary Scheme;

⁶⁴ Finance Manager/Funding Committee

⁶⁵ Finance and Operations Committee

⁶⁶ Chief Executive/Finance Manager

⁶⁷ Finance and Operations Committee

⁶⁸ Finance Manager/Pensions Administration Manager

⁶⁹ No routine delegations but at the point a winding up is triggered, it is usual practice for the winding up to be delegated to a Working Party or Committee.



- (d) if the Principal Employer fails to perform any of its duties or obligations in relation to its Final Salary Scheme and the Trustee decides to terminate its Final Salary Scheme;
- (e) if a Final Salary Scheme ceases to be a Registered Pension Scheme; or
- (f) if the Trustee decides to terminate all the Final Salary Schemes.

On the termination of a Final Salary Scheme in any of the above circumstances, Section 73 of the 1995 Act shall apply, no further contributions are payable (save as shall be required under the 2004 Act whilst this Clause applies and under Clause 29.2 when the Final Salary Scheme begins to wind-up) and no further person may be admitted to membership. The Pensionable Employment of each Active Member shall end and his benefits shall be calculated as if he is a Qualified Member (as defined in the FS Rules), whether or not he is in fact one. The membership of Life Cover Members shall cease. The Trustee will continue to administer and manage the Final Salary Scheme in accordance with this Trust Deed and the FS Rules (in particular any power of alteration which shall for the avoidance of doubt survive termination), except that any power which is expressed to be exercisable by, or with the consent of, a Participating Employer is exercisable by the Trustee alone (unless the Trustee decides otherwise in any particular case). At any time after a Final Salary Scheme terminates, the Trustee may decide to wind it up.

29.2 If a Final Salary Scheme winds-up, its liabilities will be calculated separately from those of any other Cheviot Trust Scheme. The Trustee shall realise the assets of the Final Salary Scheme, including any contributions required under Section 75. The Trustee must pay from the assets of the Final Salary Scheme being wound up:

- (a) all expenses and liabilities incurred in the administration and management of the scheme or in connection with its termination or winding-up; and
- (b) any unpaid benefit which became due before the winding-up began. After paying (or reserving for) the liabilities listed in Clauses 29.2(a) and 29.2(b), the Trustee must apply the remainder of the Final Salary Scheme's assets towards satisfying its liabilities in accordance with Section 73 of the 1995 Act.

29.3 **Surplus⁷⁰**

- (a) This Clause applies to any Final Salary Schemes which joined The Cheviot Trust before 1 October 2022.
 - (i) If any assets of the Final Salary Scheme remain after the Trustee has satisfied the Scheme's liabilities under Section 73 of the 1995 Act, the Trustee⁷¹ may use them in one or more of the following ways to the maximum extent which would be consistent with Pre-6 April 2006 Tax Approval as if it applied to all beneficiaries of the Final Salary Scheme:
 - (A) to increase a benefit provided for or in respect of any person under Section 73 of the 1995 Act;

⁷⁰ All the discretions in this clause are delegated to either the Legal Committee or the Buyout Working party

⁷¹ Legal Committee or Buyout Working Party



- (B) to provide a different benefit for or in respect of any of those persons;
 - (C) to provide a benefit for or in respect of any person whose benefits have been forfeited.
- (ii) Any assets of the Final Salary Scheme which ultimately remain must, provided it would be an Authorised Surplus Payment, and subject to compliance with Section 76 of the 1995 Act, be paid (less tax) to the Participating Employers in the relevant Final Salary Scheme, in proportions the Trustee decides.
 - (iii) The Trustee's decision as regards the interpretation and application of Pre-6 April 2006 Tax Approval will be final and binding on the Beneficiaries affected.
- (b) This Clause applies to any Final Salary Schemes which joined The Cheviot Trust on or after 1 October 2022.
- (i) If any assets of the Final Salary Scheme remain after the Trustee has satisfied the Scheme's liabilities under Section 73 of the 1995 Act, the Trustee must dispose of the surplus assets by making a payment to the Participating Employers in such proportions as the Trustee, with the agreement of the Principal Employer, considers appropriate, unless the Trustee decides clause 29.3(b)(ii) applies.
 - (ii) The Trustee may, with the agreement of the Principal Employer, decide to use the surplus assets to increase a benefit provided for or in respect of any person under section 73 of the 1995 Act.
 - (iii) Before making any payment to the Participating Employers under Clause 29.3(b)(i), the Trustee shall deduct any tax for which it is liable under section 207 of the FA 2004 and the Trustee shall ensure the requirements of section 76 of the 1995 Act have been complied with.
- 29.4 In satisfying a Final Salary Scheme's liabilities on winding-up, the Trustee is entitled to assume that no person will become married or divorced or be born after a date (which must not be earlier than the beginning of the winding-up) selected by it.
- 29.5 The Final Salary Scheme's liabilities may be satisfied by the Trustee in any one or more of the following ways:
- (a) making transfer payments in accordance with Clause 12 (Group and individual transfers out), for which no request or approval of any Participating Employer is required;
 - (b) purchasing immediate, deferred or contingent insurance policies or annuity contracts from an Insurance Company, subject to the Preservation Requirements and the Revaluation Requirements;
 - (c) in respect of an eligible Member, by payment of a Winding-up Lump Sum (or a Winding-up Lump Sum Death Benefit, in the case of an eligible Dependant) in either event of an amount determined by the Trustee after taking the advice of the Actuary; and
 - (d) in another way permitted under the 1995 Act and FA 2004.



- 29.6 If the Trustee satisfies any liability under Clause 29.5(b), it must try to purchase Policies or annuities providing benefits on the same terms as under this Trust Deed and the FS Rules. However, if the Trustee considers it to be in the interests of the Beneficiaries as a whole, the Policies or annuities may be for different amounts or on different terms.
- 29.7 No later than one month after the winding-up of a Final Salary Scheme is triggered, the Trustee shall notify all affected Members of the winding-up and supply such information as is required by the 1995 Act and the Disclosure Regulations.

30 Termination of the Cheviot Pension⁷²

- 30.1 The Trustee may decide to wind up the Cheviot Pension or any Cheviot Pension Section (which, for the avoidance of doubt, includes the Money Purchase Section, the Life Cover Section or the With Profits Section) and any lump sum and any pension for a spouse or Dependants which is payable on the death of a Money Purchase Active Member or a Money Purchase Early Leaver under Money Purchase Rule 10 (Death of an Active Member or Early Leaver - Lump Sum) or a With Profits Member under With Profits Rule 9 (Death of a Member - Lump Sum) and in respect of a Life Cover Member under Life Cover Rule 7 (Death of a Life Cover Member - Lump Sum) and which is based on the proceeds of any insurance cover effected by the Trustee in relation to him (if any), shall cease.
- 30.2 In this Clause, **Termination Date** means the date chosen by the Trustee if it decides to wind-up the Cheviot Pension or a Section of the Cheviot Pension. If the Trustee decides to wind-up the Cheviot Pension or a Section thereof, the Termination Date is interpreted accordingly and the rest of this Clause applies (with the making of any changes required in the context) to the relevant Section or Sections and the assets which the opinion of the Trustee, after consulting the Actuary, relate to that Section or Sections.
- 30.3 If the Cheviot Pension winds up, the Trustee must:
- (a) pay out of its assets all expenses and liabilities incurred in the administration and management of the Cheviot Pension or in connection with its winding up from the Money Purchase Section, the With Profits Section or the Life Cover Section, as it deems appropriate, provided that if winding up of the Money Purchase Section occurs as a result of a Triggering Event no additional administration charges may be imposed on Money Purchase Accounts during the Triggering Event Period unless permitted by legislation.⁷³
 - (b) pay out of its assets any benefit which became due before the winding up began and which remains unpaid;
 - (c) hold the assets of the Money Purchase Section (as reduced to meet expenses and liabilities in accordance with Clause 30.3(a) above), separately and apply them in accordance with this Clause 30 to pay liabilities for Money Purchase Active Members and Money Purchase Early Leavers in respect of any part of a Money Purchase Account, which will be treated as being equal to the amount of that part of the Account; and

⁷² No routine delegations but at the point a winding up is triggered, it is usual practice for the winding up to be delegated to a Working Party or Committee.

⁷³ This provision reflects the restrictions in Pension Schemes Act 2017 in relation to increasing administration charges on or in respect of members during a triggering event period at levels above those set out in the implementation strategy.



- (d) hold the assets of the Life Cover Section (as reduced to meet expenses and liabilities in accordance with Clause 30.3(a) above), separately and apply them in accordance with this Clause 30 to pay liabilities which relate to the Life Cover Section.

Any expenses or liabilities referred to in paragraph Clause 30.3(a) may be allocated to Accounts on a basis which the Trustee thinks appropriate. In particular, the Trustee may allocate specific expenses or liabilities to the With Profits Account, or the Money Purchase Account (or to any part of an Account), or to a Life Cover Member to which or whom they relate.

30.4 After paying (or reserving for) the items in Clause 30.3(a), 30.3(b) and 30.3(c), the Trustee must apply the assets of the With Profits Section (including any assets held in respect of AVC Members) towards satisfying its liabilities in the order set out in the categories set out in Clauses 30.5 to 30.8 so that:

- (a) the benefits in each category are fully secured before any benefit in a subsequent category is secured;
- (b) if the benefits in a category cannot be fully secured, the benefits in that category are reduced as determined by the Trustee after taking actuarial advice (so that any reduction of benefits in the categories set out in Clauses 30.5 and 30.6 will be made proportionately);
- (c) any benefit secured in one category is automatically excluded from a later one.

30.5 In securing the payment of:

- (a) a benefit for each person who on the Termination Date is in receipt of a pension, equal to the amount of that pension at the Termination Date;
- (b) if the pension referred to in Clause 30.5(a) above increases each year at a fixed rate or at the lower of a fixed rate and the rate of increase in the Index or the pension started on or after 1 January 1997, the benefit secured under Clause 30.5(a) above will increase at the same rate as the pension, except that any future bonuses will be ignored; and
- (c) contingent benefits for the spouses and Dependants of each of the persons referred to in Clause 30.5(a) above, equal to the pensions which would have been payable to or in respect of them; if the benefit secured for a person referred to in Clause 30.5(a) above includes provision for annual increases under Clause 30.5(b) above, the contingent benefit secured under this Clause in respect of that person will include provision for annual increases at the same rate.

30.6 In securing benefits for and in respect of each person for whom a With Profits Account is maintained at the Termination Date, of a value equal to the Cash Equivalent of his With Profits Account at his Normal Retirement Date. If the Trustee so decides in any case, it may provide a contingent benefit for the spouse or Dependant of the person concerned.

30.7 Benefits under this category will start as soon as possible if the person concerned has reached his Normal Retirement Date on the Termination Date; if he has not they will start at his Normal Retirement Date, or on any other date agreed with the person concerned, subject to satisfying the Registration Requirements.

30.8 In applying the balance in increasing some or all of the benefits in Clauses 30.5 and 30.6 above by amounts as the Trustee decides after taking the advice of the Actuary. The Trustee may decide to apply different increases to different groups (however they may be defined) and may decide not to increase the benefits of any group. Increases within a group must be made on a basis considered consistent by the Trustee.



- 30.9 If the benefits for any person would exceed the amounts permissible under the Registration Requirements, the Trustee will use any excess to increase the benefits of Beneficiaries who were last employed by the Participating Employer of that person and, provided any payment would constitute an Authorised Surplus Amount any part of that excess not so used will be repaid to the Participating Employer concerned, unless the Participating Employer requests the Trustee to use the excess (or part of it) in increasing the benefits for and in respect of any person who at the Termination Date was employed by him (or who was employed by him when he ceased to be an Active Member).
- 30.10 Any benefits in respect of an AVC Member shall be provided by payment of the appropriate amount to the Final Salary Scheme concerned (or in some other way acceptable to HMRC).
- 30.11 The Trustee will provide, for and in respect of each person for whom a Money Purchase Account is maintained at the Termination Date, benefits of a value equal to that Account, reduced by any expenses or liabilities allocated to the Account. If the Trustee so decides in any case, it may provide a contingent benefit for the spouse or Dependant of the person concerned.
- 30.12 In satisfying each Cheviot Pension Section's liabilities on winding-up, the Trustee is entitled to assume that no person will become married or divorced or enter or dissolve a civil partnership or be born after a date (which must not be earlier than the beginning of the winding-up) selected by it.
- 30.13 Each Cheviot Pension Section's liabilities may be satisfied by the Trustee in any one or more of the following ways:
- (a) making transfer payments in accordance with Clause 12 (Group and individual transfers out), for which no request or approval of any Participating Employer is required;
 - (b) purchasing immediate, deferred or contingent insurance policies or annuity contracts from an Insurance Company subject to the Preservation Requirements and Revaluation Requirements;
 - (c) in respect of an eligible Member, by payment of a Winding-up Lump Sum (or a Winding-up Lump Sum Death Benefit, in the case of an eligible Dependant) in either event of an amount determined by the Trustee after taking actuarial advice; and
 - (d) in another way permitted under the 1995 Act or FA 2004.
- 30.14 If the Trustee satisfies any liability under Clause 30.13(b), it must try to purchase Policies or annuities providing benefits on the same terms as under this Trust Deed and the Money Purchase Rules or the With Profits Rules as appropriate. However, if the Trustee considers it to be in the interests of the Beneficiaries as a whole, the Policies or annuities may be for different amounts or on different terms.

31 Options and notices

- 31.1 Any option, power or right of election conferred upon any person (including any Participating Employer or Principal Employer) under the Rules of a Cheviot Trust Scheme shall (subject to any alternative arrangements that the Trustee⁷⁴ may adopt) be given by notice in writing, to be effected as stated in Clause 31.2.

⁷⁴ Chief Executive



31.2 Subject to any requirements imposed by the 1993 Act or the 1995 Act (and to any alternative arrangements which the Trustee may at its discretion decide to adopt⁷⁵), any notice to be given under the Rules of a Cheviot Trust Scheme to:

- (a) any person with an interest or potential interest in a Cheviot Trust Scheme, may be given by sending the notice through the post, to him at his last known address and any notice so sent shall be deemed to be served on the fifth day following that on which it is posted; or
- (b) the Trustee, may be given by sending the notice, addressed to the Chief Executive's Office, through the post to an office nominated by it and any notice so sent shall be deemed to be served on the fifth day following that on which it is posted; or
- (c) a Participating Employer or a Principal Employer, may be given by sending the notice through the post to its principal or registered office (or such other address as it may have nominated in writing to the Trustee) and any notice so sent shall be deemed to be served on the fifth day following that on which it is posted.

32 Donations and bequests

32.1 The Trustee may accept donations or bequests from any person or body to be applied for the purposes of The Cheviot Trust or a particular Cheviot Trust Scheme.

33 Confidentiality

33.1 The Trustee shall not disclose the information contained within an FS Appendix to Participating Employers in other Cheviot Trust Schemes.

⁷⁵ Chief Executive



Schedule 1 Definitions

The following definitions apply for the purposes of the Trust Deed and (save where otherwise stated) all of its Schedules and Appendices:

1992 Act means the Social Security Contributions and Benefits Act 1992;

1993 Act means the Pension Schemes Act 1993;

1995 Act means the Pension Act 1995;

1996 Act means the Employment Rights Act 1996;

1999 Act means the Welfare Reform and Pensions Act 1999;

2000 Act means the Financial Services and Markets Act 2000;

2004 Act means the Pensions Act 2004;

2006 Act means the Companies Act 2006;

2008 Act means the Pensions Act 2008;

2017 Act means the Pension Schemes Act 2017

85% (eighty-five percent)⁷⁶ Contributions are set out in Money Purchase Rule 3.1(c)(iii) (85% (eighty-five per cent) Contributions) and are one of the Alternative Requirements;

Account means, in relation to a Money Purchase Member or a With Profits Member, the account established and maintained in respect of him under the Money Purchase Section or the With Profits Section as appropriate and where the context requires, it also means the amount standing to the credit of that account;

Active Member means a person who is accruing benefits under a Final Salary Scheme; or a person in respect of whom an Employer is paying contributions or any other person who is contributing to the Money Purchase Section subject to the rules of the Section (or who is a late retiree under the rules of that Section). The expression includes an Auto-enrolled Member (where appropriate), a person who has a lump sum death in service benefit only under the Cheviot Pension and who is paying AVCs, but excludes

⁷⁶ Contributions of at least 3% of Member's Basic Pay, and in total 8% of Basic Pay. Basic Pay of all Jobholders of that Employer must be 85% of Earnings.



SCHEDULE 1 – DEFINITIONS

Life Cover Members, AVC Members, Early Leavers, Pensioners, Ex-Spouses and Drawdown Members who are not contributing;

Actuary means the actuary for the time being appointed by the Trustee as the actuary to the Cheviot Trust Scheme in question, who shall be a Fellow of the Institute and Faculty of Actuaries or an individual authorised by the Secretary of State to act as an actuary for the purposes of the 1995 Act;

Additional Paternity Leave means the statutory entitlement to additional paternity leave under Section 80AA and 80BB of the 1996 Act and the Additional Paternity Leave Regulations 2010;

Alternative Requirements are set out in the Regulation 32E of the Auto-enrolment Regulations⁷⁷;

Annual Allowance means the annual allowance as defined in Section 228 of the FA 2004 and amended as specified in any order made by the Treasury;

Arrangement is as described in the 2008 Act⁷⁸ by which an Employer arranges with the Trustee for a Jobholder or Entitled Worker to become an Active Member of the Money Purchase Section, within the period required by the Auto-enrolment Regulations⁷⁹;

Articles of Association means the Memorandum and Articles of Association from time to time of the Trustee;

Associate means a Qualifying Employer which participates in a Final Salary Scheme, but which is not the Principal Employer;

Auditor means the auditor appointed by the Trustee under Clause 24 of the Trust Deed (being an individual or a firm eligible for appointment as a company auditor and registered as such in accordance with the provisions of Section 1239 of the 2006 Act or an individual or firm authorised by the Secretary of State to act as an auditor for the purposes of the 1995 Act);

Authorised Surplus Payment has the meaning given to in Section 177 of the FA 2004;

Auto-enrolled Member means a Jobholder whose Employer has made an Agreement with the Trustee to fulfil its Employer Duties in respect of him by enrolling (or re-enrolling) him in the Money Purchase Section on his Auto-enrolment Date (or Auto re-enrolment Date or Enrolment Date). It includes a Jobholder who was an Active Money Purchase Member on his Auto-enrolment Date (or Auto re-enrolment Date or Enrolment Date);

Auto-enrolment Date is defined in Section 3(7)⁸⁰ of the 2008 Act, and is subject to postponement or disapplication under Section 4 of the 2008 Act;

⁷⁷ There are 3 alternative rates of contribution which may be used instead of Minimum Contributions. 85% Contributions, Basic Pay Contributions, and Gross Pay Contributions.

⁷⁸ Under sections 3, 5, and 7 of the 2008 Act, an employer must make an “arrangement” to auto-enrol and re-enrol employees, also to enrol non-eligible Jobholders, and Entitled Workers.

⁷⁹ The employer must arrange that within 6 weeks of Auto-enrolment or Auto-re-enrolment Date, the Jobholder becomes an Active Member.

⁸⁰ The first day on which an employer is required to auto-enrol a Jobholder, it may be postponed for up to 3 months.



SCHEDULE 1 – DEFINITIONS

Auto-enrolment Regulations means The Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010;

Auto-enrolment Scheme means a scheme which satisfies the requirements of Section 17⁸¹ of the 2008 Act;

Auto re-enrolment Date is defined in section 5(8)⁸² of the 2008 Act and Regulation 12 of the Auto-enrolment Regulations;

AVC means Additional Voluntary Contribution;

AVC Member means an Active Member of a Final Salary Scheme or Money Purchase Section who makes AVCs;

Basic Pay is defined in Regulation 32K of the Auto-enrolment Regulations and means the gross Earnings of a Jobholder from their employment with the Employer, disregarding the gross amount of:

- (a) any commission, bonuses, overtime or similar payments;
- (b) any shift premium pay (as defined in Regulation 32K of the Auto-enrolment Regulations); and
- (c) any reasonable allowance with respect to:
 - (i) any duty which is ancillary to the main duties of the Jobholder's employment;
 - (ii) relocation of the Jobholder to a different place of work;
 - (iii) in a case not covered by paragraph (ii), the purchase, lease or maintenance of a vehicle;
 - (iv) in a case not covered by paragraph (ii) or (iii), the purchase, lease or maintenance of an item;
 - (v) in a case not covered by paragraph (ii), (iii) or (iv), the delivery of a service to the Jobholder;

If the 2008 Act and/or any regulations made under it are amended, so that Basic Pay set out above is changed from time to time, the definition of Basic Pay is deemed to be amended from time to time to incorporate any such changes;

⁸¹ An Auto-enrolment Scheme must be (a) a Qualifying Scheme, and (b) nothing in the Trust Deed or the Money Purchase Rules may prevent the employer of a Jobholder from making arrangements to become a Money Purchase Active Member, or require a Jobholder to express a choice or provide any information in order to remain a Money Purchase Active Member.

⁸² Auto re-enrolment Date is a date after Auto-enrolment Date, which is approximately the 3rd anniversary of the date on which auto-enrolment first applies to the employer, and thereafter approximately the 3rd anniversary of the previous Auto re-enrolment Date. For a Jobholder who was auto-enrolled but whose pay later fell below Qualifying Earnings, and he was therefore removed from Active Money Purchase Membership, it is the day on which he subsequently has Qualifying Earnings.



SCHEDULE 1 – DEFINITIONS

Basic Pay Contributions⁸³ are set out in Money Purchase Rule 3.1(c)(ii) (Basic Pay Contributions) and are one of the Alternative Requirements;

Beneficiary means any person absolutely or contingently entitled to a benefit from a Final Salary Scheme and/or from the Money Purchase Section, Life Cover Section and/or With Profits Section;

Benefit Crystallisation Event has the meaning given by Section 216 of the FA 2004 and references to **crystallisation**, **crystallised** and **uncrystallised** have the corresponding meanings;

Benefit Recipient means Members and any other recipients or potential recipients of benefits under a Cheviot Trust Scheme and all persons claiming through such persons;

Board means the board of directors of the Trustee from time to time;

Capped Drawdown means an income withdrawal arrangement permitted by the Trustee under Section 165 of the FA 2004⁸⁴, under which a drawdown pension may be paid, and which is not a Flexi-Access Drawdown arrangement;

Capped Drawdown Account means a Member's Account which has been designated under Rule 7.9 of the Money Purchase Rules (Schedule 3) as available for Capped Drawdown;

Cash Equivalent means the value (determined by the Trustee⁸⁵ on the advice of the Actuary in accordance with Section 97 of the 1993 Act and subject to any reduction which may be applied under regulation 7(D) of the Occupational Pension Schemes (Transfer Values) Regulations 1996 to the amount so calculated) of an Active Member's or Early Leaver's benefits in respect of which a transfer payment is made under Clause 12 (Group and individual transfers out) of the Trust Deed. In respect of a With Profits Member, his Cash Equivalent is determined under With Profits Rule 7.6;

Cash Transfer Sum means the cash transfer sum which is defined in Section 101AB of the 1993 Act;

Certification Period means a period set out in Regulation 32B⁸⁶ of the Auto-enrolment Regulations;

Cheviot Pension means the scheme established as a separate pension scheme under the umbrella of The Cheviot Trust which was formerly known as the Money Purchase Scheme of The Cheviot Trust, and which comprises the Money Purchase Section, the Life Cover Section and the With Profits Section. Individual Accounts are maintained in the Money Purchase Section and the With Profits Section which are used to provide benefits (including by way of purchase of a Policy) for a Money Purchase Member or a With Profits Member on retirement;

⁸³Employer contributes at least 4% of Member's Basic Pay, and total contributions at least 9% of Basic Pay.

⁸⁴ Capped Drawdown differs from Flexi-Access Drawdown in that the amount which can be paid to the Member in any drawdown year is capped at a basis amount which is (at February 2017) 150% of the annual amount of an annuity which could have been purchased by the member's Capped Drawdown Account, using the Government Actuary's Department tables. Maximum Capped Drawdown pension is usually recalculated every 3 years, although an intervening event such as using part of the Capped Drawdown Account to buy an annuity, or if it is reduced by a Pension Sharing Order, requires a recalculation. After age 75, the maximum Capped Drawdown pension is recalculated annually.

⁸⁵ Funding Committee

⁸⁶ A period of up to 18 months.



Cheviot Pension Section means a Section of the Cheviot Pension;

Cheviot Trust Scheme means any Final Salary Scheme and/or any of the Money Purchase Section, Life Cover Section and With Profits Section;

Child means, for the purposes of a Final Salary Scheme only, a Member's:

- (a) legitimate child (including a posthumous child);
- (b) legitimated child; or
- (c) adopted child; or
- (d) stepchild (which shall include a child of the civil partner of the Member of whom the Member is not the biological or adoptive parent); or
- (e) child of whom the Member is not the biological or adoptive parent;

who was either living with the Member at the date of his death or was, in the opinion of the Principal Employer⁸⁷, dependent on him at the date of his death, if, and for so long as, such child is under the age of 18 (eighteen). If the Principal Employer agrees, the Trustee⁸⁸ may treat as a Child any other child of a Member if and for so long as such person is under the age of 18 (eighteen) years and who, in the opinion of the Trustee having consulted with the Principal Employer, was wholly or mainly dependent on the Member at the date of his death; the Trustee⁸⁹ may do this for a limited period only;

Clause means a Clause in the Trust Deed;

Compliance Notice has the meaning given by Section 35⁹⁰ of the 2008 Act;

Connected Scheme means a Registered Pension Scheme connected with a Final Salary Scheme or a Cheviot Pension Section within the meaning formerly set out in Section 590A(2) of the Income and Corporation Taxes Act 1988;

Consultation Regulations means The Occupational and Personal Pension Schemes (Consultation by Employers and Miscellaneous Amendment) Regulations 2006;

Contributions means a Member's contributions paid or treated as paid to a Final Salary Scheme (except AVCs) together with interest at 3% (three per cent) a year (or another rate decided by the Trustee⁹¹ after taking the advice of the Actuary) calculated on a basis determined by the Trustee⁹²;

⁸⁷ In practice, the Legal Committee and the Principal Employer

⁸⁸ Legal Committee

⁸⁹ Legal Committee

⁹⁰ The Regulator may issue a Compliance Notice to a person if it believes that the person has contravened any Employer Duty. A Compliance Notice directs the person to take remedial steps, in particular to place an employee in the same position as if an Employer Duty had not been contravened.

⁹¹ Funding Committee

⁹² Funding Committee



SCHEDULE 1 – DEFINITIONS

Controlling Director has the meaning given by Section 273(9) of the FA 2004. Whether a person is connected to a Controlling Director is determined in accordance with Section 993 of the Income and Taxes Act 2007;

Co-opted Director means a Trustee Director co-opted by a majority of the other Trustee Directors and such Co-opted Director may be appointed to serve on a committee of directors only (as confirmed in writing to the Co-opted Director on appointment). Where such Co-opted Director's appointment is to one or more committees only, such Co-opted Director is not entitled to participate or vote in any Board meeting or to exercise any Trustee Director powers outside of those permitted as a member of such committee. For the avoidance of doubt Clauses 8 and 9 of the Trust Deed will apply to all Co-opted Directors;

Defined Benefits Lump Sum Death Benefit has the meaning given to it in paragraph 13 of Schedule 29 to the FA 2004;

Dependant means, in relation to a Member (which for this definition includes a Life Cover Member) and in relation to an Ex-Spouse or, according to context, an Ex-Spouse Participant:

- (a) for the purpose of paying a pension:
 - (i) a person who is the Member's natural or adopted child and is either under 18 (eighteen) years of age or is 18 (eighteen) or over but below age 23 (twenty-three) but receiving full-time education or vocational training; and
 - (ii) a person (other than his natural or adopted child) who is financially dependent on the Member or a person (including his natural or adopted child) who is dependent on him because of disability.

The Trustee⁹³ may treat a person as financially dependent on the Member if in its opinion that person and the Member were financially interdependent, in particular (but without limitation) because their standard of living was maintained as a result of their joint incomes.

- (b) for the purpose of making a payment other than a pension, Dependant shall include a person who falls within (a) above and a child of the Member who is **financially dependent** in terms of (a)(ii) above;
- (c) for the purpose of Dependant's Drawdown:
 - (i) a Member's spouse or civil partner at the date of the Member's death, or at the date the Member entered Capped Drawdown;
 - (ii) a child of the Member who is less than 23 years old;
 - (iii) a child of the Member aged 23 or over who was dependent on the Member at the date of the Member's death because of a physical or mental impairment;

⁹³ Chief Executive



SCHEDULE 1 – DEFINITIONS

- (iv) a person who was not married to, a civil partner of, or a child of the Member but at the date of the Member's death was:
 - (A) financially dependent on the Member;
 - (B) in a financial relationship with the Member of mutual dependency; or
 - (C) dependent on the Member because of a physical or mental impairment; or
- (v) a child of the Member who is 23 years old or over and who does not fall within the definition of (iii) above;

Dependant's Drawdown means an income withdrawal arrangement permitted by the Trustee under Section 167 of the FA 2004⁹⁴, under which a drawdown pension may be paid to a Dependant;

Dependant's Drawdown Account means that part or all of a Member's Capped Drawdown Account or Member's Account which has been designated for Flexi-Access Drawdown, which a Dependant designates under Rule 7.9(g) or Rule 8.8(d) of the Money Purchase Rules (as appropriate) for Dependant's Drawdown;

Disclosure Regulations means regulations made under Section 113 of the 1993 Act and Section 41 of the 1995 Act;

Drawdown Lump Sum Death Benefit means a drawdown pension fund lump sum death benefit described in Paragraph 17 or 17A of Schedule 29 of the FA 2004⁹⁵;

Drawdown Member means a Member who has entered Flexi-Access Drawdown, or Capped Drawdown under Rules 7.8(b) or 7.9(a) of the Money Purchase Rules (Schedule 3);

Early Leaver means a person who has been but has ceased to be an Active Member and who is entitled to benefits under a Cheviot Trust Scheme (as the case may be) which have not started to be paid (or who is so treated by reason of a transfer payment received under Clause 11 (Group and individual transfers in) of the Trust Deed). It does not include a Drawdown Member;

⁹⁴ If a Member enters drawdown and then dies, his Dependant may (with the Trustee's consent) continue the drawdown arrangement. In respect of Capped Drawdown, the amount which the Dependant can be paid is also capped. The Dependant must also have been given the opportunity to purchase a Policy with the balance of the drawdown Account of a Member under the Scheme.

⁹⁵ The balance of a Member's drawdown Account which is paid as a lump sum on his death, or the balance of a Dependant's Drawdown Account which is payable on the Dependant's death. For a Drawdown Lump Sum Death Benefit which is paid on or after 6 April 2016, broadly, if a Member dies before reaching age 75 and the lump sum is paid within the two-year statutory timeframe, the lump sum will be exempt from income tax (this point is covered in Clause 14.1).

If the Member dies after reaching age 75, or if he dies before reaching age 75 and the lump sum is not paid within the two-year statutory timeframe, the rate of tax will depend on whether the recipient is a "qualifying person" or a "non-qualifying person" for the purposes of the legislation. If the recipient is a qualifying person (broadly an individual or bare trustee), the lump sum will be subject to income tax at the recipient's marginal rate. If the recipient is a non-qualifying person, the lump sum will be subject to the special lump-sum death benefits charge at the rate of 45 per cent.



SCHEDULE 1 – DEFINITIONS

Earnings is defined in Section 13 (3) of the 2008 Act, and means sums of any of the following descriptions that are payable to a person in connection with the person's employment:

- (a) salary, wages, commission, bonuses and overtime;
- (b) statutory sick pay under Part 11 of the 1992 Act;
- (c) statutory maternity pay under Part 12 of the 1992 Act;
- (d) ordinary statutory paternity pay or additional statutory paternity pay under Part 12ZA of the 1992 Act;
- (e) statutory adoption pay under Part 12ZB of the 1992 Act;
- (f) any other sums prescribed under the 2008 Act

If the 2008 Act and/or any regulations made under it are amended, so that the Earnings set out above are changed from time to time, the definition of Earnings is deemed to be amended from time to time to incorporate any such changes;

Earnings Cap has the meaning given to it in Rule 16.3 of the FS Rules;

Effective Date means the date described in Clause 1.2 of the Trust Deed;

Eligible Jobholder is a Jobholder who falls within the requirements of Section 3(1)⁹⁶ of the 2008 Act;

Employer means at any particular time:

- (a) for the purposes of a Final Salary Scheme, the Principal Employer and the Associates. If relevant, in relation to any employee or former employee or a person claiming through him, Employer means the Employer by which, at the relevant time, he is or was last employed; and
- (b) for the purposes of the Cheviot Pension, an employer which has been admitted to participation or succeeded an Employer in accordance with Clauses 2.1, 2.2 or 2.7 of the Trust Deed (Qualifying Employers and substitution of an Employer);

Employer Debt Regulations means the Occupational Pension Schemes (Employer Debt) Regulations 2005;

Employer Duties are set out in Sections 2 to 11⁹⁷ (inclusive) of the 2008 Act;

⁹⁶ An Eligible Jobholder is a Jobholder (see definition of Jobholder) who is between age 22 and State Pension Age and has earnings above the minimum for auto-enrolment. An Eligible Jobholder must be Auto-enrolled and Auto re-enrolled.

⁹⁷ Employer Duties are (a) to ensure continuity of Money Purchase Active Membership of an auto-enrolled or auto re-enrolled Active Member (see Money Purchase Rule 5), (b) automatic enrolment and auto re-enrolment of an Eligible Jobholder (c) to enrol a Jobholder who opts in, (d) to refund contributions of a Jobholder who opts out, and (e) to arrange for an Entitled Worker who gives notice, to become a Money Purchase Active Member.



SCHEDULE 1 – DEFINITIONS

Employer Pension Scheme Reference is defined in Regulation 1⁹⁸ of the Registration and Compliance Regulations;

Employers' Representative Director means a Trustee Director appointed to represent Employers;

Employment means employment with an Employer. If a Member transfers from one Employer to another, his Employment is regarded as continuous;

Enrolment Date is defined in Regulation 18(6)⁹⁹ of the Auto-enrolment Regulations;

Entitled Worker is defined in Section 9¹⁰⁰ of the 2008 Act;

Ex-Spouse means an individual to whom Pension Credit Rights have been or are to be allocated following a Pension Sharing Order;

Ex-Spouse Participant is an Ex-Spouse in respect of whom the Trustee has conferred a Pension Credit Benefit in a Final Salary Scheme or a Cheviot Pension Section. For this purpose the Ex-Spouse Participant must participate in the relevant Final Salary Scheme or Money Purchase Section or With Profits Section or Life Cover Section, either:

- (a) solely for the provision of a Pension Credit Benefit; or
- (b) for the wholly separate provision of a Pension Credit Benefit, where benefits accrue or have accrued to that individual under the Final Salary Scheme or Money Purchase Section or With Profits Section or Life Cover Section;

FA 2004 means the Finance Act 2004;

Final Salary for any Member of a Final Salary Scheme, is calculated as set out in that part of the FS Appendix applicable to the Final Salary Scheme for that Member. Any payment made to a Member in lieu of a period of notice he would otherwise serve is excluded, unless the Principal Employer decides to include it. For a Member to whom the Earnings Cap applies, Final Salary cannot exceed the Earnings Cap;

Final Salary Scheme means a Qualifying Employer's Retirement Benefits Scheme established in accordance with Clause 2.3 of the Trust Deed, or any corresponding earlier provision;

Finance Act Lump Sum means a lump sum permitted by Sections 166 or 168 of the FA 2004;

⁹⁸ Either (1) a reference the Regulator gives to the Trustee following registration by the Trustee, or (2) a reference the Trustee gives to the Employer evidencing the relationship between the Employer and the Money Purchase Section.

⁹⁹ When a Jobholder opts into Money Purchase Active Membership, his Enrolment Date is broadly his first pay day after he has given his Employer an Opt in Notice.

¹⁰⁰ A person working in the UK, aged 16 to 75, who has a contract of employment or a contract to perform services personally, which can be oral or written, (but not the sort of contract where the employer is actually a client or customer of a profession or business carried on by the worker). His earnings do not qualify him for auto-enrolment or enrolment as an Entitled Jobholder or Jobholder. In certain circumstances an agency worker can be an Entitled Worker. A director of a corporate body is a worker if he and at least one other person have a contract of employment with the corporate body.



SCHEDULE 1 – DEFINITIONS

Finance Act Resolution means the resolution passed by the Trustee in accordance with Regulation 6 of the Occupational Pension Schemes (Modification of Schemes) Regulations 2006 which modified The Cheviot Trust for the purpose of achieving the same effect as all of the modifications in Regulations 3 to 8 of the Registered Pension Schemes (Modification of the Rules of Existing Schemes) Regulations 2006 (the **Existing Schemes Regulations**) but without limitation as to the transitional period and amending the Cheviot Trust Schemes comprising The Cheviot Trust so that the Existing Schemes Regulations no longer apply;

Financial Reserve has the meaning given by Rule 13 of the Money Purchase Rules (Schedule 3);

Flexi-Access Drawdown means an income withdrawal arrangement permitted by the Trustee under Section 165 of the FA 2004, under which a drawdown pension may be paid if the Member meets the conditions for income withdrawal in Section 165(2)(b)) and paragraphs 7, 8A, 8B, 8C and 8D of Part 1 of Schedule 28 of the FA 2004;

Flexi-Access Drawdown Account means a Member's Account which has been designated under Rule 7.8 of the Money Purchase Rules (Schedule 3) as available for Flexi-Access Drawdown;

FS Appendix means the appendix or appendices containing special provisions which apply to particular Final Salary Schemes. The FS Appendix (or FS Appendices) as amended from time to time form or forms part of the FS Rules;

FS Rules means the general rules governing the Final Salary Schemes, as set out in Schedule 2 to the Trust Deed;

Gross Pay Contributions¹⁰¹ are set out in Money Purchase Rule 3.1(c)(iv) (Gross Pay Contributions) and are one of the Alternative Requirements;

HMRC means His Majesty's Revenue and Customs (and in respect of any period prior to 18 April 2005, means the Inland Revenue);

Implementation Regulations means the Employers' Duties (Implementation) Regulations 2010;

Incapacity means physical and/or mental impairment which prevents a Member from following his normal occupation or which seriously impairs his earning capacity and which satisfies the Registration Requirements. To establish Incapacity, the Trustee¹⁰² must have received evidence from a registered medical practitioner which complies with paragraph 1 of Schedule 28 of the FA 2004. The Trustee's decision¹⁰³ as to whether a Member is suffering from Incapacity shall be final;

Index means the general index of retail prices (for all items) published by the Office for National Statistics or, any substituted index or figures published by that office (or by any replacement government-appointed body) which the Trustee¹⁰⁴ may in its discretion from time to time select;

¹⁰¹ Employer contribution of at least 3% of Member's Earnings, overall contribution of at least 7% of Earnings.

¹⁰² Chief Executive and Legal Committee if required

¹⁰³ Chief Executive and Legal Committee if required

¹⁰⁴ Funding Committee



Insolvency Event is defined in Section 121¹⁰⁵ of the 2004 Act;

Insurance Company means either:

- (a) a person or body corporate which has permission under Part 4 of the 2000 Act to effect or carry out contracts of long-term insurance; or
- (b) a person or body corporate in the European Economic Area which has permission under paragraph 15 of Schedule 3 of the 2000 Act to effect or carry out contracts of long-term insurance;

Investment Option means an investment option offered from time to time by the Trustee, being either the default option¹⁰⁶ (which may use one or more underlying funds as determined by the Trustee from time to time) or a self-select option. Any reference to Investment Option in connection with the default option shall, where the context permits, include references to the relevant underlying funds;

Jobholder is defined in Section 1¹⁰⁷ of the 2008 Act and in relation to the Money Purchase Section is an employee of an Employer;

Jobholder Information is set out in Regulation 3¹⁰⁸ of the Auto-enrolment Regulations;

Joining Notice means notice given by an Entitled Worker under section 9(2)¹⁰⁹ of the 2008 Act and Regulation 22 of the Auto -enrolment Regulations;

Lifetime Allowance and **availability of the Member's Lifetime Allowance** have the meanings given in Sections 218 and 219 of the FA 2004 and the Lifetime Allowance shall be amended by any order made by the Treasury;

Lifetime Allowance Charge means any lifetime allowance charge that may apply under Section 215 of the FA 2004;

Life Cover Employer means a Participating Employer which has been admitted to participation in the Life Cover Section;

Life Cover Member person who has been admitted to membership of the Life Cover Section for the purpose of lump sum death benefit;

¹⁰⁵ Broadly, a bankrupt individual, or individual voluntary arrangement with creditors, a company voluntary arrangement, winding up, or enters administration, or Court winding up. Partnership - voluntary arrangement with creditors, Court order, or enters administration.

¹⁰⁶ Currently the Cheviot Lifeplan

¹⁰⁷ A Jobholder is an employee in the UK, who is aged between 16 and 75, and who has certain minimum earnings in a pay period. A director of a corporate body is a Jobholder if he and at least one other person have a contract of employment with the corporate body.

¹⁰⁸ The Jobholder's name, gender, NI number, date of birth, work and home address, work and home email (where available), gross earnings in a pay period, employer and employee contributions payable in a pay period, Auto-enrolment Date, or Auto re-enrolment Date, or Enrolment Date.

¹⁰⁹ A Joining Notice is given to an Entitled Worker's Employer and must be in writing (and can be online).



SCHEDULE 1 – DEFINITIONS

Life Cover Policy means the policy or policies for the time being in force in connection with the Life Cover Section and effected by the Trustee¹¹⁰ with an Insurance Company to secure benefits in accordance with the Life Cover Rules. The Life Cover Policy must satisfy the Registration Requirements and the applicable requirements of legislation. The amount of the cover and the terms applying to it will depend on the underwriting requirements of the Insurance Company, and any terms imposed by the Trustee;

Life Cover Rules means the rules relating to the Life Cover Section set out in Section 2 of Schedule 3;

Life Cover Section means that Cheviot Pension Section comprising any contributions made to provide insurance cover for lump sum death benefits and the liabilities under that Section relating to those contributions;

Marriage Act means the Marriage (Same Sex Couples) Act 2013;

Member:

- (a) for the purposes of the Money Purchase Section, an Active Member, an Early Leaver, or a Drawdown Member, or any one or more of them as the context requires;
- (b) for the purposes of the With Profits Section, a With Profits Member or a With Profits Pensioner, but excludes a Life Cover Member and an Ex-Spouse;
- (c) for the purposes of the Life Cover Section, a Life Cover Member; and
- (d) for the purposes of a Final Salary Scheme, means an employee admitted to membership of a Final Salary Scheme;

Members' Representative Director means a Trustee Director appointed to represent Members;

Minimum Contributions are set out in Money Purchase Rule 3.1(c) and reflect the quality requirement set out in Section 20 of the 2008 Act¹¹¹;

Minimum Pension Age means:

- (a) age 50 before 6 April 2010; and
- (b) age 55 on and after that date;

unless a Member has a **protected pension age** under Schedule 36 of the FA 2004. Minimum Pension Age does not apply where the definition of Incapacity applies;

Money Purchase Active Member means an Active Member who is a Money Purchase Member;

Money Purchase Account means assets representing that part of a Money Purchase Member's Account which relates to contributions or transfer made by or on behalf of him to the Money Purchase Section (formerly called the Unit Linked Section);

¹¹⁰ Chief Executive

¹¹¹ At least 3% contribution by employer, and at least 8% contribution overall of Member's Qualifying Earnings.



SCHEDULE 1 – DEFINITIONS

Money Purchase Benefits means benefits calculated by reference to payments made by or in respect of a Member. It does not include benefits calculated by reference to the Member's final or average salary;

Money Purchase Early Leaver means an Early Leaver who is a Money Purchase Member;

Money Purchase Employer means a Participating Employer which has been admitted to participation in the Money Purchase Section;

Money Purchase Member means a person who has been admitted to membership of the Money Purchase Section under Money Purchase Rule 2;

Money Purchase Rules means the Rules relating to the Money Purchase Section which are set out in Section 1 of Schedule 3;

Money Purchase Section means the Cheviot Pension Section which comprises assets representing contributions or transfers made to a Money Purchase Account. In relation to Money Purchase Active Members and Money Purchase Early Leavers, the relevant amount will be the amount of that Money Purchase Account. The Money Purchase Section was formerly known as the Unit Linked Section. Assets which formerly related to Money Purchase Accounts for all persons who became Pensioners and for whom a Policy was not purchased, are not part of the Money Purchase Section. Such assets and the liabilities relating to them are held in the With Profits Section;

Negative Deferred Pension means the amount by which the Member's pension, deferred pension and/or Account under a Final Salary Scheme or the Money Purchase Section or the With Profits Section which arises from Employment is reduced at the Relevant Date in accordance with Section 31 of the 1999 Act following a Pension Sharing Order. For this purpose, Employment includes all periods of Employment with other employers where a transfer payment has been made to a Final Salary Scheme or the Money Purchase Section or the With Profits Section in respect of that other employment;

Nominee means such person who need not be a Member's Dependant but was nominated by the Member prior to their death, or is nominated by Trustee¹¹² in its role as scheme administrator, to receive a benefit upon the Member's death;

Nominee's Drawdown means an income withdrawal arrangement permitted by the Trustee under Section 167 of the FA 2004, under which a drawdown pension may be paid to a Nominee;

Nominee's Drawdown Account means that part or all of a Member's Account which has been designated for Flexi-Access Drawdown, which a Nominee designates under Rule 7.8.4 of the Money Purchase Rules for Nominee's Drawdown;

Normal Pension Age has the meaning given to it in section 100C of the 1993 Act;

Normal Retirement Date means:

- (a) For the purposes of the Cheviot Pension:

¹¹² Legal Committee



SCHEDULE 1 – DEFINITIONS

- (i) in respect of a Member who joined the Cheviot Pension prior to 1 May 2014

the Member's 65th (sixty-fifth) birthday. The Trustee¹¹³ may agree with a Participating Employer a different Normal Retirement Date for some or all of the employees of that Participating Employer who are Members of a particular Section. Unless otherwise agreed in a particular case, a Member's Normal Retirement Date will be treated as his last day in employment;

- (ii) in respect of a Member who joined the Cheviot Pension on or after 1 May 2014

the later of (I) a Member's 65th (sixty-fifth) birthday and (II) the Member's State Pension Age. Subject to the overriding requirements of the 2008 Act and the Auto-enrolment Regulations, the Trustee¹¹⁴ may agree with a Participating Employer a different Normal Retirement Date for some or all of the employees of that Participating Employer who are Members of a particular Section; and

- (b) for the purposes of a Final Salary Scheme, for any Member it is the Normal Retirement Date set out in that part of the FS Appendix applicable to that Member;

Opt-in Notice means a notice which a Jobholder gives to his employer under Section 7¹¹⁵ of the 2008 Act and Regulation 18 of the Auto-enrolment Regulations;

Opt-out Notice means a notice which a Money Purchase Active Member gives under Section 8¹¹⁶ of the 2008 Act and Regulation 9 of the Auto-enrolment Regulations;

Ordinary Maternity Leave is defined in Section 71 of the 1996 Act;

Ordinary Paternity Leave means the statutory entitlement to ordinary paternity leave under sections 80A and 80B of the 1996 Act and the Paternity and Adoption Leave Regulations 2002;

Paid Adoption Leave means any period where the Member is absent from work in accordance with paragraph 5B of Part 1 of Schedule 5 to the Social Security Act 1989 and for which the Member's Employer pays him any statutory adoption pay, or contractual remuneration;

Paid Paternity Leave means any period where the Member is absent from work in accordance with paragraph 5(A)(5), 5(A)(6) or 5(A)(7) of Part 1 of Schedule 5 to the Social Security Act 1989 and for which

¹¹³ Chief Executive

¹¹⁴ Chief Executive

¹¹⁵ A Jobholder may join the Money Purchase Section as a Money Purchase Active Member by giving an Opt in Notice to his Employer.

¹¹⁶ An Eligible Jobholder who has been auto-enrolled or auto re-enrolled or a Jobholder who has been enrolled, as a Money Purchase Active Member, can opt out by giving his Employer an Opt-out Notice. An Opt-out Notice can only be obtained from the Trustee, and must be given to the Employer within 1 month of the later of (1) his Auto-enrolment, Auto re-enrolment, or Enrolment Date, and (2) the date on which he received his auto-enrolment, auto re-enrolment, or enrolment information. A continuing Money Purchase Active Member who is otherwise eligible for auto-enrolment, auto-re-enrolment, or enrolment cannot opt out by using an Opt out Notice, he may cease Active Membership under Rule 6 of the Money Purchase Rules. The form of an Opt-out Notice is statutory, and it must be signed and dated by the Jobholder and may be submitted online.



SCHEDULE 1 – DEFINITIONS

the Member's Employer pays him any statutory paternity pay, additional statutory paternity pay or contractual remuneration;

Parental Leave is referred to in Section 76 of the 1996 Act;

Participating Employer means a Qualifying Employer which is participating or has participated in one or more of the Money Purchase Section, the With Profits Section and the Life Cover Section or a Final Salary Scheme and for the avoidance of doubt includes a Principal Employer. In relation to a particular Member of a Final Salary Scheme it means the Participating Employer by whom he is employed, or was last employed;

Part-time Employment means, for the purposes of a Final Salary Scheme, Employment under a contract of employment pursuant to which an employee works less than the standard full-time number of hours, as determined by the Employer;

Pay Reference Period is determined under section 15 of the 2008 Act¹¹⁷ and the Auto-enrolment Regulations and if the 2008 Act and/or the Auto-enrolment Regulations are changed from time to time, the definition of Pay Reference Period is deemed to be amended from time to time to incorporate any such changes. An Employer may with the consent of the Trustee¹¹⁸, select a Pay Reference Period so far as the Auto-enrolment Regulations allow;

PCB Regulations means the Pension Sharing (Pension Credit Benefit) Regulations 2000 and **PCB Regulation** has the corresponding meaning;

Pension Commencement Lump Sum means a pension commencement lump sum within the meaning of paragraph 1 of Schedule 29 to the FA 2004. The maximum amount payable is the **permitted maximum** under paragraph 2 of Schedule 29 to the FA 2004 appropriately increased in respect of an individual who was a Member on 5 April 2006 and to whom paragraphs 31 to 34 (Entitlement to lump sums exceeding 25% of uncrystallised rights) of Schedule 36 to the FA 2004 apply;

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

Pension Credit Benefit, in relation to a scheme, means the benefits payable under the scheme to or in respect of a person by virtue of rights under the scheme attributable (directly or indirectly) to a Pension Credit;

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

Pension Debit means a debit under Section 29(1)(a) of the 1999 Act;

Pension Protection Lump Sum Death Benefit means a benefit as defined in paragraph 14 of Schedule 29 to the FA 2004;

¹¹⁷ A period of 1 week, or if a Jobholder is paid by reference to a longer period than 1 week, that longer period. Proposed amending Regulations (at April 2013) may introduce alternative Pay Reference Periods.

¹¹⁸ Pensions Administration Manager



Pensionable Employment means, for the purposes of a Final Salary Scheme, a Member's last or only period of membership of the relevant Final Salary Scheme to which he is paying contributions under FS Rule 5.1. Except that any period of the Member's Pensionable Employment which is Part-time Employment, a Member's Pensionable Employment is counted in complete years and months (each month being one-twelfth of a year) and must not exceed 40 years. It ends at the earliest of his death, retirement from Employment, his Normal Retirement Date (subject to FS Rule 6.3(a)) and the effective date of a notice to leave the Final Salary Scheme under FS Rule 7.1(a). Any period of the Member's Pensionable Employment which is Part-time Employment is calculated as set out in the definition of Scale Pension;

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

Pensioner means:

- (a) in respect of a Final Salary Scheme, a person who has been an Active Member and to whom a pension is being paid (or a person who is so treated by reason of transfer payment received under Clause 11 of the Trust Deed (Group and individual transfers in));
- (b) in respect of the With Profits Section, a person in respect of whom a pension is being paid; and
- (c) any person who is receiving a pension from a Final Salary Scheme or the With Profits Section to which he or she is entitled following the death of a Final Salary Scheme Member or a With Profits Member;

Personal Pension Scheme means a personal pension scheme as defined in Section 1 of the 1993 Act, which has been registered with HMRC and which meets the Registration Requirements;

Policy means a policy of insurance or an annuity contract. References to buying a policy include entering into an annuity contract. The policy must satisfy the Registration Requirements and the applicable requirements of legislation;

Pre-6 April 2006 Beneficiary means each person who under the Pre-6 April 2006 Rules on 5 April 2006 is in receipt of a pension or has become entitled to a pension payment of which has not started and each person contingently entitled to a pension or other benefit on the death of any such person;

Pre-6 April 2006 Rules means the Trust Deed and Rules in force on 5 April 2006 or, where referred to in the Trust Deed and Rules in relation to a Pre-6 April 2006 Beneficiary, means the Trust Deed and Rules in force on 5 April 2006 or any previous trust deed and rules which govern his entitlement under a Cheviot Trust Scheme;

Pre-6 April 2006 Tax Approval means HMRC's published practice for approval before 6 April 2006 of an exempt approved scheme under former Chapter I of Part XIV of the Income and Corporation Taxes Act 1988 as it applied to a Final Salary Scheme or a Cheviot Pension Section on 5 April 2006 and, if applicable to a Cheviot Trust Scheme, Schedule 6 to the Finance Act 1989;

Prescribed Insolvency Event means an event listed in Regulation 5 of the Pension Protection Fund (Entry Rules) Regulations 2005;

Preservation Requirements means the requirements of the 1993 Act and the Occupational Pension Schemes (Preservation of Benefits) Regulations 1991;



SCHEDULE 1 – DEFINITIONS

Principal Employer means, in relation to each Final Salary Scheme, the Qualifying Employer which established the scheme (or the Qualifying Employer substituted for it in accordance with Clause 2.6 of the Trust Deed);

Protected Status refers to the status of a Member who has been granted any of the following transitional protections in respect of the Member's Lifetime Allowance or any similar protection which may be introduced in the future: (i) Primary protection, as set out in paragraphs 7 to 11D of Schedule 36 to the FA 2004; (ii) Enhanced protection, as set out in paragraphs 12 to 17A of Schedule 36 to the FA 2004; (iii) Fixed protection 2012, as set out in paragraph 14 of Schedule 18 to the Finance Act 2011; (iv) Fixed protection 2014, as set out in Schedule 22 to the Finance Act 2013; (v) Individual protection 2014, as set out in Part 1 of Schedule 6 to the Finance Act 2014; (vi) Fixed protection 2016, as set out in Part 1 of Schedule 4 to the Finance Act 2016; and Individual protection 2016, as set out in Part 2 to Schedule 4 of the Finance Act 2016;

Qualified Member means an Active Member who has completed at least 2 (two) years' qualifying service, as defined in Section 71 of the 1993 Act, or in respect of whom a transfer payment from a Personal Pension Scheme has been made to the Money Purchase Section or the With Profits Section or a Final Salary Scheme;

Qualifying Earnings means

- (1) in a Pay Reference Period of 12 (twelve) months that part (if any) of the gross Earnings payable to that person in that period that is:
 - (a) more than £6,240, and
 - (b) not more than £50,270¹¹⁹;
- (2) In the case of a Pay Reference Period of less or more than 12 (twelve) months, (1) above applies as if the amounts in paragraphs (a) and (b) were proportionately less or more,

if the 2008 Act and/or any regulations made under it are amended, so that the Qualifying Earnings set out in (a) and (b) above are changed from time to time, the definition of Qualifying Earnings is deemed to be amended from time to time to incorporate any such changes;

Qualifying Employer means any company, partnership, individual or other entity which the Trustee considers appropriate to participate in the Cheviot Trust;

Qualifying Person has the definition given to it in the Occupational Pension Scheme (Cross Border Activities) Regulations 2005;

Qualifying Scheme means a scheme which fulfils the requirements of Section 16¹²⁰ of the 2008 Act;

Qualifying Service is defined in Section 101AA of the 1993 Act;

¹¹⁹ As at December 2021, (the amounts are subject to change).

¹²⁰ A Qualifying Scheme must satisfy the quality requirements which are set out in Section 20 of the 2008 Act.



SCHEDULE 1 – DEFINITIONS

Recognised Transfer means a transfer which satisfies the terms of Section 169 of the FA 2004;

Re-enrolment Eligible Jobholder means a Jobholder who is eligible for automatic re-enrolment under Section 5¹²¹ of the 2008 Act;

Refund Date is defined in Regulation 11¹²² of the Auto-enrolment Regulations;

Registered Pension Scheme means a pension scheme as defined in Section 150 of the FA 2004 which is registered under Chapter 2 of the FA 2004;

Registration and Compliance Regulations means the Employer Duties (Registration and Compliance) Regulations 2010;

Registration Requirements means the requirements of HMRC to obtain or maintain registration under Section 153 of the FA 2004 from time to time and includes such rules, practices, actions or decisions relating to entitlement to or payment of benefits insofar as the Trustee decides compliance is necessary or desirable to seek to secure any tax relief or exemption available under Part 4 of the FA 2004 or to seek to prevent any charge to tax arising under the FA 2004, whoever is liable in relation to such charge;

Regulator has the meaning given to it in Section 1 of the 2004 Act;

Relatives means a Member's spouse or civil partner, a Member's grandparents, the grandparents of the Member's spouse or civil partner, the descendants of any of those grandparents and the spouse of any of them. For this purpose (a) a relationship acquired by process of legal adoption is valid and (b) a stepchild is deemed to be a descendant;

Relevant Date means the date on which the Member ceases to be a Member of a particular Cheviot Trust Scheme;

Restricted Member means a Member whose benefits have been permanently reduced by a Pension Debit and who is either:

- (a) a Member who is a Special Director at the date on which the marriage was dissolved or annulled or at any time within the period of 10 (ten) years before that date; or
- (b) a Member whose earnings at the date at which his marriage was dissolved or annulled exceeded $\frac{1}{4}$ (one quarter) of the Earnings Cap for the year of assessment 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 in consequence of Employment to which the Cheviot Trust Scheme relates during the tax year of assessment before the tax year of assessment in which the marriage was dissolved or annulled; and

¹²¹ An Eligible Jobholder, and a Jobholder aged between 22 and state pension age who is not an Active Money Purchase Member either because his earnings fell below the minimum for a Jobholder, or through no action or omission of his own, are all eligible for auto re-enrolment.

¹²² 1 month from the date on which the Employer is given a valid Opt-out Notice, or where the Employer's payroll arrangements have closed before the Opt-out Notice is received, the last day of the second pay period after the Opt-out Notice is given.



SCHEDULE 1 – DEFINITIONS

- (ii) from which tax was deducted in accordance with the Income Tax (Employments) Regulations 1993;

Retirement Benefits Scheme means an occupational pension scheme as defined in Section 150(5) of the FA 2004, which is a Registered Pension Scheme;

Revaluation Requirements means the law as to the revaluation of benefits set out in Chapter 11 of Part IV of the 1993 Act;

Rules means the sets of rules adopted by the Trustee, being the Money Purchase Rules, the Life Cover Rules, the With Profits Rules and/or the FS Rules (as the context requires);

Salary means, for the purposes of a Final Salary Scheme, the salary as defined in that part of the FS Appendix applicable to each Member;

Same Sex Spouse means, in relation to a Member or Ex-Spouse Participant, a person of the same sex who is married to him in accordance with the extension of marriage to same sex couples under the Marriage Act. In relation to a deceased Member or Ex-Spouse Participant, it means a person of the same sex who was married to him at the date of his death in accordance with the extension of marriage to same sex couples under the Marriage Act;

Scale Pension means, for the purposes of a Final Salary Scheme, the fraction set out in that part of the FS Appendix applicable to the Member of a Member's Final Salary multiplied by the period of his Pensionable Employment. For this purpose:

- (a) any period of the Member's Pensionable Employment which is Part-time Employment is:
 - (i) calculated in days and then multiplied by PT/FT;
 - (ii) the result of (i) above is divided by 30.5 (thirty and one-half) and the resulting figure is rounded down to find the total full time equivalent service in months;
 - (iii) any days lost through rounding down in (ii) above are added together and allocated to a period of service selected by the Trustee; and
- (b) if any earnings to be taken into account in calculating Final Salary are earned while the Member is in Part-time Employment, they are multiplied by FT/PT;
- (c) where:
 - PT = the number of hours the Member works (or is deemed to work if absent for a permitted reason) under his contract of employment in each week or month (as appropriate) during the period of his Part-time Employment; and
 - FT = the number of hours in the standard full-time working week or month (as appropriate) as determined for the Member by the Employer;
- (d) If the ratio PT:FT changes during Pensionable Employment, a separate calculation must be made under (a) above in respect of the period of Pensionable Employment before and after the change; and



SCHEDULE 1 – DEFINITIONS

- (e) If the ratio PT:FT changes during the period over which earnings are taken into account in calculating Final Salary, a separate calculation must be made under (b) above in respect of the relevant period before and after the change;

Schedule means a schedule to the Trust Deed;

Scheme Administration Regulations means the Occupational Pension Schemes (Scheme Administration) Regulations 1996;

Section means the With Profits Section, the Money Purchase Section or the Life Cover Section, as the context requires;

Section 75 means Section 75 of the 1995 Act;

Separate Rules Schemes means those schemes listed in Part B of Section 2 of the FS Rules (Schedule 2), and any other schemes adopted as Separate Rules Schemes from time to time;

Serious Ill-health Lump Sum has the meaning given to it in paragraph 4 of Schedule 20 to the FA 2004;

Specified Percentage means, in relation to a Final Salary Scheme, the percentage rate of a Member's Salary specified in that part of the FS Appendix which applies to the Member;

Spouse means:

- (a) for the purposes of a Final Salary Scheme, a Member's widow or widower who, at the date of his death, is in the Trustee's opinion¹²³ either living with him or financially dependent on him. The widow or widower must be married to a Member at the date of his death. In the case of a Member who remains in Employment after the Normal Retirement Date, the marriage must have taken place before the Normal Retirement Date. In the case of a Member entitled to a deferred pension or a Member receiving a pension, the widow or widower must be married to the Member at the date of the Member's death, such marriage having taken place both before the Member left Employment and on or before the Normal Retirement Date.
- (b) If a Member is survived by 2 (two) or more spouses of valid polygamous marriages and more than one of them was, in the Principal Employer's opinion, living with him or financially dependent upon him, the Principal Employer must decide which one or more of those spouses shall be treated as a Spouse. If a Member is not survived by a Spouse, the Trustee may, if the Principal Employer agrees, treat as his Spouse any person (subject to meeting the Registration Requirements) who in the Principal Employer's opinion is financially dependent on him or financially interdependent with him at the date of his death. This definition is subject to Rule 18 of the FS Rules (Schedule 2) in respect of civil partners.
- (c) for the purposes of Section 2 of Schedule 4 (Pension Sharing on Divorce), the Ex-Spouse Participant's widow or widower;

¹²³ Chief Executive/Pensions Administration Manager

SCHEDULE 1 – DEFINITIONS

- (d) for the purposes of this definition a marriage shall include a marriage which took place outside England and Wales.

Stand-Alone Lump Sum means a stand-alone lump sum within the meaning of and subject to the provisions and limits set out in articles 25 to 25D of The Taxation of Pension Schemes (Transitional Provisions) Order 2006;

State Pension Age means the date on which pensionable age is attained in accordance with paragraph 1 of Part 1 of Schedule 4 to the 1995 Act;

Total Pension Input Amount means the total pension input amount as defined in Section 229 of the FA 2004;

Transfer Notice is as defined in Section 101F of the 1993 Act;

Treasury means the Treasury Department of Her Majesty's Government;

Triggering Event has the meaning given in Section 21 of the 2017 Act¹²⁴

Triggering Event Period has the meaning given in Section 21 of the 2017 Act¹²⁵

Trivial Commutation Lump Sum has the meaning given to it in paragraph 7 of Schedule 29 to the FA 2004, or refers to any other lump sum payable under the FA 2004 on grounds of triviality (including but not limited to lump sum payments under Regulations 11 and 12 of the Registered Pension Schemes (Authorised Payments) Regulations 2009);

Triviality means commutation on grounds of a payment being a Trivial Commutation Lump Sum Death Benefit and satisfying the Registration Requirements. The amount of the payment shall be determined by the Trustee¹²⁶;

Trustee means Cheviot Trustees Limited or its successor in title;

Trustee Director means a director of the Trustee, and **Trustee Directors** means two or more directors;

Unauthorised Member Payment means an unauthorised member payment within the meaning of Section 160(2) of the FA 2004;

Unauthorised Payment means an unauthorised payment within the meaning of Section 160 of the FA 2004;

Uncrystallised Funds Lump Sum Death Benefit has the meaning given to it by Schedule 29 of the FA 2004;

¹²⁴ Under the Master Trust regime, a triggering event is an event (such as threatened withdrawal of authorisation of the Trustee deciding that the Money Purchase Section is at risk of failure and so it is necessary for one of the continuity options to be pursued).

¹²⁵ Under the Master Trust regime, a triggering event period starts on the date a triggering event occurs and, where continuity option 1 is deployed, ends when the Money Purchase Section is wound up.

¹²⁶ Finance Manager/Pensions Administration Manager

Uncrystallised Funds Pension Lump Sum has the meaning given to it by Schedule 29 of the FA 2004;

Unpaid Contributions Notice is defined in Section 37¹²⁷ of the 2008 Act;

Winding-up Lump Sum means a lump sum payable when a scheme is winding-up to extinguish a Member's entitlement to benefits, which satisfies paragraph 10 of Schedule 29 to the FA 2004;

Winding-up Lump Sum Death Benefit means a lump sum not exceeding 1% (one per cent) of the Lifetime Allowance, payable to a Dependant when a scheme is winding-up, to extinguish the Dependant's entitlement to benefits, which satisfies paragraph 21 of Schedule 29 of the FA 2004;

the phrases **With Profits Account, With Profits Closure Date, With Profits Employer, With Profits Member, With Profits Pensioner, With Profits Rules** and **With Profits Section** have the meanings set out in Schedule 5;

Worker Information is specified in Regulations 23 and 3¹²⁸ of the Auto-enrolment Regulations.

1 Interpretation

In the Trust Deed, the Schedules and the Appendices, where the context requires:

- (a) a reference to an Act includes any regulations made under it;
- (b) any reference to any legislation includes any modification or re-enactment for the time being in force, and any corresponding provision of any previous legislation;
- (c) where the legislation applies to part only of the United Kingdom, a reference to that legislation includes any corresponding provision of any legislation applying to any other part of the United Kingdom;
- (d) words importing any gender include every gender and words in the singular include the plural (and vice versa); and
- (e) the footnotes do not form part of any clause, rule or definition and are included for convenience only or to provide a summary or description of legislation as it stands at the Effective Date. Any footnotes may not be used to assist in the construction of any clause, rule or definition and the footnotes do not create any rights, obligations, or benefits.
- (f) Words and expressions defined in this Schedule 1 of the Trust Deed have the same meanings in Schedule 2, Schedule 3, Schedule 4 and Schedule 5, unless specified otherwise in those schedules.

¹²⁷ The Regulator may issue an Unpaid Contributions Notice to an Employer if contributions have not been paid by the due date. The Notice requires the Employer to make up unpaid contributions.

¹²⁸ Must be provided by the Employer to the Trustee within 1 month of receiving the Joining Notice. It is the Eligible Worker's name, gender, NI number, date of birth, home and work address, home and work email (where available), gross earnings in a pay period, and value of contributions by the employer and the employee.



Schedule 2
Rules of the Final Salary Schemes

Section 1: General Rules of the Final Salary Schemes

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1 Interpretation

This Schedule shall not apply to the Separate Rules Schemes or any one of them.

2 Membership¹²⁹

- 2.1 An employee of an Employer may apply to become a Member of a Final Salary Scheme if he satisfies the eligibility criteria set out in the relevant part of the FS Appendix applicable to him.
- 2.2 An eligible employee who wishes to join must complete any application form the Trustee requires. He must also give the Trustee any information or document relevant to his membership which the Trustee requires in accordance with Clause 21 of the Trust Deed (Evidence and information). Following completion of the form he becomes a Member as from the first day of the month coincident with, or if not coincident with, next following the day on which he became eligible to apply for membership or such other date as the Principal Employer may agree with the Trustee, subject to the payment of contributions determined by the Trustee, after taking the advice of the Actuary.
- 2.3 An employee who does not apply for membership within one month (or such longer period as the Principal Employer allows in any particular case) of becoming eligible may become a Member following a later application only if the Trustee agrees. In that case the benefits from the Final Salary Scheme for and in respect of him will be varied to any extent the Principal Employer considers appropriate. An employee who has left the Final Salary Scheme but has stayed in Employment may become a Member following a later application only if the Principal Employer agrees. In that case the benefits from the Final Salary Scheme for and in respect of him will be varied to any extent the Principal Employer may, subject to the advice of the Actuary and the consent of the Trustee, consider appropriate or necessary.
- 2.4 An employee may become a Member even though he is not eligible, but only if the Principal Employer agrees and he completes any application form the Trustee requires and provides any information which the Trustee may require under Clause 21 of the Trust Deed (Evidence and Information). The benefits from the Final Salary Scheme for and in respect of him will be varied to any extent the Principal Employer directs.
- 2.5 Notwithstanding any other provision in these FS Rules (including an FS Appendix), a Participating Employer may in its absolute discretion, admit its partners (or its members if it is a limited liability partnership) as Members of the Scheme as if that person was an employee and references to employees shall be construed as appropriate as referring to partners or members of a limited liability partnership.

3 Maternity and other types of family leave

- 3.1 If a Member is absent from work for a period of leave covered by this FS Rule 3, then FS Rule 7 (Ending pensionable employment) does not apply to the Member but the Member's membership continues during the leave subject to the provisions set out in this FS Rule. In this FS Rule:

¹²⁹ All current schemes are closed to new members so this rule is not marked up

SCHEDULE 2, SECTION 1 – GENERAL RULES OF THE FINAL SALARY SCHEMES

- (a) **ordinary maternity leave** and **additional maternity leave** have the same meanings as in Sections 71 and 73 of the 1996 Act;
- (b) **ordinary adoption leave** and **additional adoption leave** have the same meanings as in Sections 75A and 75B of the 1996 Act;
- (c) **parental leave** has the same meaning as in Section 76 of the 1996 Act;
- (d) **paternity leave** has the same meaning as in Section 80A or 80B of the 1996 Act;
- (e) **other family leave** means a period of absence from work for family reasons (within the meaning of paragraph 6(4) of Schedule 5 to the Social Security Act 1989) excluding any period of maternity, adoption, paternity or parental leave; and
- (f) **Notional Salary** means Salary on the basis that the person was working normally and receiving remuneration likely to have been paid for so doing as decided by the Employer from time to time, provided that it has been possible for the Trustee to insure benefits based on Notional Salary. If the Trustee has not been able to effect insurance, the provisions of FS Rule 9.3 shall apply.

3.2 This FS Rule applies to a period of:

- (a) ordinary maternity leave;
- (b) ordinary adoption leave;
- (c) additional maternity leave during which remuneration is paid;
- (d) maternity leave;
- (e) parental leave;
- (f) additional adoption leave during which remuneration is paid; and
- (g) other family leave during which remuneration is paid.

If a Member is absent from work for a period to which this FS Rule applies, the period of absence is Pensionable Employment on the following basis:

- (i) the Member need pay contributions only on actual remuneration received (falling within the type of remuneration constituting Salary);
- (ii) the Member's benefits are based on Notional Salary except that during a period of paid family leave, the Member's benefits are based on his actual remuneration received (falling within the type of remuneration constituting Salary).

3.3 This FS Rule applies to a period of:

- (a) unpaid additional maternity leave;
- (b) unpaid additional adoption leave; and

- (c) unpaid other family leave.

If a Member is absent from work for a period to which this FS Rule applies, the period of absence is not Pensionable Employment.

- 3.4 If a Member, after a period of unpaid additional maternity leave, unpaid additional adoption leave or unpaid other family leave, exercises the right to return to work, he may have any part of his leave treated as Pensionable Employment and as part of the period of two years' qualifying service used to determine whether a Member is a Qualified Member. To do this, the Member must pay the contributions which he would have paid (based on Notional Salary) for that part of his leave which is to be treated as Pensionable Employment.
- 3.5 If the Member informs the Employer that he does not intend to return to work, or loses the right to do so or does not in fact return to work, the Member's Pensionable Employment ends and FS Rule 7 (Ending pensionable employment) applies from:
- (a) the day the Member stops receiving statutory maternity pay, adoption leave pay or paternity pay or contractual remuneration or, if earlier, the date on which his employment ends;
 - (b) in the case of unpaid other family leave, the day when the Member's absence from work for that period of leave started;
 - (c) in the case of parental leave or unpaid ordinary maternity leave, the day when that period of leave ended for the purposes of the 1996 Act; and
 - (d) in the case of unpaid additional maternity leave or unpaid additional adoption leave, the day ordinary maternity leave or ordinary adoption leave ends.
- 3.6 In respect of a Member who is deemed to be a Member of the Life Cover Section under FS Rule 9.3, any benefit payable on the Member's death is paid in accordance with Life Cover Rule 7.

4 Other absences (including sickness and long term ill-health absence)¹³⁰

- 4.1 A Member may be absent from work for a reason which does not fall within FS Rule 3 (Maternity and other types of family leave) but is approved by the Principal Employer for the purpose of this FS Rule 4. If this happens, the Member's membership continues (whether or not his Employment continues) on the basis set out in the remainder of this FS Rule if there is, in his Employer's opinion, a definite expectation of his return to work (unless, in the opinion of the Employer, the absence is because of long term ill-health).
- 4.2 The Member's Pensionable Employment ends and FS Rule 7 (Ending pensionable employment) applies to him:
- (a) if he has not returned to work at the end of one year or, if the absence is due to long term ill-health (which does not fall within FS Rule 3) if he has not returned to work at the end of two years (or, in either case, any other period the Principal Employer decides); or

¹³⁰ All current schemes closed to future accrual so not relevant

- (b) if there is no longer a definite expectation of his return to work, unless, in the case of this FS Rule, the absence is because of long-term ill health.
- 4.3 If a Member's remuneration during a period of absence under this FS Rule 4 is, in the Employer's opinion, less than it would have been but for that absence, or if the Trustee agrees for any other reason, he may suspend payment of contributions. He may pay backdated contributions (determined by the Trustee after taking the advice of the Actuary) later on a basis prescribed by the Trustee. Any part of a period of absence for which a Member does not pay contributions is not Pensionable Employment, except to the extent the Principal Employer, with the agreement of the Trustee, decides.
- 4.4 During a period of absence, a Member's Salary for the purpose of calculating Final Salary Scheme benefits and contributions (if any) are decided from time to time by the Principal Employer and notified to the Trustee or in default will be the salary payable to the Member under the Principal Employer's permanent health insurance policy. His Salary must not be less than it was immediately before the absence started, or be greater than it would have been, in the Principal Employer's opinion, if he had not been absent.
- 4.5 In respect of a Member who is deemed to be a Member of the Life Cover Section under FS Rule 9.3, any benefit payable on the Member's death is paid in accordance with Life Cover Rule 7.

5 Member contributions¹³¹

- 5.1 A Member must pay the Specified Percentage of his Salary to the Final Salary Scheme until his Pensionable Employment ends. For this purpose, for a Member to whom the Earnings Cap applies (as stated in FS Rule 16 (FA 2004 - limits on benefits and transitional provisions)), Salary cannot exceed the Earnings Cap for the time being, except to the extent decided by the Principal Employer, and notified in writing to the Trustee.
- 5.2 A Member may make AVCs to the Final Salary Scheme until his Pensionable Employment ends which, when added to the pension input amounts in respect of all other arrangements (as defined in Sections 152 and 229-237 of the 2004 Act) which relate to the Member will not exceed the Member's annual allowance for the purposes of Section 228 of the FA 2004. The Trustee may, having regard to the Registration Requirements, require a Member to reduce his AVCs or stop paying them but is not obliged to do so and shall not be liable for any loss (or alleged loss) for failure to do so.
- 5.3 A Member's contributions are deducted from his remuneration by his Employer, unless the Trustee arranges to collect them in some other way. The Employer must pay the contributions it has deducted to the Trustee at intervals agreed between the Principal Employer and the Trustee.

6 Retirement pensions

6.1 Retirement at Normal Retirement Date

On retirement from Employment at Normal Retirement Date, a Member is (subject to any option he may have exercised under FS Rule 6.3 below) entitled to an immediate annual pension equal to his Scale Pension.

¹³¹ All current schemes closed to future accrual so not marked up

6.2 Late retirement

On retirement from Employment after Normal Retirement Date, a Member is entitled to an immediate annual pension which must in any event start before his 75th birthday at the latest. A Member may retire from Employment after Normal Retirement Date if the FS Appendix applicable to him allows.

His pension is his Scale Pension calculated at Normal Retirement Date and then increased at a rate decided by the Trustee after taking the advice of the Actuary (subject to FS Rule 6.3).

6.3 A Member who stays in Employment after Normal Retirement Date may, notwithstanding FS Rule 16.2(a) (FA 2004 - limits on benefits and transitional provisions) with the consent of the Principal Employer:

- (a) either, take all of his benefits notwithstanding that he remains in Employment. He may do this by giving at least one month's written notice to the Trustee. Subject to these requirements, he may take an immediate pension under FS Rule 16.2 (and he may also exchange pension for a lump sum under FS Rule 8 (Lump Sum) from a date agreed with the Trustee¹³² as long as it is a Pension Commencement Lump Sum or a Stand-Alone Lump Sum); or
- (b) continue in Pensionable Employment.
- (c) If the Member exercises the option at Rule 6.3(a) above, he shall, for the purposes of the FS Rules, be deemed to have retired from Employment on the date on which he takes any part of his benefits, and the FS Rules shall be construed accordingly.

6.4 Early retirement

With the agreement of the Principal Employer (or, where the Member is retiring from Employment, with the agreement or at the request of the Principal Employer) where a Member is:

- (a) below Normal Retirement Date; and
- (b) (unless he is retiring on account of Incapacity) on or after his Minimum Pension Age (or such other minimum age as may, from time to time, be specified by law or by the Trustee), a Member may (whether remaining in Employment or not, notwithstanding FS Rule 16.2(a) (FA 2004 - limits on benefits and transitional provisions) choose to receive an immediate annual pension instead of the appropriate benefits under FS Rule 7 (Ending pensionable employment). Such annual pension will be his Scale Pension, reduced for early payment on a basis decided by the Trustee¹³³ after taking actuarial advice. Where a Member has the right under an FS Appendix to take an immediate pension before Normal Retirement Date without any reduction to the pension and without consent those rights are not affected by the provisions of this FS Rule.

6.5 The Member:

- (a) shall then cease to be an Active Member and no further benefits shall accrue in respect of him;

¹³² Pensions Administration Manager

¹³³ Funding Committee

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- (b) shall not be eligible to rejoin as an Active Member; and
 - (c) the only death benefits payable in respect of him shall be those applicable to a retired Member, unless otherwise provided in the FS Appendix applicable to him; and
 - (d) shall be required to draw the entirety of his benefit under this FS Rule.
- 6.6 Subject to FS Rule 6.7 an immediate pension under this FS Rule 6 (with any ancillary or contingent benefits) must, to the reasonable satisfaction of the Trustee, be at least equal in value, on the date it starts to be payable, to the benefits which have accrued to and in respect of the Member under the Final Salary Scheme, taking into account the Preservation Requirements and the Revaluation Requirements.
- 6.7 The Trustee may at its discretion, at the time a Member's Scale Pension commences, at the Member's request, defer payment of any additional benefits provided by his AVCs¹³⁴ to a later date, which shall be agreed by the Trustee and shall not in any event be later than the Member's 75th birthday.
- 6.8 AVCs
- If a Member has paid AVCs, he shall also be entitled to such additional Money Purchase Benefits as the Trustee directs may be secured by way of a purchase of Policy by his AVCs in accordance with FS Rule 15 (Benefits from AVCs), and subject to the open market option referred to in Rule 8 (Open market option for Money Purchase Agreements) of Section 1 of Schedule 4 (HMRC Limits and Tax).

7 Ending pensionable employment

7.1 Leaving the Final Salary Scheme

A Member's Pensionable Employment ends on the end date specified below if:

- (a) he gives his Employer at least one month's notice (or any shorter period his Employer agrees to accept) of his intention to leave the Final Salary Scheme, but stays in Employment; or
- (b) he ceases to be eligible to be a Member, but stays in Employment; or
- (c) he leaves Employment; or
- (d) he is absent from work and his Pensionable Employment stops under FS Rule 3 (Maternity and other types of family leave) or FS Rule 4 (Other absences) unless FS Rule 4.1 applies; or
- (e) he becomes a Qualifying Person;
- (f) his Employer stops participating in the Final Salary Scheme.

The end date in the case of FS Rule 7.1(a) is the last day of the month in which the Member's notice expires and in any other case is the date of the event causing his Pensionable Employment to end.

¹³⁴ None of the Schemes covered by the General Rules have AVC arrangements within the Scheme (transferred to the Cheviot Pension in 2014)

7.2 Non-Qualified Members

In FS Rules 7.3 to 7.8:

Cash Transfer Sum has the meaning given in Part IV of the 1993 Act;

Contribution Refund means, in relation to a non-Qualified Member, a sum representing the aggregate of:

- (a) his Employee Contributions; and
- (b) where transfer credits have been allowed to him under the Final Salary Scheme by virtue of transfer payment under Clause 11 of the Trust Deed (Group and individual transfers in), his employee contributions to the transferring scheme, so far as they:
 - (i) relate to the transfer payment; and
 - (ii) do not, in aggregate, exceed the amount of the transfer payment; and

Employee Contributions means, in relation to a non-Qualified Member, his Contributions, but does not include:

- (a) a transfer payment by virtue of which transfer credits have been allowed to him under the Final Salary Scheme; or
- (b) any Pension Credit or amount paid to the Final Salary Scheme which is attributable (directly or indirectly) to Pension Credit.

7.3 A non-Qualified Member whose Pensionable Employment ends before Normal Retirement Date is entitled to a Contribution Refund or a Cash Transfer Sum if, on the date on which his Pensionable Employment ends, the aggregate of the following periods amounts to at least three months and he meets the other applicable statutory requirements: his Pensionable Employment (including, if he has completed more than one period of Pensionable Employment, any previous period of Pensionable Employment) and any period of linked qualifying service under another scheme (within the meaning of Section 179 of the 1993 Act).

7.4 The Trustee will, within such period after the end of the non-Qualified Member's Pensionable Employment as it decides, notify him of his rights under FS Rule 7.3 and how he may exercise them and provide information, as required by Section 101AC of the 1993 Act. The Trustee will allow him a period¹³⁵ after that notification in which to exercise those rights. If he does not exercise them in such manner and by such date as the Trustee has allowed, the Trustee will pay a Contribution Refund subject to FS Rules 7.5 and 7.6.

7.5 A Contribution Refund is not payable:

- (a) to a Member in relation to whom a Benefit Crystallisation Event has previously occurred in relation to the Final Salary Scheme; or

¹³⁵ Pensions Administration Manager

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- (b) to a Member who has attained age 75; or
- (c) if and to the extent that it would not be a short service refund lump sum as defined in the FA 2004.

7.6 If the Trustee pays a Contribution Refund to a non-Qualified Member the amount to be paid will be calculated in accordance with Section 101AF of the 1993 Act and no further benefits are payable in respect of the non-Qualified Member or to any person in respect of him.

7.7 A non-Qualified Member who does not have an entitlement under FS Rule 7.3 is entitled to a refund of his Contributions less tax if deductible. No other benefits are payable to him or to any person in respect of him.

7.8 Clause 12 of the Trust Deed (Group and individual transfers out) applies to the payment of a Cash Transfer Sum, subject to the requirement for the amount of the Cash Transfer Sum to be calculated in accordance with the statutory requirements.

7.9 Qualified Members

A Qualified Member whose Pensionable Employment ends before Normal Retirement Date is entitled to a deferred annual pension payable from Normal Retirement Date. It is equal to the Scale Pension, increased to the extent required by the Revaluation Requirements.

7.10 Options

A Member who is entitled to a deferred annual pension may request the Trustee in writing:

- (a) to pay him a reduced immediate annual pension whether he remains in Employment or not (notwithstanding FS Rule 16.2(a) (FA 2004 - limits on benefits - Pre-6 April 2006 Tax Approval)), (which cannot start before his Minimum Pension Age (or such other minimum age as may from time to time be specified by law or by the Trustee) unless Incapacity applies) instead of his deferred annual pension. The Trustee may (but need not)¹³⁶ accept the request. Where a Member has the right under an FS Appendix to take an immediate pension before Normal Retirement Date without any reduction to the pension and without consent those rights are not affected by the provisions of this FS Rule; or
- (b) to postpone the payment of his deferred annual pension and pay it to him, appropriately increased, at a later date, being, notwithstanding FS Rule 16.2(a) (FA 2004 - limits on benefits - Pre-6 April 2006 Tax Approval), the earliest of his retirement from employment, an age agreed by the Trustee and the day before his 75th birthday. The Member must apply to the Trustee in writing at least one month before the first instalment of his pension would, apart from the application, otherwise be payable; and
- (c) if the Trustee accepts the Member's request, the Trustee must ensure to its reasonable satisfaction and on the advice of the Actuary, that the reduced immediate pension or increased postponed pension (with any ancillary or contingent benefits) is at least equal in value, on the date it starts to be payable, to the benefits which have accrued to and in respect of the Member

¹³⁶ Pensions Administration Manager – policy is to meet the request

under the Final Salary Scheme, taking into account the Preservation Requirements and the Revaluation Requirements.

8 Lump sum

8.1 Pension commencement lump sum or stand-alone lump sum

A Member who is under age 75 and whose Lifetime Allowance is available (wholly or in part) may, on becoming entitled to payment of a pension under the FS Rules, exchange for an immediate lump sum:

- (a) part or all of the pension up to the maximum permitted for the lump sum to qualify as a Pension Commencement Lump Sum; or
- (b) all of the pension in circumstances where the lump sum would qualify as a Stand-Alone Lump Sum.

This is subject to FS Rule 16.3 (Earnings Cap) in respect of AVCs. The basis of exchange shall be as determined by the Trustee from time to time on the advice of the Actuary. If a Member has exchanged part of his pension entitlement for a lump sum before 6 April 2006 and chosen to defer receipt of all or part of the pension to which the lump sum relates, he is not able to exchange any further part of that pension entitlement for a lump sum.

8.2 An exchange of pension must take effect at the date from which the pension for which it is exchanged would otherwise have been payable to the Member. A Pension Commencement Lump Sum must be paid within the period beginning six months before and ending one year after the day on which the Member becomes entitled to the pension, unless it would be possible to do so later and satisfy the Registration Requirements.

8.3 After he has been informed of his options by the Trustee, the Member must notify the Trustee in writing (in the form and within such time as it requires) of his choice under FS Rule 8.1 and provide such information as it requires to establish his available Lifetime Allowance and the available portion of his lump sum allowance within the meaning of Schedule 29 of the FA 2004. A Member's Lifetime Allowance or lump sum allowance (or part of it) will be treated as not available for the purposes of this FS Rule if the Member has not provided such information and confirmed its availability in writing to the Trustee.

8.4 Serious Ill-health Lump Sum

Where a registered medical practitioner has confirmed to the Trustee that a Member is expected to live for less than one year, the Trustee may¹³⁷, with the consent of the Member and the Principal Employer, extinguish that Member's entitlement to benefits by paying a Serious Ill-health Lump Sum of such amount as the Trustee shall determine after taking the advice of the Actuary, provided the Registration Requirements are met. This FS Rule shall not apply if the Member is aged 75 or over.

8.5 The Trustee shall be entitled to deduct any tax for which it may be accountable. The Trustee shall report the payment where required to do so under the Registration Requirements.

¹³⁷ Chief Executive

8.6 Trivial Commutation Lump Sum

(a) Where an Active Member, Early Leaver, Pensioner, or Ex-spouse Participant:

- (i) has reached the minimum age as permitted under paragraph 7(1)(e) of Schedule 29 of the FA 2004¹³⁸ and is under age 75; and
- (ii) the value of the benefits of the Member (including benefits payable on death to a Spouse and any Dependants) under the Scheme and all Registered Pension Schemes, is less than 1% of the Lifetime Allowance or any greater amount consistent from time to time with the Registration Requirements and the 1993 Act;

the Trustee may¹³⁹, where it would satisfy the Registration Requirements, pay the Member to whom this Rule 8.6(a) applies a Trivial Commutation Lump Sum instead of all Scheme benefits otherwise payable to or in respect of him. The Member shall be responsible for providing the Trustee with details of his membership of any other Registered Pension Schemes. The Trivial Commutation Lump Sum shall be determined by the Trustee after taking the advice of the Actuary.

(b) Permitted lump sums

The Trustee¹⁴⁰ may make a lump sum payment under this FS Rule 8.6(b) instead of all Final Salary Scheme benefits otherwise payable to or in respect of a Member if such a payment satisfies the Registration Requirements and any applicable requirements of the 1993 Act (a **Permitted Lump Sum**).

Where necessary to satisfy the Registration Requirements, the payment from the Final Salary Scheme shall extinguish all Final Salary Scheme benefits otherwise payable to or in respect of the Member (or Benefit Recipient where the payment is referable to a Member's death).

The Permitted Lump Sum shall be determined by the Trustee¹⁴¹ after taking the advice of the Actuary, but shall not exceed the maximum amount permitted by the Registration Requirements for that particular type of payment.

The Trustee's power to decide whether or not to consider making a payment under this FS Rule 8.6(b) is absolute, and nothing in this FS Rule 8.6(b) shall require the Trustee to consider the exercise of this discretionary power for any particular Member or Benefit Recipient.

If the Permitted Lump Sum is referable to the death of a Member, the payment shall be made in accordance with Clause 14 of the Trust Deed (Payment of lump sums on death).

8.7 Trivial Commutation Lump Sum Death Benefit

Where the value of benefits which have become payable under the Final Salary Scheme to a Dependant on the death of a Member on or after 6 April 2006 is less than any limit imposed from time to time by the

¹³⁸ Currently age 55 unless the ill-health condition is met.

¹³⁹ Pensions Administration Manager

¹⁴⁰ Pensions Administration Manager

¹⁴¹ Pensions Administration Manager

Registration Requirements and the 1993 Act, the Trustee may¹⁴², where it would satisfy the Registration Requirements, pay that person a Trivial Commutation Lump Sum Death Benefit instead of any Final Salary Scheme benefits payable to that person. The Trivial Commutation Lump Sum Death Benefit shall be an amount determined by the Trustee after taking the advice of the Actuary.

9 Death of a Member - lump sum

9.1 A lump sum death benefit is payable if a Member dies in any of the circumstances described in FS Rules 9.2 to 9.6. The amount of the lump sum is calculated in accordance with the relevant FS Appendix or this FS Rule 9 as appropriate. The lump sum is paid in accordance with Clause 14 of the Trust Deed (Payment of lump sums on death). For a Member to whom the Earnings Cap applies (as stated in FS Rule 16.3 (Earnings Cap)), Salary cannot exceed the Earnings Cap for the time being, unless permitted by the Principal Employer.

9.2 Death in Employment on or before Normal Retirement Date

If a Member dies on or before Normal Retirement Date while in Pensionable Employment (or he would have been in Pensionable Employment but for FS Rule 3 (Maternity and other types of Family Leave) or FS Rule 4 (Other absences)), the lump sum is equal to the amount specified in that part of the FS Appendix applicable to that Member.

9.3 The lump sum is provided under and subject to the Life Cover Rules and the Member shall be deemed to be a Life Cover Member under Life Cover Rule 7 for the purposes of lump sum death benefit only.

9.4 Death in Employment after Normal Retirement Date

If a Member is not survived by a spouse and dies in Employment after Normal Retirement Date (not being a Member who has exercised an option pursuant to FS Rule 6.3(a)) the lump sum is an amount equal to five times the annual pension which would have been paid if it had started on the date of his death and it shall be payable in accordance with FS Rule 9.6(b).

9.5 Death in deferment

If the Member dies while entitled to a deferred annual pension under FS Rule 7.9 (Qualified Members) which has not started, the lump sum is equal to his Contributions (less tax if deductible). If, however, the Member has exercised the option under FS Rule 7.10(b) (Postponement of deferred pension until after Normal Retirement Date) the lump sum is equal to five times the annual pension which would have been paid to him under that FS Rule 7.10(b) if it had started on the date of his death less, if the Member is survived by a Spouse, an amount equal to any Spouse's pension payable under FS Rule 10.5 (Death of a member receiving a pension) over the remainder of the five year period. The lump sum shall be payable in accordance with FS Rule 9.6(b).

9.6 Death in retirement

(a) If the Member dies after starting to receive his pension but before five years' payments of his pension have been made, the lump sum is equal to the instalments of pension which would have

¹⁴² Pensions Administration Manager

been paid during the remainder of that period if he had survived less, if the Member is survived by a Spouse, an amount equal to any Spouse's pension payable under FS Rule 10.5 (Death of a member receiving a pension) over the remainder of the five year period.

- (b) The lump sum shall be payable as a Defined Benefits Lump Sum Death Benefit unless a Member has notified the Trustee in writing that the lump sum shall be treated as a Pension Protection Lump Sum Death Benefit. No Defined Benefits Lump Sum Death Benefit or Pension Protection Lump Sum Death Benefit will be payable on the death of a Member on or after age 75. Provided that if the Member qualifies under the transitional provisions of Schedule 36 to the FA 2004, the lump sum will be paid under those transitional provisions.

9.7 The Trustee may decide to seek insurance cover in respect of its liabilities arising from the death of a Member under FS Rule 9.4, FS Rule 9.5, or FS Rule 9.6. If the Trustee does this, but is not able to obtain cover on terms reasonably satisfactory to it, the amount payable under FS Rule 9.4, FS Rule 9.5, or FS Rule 9.6 is restricted to the extent the Trustee decides, after taking the advice of the Actuary. The benefit under FS Rule 9.4, FS Rule 9.5, or FS Rule 9.6 will be subject to any limit or other condition or restriction imposed at any time by any insurer of the benefit or decided at any time by agreement between the Trustee and the Principal Employer (whether relating to an individual Member or affecting or potentially affecting more than one Member).

9.8 Unauthorised Payments

This FS Rule 9.8 applies where a payment under FS Rules 9.4, 9.5 or 9.6 would be an Unauthorised Payment and the Trustee exercises its discretion¹⁴³ not to make that payment in accordance with Section 1 of Schedule 4 (HMRC Limits and Tax). Where this FS Rule 9.8 applies, the lump sum which would have been payable will instead be paid as a pension over such period as the Trustee determines to the Member's Spouse, or where there is no Spouse, to one or more persons as the Trustee decides who is a dependant of the Member for the purposes of Schedule 28 to the FA 2004.

9.9 Effect of pension increases

The amounts under FS Rules 9.4, 9.5 and 9.6 ignore any increases which would have applied under FS Rule 14 (Pension Increases) on a basis decided by the Trustee after taking the advice of the Actuary.

10 Death of a Member - spouse's pension

10.1 An immediate annual pension is payable to the surviving Spouse of a Member who dies in any of the circumstances described in FS Rules 10.2 to 10.5. The amount of the pension is calculated in accordance with the relevant FS Rule. If the Member is not survived by a Spouse, any Children's Pensions payable under FS Rule 11 (Children's pensions) shall only be doubled if the provisions of the FS Appendix relating to the Member so provide.

10.2 Death of a Member before Normal Retirement Date in Pensionable Employment

If the Member dies on or before Normal Retirement Date in Pensionable Employment and is survived by a Spouse, the Spouse's pension is 50 per cent (or such other proportion as may be specified in the relevant

¹⁴³ Legal Committee

part of the FS Appendix applicable to that Member) of the Member's Scale Pension, but calculated as if his Pensionable Employment had lasted until Normal Retirement Date and he had continued to receive a Salary at the rate payable on the date of his death. If the Member is in Part-time Employment when he dies, the period of Pensionable Employment he would have completed until Normal Retirement Date is multiplied by PT/FT, as defined in the definition of Scale Pension in Schedule 1 (Definitions), where PT and FT are taken at the date of death.

10.3 Death of a Member after Normal Retirement Date in Employment

If the Member dies after Normal Retirement Date in Employment (not being a Member who pursuant to FS Rule 6.3(a) has become entitled to a pension) and is survived by a Spouse, the Spouse's pension is equal to 50 per cent of the pension which the Member would have been entitled to if he had retired from Employment on the date of his death.

10.4 Death of a Member entitled to a deferred annual pension

If the Member who was entitled to a deferred annual pension under FS Rule 7.9 (Qualified Members) which had not started is survived by a Spouse:

- (a) on death before Normal Retirement Date, the Spouse's pension is 50 per cent of the deferred pension calculated at the date his Pensionable Employment ended and ignoring any revaluation of deferred benefits; and
- (b) on death on or after Normal Retirement Date, the Spouse's pension is 50 per cent of the amount the Member's deferred pension would have been if it had started on the date of his death, but calculated on the basis that he had not exchanged any part of it for cash under FS Rule 8 (Lump sum) or for a nominated beneficiary's pension under FS Rule 13 (Extra Pension Option for a Dependant).

10.5 Death of a Member receiving a pension

If the Member dies after starting to receive his pension and is survived by a Spouse, the Spouse's pension is 50 per cent of the Member's **full pension**. The Member's full pension is the amount which his pension from the Final Salary Scheme would have been at the date it started to be paid (if he has commuted his entire pension, at the date of commutation), if he had not exchanged any part of it for cash under FS Rule 8 (Lump sum) or for a nominated beneficiary's pension under FS Rule 13 (Extra Pension Option for a Dependant).

11 Children's pensions

- 11.1 If an Active Member dies on or before Normal Retirement Date in Employment and he is survived by one or more Children, each Child (up to a maximum of four Children) is entitled to an immediate annual pension. The annual pension for each Child is one-eighth of the Scale Pension which would have been payable to the Member on retirement from Pensionable Employment at the Normal Retirement Date if he had survived and remained in Pensionable Employment until the Normal Retirement Date and continued to receive a Salary at the rate payable at the date of his death. If the Member is in Part-time Employment when he dies the period of Pensionable Employment he would have completed until Normal Retirement Date is multiplied by PT/FT, as defined in the definition of Scale Pension in Schedule 1 (Definitions), where PT and FT are taken at the date of death.



- 11.2 This FS Rule shall apply to an Active Member who dies in Employment after his Normal Retirement Date if the provisions of the FS Appendix relating to him so provide.

12 Spouses' and children's pensions - additional provisions

- 12.1 Subject to FS Rule 12.2 and the applicable FS Appendix, if a Spouse is more than ten years younger than the Member concerned, the pension payable may be reduced by an amount determined by the ¹⁴⁴Trustee, after taking the advice of the Actuary.
- 12.2 The Trustee may decide to seek insurance cover in respect of its liabilities arising from the death of a Member. If the Trustee does this, but is not able to obtain cover on terms reasonably satisfactory to it, the amount payable under FS Rule 10 (Death of a Member - Spouse's Pension) and FS Rule 11 (Children's pensions) is restricted to the extent the Trustee decides, after taking the advice of the Actuary. The benefit under those FS Rules will be subject to any limit, or other condition or restriction, imposed at any time by any insurer of the benefit or decided at any time by agreement between the Trustee and the Principal Employer (whether relating to an individual Member or affecting or potentially affecting more than one Member).
- 12.3 The total annual amount of the pensions payable to a Member's Children is limited to the total annual amount payable in respect of four Children under FS Rule 11 (Children's pensions). For any period during which there are more than four Children, the total annual amount to which they are entitled must be allocated from time to time to the four Children notified by the Employer to the Trustee as the Children to benefit from a Child's pension. If a Member is survived by more than four Children, the Trustee may, in its discretion, determine that more than four Children shall benefit from a Child's pension. In this event, the Trustee shall determine which of those Children to benefit but the aggregate amount of pension payable to the Children shall not exceed the aggregate annual amount payable in respect of four Children.
- 12.4 No pension is payable to a Spouse or a Child if a Member has received a lump sum under FS Rule 8.6 (Trivial Commutation Lump Sum) instead of all the pension payable to and in respect of him.
- 12.5 A pension payable to a Spouse ceases if the Spouse remarries (whether or not the remarriage is subsequently annulled or terminated). In this event, the pension shall cease at the date of remarriage.
- 12.6 A pension payable to a Child shall cease on the Child's eighteenth birthday or on the date of death (if earlier).

13 Extra pension option for a Dependant

- 13.1 A Member may surrender any part of his pension to provide an annual pension after his death for one or more of:
- (a) his Spouse (being then his present wife or husband); or
 - (b) any other person (not being a minor), subject to satisfying the Registration Requirements, who in the Employer's opinion is dependent on him and is approved by the Employer;

¹⁴⁴ Funding Committee

(in each case, a **nominated beneficiary**). A nominated beneficiary's pension starts as from the Member's death and is of an amount which, in the Trustee's opinion¹⁴⁵ after taking the advice of the Actuary, is equal in value to the amount of pension surrendered.

- 13.2 If a nominated beneficiary or the Member dies before the Member's pension starts, any election under FS Rule 13.1 is cancelled automatically. If a nominated beneficiary predeceases the Member and dies after the Member's pension has started, the Member remains entitled only to the part of his pension not surrendered in respect under this FS Rule 13 or exchanged for cash under FS Rule 8 (Lump Sums).
- 13.3 A nominated beneficiary's pension (when it starts to be paid) must not exceed the amount of the Member's pension (including any part of it exchanged for cash under FS Rule 8 (Lump Sum)) as reduced by the part surrendered.
- 13.4 A Member must tell the Trustee in writing if he wishes to surrender pension under this FS Rule. He must do this not more than six months, and not less than one month, before the first instalment of his pension is payable. A nominated beneficiary's pension must be at a minimum level as the Trustee¹⁴⁶ decides from time to time.

14 Pension increases

- 14.1 Each pension under a Final Salary Scheme (except a pension derived from a Member's AVCs) increases on 1 January (or such other date as determined by the Trustee¹⁴⁷) each year after it starts to be paid. If the Trustee determines that pensions shall increase on a date other than 1 January, that determination can be made in respect of one, some or all of the Final Salary Schemes. The rate of increase is determined in accordance with FS Rules 14.2 and 14.3.
- 14.2 Any part of a pension which is required by law to be increased, will be increased in accordance with statutory requirements.
- 14.3 In respect of any part of a pension to which FS Rule 14.2 does not apply, the rate (or rates) of increase is set out in the relevant part of the FS Appendix or (to the extent that the relevant part of the FS Appendix does not set out a rate) such rate of increase (if any) as the Trustee may from time to time determine¹⁴⁸.
- 14.4 If at the time of the first increase to a pension, it has been payable for less than a year, the increase is a proportion of a full year's increase calculated on a basis decided by the Trustee¹⁴⁹.

15 Benefits from AVCs

AVCs will be used to provide additional benefits for or in respect of the Member, as he agrees in writing with the Trustee (or in the absence of agreement as the Trustee decides). The amount or value of the

¹⁴⁵ Funding Committee

¹⁴⁶ Chief Executive

¹⁴⁷ Chief Executive

¹⁴⁸ After consultation with the Employer

¹⁴⁹ Pensions Administration (proportionate increase)

additional benefits is decided by the Trustee after taking the advice of the Actuary or in accordance with any rates or other information for the time being published by the Trustee.

16 FA 2004 - limits on benefits and transitional provisions

16.1 Interpretation

In this FS Rule 16 references to Sections and Schedules are to those in the FA 2004.

16.2 Limits on benefits - Pre-6 April 2006 Tax Approval

- (a) Subject to FS Rules 16.3 and 16.4, Section 1 of Schedule 4 (HMRC Limits and Tax) and any rules relating to the payment of a Finance Act Lump Sum, no payment can be made under a Final Salary Scheme to or in respect of any person (including a Pre-6 April 2006 Beneficiary) which would not have been authorised by the Pre-6 April 2006 Rules because of the application of Pre-6 April 2006 Tax Approval in those rules, unless the Trust Deed expressly provides otherwise or the Participating Employer and the Trustee otherwise decide.
- (b) For the purposes of FS Rule 16.2 any reference in the Pre-6 April 2006 Rules to **Approval**, to payment of **such greater amount as will not prejudice Approval** and all similar expressions will be construed by reference to HMRC's published Pre-6 April 2006 Tax Approval practice on 5 April 2006 and will be read subject to FS Rule 16.2(a) above. The Participating Employer's decision as regards the interpretation and application of this practice will be final and binding on the Trustee and the Beneficiaries affected.
- (c) This FS Rule applies if the Pre-6 April 2006 Rules, the Finance Act Resolution or FS Rule 16.2(a) above would:
 - (i) prevent the full value of any AVCs paid by a Member who has not drawn any benefit from the AVCs being used to provide benefits for and in respect of him; or
 - (ii) prevent the payment of a lump sum in respect of any AVCs.

In the case of 16.2(c)(i) above, the Trustee may allow such a Member to apply such amount of his unused AVCs as the Trustee decides in the provision of benefits offered by the Trustee which are authorised payments under Section 164 of the FA 2004.

In the case of 16.2(c)(ii) above, if the Member takes a Pension Commencement Lump Sum or a Stand-Alone Lump Sum, the Trustee may allow him to apply all or such part of his AVCs as the Trustee decides in providing part of the lump sum (within the limits referred to in the relevant FS Rule).

16.3 Earnings Cap

- (a) In this FS Rule **Earnings Cap** means at any date:
 - (i) before 6 April 2006: the permitted maximum from time to time under former Section 590C of the Income and Corporation Taxes Act 1988;
 - (ii) from 6 April 2006 to 5 April 2011: the amount which would have been the permitted maximum if that Section had not been repealed and in respect of each tax year in this period

the Treasury had made the orders required by that Section as it had effect immediately before its repeal;

- (iii) after 5 April 2011: the amount under 16.3(a)(ii) in force on 5 April 2011 increased on 6 April 2011 and on each following 6 April by the same percentage as the percentage increase (if any) in the Index (calculated by comparing the level of the Index for the month of September preceding the 6 April on which the increase is to take effect with its level for the previous September) and, if the result is not a multiple of £600, rounding it up to the nearest amount which is such a multiple; or
- (iv) such other amount instead of any amount derived under 16.3(a)(ii) and 16.3(a)(iii) above as is decided by the Participating Employer from time to time and notified to the Trustee in writing. The Participating Employer may decide that no Earnings Cap will apply to all Members or any individual Member or group of Members or that a different amount of Earnings Cap will apply for any individual Member or group of Members or for the purposes of one or more specific benefits or contributions and shall inform the Trustee accordingly. However the Participating Employer may not determine an amount for any Member which is lower than an amount already determined in accordance with 16.3(a)(ii) or 16.3(a)(iii) above without the written consent of that Member.

- (b) For the period before 6 April 2006 the Earnings Cap applies to a Member in respect of whom it applied under the Pre-6 April 2006 Rules. Thereafter it applies to those Members and any person who becomes a Member after 5 April 2006.

16.4 Transitional protection

To the extent that a Member is entitled to pre-commencement benefit rights under Part 3 of Schedule 36 to the FA 2004 in respect of any rights under the FS Rules, the Trustee will pay benefits to or in respect of the Member in accordance with the applicable provisions of that Part.

16.5 Minimum Pension Age

A pension cannot be paid to a Member under the Final Salary Scheme before he has attained Minimum Pension Age, except when the ill-health condition in paragraph 1 of Schedule 28 to the FA 2004 and the applicable provisions of the FS Rules are satisfied.

16.6 Transfers

Any restriction in a Final Salary Scheme on the making by the Trustee of transfer payments which before 6 April 2006 was applicable for Pre-6 April 2006 Tax Approval is disapplied and transfers may be made in accordance with Clause 12 of the Trust Deed (Group and individual transfers out).

17 Questions as to fact

17.1 The Principal Employer of the Final Salary Scheme in question has the right to resolve any doubt or dispute as to:

- (a) the amount of Salary or Final Salary;

- (b) the length of Pensionable Employment of any person;
- (c) whether an employee is or is not eligible to apply for membership of the Final Salary Scheme;
- (d) the reason why a Member ceases to be in Employment or eligible for membership of the Final Salary Scheme;
- (e) the relationship or degree of dependency of any person to or on any other person; or
- (f) any other question of fact affecting the Final Salary Scheme.

17.2 The Trustee is entitled to rely on such determination.

18 Civil partners and Same Sex Spouses

18.1 Under section 11 of the Marriage Act which came into force on 13 March 2014, marriage has the same effect in relation to same sex couples as it has in relation to opposite sex couples. Schedule 3 of the Marriage Act sets out interpretation provisions relating to section 11. The interpretation provisions of Schedule 3 of the Marriage Act are hereby disapplied and the Trust Deed and the Rules shall continue to apply in the same way as they did before section 11 and Schedule 3 of the Marriage Act came into force. Any reference in the Trust Deed and Rules to “Spouse”, “widow”, “widower”, or any reference to marriage of any person, is to be read as a marriage of an opposite sex couple. This Rule is subject to Rules 18.2 and 18.3.

18.2 Civil partners

In the FS Rules references to a spouse or Spouse include a surviving civil partner and references to marriage shall include registered civil partnership.

18.3 Same Sex Spouses

With effect on and from 29 March 2014, a Same Sex Spouse shall be treated in all respects in the same way as a civil partner or a surviving civil partner as appropriate and whether or not the marriage, same sex marriage or civil partnership took place outside England and Wales.

19 Provisions Relating to the Common Investment Fund of the Final Salary Schemes

19.1 Definitions

The following definitions apply for the purposes of this Rule 19:

Sub-Fund means a separate pool of assets and liabilities recorded in the books and records of the Trustee in accordance with the provisions of this Schedule; and

Unit means one undivided share in a Sub-Fund of the Common Investment Fund.

19.2 Pooled basis



SCHEDULE 2, SECTION 1 – GENERAL RULES OF THE FINAL SALARY SCHEMES

Subject to Rules 19.3 (Exclusions) and 19.4 (Registered Scheme status) of this Schedule, the Trustee shall invest the assets of all Final Salary Schemes on a pooled basis by means of the Common Investment Fund established pursuant to and in accordance with the provisions of this Rule 19.

19.3 Exclusions

The Trustee¹⁵⁰ may exclude from investment in the Common Investment Fund or any Sub-Fund, as the case may be:

- (c) any assets of a Final Salary Scheme required for the purpose of discharging its liabilities (current or expected) or for the purposes of meeting expenses;
- (d) any insurance policy or contract acquired for the purpose of reinsuring a liability of a Final Salary Scheme or of investing all or part of a transfer payment received by a Final Salary Scheme;
- (e) assets of a Final Salary Scheme which is not a Registered Pension Scheme;
- (f) assets of a Final Salary Scheme which has terminated under Clause 29 of the Trust Deed (Termination of a Final Salary Scheme); and
- (g) all, or any part of, the assets of a Final Salary Scheme which the Trustee determines shall not be invested on a pooled basis by means of the Common Investment Fund.

19.4 Registered Scheme status

The Trustee shall not invest any assets of a Final Salary Scheme by means of the Common Investment Fund, or any particular Sub-Fund, if to do so would affect its status as a Registered Scheme.

19.5 Sub-Funds

The Common Investment Fund shall comprise separate Sub-Funds (which may be invested through an investment platform provider), which may be established from time to time by the Trustee.

19.6 Asset allocation

The assets of each Final Salary Scheme shall be allocated by the Trustee across one or more Sub-Funds in accordance with the provisions of this Schedule. The proportionate share of a Sub-Fund attributed to each Final Salary Scheme from time to time shall be identified by the Trustee¹⁵¹ by recording the Final Salary Scheme as the holder of the appropriate number of Units in respect of the Sub-Fund in question.

19.7 New Sub-Funds

Following the creation of any new Sub-Fund, all amounts allocated from time to time to that Sub-Fund on behalf of each Final Salary Scheme, together with any monies, assets or investments in which such allocations are invested or reinvested, and all income, earnings, profits and proceeds thereof shall be pooled and kept separate from all other monies, investments and assets of each other Sub-Fund in the

¹⁵⁰ Investment Committee

¹⁵¹ Finance Manager



SCHEDULE 2, SECTION 1 – GENERAL RULES OF THE FINAL SALARY SCHEMES

books and records kept by the Trustee pursuant to Rule 19.8 (Records) of this Schedule. For the avoidance of doubt, all assets of each Sub-Fund are held by the Trustee under the trusts constituting the Cheviot Trust and governing the Final Salary Schemes and assets attributed to each Sub-Fund are not subject to any additional trusts. Any asset derived from any other asset (whether cash or otherwise) comprised in any Sub-Fund shall be applied in the books kept by the Trustee pursuant to Rule 19.8 (Records) of this Schedule, to the same Sub-Fund as the asset from which it was derived and any increase or diminution in the value of such asset shall be applied to the relevant Sub-Fund.

19.8 Records

For each Sub-Fund, the Trustee shall keep books and records in which:

- (a) the number of Units attributed to each Final Salary Scheme in respect of the relevant Sub-Fund are recorded; and
- (b) all transactions relating to the relevant Sub-Fund shall be separately recorded and the assets and the liabilities, income and expenditure attributable to that Sub-Fund (including the costs and expenses relating to the acquisition and disposal of any Investment attributable to the Sub-Fund) shall be applied or charged to such Sub-Fund subject to the provisions of this Schedule.

19.9 Fees

All fees and expenses properly incurred in the establishment, operation and administration of the Common Investment Fund and each Sub-Fund shall be met out of the assets of the Final Salary Schemes of the Cheviot Trust as determined by the Trustee. Each Sub-Fund shall be charged with the fees and expenses and other liabilities of the Cheviot Trust in respect of or attributable to that Sub-Fund and a proportion of the Cheviot Trust's general fees, expenses and liabilities in accordance with Rule 19.10 (Reallocation) below, except where the Trustee determines that such fees, expenses or liabilities (or a proportion thereof) shall be borne by one or more Final Salary Schemes¹⁵².

19.10 Reallocation

Any income, assets, fees and expenses and other liabilities that are not attributable to one Sub-Fund only, may be reallocated by the Trustee proportionately across each Sub-Fund in existence in relation to each accounting period or the relevant proportion thereof (where a particular Sub-Fund is not in existence for the entire accounting period). The Trustee may adopt a method of calculating the proportion of such income or assets to be allocated, or fees and expenses and other liabilities to be apportioned, between Sub-Funds which is different to that set out above, provided that the Trustee is satisfied that such method is fair as between the Final Salary Schemes generally and that it is reasonable to adopt such method in the given circumstances.

19.11 Investment

The assets attributed to each Sub-Fund shall be invested on the terms determined from time to time in writing by the Trustee¹⁵³.

¹⁵² Finance Manager.

¹⁵³ Investment Committee



SCHEDULE 2, SECTION 1 – GENERAL RULES OF THE FINAL SALARY SCHEMES

19.12 Administration of Sub-Funds

Subject to the Trust Deed, the Trustee shall administer the Common Investment Fund and each Sub-Fund in its complete discretion from time to time (including in relation to the valuation of assets and Units and the issue and redemption of Units and which need not be the same for each Sub-Fund); provided that such administration shall be in accordance with policies which are fair and reasonable as between the Final Salary Schemes. For the avoidance of doubt, Units shall only be transferable between Final Salary Schemes as may be decided by the Trustee and shall not be issued or transferred to third parties.

19.13 Investment statement

The Trustee shall issue to each Principal Employer an investment statement¹⁵⁴ at least once every twelve months setting out the number and value of Units in each Sub-Fund allocated to the relevant Final Salary Scheme established by the Principal Employer and any transactions affecting such Units since the date of the last statement.

¹⁵⁴ Included in the statutory accounts



Section 2: List of Final Salary Schemes

A Schemes which are governed by the FS Rules as set out in this Schedule 2 (as varied by the applicable FS Appendix)

- 1 Beaumont & Son Pension Scheme
- 2 Cheviot Trust Staff Pension Scheme
- 3 Dickinson Dees Pension Scheme
- 4 Farrer & Co Pension Scheme
- 5 Holman Fenwick Willan Pension Scheme
- 6 Jones Day (London) Pension Scheme
- 7 RadcliffesLeBrasseur Pension Scheme
- 8 Staffurth & Bray Pension Scheme
- 9 Stonehams Pension Scheme

B Separate Rules Schemes which are governed by their own rules

- 10 Herbert Smith Staff Pension Scheme
- 11 Lawrence Graham Pension Scheme
- 12 Rowley Ashworth Pension and Life Assurance Scheme
- 13 Whittles Retirement Benefits Scheme
- 14 Wilkinson Maughan Retirement Benefits Scheme



Schedule 3
The Money Purchase Section and the Life Cover Section Rules

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Section 1: The Money Purchase Section

1 The Money Purchase Rules

- 1.1 This Section contains the Rules of the Money Purchase Section.
- 1.2 The Money Purchase Section is treated as a separate Section from any other Section or Final Salary Scheme under the Cheviot Trust.
- 1.3 In the Money Purchase Section, references to a “Member” means a Money Purchase Member, and “Employer” means a Money Purchase Employer, and “Account” means a Money Purchase Account”, and “Early Leaver” means a Money Purchase Early Leaver and “Active Member” means an Active Money Purchase Member.
- 1.4 A Member has an Account under the Money Purchase Section. Assets transferred to the Money Purchase Section and contributions paid to the Money Purchase Section by an Employer in respect of a Member are credited to a Member’s Account.
- 1.5 A Member may also be a With Profits Member and/or a Life Cover Member.
- 1.6 The assets attributable to the Money Purchase Section cannot be used for the purposes of any other Section and/or a Final Salary Scheme, and the Trustee’s decision as to assets and liabilities of the Money Purchase Section and as to a credit to an individual Member’s Account shall be final.
- 1.7 The Money Purchase Section is an Auto-enrolment Scheme¹⁵⁵ and:
- (a) if any provision of the Trust Deed or the Rules would otherwise prevent a Jobholder¹⁵⁶ becoming an Active Member that provision or Rule shall not apply to that extent; and
 - (b) any provision of the Trust Deed or the Rules which would otherwise require a Jobholder to express a choice in relation to any matter, or to provide any information, in order to remain an Active Member, shall not apply to that extent.¹⁵⁷
- 1.8 An Employer which complies with an Arrangement¹⁵⁸ made with the Trustee, fulfils its Employer Duties in respect of auto-enrolment.

¹⁵⁵ Auto-enrolment Scheme means a scheme which meets the statutory requirements of Section 17 of the 2008 Act.

¹⁵⁶ A Jobholder is an employee in the UK, who is aged between 16 and 75, and who has certain minimum earnings in a pay period. A director of a corporate body is a job holder if he and at least one other person have a contract of employment with the corporate body.

¹⁵⁷ If an Auto-enrolled Member is also a Life Cover Member, there is a requirement to give information under the Life Cover Rules, which applies only to Life Cover Membership.

¹⁵⁸ An Arrangement is between the Trustee and Employer by which the Employer arranges with the Trustee for a Jobholder or Entitled Worker to become an Active Member of the Money Purchase Section.

SCHEDULE 3, SECTION 1 – THE MONEY PURCHASE SECTION

- 1.9 If the 2008 Act and/or any Regulations made under it are amended from time to time, so that any of the requirements relating to an Auto-enrolment Scheme or a Qualifying Scheme or any Employers Duties are changed, the appropriate provision of the Cheviot Pension is deemed to be amended from time to time to incorporate such changes, unless the Trustee at its discretion determines otherwise in any particular case, and to the extent permitted.
- 1.10 This Section is amended to the extent necessary to allow the Trustee to make such payments in its absolute discretion and on whatever terms it considers appropriate in accordance with Section 273B of the FA 2004 as amended by the Taxation of Pensions Act 2015.¹⁵⁹

2 Eligibility and admission

2.1 Auto-enrolled Members

- (a) **Automatic enrolment and re-enrolment of an Eligible Jobholder and a Re-enrolment Eligible Jobholder¹⁶⁰**
- (i) In order to comply with its Employer Duties, an Employer may make an Arrangement with the Trustee by which an Eligible Jobholder¹⁶¹ becomes an Active Member on his Auto-enrolment Date¹⁶² and a Re-enrolment Eligible Jobholder¹⁶³ becomes an Active Member on his Auto re-enrolment Date¹⁶⁴.

¹⁵⁹ Section 273B of the FA 2004 provides that trustees may make the following types of payments:

- drawdown pension;
- short-term annuity;
- dependants' drawdown pension;
- dependants' short-term annuity;
- nominees' drawdown pension;
- nominees' short-term annuity;
- nominees' annuity;
- successors' annuity;
- successors' drawdown pension;
- successors' short-term annuity;
- uncrystallised funds pension lump sum;
- flexi-access drawdown fund lump sum death benefit;
- pension commencement lump sum (where the person becomes entitled to it in connection with becoming entitled to income withdrawal or where the person dies after becoming entitled to it but before becoming entitled to the income withdrawal in connection with which it was expected that the person would become entitled to the lump sum); or
- trivial commutation lump sum death benefit where condition B in paragraph 20(1B) of Schedule 29 of the FA 2004 is met.

¹⁶⁰ Delegated to Finance Manager/Pensions Administration Manager

¹⁶¹ An Eligible Jobholder is a Jobholder (see definition of Jobholder) who is between age 22 and State Pension Age and has earnings above the minimum for auto-enrolment. An Eligible Jobholder must be auto-enrolled and auto re-enrolled.

¹⁶² The first day on which an employer is required to auto-enrol a Jobholder, it may be postponed for up to 3 months.



SCHEDULE 3, SECTION 1 – THE MONEY PURCHASE SECTION

(ii) If an Eligible Jobholder is already an Active Member on his Auto-enrolment Date or a Re-enrolment Eligible Jobholder is already an Active Member on his Auto re-enrolment Date, his Employer may make an Arrangement with the Trustee for continuity of his Active Membership in order to comply with its Employer Duties.

(iii) This Rule 2.1(a) does not apply to a Re-enrolment Eligible Jobholder if, within 12 (twelve) months before his Auto re-enrolment Date, the Re-enrolment Eligible Jobholder ceased to be an Active Member because of his own act or omission, or gave notice under Rule 2.1(d) (Opting out). This Rule 2.1(a) does not apply to an Eligible Jobholder to the extent permitted by the 2008 Act.

(b) **Early Auto-enrolment**¹⁶⁵

An Employer may, with the consent of the Trustee, choose an early Auto-enrolment Date under the Implementation Regulations.

(c) **Jobholder Information**

An Employer must give the Trustee all Jobholder Information which is required by the Trustee in writing within the period required by the Auto-enrolment Regulations¹⁶⁶.

(d) **Opting-out**

(i) A Jobholder who has become an Active Member under Rule 2.1(a) (Automatic enrolment and re-enrolment of an Eligible Jobholder and a Re-enrolment Eligible Jobholder) or Rule 2.1(f) (Enrolment of a Jobholder following an Opt-in Notice), may opt out of the Money Purchase Section by giving notice as set out in 2.1(d)(ii) below, and he will be treated for all purposes of the Money Purchase Section as if he had not become an Active Member on that occasion;

¹⁶³ An Eligible Jobholder, and a Jobholder aged between 22 and State Pension Age who is not an Active Money Purchase Member either because his earnings fell below the minimum for a Jobholder, or through no action or omission of his own, are all eligible for auto enrolment.

¹⁶⁴ Auto re-enrolment Date is approximately the 3rd anniversary of the date on which auto-enrolment first applies to the employer, and thereafter approximately the 3rd anniversary of the previous Auto re-enrolment Date. For a Jobholder who was auto-enrolled but whose pay later fell below Qualifying Earnings, and he was therefore removed from Active Membership, it is the day on which he subsequently has Qualifying Earnings.

¹⁶⁵ Delegated to Finance Manager/Pensions Administration Manager

¹⁶⁶ The period is currently 6 weeks.

SCHEDULE 3, SECTION 1 – THE MONEY PURCHASE SECTION

- (ii) A Jobholder who became an Active Member under Rule 2.1(a)(i) or Rule 2.1(f) must give his Employer a valid Opt-out Notice¹⁶⁷ (in the form provided by the Trustee), and the time limits set out in Regulation 9¹⁶⁸ of the Auto-enrolment Regulations must be complied with.
 - (iii) Rule 6 (Leaving Active Membership) is subject to this Rule 2.1(d).
- (e) **Refund following Opting-out**
- (i) An Employer must inform the Trustee immediately that it has received a valid Opt-out Notice in respect of a Jobholder who is an Active Member.
 - (ii) When the Trustee receives information from the Employer under 2.1(e)(i) above and the Active Member has less than 30 days' service as an Active Member, the Trustee¹⁶⁹ must refund to the Employer any contributions made to the Money Purchase Section by the Jobholder concerned.
 - (iii) The Trustee¹⁷⁰ must also refund to the Employer any contributions made to the Money Purchase Section on behalf of the Jobholder by the Employer, alternatively (and subject to the 2008 Act), the Employer and the Trustee¹⁷¹ may agree that the Employer's contributions are retained in the Money Purchase Section and used under Rule 10 (Money Purchase Section expenses) and/or available as a credit against contributions due from the Employer in the year following the Refund Date.
 - (iv) A refund under 2.1(e)(ii) and 2.1(e)(iii) above must be made before the Refund Date, and no costs or expenses may be deducted under Rule 10 (Money Purchase Section expenses).
- (f) **Enrolment of a Jobholder following an Opt-in Notice**

If a Jobholder gives a valid Opt-in Notice¹⁷² to his Employer, the Employer may make an Arrangement with the Trustee¹⁷³ by which the Jobholder becomes an Active Member on his Enrolment Date¹⁷⁴. If the Jobholder is already an Active Member on his Enrolment Date, his

¹⁶⁷ The form of an Opt-out Notice is statutory, and it must be signed and dated by the Jobholder and may be submitted online. A continuing Active Member who is otherwise eligible for auto-enrolment, auto-re-enrolment, or enrolment cannot opt-out by using an Opt-out Notice, he may however opt-out within 1 month of becoming an Active Member by giving notice, after that time he may cease Active Membership under Rule 6.

¹⁶⁸ An Opt-out Notice must be given to the Employer within 1 month of the later of (1) his Auto-enrolment, Auto re-enrolment, or Enrolment Date, and (2) the date on which he received his auto-enrolment, auto re-enrolment, or enrolment information. Where the Opt-out Notice is invalid, the period is extended to 6 weeks.

¹⁶⁹ Finance Manager

¹⁷⁰ Finance Manager

¹⁷¹ Finance Manager

¹⁷² A Jobholder may join the Money Purchase Section as an Active Member by giving a valid Opt in Notice to his Employer.

¹⁷³ Pensions Administration Manager

¹⁷⁴ When a Jobholder opts into Active Membership, his Enrolment Date is broadly his first pay day after he has given his Employer an Opt in Notice.



Employer may make an Arrangement with the Trustee for continuity of the Jobholder's Active Membership.

2.2 Other admissions¹⁷⁵

- (a) An Employer may arrange with the Trustee¹⁷⁶ that 1 (one) or more of its employees, or an Entitled Worker who has given the Employer a Joining Notice, may join the Money Purchase Section as an Active Member. The employee or Entitled Worker must complete any application form the Trustee requires and supply any evidence required by the Trustee under Clause 21 (Evidence and information) of the Trust Deed. Active Membership starts on the date notified in writing by the Employer to the Trustee. In respect of an Entitled Worker, an Employer must give the Trustee all Worker Information which is required by the Trustee in writing within the period required under the Auto-enrolment Regulations¹⁷⁷.
- (b) If an Active Member ceases to be employed by 1 (one) Employer and becomes employed by another Employer, he shall continue to be an Active Member unless the Employer by whom he becomes employed decides that his Active Membership shall cease, and informs the Trustee in writing. If his Active Membership ceases, Rule 6 (Leaving Active Membership) shall then apply in respect of the Member.
- (c) The Trustee¹⁷⁸ may, in its absolute discretion, either admit a person as a Member who is not otherwise eligible for admission to the Money Purchase Section under this Rule 2 or allow a person to continue as an Active Member, subject to the provision of such information and criteria that the Trustee may require from time to time.

3 Contributions

3.1 Auto-enrolled Member

- (a) An Employer must pay contributions in respect of a relevant Jobholder in accordance with the Scheme Administration Regulations; and
- (b) Unless the Trustee agrees otherwise, in relation to all relevant Jobholders the Employer must select from, Rule 3.1(c) (Minimum Contributions), or 3.1(c)(ii) (Basic Pay Contributions), or 3.1(c)(iii) (85% (eighty-five per cent) Contributions), or 3.1(c)(iv) (Gross Pay Contributions) below:

¹⁷⁵ A Member who is admitted under this Rule 2.2 is not auto-enrolled, and the provisions of Rule 2.1 do not apply to him.

¹⁷⁶ Pensions Administration Manager

¹⁷⁷ Currently 6 weeks.

¹⁷⁸ Chief Executive



(c) Minimum Contributions

- (A) an Employer's contribution, however calculated, must be equal to or more than 3% (three per cent) of the amount of the Jobholder's Qualifying Earnings¹⁷⁹ in the relevant Pay Reference Period; and
- (B) the total amount of contributions paid by the Jobholder and the Employer, however calculated, must be equal to or more than 8% (eight per cent) of the amount of the Jobholder's Qualifying Earnings in the relevant Pay Reference Period; or

(ii) Basic Pay¹⁸⁰ Contributions

- (A) the Employer's contribution must be equal to or more than 4% (four per cent) of the amount of the relevant Jobholder's Basic Pay in the Certification Period; and
- (B) the total amount of the contributions paid by the relevant Jobholder and the Employer must be equal to or more than 9% (nine per cent) of the Jobholder's Basic Pay in the Certification Period; or

(iii) 85% (eighty-five per cent) Contributions

- (A) the Employer's contribution must be equal to or more than 3% (three per cent) of the amount of the relevant Jobholder's Basic Pay in the Certification Period; and
- (B) the total amount of the contributions paid by the relevant Jobholder and the Employer must be equal to or more than 8% (eight per cent) of the amount of the Jobholder's Basic Pay in the Certification Period; and
- (C) taking all of the relevant Jobholders together, the Basic Pay of those Jobholders constitute at least 85% (eighty-five per cent) of the Earnings of those Jobholders in the Certification Period; or

(iv) Gross Pay Contributions

- (A) the Employer's contribution must be equal to or more than 3% (three per cent) of the amount of the relevant Jobholder's Earnings¹⁸¹ in the Certification Period; and

¹⁷⁹ In any 12 month period gross Earnings between £6,240 and £50,270 (as at December 2021, and as amended from time to time). For longer or shorter periods, the amounts are adjusted. Earnings means pay, including bonus, commission overtime, statutory sick pay, statutory maternity, family, and adoption pay.

¹⁸⁰ Gross Earnings, but disregarding commission, overtime or similar, shift premium pay, allowances for ancillary duties, relocation costs, and certain vehicle and other costs.

¹⁸¹ Salary, commission, bonuses and overtime; statutory sick pay, maternity, ordinary and additional paternity pay, adoption pay, and any other prescribed pay.



SCHEDULE 3, SECTION 1 – THE MONEY PURCHASE SECTION

- (B) the total amount of the contributions paid by the relevant Jobholder and the Employer must be equal to or more than 7% (seven per cent) of the amount of the Jobholder's Earnings in that period.
- (d) The Trustee may on any occasion refuse to accept a contribution below such amount as is prescribed from time to time under Section 20 of the 2008 Act.
- (e) Reference to "the relevant Jobholder" in this Rule 3.1 is a reference to each of the relevant Jobholders of an Employer.
- (f) If the 2008 Act and/or the Auto-enrolment Regulations are amended from time to time, so that the Minimum Contributions and/or the Alternative Requirements are changed, and/or any further requirements which are appropriate for a money purchase scheme are added, Rule 3.1(c), 3.1(c)(ii), 3.1(c)(iii), and/or 3.1(c)(iv) are deemed to be appropriately amended to incorporate any such changes and/or further requirements, unless the Trustee determines otherwise.
- (g) This Rule 3.1 overrides Rule 14 (Pension Input Period), Rule 3.3 (Contributions general), Rule 7 (Retirement), Rule 17 (Other temporary absence), Rule 16 (Maternity and Family Leave) and Rule 3.2 (Other contributions) to the extent necessary.

3.2 Other contributions¹⁸²

- (a) An Employer decides the rate, if any, at which it will contribute in relation to each of its Active Members, and the rate at which its Active Members shall make regular contributions (if any), and shall inform the Trustee in writing accordingly. The Employer may increase or reduce or stop its contributions or an Active Member's contributions, or the Employer may pay additional contributions, provided the Employer gives the Trustee 1 (one) month's notice in writing, and complies with the Consultation Regulations. The Employer must meet the minimum contribution requirements of the Trustee (if any) from time to time.
- (b) An Employer must give the Trustee any information relevant to the administration of the Money Purchase Section in relation to the earnings of each Active Member employed by it. The Employer must inform the Trustee immediately of any change in earnings.
- (c) A Member admitted to Membership under Rule 2.2(c) may with the consent of the Trustee¹⁸³ and subject to any requirements of the Trustee or the FA 2004 make contributions to a new Account or the Member's Account which has not been designated for Flexi-Access Drawdown or Capped Drawdown.

¹⁸² Rule 3.1 only applies to an Auto-enrolled Member. An Auto-enrolled Member may accrue benefits under Rule 3.2 which are additional to the benefits which he accrues under Rule 3.1. In respect of a Member who is not an Auto-enrolled Member, his contributions are determined under Rule 3.2.

¹⁸³ Pensions Administration Manager according to agreed policy



SCHEDULE 3, SECTION 1 – THE MONEY PURCHASE SECTION

- (d) An Active Member may pay AVCs to the Money Purchase Section at any time, and may subsequently increase, reduce or stop them. He must meet the minimum contribution requirements of the Trustee (if any) from time to time.
- (e) An Active Member's contributions including AVCs are collected by the Employer which must pay them to the Trustee (or as directed by it) by the due date notified to it by the Trustee¹⁸⁴ from time to time, and in accordance with the provisions of the Scheme Administration Regulations. Provided that an Active Member may with the consent of the Trustee pay a lump sum AVC directly to the Trustee¹⁸⁵.
- (f) Subject to Trustee consent, an Active Member who is no longer employed by an Employer may contribute to a new Account or a Member's Account which has not been designated for Flexi-Access Drawdown or Capped Drawdown.

3.3 Contributions general

- (a) The Trustee may, having regard to the Registration Requirements¹⁸⁶, require that an Active Member and his Employer (if any) must reduce their contributions or stop paying them, but is not obliged to do so and shall not be responsible for any loss (or alleged loss) arising from a failure to do so. The Employer must comply with the Consultation Regulations if necessary. The reduction will apply first to any AVCs paid by the Active Member, and secondly to the Active Member's and Employer's contributions as agreed between them or, if not agreed, proportionately. Contributions may be resumed if and to the extent the Trustee informs the Active Member and Employer.
- (b) If the Trustee retains any Employer's contributions under Rule 2.1(e)(iii) (Refund following Opting-out) or Rule 6.7 (Leaving Active Membership), that amount shall be used by the Trustee¹⁸⁷ as a credit against contributions due from that Employer.

4 Investment options

4.1 Choice of Investment Options

The Trustee may offer Members different Investment Options which may apply to all or part of an Account. The Trustee will provide such Investment Options on such terms as it decides from time to time. These Investment Options can be withdrawn or varied at any time at the Trustee's discretion and the Trustee may at its discretion limit Investment Options to certain groups of Members to specified Investment Options.

4.2 Direction of contributions and default investments

A Member may, when contributions first start to be made by or in respect of him, direct the Trustee as to the Investment Option, in accordance with which the contributions are to be invested. In the absence of

¹⁸⁴ Finance Manager

¹⁸⁵ Consent assumed

¹⁸⁶ Registration requirements means the requirements of HMRC for tax approval.

¹⁸⁷ Finance Manager



any direction by the Member to the contrary, contributions will be invested in such Investment Option as the Trustee decides either generally or in a particular case, and the Trustee shall not be responsible for any loss (or alleged loss) to the Member. If the Member fails to comply with any terms or requirements of the Trustee under Rule 7.8 (Flexi-Access Drawdown) or Rule 7.9 (Capped Drawdown) the Trustee may decide to withdraw the Investment Option in which any part of his Account is already invested, and invest his Account in another Investment Option as the Trustee decides. The Trustee shall not be responsible for any loss (or alleged loss) to the Member.

4.3 **Switching and variation of directions**

Subject to the provisions of Clause 20.2 (Legal Incapacity) relating to a Member's mental incapacity, a Member may from time to time vary his current direction as regards contributions made by or in respect of him on or after the effective date of the direction, or change from one Investment Option in which any part of an Account is already invested to another Investment Option for the time being offered by the Trustee. A direction or variation of a direction must be made by written notice to the Trustee in a form prescribed by it. The period of notice must be at least the minimum period required by the Trustee from time to time. The Trustee may impose any conditions it thinks fit generally or in a particular case for this purpose.

4.4 **Trustee may override Member Investment Options**

Following the provision of reasonable notice from the Trustee to a Member, the Trustee may switch the Investment Option in which any part of the Member's Account is invested from time to time to another Investment Option or Investment Options for the time being offered by the Trustee.

4.5 **Accounts**

- (a) The Trustee maintains an Account in respect of each Member. Any payment by or in respect of a Member is credited to that individual's Account, subject to Rule 10 (Money Purchase Section expenses).
- (b) An Account will earn investment returns (both positive and negative) in accordance with the basis on which it (or the relevant part) is invested. The Trustee will decide conclusively the amount of each Account from time to time (and each part of an Account in accordance with a different Investment Option).
- (c) An Account is closed when contributions in respect of an Active Member stop, unless they have been suspended under the provisions of Rule 16 (Maternity and Family Leave) or Rule 17 (Other temporary absence). If contributions start again, a closed Account may, at the discretion of the Trustee, be re-opened or a new Account opened instead.
- (d) An Account is maintained solely for the purpose of calculating benefits and does not confer on any person any interest in the Money Purchase Section or its assets which he would not otherwise have had.



5 Continuity of Active Membership

- 5.1 An Active Member who is a Jobholder cannot cease to be an Active Member as a result of any action or omission of the Employer under the Trust Deed and/or the Rules (unless the Jobholder ceases to be employed by the Employer).
- 5.2 The Money Purchase Section cannot cease to be a Qualifying Scheme as a result of any action or omission of the Employer under the Trust Deed and/or the Rules.
- 5.3 Rule 5.1 does not apply if the Jobholder becomes an active member of another Qualifying Scheme (within a period prescribed under Section 2¹⁸⁸ of the 2008 Act), or if the action or omission in Rule 5.1 is at the Jobholder's request.
- 5.4 If a Jobholder ceases to meet the requirements to be a Jobholder while remaining in employment with the Employer, his Active Membership shall continue, unless the Employer determines otherwise and complies with the Consultation Regulations. If he continues to be an Active Member, contributions under Rule 3.3(a) and Rule 3.1(b) (Auto-enrolled Member) shall cease during any period in which the requirements for a Jobholder are not met. Contributions may continue under Rule 3.2 (Other contributions).
- 5.5 Rule 5.1 overrides Rule 6 (Leaving Active Membership), and Rule 7 (Retirement) and Rule 14 (Pension Input Period), Rule 16 (Maternity and Family Leave), and Rule 17 (Other temporary absence) to the extent necessary.

6 Leaving Active Membership

- 6.1 If the Trustee consents, an Employer may cease to be an Employer for the purposes of the Money Purchase Section on such date and subject to such conditions as the Trustee shall determine and confirm in writing to the Employer.
- 6.2 A Member ceases to be an Active Member on the date on which in the opinion of the Trustee¹⁸⁹:
- (a) he ceases to contribute or have contributions paid on his behalf (unless Rule 17 (Other temporary absence) applies); or
 - (b) the Employer stops contributing in respect of him and the Member stops contributing before his Normal Retirement Date (except because of a temporary suspension of contributions under Rule 16 (Maternity and Family Leave or Rule 17 (Other temporary absence))). The Employer must comply with the Consultation Regulations and must also give the Trustee at least 1 (one) month's advance written notice. The Employer must pay any contributions due before the date on which its contributions stop; or

¹⁸⁸ 6 weeks' from the date the Jobholder ceases to be an Active Member, or the Money Purchase Section ceases to be a Qualifying Scheme.

¹⁸⁹ Pensions Administration Manager



SCHEDULE 3, SECTION 1 – THE MONEY PURCHASE SECTION

- (c) he exercises his right to end his Active Membership of the Money Purchase Section by telling the Employer, in writing, subject to the period of notice (not more than 3 (three) months) required by the Employer; or
 - (d) he otherwise ceases to qualify as an Active Member.
- 6.3 This Rule 6.3 applies to a Member who becomes an Active Member on or after 1 October 2015. The Member will not be entitled to any cash refund in accordance with Rule 6.5(b) below if he has more than 30 days' membership as an Active Member, but instead he will be treated in accordance with Rules 6.5(a) or 6.5(c) below. If he has less than 30 days' membership as an Active Member, he shall be entitled to a cash refund in accordance with Rule 6.5(b) below.
- 6.4 This Rule 6.4 applies to a Member who became an Active Member before 1 October 2015. When the Member ceases to be an Active Member (and he is not a Qualified Member):
- (a) if he has completed less than 3 (three) months' Qualifying Service, he will receive a cash refund in accordance with Rule 6.5(b) below; or
 - (b) if he has completed at least 3 (three) months' Qualifying Service he may choose one of the options in Rules 6.5(a), 6.5(b) or 6.5(c) below.
- 6.5 For the purposes of Rules 6.3 and 6.4, a Member may be entitled to one or more of the following options:
- (a) a Cash Transfer Sum (if he meets the other applicable statutory requirements). The Trustee will decide the amount of a Cash Transfer Sum in accordance with Rule 4.5(b) (Accounts);
 - (b) to receive a cash refund equal to that part of his Account which is attributable to his contributions (less tax); or
 - (c) to leave his Account in the Money Purchase Section and become an Early Leaver.
- 6.6 If the Member does not make a choice under Rule 6.4(b) within 3 (three) months of ceasing to be an Active Member, or such longer period as the Trustee may agree¹⁹⁰, the Trustee will maintain his Account under Rule 6.5(c) and he will become an Early Leaver.
- 6.7 Where a cash refund has been paid under Rule 6.5(b) or a Cash Transfer Sum transferred under Rule 6.5(a), the Member's Account is then cancelled. Any remaining balance following a cash refund will be available as a credit against contributions due from the Employer in the year following payment of the cash sum. At the Trustee's discretion¹⁹¹, any amount unexpended at the end of that period may accrue to the Financial Reserve.
- 6.8 If the Member is a Qualified Member the Trustee will maintain his Account and he will become an Early Leaver.

¹⁹⁰ Chief Executive

¹⁹¹ Chief Executive



7 Retirement

7.1 Retirement at Normal Retirement Date

- (a) When a Member reaches his Normal Retirement Date he must (subject to Rule 7.2 (Retirement after Normal Retirement Date), Rule 7.3 (Retirement before Normal Retirement Date on Incapacity or otherwise), Rule 7.7 (Postponement of Policy purchase), Rule 7.8 (Flexi-Access Drawdown), and Rule 7.9 (Capped Drawdown)) use his Account to purchase a Policy in his own name, and/or take a cash sum under Rule 8 (Cash Option). The Trustee must provide the information required by the Disclosure Regulations¹⁹². Before a Policy is due to be bought for a Member, the Member must direct the Trustee in writing as regards the provider of the Policy and such benefits and other provisions of the Policy as required, within the time limits set out in the Disclosure Regulations. The total cost of providing benefits in respect of the Member shall not exceed the realised value of the Member's Account. If the Trustee is not reasonably able to comply with the Member's direction, it will allow him to select different benefits or Policy provisions within such reasonable time as it decides, subject to satisfying the Registration Requirements.

(b) **AVCs**

A Member's AVCs shall be applied in the same manner as set out in Rule 7.1(a) above. The Trustee may at its discretion, before a Policy is bought for a Member and at the request of the Member, agree that any additional benefits which could be secured by his AVCs shall be secured at a later date. The later date shall be agreed by the Trustee and shall not be later than the Member's 75th (seventy-fifth) birthday¹⁹³, unless the Trustee decides otherwise in its absolute discretion.

7.2 Retirement after Normal Retirement Date

- (a) At his Normal Retirement Date, a Member may request the Trustee by giving 1 (one) month's notice in writing, to maintain his Account, and defer purchase of a Policy. The Trustee may at its complete discretion¹⁹⁴ agree to do so if the Registration Requirements would be satisfied. If the Trustee agrees to maintain the Member's Account, the Member may at any subsequent date elect to have his Account applied under this Rule 7 (Retirement) and/or under Rule 8 (Cash Option). To do this he must give the Trustee at least 1 (one) month's notice before he wants to so apply his Account.
- (b) At his Normal Retirement Date, a Member, his Employer, and the Trustee¹⁹⁵ may agree that he and/or his Employer may continue to pay contributions while he remains in employment with the Employer after that date.

¹⁹² Pensions Administration Manager

¹⁹³ The age 75 restriction is encouraged not enforced. Potential tax implications of death benefits after 75 to be made clear.

¹⁹⁴ Pensions Administration manager following current policy



7.3 Retirement before Normal Retirement Date on Incapacity or otherwise

- (a) A Member may, on account of Incapacity, at any time before his Normal Retirement Date, elect to apply the realised value of his Account in accordance with Rule 7.1(a).
- (b) A Member may, at any time on or after his Minimum Pension Age¹⁹⁶ but before his Normal Retirement Date, elect to apply the realised value of his Account in accordance with Rule 7.1(a). He must give the Trustee at least 1 (one) month's notice in writing.

7.4 Application of a Member's Account by the Trustee

If the Trustee decides that it is unable to comply with the Member's direction under Rule 7.1, or if the Member fails to give a direction under Rule 7.1 within a reasonable time, (as decided by the Trustee), or if, in the Trustee's opinion, the Member suffers from any mental incapacity making him unable to make decisions in relation to his Account, the Trustee¹⁹⁷ may make any decision on behalf of the Member as to the application of the Member's Account, provided that such decision is permitted under the Rules and the relevant legislation. The Trustee's decision will be treated as having been directed by the Member.

7.5 Trustee discharge of liability

In complying with any Member's direction under Rule 7.1, or using the Member's Account under Rule 7.4, the Trustee has no liability to the Member or any Beneficiary claiming through a Member as regards the selection of the Policy or its benefits or other provisions (including, without limitation, the effect on benefits of prevailing annuity rates). Subject to satisfying the Registration Requirements, once a Policy has been issued, the Trustee is discharged from all liability to or in respect of the Member, including any liability relating to the Policy and the provision of benefits which are to be paid to or in respect of the Member from the Policy. This discharge is in addition to and without prejudice to any other discharge given to the Trustee.

7.6 General

When a Member's Account is used to provide him with a Policy, or he enters Flexi-Access Drawdown under Rule 7.8 (Flexi-Access Drawdown) or Capped Drawdown under Rule 7.9 (Capped Drawdown), he and/or his Employer (if any) may elect to make further contributions to a new Account, or to a Member's Account which has not been designated for Flexi-Access Drawdown or designated for Capped Drawdown, subject to the Trustee's consent¹⁹⁸. If he becomes employed by a different Employer he may be re-admitted to membership. Any further contributions shall be subject to the requirements of the FA 2004.

7.7 Postponement of Policy purchase¹⁹⁹

The Trustee may, at its complete discretion, agree, at the request of a Member on becoming entitled to have his Account applied, that the purchase of a Policy is postponed. The Trustee may also agree, at a Member's request, to pay a lump sum from his Account under Rule 8 immediately. If a lump sum is paid

¹⁹⁶ Usually 55.

¹⁹⁷ Legal Committee

¹⁹⁸ Pensions Administration Manager on the basis of existing policies

¹⁹⁹ Pensions Administration Manager on the basis of existing policies



under Rule 8.1, a Policy must be purchased, or a Member's Account designated as a Flexi-Access Drawdown Account within the time period set out in Rule 8.1(b).

7.8 **Flexi-Access Drawdown**²⁰⁰

- (a) On or after 6 April 2015, a Member who is entitled to have his Account applied under this Rule 7, may, before a Policy is purchased, request the Trustee in writing to designate his Account as a Flexi-Access Drawdown Account. A Member who has joined the Money Purchase Section under the terms of Rule 2.2(c) may request the Trustee in writing to designate his Account as a Flexi-Access Drawdown Account.
- (b) If the Trustee, at its complete discretion²⁰¹, agrees to the Member's request, once a Member's Account has been designated as a Flexi-Access Drawdown Account, the Trustee will, on such terms as it decides, make payments from the Member's Flexi-Access Drawdown Account to the Member in such amounts and at such intervals as the Member directs.
- (c) If at the date of a Member's death, there remains any balance in his Flexi-Access Drawdown Account, the Trustee²⁰² shall (subject to Rule 7.8(d) below) pay such balance as a Drawdown Lump Sum Death Benefit under Clause 14 (Payment of lump sums on death) of the Trust Deed to a Member's Dependant, or Nominee. The Trustee will deduct any tax payable before a Drawdown Lump Sum Death Benefit is paid.
- (d) Before any amount is paid under Rule 7.8(c), the Dependant or Nominee may:
 - (i) request the Trustee in writing to designate part or all of the balance described in Rule 7.8(c) as available for Dependant's Drawdown or Nominee's Drawdown. If the Trustee, at its complete discretion, agrees to the Dependant or Nominee's request, the terms and conditions of such designation as a Dependant's Drawdown Account or Nominee's Drawdown Account and payments therefrom to the Dependant or Nominee shall be determined by the Trustee as if the Dependant or Nominee were a Member, and Rule 7.8(a) shall apply, with due alteration of detail, subject to the FA 2004. No cash lump sum is payable to a Dependant or Nominee under Rule 8 (Cash Option); and/or
 - (ii) require the Trustee to use part or all of the balance described in Rule 7.8(c) to purchase a Policy in the Dependant or Nominee's own name, subject to the terms (with due alteration of detail) which are set out in Rule 7.1.
- (e) If at the date of a Dependant or Nominee's death, there remains any balance of a Dependant's Drawdown Account or Nominee's Drawdown Account, the Trustee shall pay such balance as a Drawdown Lump Sum Death Benefit under Clause 14 (Payment of lump sums on death) of the Trust Deed to another Dependant or Nominee of the Member. The Trustee will deduct any tax payable before a Drawdown Lump Sum Death Benefit is paid. Before any amount is paid, such

²⁰⁰ Existing flexible drawdown arrangements, under the statutory drawdown regime prior to 6 April 2015, were automatically converted to Flexi-Access Drawdown arrangements on 6 April 2015.

²⁰¹ Pensions Administration Manager according to agreed policies

²⁰² Chief Executive or Legal Committee, subject to £25,000 limit.



other Dependant or Nominee may request the Trustee to use all or part of such balance under Rule 7.8(d).

- (f) The provisions of Clause 28.3 (Charges and expenses) of the Trust Deed shall apply to this Rule 7.8.

7.9 Capped Drawdown

- (a) This Rule applies to a Member who before 6 April 2015 designated his Account as a Capped Drawdown Account.
- (b) A Member who is entitled to have his Account applied under this Rule 7 may, before a Policy is purchased, request the Trustee in writing to designate his Account as a Capped Drawdown Account. A Member who has joined the Money Purchase Section under the terms of Rule 2.2(c), may request the Trustee in writing to designate his Account as a Capped Drawdown Account. If the Trustee, at its complete discretion, agrees to the Member's request and designates his Account as a Capped Drawdown Account, then the Member is immediately entitled to a pension from the Capped Drawdown Account. The Member's Capped Drawdown Account is a separate arrangement for the purposes of section 152 of the FA 2004²⁰³ and for the purposes of Rule 8 (Cash Option).
- (c) The annual amount of pension paid to the Member from a Capped Drawdown Account shall:
- (i) not exceed such amount as the FA 2004 specifies from time to time²⁰⁴; and
 - (ii) be subject to such other terms and conditions as the Trustee determines from time to time, and subject to the requirements of the FA 2004.
- (d) The Trustee²⁰⁵ and the Member may agree at any time that part or all of a Capped Drawdown Account is:
- (i) used to purchase a Policy under Rule 7.1 (with due alteration of detail for a Drawdown Member who joined the Money Purchase Section under the terms of Rule 2.2(c)); or
 - (ii) designated as available for Flexi-Access Drawdown under Rule 7.8;

and in either event, the annual amount of pension payable from the balance remaining in a Capped Drawdown Account may be adjusted by the Trustee, as required under the FA 2004.

- (e) A pension is payable from a Capped Drawdown Account until the earliest of the following dates:

²⁰³ A Member may have a number of arrangements, as agreed with the Trustee, within his Account. Funds in an arrangement may be designated for drawdown, and other arrangements may be left to be designated at a later date.

²⁰⁴ At February 2017, the maximum amount may not exceed 150% of the annual amount of an annuity which could have been purchased for the Member on the designation date, using the Government Actuary's Department tables. Maximum Capped Drawdown pension is usually recalculated every 3 years, although an intervening event such as using part of the Capped Drawdown Account to buy an annuity, or if it is reduced by a Pension Sharing Order, requires a recalculation. After age 75, the maximum Capped Drawdown pension is recalculated annually.

²⁰⁵ Pensions Administration Manager



- (i) the date the Member's Capped Drawdown Account is exhausted;
 - (ii) the date the whole of the Member's Capped Drawdown Account is designated for Flexi-Access Drawdown under Rule 7.8; and
 - (iii) the date of the Member's death.
- (f) If at the date of a Member's death, there remains any balance in any one or more of his Capped Drawdown Account(s), the Trustee²⁰⁶ shall (subject to Rule 7.9(g) below) pay such balance as a Drawdown Lump Sum Death Benefit under Clause 14 (Payment of lump sums on death) of the Trust Deed to a Member's Dependant. The Trustee will deduct any tax payable before a Drawdown Lump Sum Death Benefit is paid;
- (g) Before any amount is paid under Rule 7.9(f), the Dependant may:
- (i) request the Trustee in writing to designate part or all of the balance described in Rule 7.9(f) as available for Dependant's Drawdown. If the Trustee, at its complete discretion, agrees to the Dependant's request, the terms and conditions of such designation as a Dependant's Drawdown Account and payments therefrom to the Dependant shall be determined by the Trustee as if the Dependant were a Member, and Rule 7.9(a) to Rule 7.9(e) (inclusive) shall apply, with due alteration of detail, subject to the FA 2004. No cash lump sum is payable to a Dependant under Rule 8 (Cash Option); and/or
 - (ii) require the Trustee to use part or all of the balance of a Capped Drawdown Account to purchase a Policy in the Dependant's own name, subject to the terms (with due alteration of detail) which are set out in Rule 7.1.
- (h) If at the date of a Dependant's death, there remains any balance of a Dependant's Drawdown Account, the Trustee shall pay such balance as a Drawdown Lump Sum Death Benefit under Clause 14 (Payment of lump sums on death) of the Trust Deed to another Dependant of the Member. The Trustee will deduct any tax payable before a Drawdown Lump Sum Death Benefit is paid. Before any amount is paid, such other Dependant may request the Trustee to use all or part of such balance under Rule 7.9(g).
- (i) A Member may elect, on or after 6 April 2015, to convert his Capped Drawdown Account to a Flexi-Access Drawdown Account by notifying the scheme administrator in accordance with paragraph 8C of Schedule 28 of the FA 2004. A Member's Capped Drawdown Account will be automatically converted to a Flexi-Access Drawdown Account if at any time on or after 6 April 2015 a payment is made that would exceed the maximum amount permitted under the FA 2004.
- (j) The provisions of Clause 28.3 (Charges and expenses) of the Trust Deed shall apply to this Rule 7.9.

²⁰⁶ Legal Committee



8 Cash option

8.1 Pension Commencement Lump Sum or Stand-Alone Lump Sum

- (a) Subject to Rule 8.1(b) and Rule 8.1(c), a Member who is under age 75 (unless the Trustee in its absolute discretion determines that age limit shall not apply) and whose Lifetime Allowance is available (in whole or in part) may, on becoming entitled to have his Account applied, or prior to entering Flexi-Access Drawdown, choose to have a lump sum amount paid to him from his Account:
- (i) up to the maximum permitted for the lump sum to qualify as a Pension Commencement Lump Sum; or
 - (ii) in circumstances where the lump sum would qualify as a Stand-Alone Lump Sum.
- (b) A Pension Commencement Lump Sum must be paid within the period beginning 6 (six) months before and ending 1 (one) year after the day on which the Member becomes entitled to have his Account applied, or enters Flexi-Access Drawdown, unless it would be possible to do so later and satisfy the Registration Requirements.
- (c) The Trustee may restrict the amount of the lump sum to ensure that the amount available to purchase a Policy in the name of an Active Member or Early Leaver is not less than the minimum the Trustee from time to time requires (either generally or in a particular case)²⁰⁷.

8.2 Uncrystallised Funds Pension Lump Sum

On or after 6 April 2015, the Trustee may, at the request of the Member and on such terms as the Trustee may decide, pay part or all of the Member's Account as an Uncrystallised Funds Pension Lump Sum in accordance with paragraph 4A of Schedule 29 of the FA 2004. The Trustee may, at its absolute discretion, limit the number of Uncrystallised Funds Pension Lump Sums that the Member may withdraw under this Rule 8.2²⁰⁸. The provisions of Clause 28.3 (Charges and expenses) of the Trust Deed shall apply to this Rule 8.2.²⁰⁹

8.3 Permitted lump sums for and in respect of Members and Ex-spouse Participants

- (a) The Trustee may²¹⁰ make a lump sum payment under this Rule 8.3 instead of all Money Purchase Section benefits otherwise payable to or in respect of a Member if such a payment satisfies the Registration Requirements and any applicable requirements of the 1993 Act (a **Permitted Lump Sum**).
- (b) Where necessary to satisfy the Registration Requirements, the payment from the Money Purchase Section shall extinguish all Money Purchase Section benefits otherwise payable to or in

²⁰⁷ Pensions Administration Manager (but rarely used post new flexibilities)

²⁰⁸ Current policy is to charge for taking more than one per year.

²⁰⁹ Certain individuals, as specified in paragraphs 4A(3) to 4A(5) of Schedule 29 of the FA 2004, cannot be paid an UFPLS.

²¹⁰ Pensions Administration Manager



respect of the Member (or Benefit Recipient where the payment is referable to a Member's death).

- (c) The Permitted Lump Sum shall be determined by the Trustee²¹¹ but shall not exceed the lower of the maximum amount permitted by the Registration Requirements for that particular type of payment and the value of the Account.
- (d) The Trustee's power to decide whether or not to consider making a payment under this Rule 8.3 is absolute, and nothing in this Rule 8.3 shall require the Trustee to consider the exercise of this discretionary power for any particular Member or Benefit Recipient.
- (e) If the Permitted Lump Sum is referable to the death of a Member, the payment shall be made in accordance with Clause 14 of the Trust Deed (Payment of lump sums on death).

8.4 **Serious Ill-health lump sum**

Where a registered medical practitioner has confirmed to the Trustee that a Member is expected to live for less than 1 (one) year, the Trustee²¹² may pay the realised value of his Account to him immediately as a Serious Ill-health Lump Sum provided the Registration Requirements are met. This Rule shall not apply if the Member is aged 75 or over, unless the Trustee in its absolute discretion determines otherwise. The Trustee shall be entitled to deduct any tax for which it may be accountable. The Trustee shall report the payment where required to do so under the Registration Requirements.

8.5 **General**

- (a) After he has been informed of his options by the Trustee, the Member must notify the Trustee in writing (in the form and within such timescales as required) of his choice under this Rule. At the same time the Member must provide such information as the Trustee requires to establish the Member's available Lifetime Allowance. A Member's Lifetime Allowance (or part of it) will be treated as not available for the purposes of this Rule if he has not provided such information in writing to the Trustee.
- (b) In this Rule Member and Account includes an Ex-Spouse Participant and an Ex-Spouse Participant's Account, except in cases to which paragraph 2(2) of Schedule 29 to the FA 2004 applies.

9 **Death of an Active Member or Early Leaver – Lump Sum**

- 9.1 If an Active Member or an Early Leaver dies before he takes his benefits, a lump sum will be paid in accordance with Clause 14 of the Trust Deed (Payment of lump sums on death)²¹³. The lump sum shall be equal to the realised value of his Account subject to any tax payable.

²¹¹ Pensions Administration Manager

²¹² Chief Executive

²¹³ Legal Committee or Chief Executive if under £25,000



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- 9.2 Where all or part of a lump sum is to be used in providing pensions for the spouse and/or surviving civil partner and/or Dependants of the Active Member or Early Leaver, the Trustee²¹⁴ shall decide which of those persons is to receive a pension and its amount.

10 Money Purchase Section expenses

- 10.1 In accordance with Clause 28.3 (Charges and expenses) of the Trust Deed and subject to any applicable legislative requirements, the Trustee²¹⁵ determines and allocates Cheviot Pension expenses and costs of administration and management at its discretion from time to time as follows:
- (a) certain expenses are apportioned between the With Profits Section, the Money Purchase Section, and the Life Cover Section when such expenses are attributable to more than 1 (one) Section; and
 - (b) certain expenses which the Trustee²¹⁶ determines are wholly referable to the Money Purchase Section are allocated directly to the Money Purchase Section; and
 - (c) certain expenses or charges which the Trustee determines are wholly referable to an individual Member are allocated directly to that Member's Account, Capped Drawdown Account or Flexi-Access Drawdown Account (as the case may be).
- 10.2 In accordance with Clause 28.4 (Charges and expenses) and subject to any applicable legislative requirements, the Trustee may apply Money Purchase Section assets, as it deems appropriate, to meet any costs and expenses of the Money Purchase Section.

11 Auto-enrolment record keeping and compliance with Employer Duties

- 11.1 The Trustee shall keep the records described in Regulation 7²¹⁷ of the Registration and Compliance Regulations for the period set out in Regulation 8²¹⁸ of the Registration and Compliance Regulations.
- 11.2 An Employer shall inform the Trustee immediately if the Regulator proposes to issue a Compliance Notice or an Unpaid Contributions Notice in respect of contravention of any of its Employer Duties in relation to a Member.
- 11.3 The Trustee shall comply with any third party compliance notice issued by the Regulator under Section 36²¹⁹ of the 2008 Act.

²¹⁴ Legal Committee

²¹⁵ Finance and Operations Committee

²¹⁶ Finance and Operations Committee

²¹⁷ Employer reference, dates of entry to and cessation of Active membership, Opt out Notices, Members' personal details.

²¹⁸ Certain records 6 years, other records 4 years.

²¹⁹ The Regulator may issue a third party compliance notice, where an Employer's failure to comply with his Employer Duties is due to a third party's action or failure to act.



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- 11.4 The Trustee may provide an Employer with an Employer Pension Scheme Reference²²⁰ evidencing the relationship between the Employer and the Money Purchase Section.

12 HMRC Limits, tax and transitional protection

Section 1 of Schedule 4 (HMRC Limits and Tax) to the Trust Deed applies in respect of a Member in respect of benefits arising under the Money Purchase Section.

To the extent that a Member is entitled to pre-commencement benefit rights under Part 3 of Schedule 36 of the FA 2004 in respect of any rights under the Money Purchase Section, the Trustee will pay benefits to or in respect of the Member in accordance with the applicable provisions of that Part.

13 Financial Reserve

- 13.1 The Trustee will maintain a reserve account (the **Financial Reserve**) to hold any funds in the Money Purchase Section which are not allocated to a Member's Money Purchase Account or which cannot be applied for the Member.
- 13.2 The Trustee may at its discretion utilise any funds in the Financial Reserve for the general purposes of the Money Purchase Section.

14 Pension Input Period

- 14.1 For the purposes of Section 238 of the FA 2004, the nominated date which the Trustee, as the scheme administrator, nominates to determine the pension input period is 5 April in each year in respect of all money purchase arrangements (within the meaning of the FA 2004) under the Money Purchase Section.
- 14.2 The Trustee may decide not to accept further contributions under the Money Purchase Section in respect of any Active Member if that Active Member has nominated a pension input period under Section 238 of the FA 2004 which differs from the pension input period nominated by the Trustee and has failed, after being requested to do so by the Trustee, to withdraw the nomination²²¹.
- 14.3 The Trustee may take such action as it considers appropriate to ensure that the Total Pension Input Amount of an Active Member does not exceed the Annual Allowance for any purpose consequential to calculating the Total Pension Input Amount but it is not obliged to do so and shall not be liable for any loss or alleged loss for failure to do so²²².

²²⁰ Defined in the Registration and Compliance Regulations as either (1) a reference the Regulator gives to the Trustee following registration by the Trustee, or (2) a reference the Trustee gives to the Employer evidencing the relationship between the Employer and the Money Purchase Section.

²²¹ Pensions Administration Manager

²²² Pensions Administration Manager



15 Questions of fact

The Trustee has the right to resolve any doubt or dispute as to the interpretation of the Rules and any question of fact in relation to the Rules.

16 Maternity and Family Leave

- 16.1 This Rule 16 applies to Active Members except those Active Members who joined the Money Purchase Section under Rule 2.2(c).
- 16.2 An Active Member may be absent from work for a period of maternity, paternity (being either Ordinary Paternity Leave or Additional Paternity Leave or both), adoption, Parental Leave or dependants leave referred to in this Rule 16. If that happens, Rule 6 (Leaving Active Membership) does not apply to the Active Member and Active Membership continues during the absence, subject to the special provisions set out in this Rule 16.
- 16.3 An Active Member may be absent from work for a period of Ordinary Maternity Leave, Paid Paternity Leave, Paid Adoption Leave or for Parental Leave which is paid, or for a further period of maternity leave, a period of family absence or in respect of a dependant (within Section 57A of the 1996 Act or any similar contractual right) during which statutory maternity pay or contractual or other remuneration is paid. If that happens, then, during the period of absence:
- (a) the Active Member shall pay contributions based on the pensionable emoluments he or she actually receives;
 - (b) the contributions paid by an Employer in respect of an Active Member:
 - (i) who is on maternity leave, paternity leave, or adoption leave, are based on the assumption that he or she was working normally and that his or her pensionable emoluments are what they would have been (as decided by the Employer) if he or she had been working normally and receiving the remuneration likely to have been paid for doing so;
 - (ii) who is on Parental Leave, family absence or is absent in respect of a dependant, are based on the pensionable emoluments he or she actually receives.
- 16.4 An Active Member may be absent from work for a period of unpaid maternity leave (which is not referred to in Section 71 of the 1996 Act), unpaid paternity leave, unpaid adoption leave, unpaid Parental Leave, unpaid family absence or in respect of a dependant (within Section 57A of the 1996 Act or any similar contractual right). If that happens, the Employer need not pay any contributions under Rule 3 (Contributions) for the period of absence.
- 16.5 If an Active Member, after a period of unpaid maternity leave, unpaid adoption leave or unpaid Parental Leave, exercises the right to return to work, he or she may, subject to the agreement of the Employer, require the Employer to pay contributions under Rule 3 (Contributions) for any part of his or her absence. To do this, the Active Member must agree to pay in respect of that part of his or her absence, the contributions which he or she would have paid under Rule 3 (Contributions) if he or she had been working normally and receiving the remuneration likely to have been paid for doing so.



SCHEDULE 3, SECTION 1 – THE MONEY PURCHASE SECTION

- 16.6 The Active Member may inform the Employer that he or she does not intend to return to work, or may lose the right to do so or may not in fact return to work and the Employer shall inform the Trustee in writing. If that happens, he or she ceases to be an Active Member and Rule 6 (Leaving Active Membership) applies from the day the Active Member stops receiving statutory maternity pay, statutory adoption pay or contractual remuneration. In the case of unpaid paternity leave, unpaid adoption leave or unpaid Parental Leave, he or she ceases to be an Active Member and Rule 6 (Leaving Active Membership) applies from the date when the Active Member's absence from work for that period of leave started.

17 Other temporary absence

- 17.1 This Rule 17 applies to Active Members other than those Active Members who joined the Money Purchase Section under Rule 2.2(c).
- 17.2 If an Active Member is absent from work for a reason not falling within Rule 16 (Maternity and Family Leave), he continues to be an Active Member during the period of absence (whether or not his contract of employment with the Employer ends) if the Employer concerned agrees and tells the Trustee in writing.
- 17.3 Membership must stop:
- (a) if, in the Employer's opinion, there is not (or there ceases to be) a definite expectation of return to work (unless the absence is because of Incapacity and whether or not he is receiving pay under a sick pay or insurance scheme which will not continue beyond his Normal Retirement Date); or
 - (b) if it is in the Trustee's view necessary to meet the Registration Requirements.
- 17.4 During a period of absence the Employer and an Active Member (or the Employer alone) may continue to contribute (at the previous rate or a different rate); alternatively contributions may be suspended until the Active Member's return to work.

If an Active Member does not return to work at the end of the period of absence, his Active Membership stops and the appropriate provisions of Rule 7.3 (Retirement before Normal Retirement Date on Incapacity or otherwise) or Rule 6 (Leaving Active Membership) apply.



Section 2: The Life Cover Section

1 Life Cover Rules

- 1.1 This Section contains the Rules of the Life Cover Section.
- 1.2 The Life Cover Section is treated as a separate scheme from the Money Purchase Section and the With Profits Section, and any other Final Salary Scheme under the Cheviot Trust.
- 1.3 In the Life Cover Rules, references to a “Member” means a Life Cover Member and “Employer” means a Life Cover Employer, and to a “Rule” means a Life Cover Rule.
- 1.4 A Member may also be a With Profits Member, a Final Salary Member and/or a Money Purchase Member.
- 1.5 The assets attributable to the Life Cover Section cannot be used for the purposes of any other Section and/or a Final Salary Scheme.
- 1.6 The Trustee’s decision as to assets and liabilities allocated to the Life Cover Section and as to a Member’s benefits shall be final.

2 Member eligibility and admission

- 2.1 An Employer may pay contributions to the Life Cover Section in respect of any of its employees. The employee must complete any application form the Trustee requires²²³ and supply any evidence²²⁴ required by the Trustee under Clause 21 (Evidence and information) of the Trust Deed²²⁵. Membership starts on the date notified in writing by the Trustee to the Member and the Employer concerned.
- 2.2 If a Member ceases to be employed by one Employer and becomes employed by another Employer, he shall continue to be a Member unless the Employer by whom he becomes employed decides that his Membership shall cease, and informs the Trustee in writing.
- 2.3 Notwithstanding any other provision in the Rules, an Employer may, in its absolute discretion, admit a partner (if it is a partnership) or a member (if it is a limited liability partnership) or a director (if it is a corporate employer) as a Member, or any other person whom the Trustee agrees to regard as an employee as if that person was an employee and references to an employee shall be construed as appropriate as referring to a partner of a partnership, or member of a limited liability partnership, or director of a corporate employer, or a person whom the Trustee regards as an employee.

²²³ Pensions Administration Manager

²²⁴ Pensions Administration Manager

²²⁵ If a Life Cover Member is also an Auto-enrolled Member, this requirement to give information applies only in respect of Life Cover Membership.



3 Employer's contributions

- 3.1 An Employer shall contribute to the Life Cover Section such amounts as are required to pay the premiums under the Life Cover Policy in respect of each Member employed by it. The benefits to be provided will be on terms and conditions agreed in writing between the Employer and the Trustee.
- 3.2 No contributions are payable to the Life Cover Section by a Member.
- 3.3 An Employer may, if the Trustee agrees ²²⁶and subject to satisfying the Registration Requirements, pay contributions in respect of any former employee.
- 3.4 Each Employer must pay its contributions to the Trustee by the due date notified to it by the Trustee or as directed by the Trustee from time to time. An Employer must give the Trustee any information relevant to the administration of the Life Cover Section in relation to the earnings of each Member employed by it. The Employer must inform the Trustee immediately of any change in earnings.
- 3.5 An Employer may request the Trustee to go off risk, in respect of any Member it employs. It must tell the Member concerned in writing and must also give the Trustee at least 1 (one) month's advance written notice and comply with the Trustee's policy on cessation of cover from time to time. The Employer must pay any contributions due before the date on which the Trustee goes off risk and if contributions are outstanding and unpaid the Trustee may go off risk immediately at its discretion.
- 3.6 The Trustee may require²²⁷ an Employer to stop contributing in respect of a Member.

4 Ending Membership

A Member ceases to be a Member on the date on which in the opinion of the Trustee:

- 4.1 he attains Normal Retirement Date (unless his life cover continues after Normal Retirement Date under Rule 7.1 (Death of a Life Cover Member - Lump Sum)); or
- 4.2 he ceases to be employed by an Employer or he ceases to be regarded by the Trustee as an employee under Rule 2.3 (unless Rule 11 (Other temporary absence) applies); or
- 4.3 the Trustee has gone off risk in respect of him under Rule 3.5 (Employer's contributions); or
- 4.4 he exercises his right to end his Membership by telling the Employer, in writing, subject to the period of notice (not more than 3 (three) months) required by the Employer; or
- 4.5 if the Member is also a Money Purchase Active Member, and his Money Purchase Account has been applied under Money Purchase Rule 7.3 (Retirement before Normal Retirement Date on Incapacity or otherwise), unless any Life Cover Policy has been effected by the Trustee in relation to him at the written request of the Employer and the Member has been informed in writing of such cover.

²²⁶ Pensions Administration Manager

²²⁷ Pensions Administration Manager



5 Contributions limits

The Trustee may, having regard to the Registration Requirements, require that an Employer must reduce its contributions in respect of a Member or stop paying them, but is not obliged to do so and shall not be responsible for any loss (or alleged loss) arising from a failure to do so. Contributions may be resumed if and to the extent the Trustee informs the Employer.

6 Life Cover Section expenses

- 6.1 The Trustee determines and allocates Cheviot Pension expenses and costs of administration and management at its discretion²²⁸ from time to time as follows:
- (a) expenses are apportioned between the With Profits Section, the Money Purchase Section, and the Life Cover Section when such expenses are attributable to more than 1 (one) Section; and
 - (b) expenses which the Trustee determines are wholly referable to the Life Cover Section are allocated directly to the Life Cover Section; and
 - (c) expenses which the Trustee determines are wholly referable to a Member are allocated directly to that Member;
- 6.2 The Trustee may apply Life Cover Section assets, as it deems appropriate, to meet expenses of the Life Cover Section.

7 Death of a Life Cover Member – Lump Sum

- 7.1 If a Member dies, a lump sum will be paid in accordance with Clause 14 of the Trust Deed (Payment of lump sums on death). This shall include a Member in employment over Normal Retirement Date, where the Employer so specifies.
- 7.2 The amount of lump sum payable under this Rule 7 on the death of a Member will be equal to the proceeds of any Life Cover Policy effected by the Trustee in relation to him under Rule 3.1 (Employer's contributions), subject to deduction of any expenses by the Trustee under Rule 6.1(c) (Life Cover Section expenses) and subject to Rule 7.3, unless the Employer specifies otherwise and pays any additional contribution which the Trustee may require to pay the benefit in full.
- 7.3 Where all or part of a lump sum is to be used to provide pensions for the spouse and/or surviving civil partner and/or Dependants of the Member in accordance with any terms and conditions agreed between the Employer and the Trustee under Rule 3 (Employer's contributions), the Trustee shall, subject to those terms, decide which of those persons is to receive a pension and its amount²²⁹.
- 7.4 In the event of the death of a member of the Jones Day (London) Pension Scheme (the **Jones Day Scheme**), an amount equal to the **Jones Day Benefit** shall be payable under the Life Cover Section, in the same circumstances as would have applied under the Jones Day Scheme, subject to payment of the necessary premiums by the Jones Day Scheme Employer. In this Rule 7.4, the Jones Day Benefit means the lump

²²⁸ Finance and Operations Committee

²²⁹ Legal Committee

sum benefit which would have been payable for the purpose of Rule 9.3 (Death of a Member in Employment on or before Normal Retirement Date) of the general final salary rules dated 27 July 2007 (as amended from time to time) in accordance with the FS Appendix for the Jones Day Scheme in force on 10 June 2009 (but calculated as if the FS Appendix was still in force). For the avoidance of doubt the benefit is provided under the Life Cover Section in substitute for the benefit previously provided under the Jones Day Scheme.

Provided that:

- (a) the amount of the lump sum death benefit (if any) and the circumstances in which it shall be payable, may be as otherwise agreed between the Trustee and the Jones Day Employer from time to time;
- (b) a member of the Jones Day Scheme as described above shall be deemed to be a Life Cover Member; and
- (c) a person nominated as a potential recipient of the lump sum death benefit in relation to the Jones Day Scheme may be recognised by the Trustee as such in relation to the Life Cover Section.

8 Questions of fact

The Trustee has the right to resolve any doubt or dispute as to the interpretation of the Rules or any question of fact in relation to the Rules²³⁰.

9 Unallocated Life Cover Section funds

If the Trustee is unable ultimately, whether as a result of the FA 2004 or otherwise, to apply all or part of a lump sum under Clause 14 of the Trust Deed (Payment of lump sums on death), that balance shall accrue to the Life Cover Section generally on an unallocated basis and the Trustee may at its discretion utilise those funds for the general purposes of the Life Cover Section.

10 Maternity and Family Leave

- 10.1 A Member may be absent from work for a period of maternity, paternity (being either Ordinary Paternity Leave or Additional Paternity Leave or both), adoption, parental or dependants leave referred to in this Rule. If that happens, Rule 4 (Ending Membership) does not apply to the Member and Membership continues during the absence, subject to the special provisions set out in this Rule 10.
- 10.2 A Member may be absent from work for a period of Ordinary Maternity Leave, or for Paid Paternity Leave, Paid Adoption Leave, or for Parental Leave which is paid, or for a further period of maternity leave, a period of family absence, or in respect of a dependant (within Section 57A of the 1996 Act or any similar contractual right) during which statutory maternity pay or contractual or other remuneration is paid.

²³⁰ Chief Executive or Legal Committee, dependent on issue.



SCHEDULE 3, SECTION 2 – THE LIFE COVER SECTION

- 10.3 Any lump sum payable under the Rules in respect of a Member, will be based on what her emoluments would have been (as decided by the Employer) if she had been working normally and receiving the remuneration likely to have been paid for so doing.
- 10.4 A Member may be absent from work for a period of unpaid maternity leave (which is not referred to in Section 71 of the 1996 Act), unpaid paternity leave, unpaid adoption leave, unpaid Parental Leave, unpaid family absence or in respect of a dependant (within Section 57A of the 1996 Act or any similar contractual right). If that happens, the Member remains a Member so far as any lump sum which might be paid under Rule 7 (Death of a Life Cover Member - Lump Sum) is concerned.
- 10.5 The Member may inform the Employer that she does not intend to return to work, or may lose the right to do so or may not in fact return to work and the Employer shall so inform the Trustee in writing. If that happens, she ceases to be a Member and Rule 4 (Ending Membership) applies from the day the Member stops receiving statutory maternity pay, statutory adoption pay, or contractual remuneration. In the case of unpaid paternity leave, unpaid adoption leave, or unpaid Parental Leave, he or she ceases to be a Member and Rule 4 (Ending Membership) applies from the date when the Member's absence from work for that period of leave started. No lump sum will be paid under the Rules in respect of the Member on or after the day on which the Employer is informed that the Member does not intend to return to work or, as the case may be, on the day on which the Member loses the right to return to work.

11 Other temporary absence

If a Member is absent from work for a reason not falling within Rule 10 (Maternity and Family Leave), he continues to be a Member during the period of absence (whether or not his contract of employment with the Employer ends) if the Employer concerned agrees and tells the Trustee in writing. Membership must stop:

- 11.1 if, in the Employer's opinion, there is not (or there ceases to be) a definite expectation of return to work (unless the absence is because of Incapacity and whether or not he is receiving pay under a sick pay or insurance scheme which will not continue beyond his Normal Retirement Date); or
- 11.2 if it is in the Trustee's view necessary to meet the Registration Requirements; or
- 11.3 if a Member does not return to work at the end of the period of absence.



Schedule 4
Provisions applicable to all the Cheviot Trust Schemes

Section 1: HMRC Limits and Tax

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1 Overriding

- 1.1 This Schedule overrides all other provisions of The Cheviot Trust, except to the extent that it would conflict with the 1993 Act and Clause 25 (Alterations) and Clause 21.4 (Jobholders) of the Trust Deed.
- 1.2 In this Schedule reference to **The Cheviot Trust** means in respect of any Member, Benefit Recipient or Participating Employer, the particular Cheviot Trust Scheme, Benefit Recipient or Participating Employer, as appropriate.

2 Tax in respect of the payment of benefits from The Cheviot Trust

- 2.1 Benefit Recipients shall be responsible for the payment of any tax which arises on or in respect of any benefit paid to or in respect of such individuals. The Trustee²³¹ may withhold the payment of any benefit under The Cheviot Trust or part thereof until the Trustee is satisfied that the payment of the benefit will not result in a tax liability becoming due from the Trustee or The Cheviot Trust under the FA 2004 or otherwise. The Trustee²³² shall be entitled to deduct the amount of any tax payable from any present or future benefits to which such individuals are entitled, and may, in respect of a Cheviot Pension Member, deduct tax from the Member's benefits under any or all Sections of which he is a Member. The Trustee²³³ may postpone any payment of any benefits under The Cheviot Trust until the amount of, and liability for, any tax has been determined.
- 2.2 The Trustee²³⁴ shall be entitled to deduct from a Benefit Recipient's benefits any Lifetime Allowance Charge which reflects any liability of the administrator of The Cheviot Trust for the purposes of Section 270 of the FA 2004 where that Benefit Recipient's remaining Lifetime Allowance (if any) is exceeded as a result of his membership of The Cheviot Trust and/or any other Registered Pension Scheme.
- 2.3 None of the Trustee, The Cheviot Trust nor any Participating Employer shall be liable for any tax that becomes due if the Lifetime Allowance Charge is due to the payment of a **relevant lump sum death benefit** (within the meaning of Schedule 32 to the FA 2004) on a Benefit Recipient's death where the recipient may be liable.
- 2.4 If the Total Pension Input Amount in respect of a Benefit Recipient's membership of The Cheviot Trust and any other Registered Pension Scheme exceeds the Annual Allowance, any tax that becomes due as a result shall be payable by that Benefit Recipient.
- 2.5 The Trustee shall not be bound to enquire whether:
- (a) contributions are being paid or have been payable in respect of a Benefit Recipient to any other Registered Pension Scheme; and/or
 - (b) benefits are applicable in respect of a Benefit Recipient from any other Registered Pension Scheme.

²³¹ Chief Executive

²³² Chief Executive

²³³ Chief Executive

²³⁴ Pensions Administration Manager



SCHEDULE 4 – SECTION 1, HMRC LIMITS AND TAX

- 2.6 None of the Trustee, The Cheviot Trust nor the Participating Employers shall be liable for any tax which becomes due as a result of a Benefit Recipient's Total Pension Input Amount exceeding the Annual Allowance in respect of that Benefit Recipient.

3 [Not used]

4 [Not used]

5 Other pension arrangements

If requested by the Trustee, a Benefit Recipient shall inform the Trustee in writing of his participation in any other Registered Pension Scheme in addition to his membership of The Cheviot Trust or subsequent to his membership of The Cheviot Trust. The Trustee shall not be liable for any tax or losses occasioned by a failure to do so.

6 Unauthorised Payments

- 6.1 Notwithstanding any other provisions of The Cheviot Trust, there shall be no right for any person to receive a payment from The Cheviot Trust which would be an Unauthorised Payment.
- 6.2 Any provision (however framed) in The Cheviot Trust, including the FS Rules, as they stood immediately before 6 April 2006 (and as re-stated in the Trust Deed) which would require the Trustee (a) to make a payment which would be an Unauthorised Payment; or (b) to make such a payment if the consent of the Participating Employer or any other person was given for their doing so, shall be construed as conferring a discretion upon the Trustee to make that payment. If, immediately before 6 April 2006, the consent of the Participating Employer, or any other person, was required before the Trustee could make any other discretionary payment the Trustee may only exercise its discretion with the consent of that person.
- 6.3 Neither the Trustee nor the Participating Employers shall be liable for any loss caused to any person whether or not they exercise their powers under Rule 6 of this Schedule.
- 6.4 Subject to Rule 6.1 of this Schedule, the Trustee²³⁵ may decide to make an Unauthorised Member Payment from The Cheviot Trust to the extent that it is referable to **subsisting rights** (within the meaning of Section 67A(6) of the 1995 Act) which have accrued under defined benefits arrangements before 6 April 2006, or to contributions which have been paid to The Cheviot Trust under money purchase arrangements before 6 April 2006. This power will not apply in the case of an Unauthorised Member Payment which comprises or includes a refund of AVCs to the extent that such a refund could have been used to provide pension benefits for the Member and his dependants without prejudicing the approval (as defined in the trust deed and rules dated 1 April 2005) of The Cheviot Trust before 6 April 2006.
- 6.5 Subject to Rule 6.1 of this Schedule, the Trustee²³⁶ may, in its discretion, make a payment (or take other action not involving a payment) to or in respect of a Member which would be treated as an Unauthorised Payment, whether or not otherwise provided for under The Cheviot Trust, provided that:

²³⁵ Chief Executive

²³⁶ Chief Executive



SCHEDULE 4 – SECTION 1, HMRC LIMITS AND TAX

- (a) the Member (or if the Member is dead, the other person concerned) consents in writing;
- (b) the Trustee²³⁷ may require the Member (or if the Member is dead, the other person concerned) to provide a complete written discharge and indemnity to the Trustee in respect of all and any taxes or charges relating to the Unauthorised Payment (except that such indemnity shall not apply to any scheme sanction charge under Section 239 and Section 240 of the FA 2004 that would apply to The Cheviot Trust in connection with the Unauthorised Payment); and
- (c) the Trustee²³⁸ may deduct an amount equal to the scheme sanction charge under Section 239 and Section 240 of the FA 2004 that would apply to The Cheviot Trust in respect of the Unauthorised Payment.

7 Member who qualifies for Protected Status

- 7.1 This Rule applies in relation to a Member who qualifies for Protected Status and who has informed the Trustee in writing of such qualification. Payments and contributions under The Cheviot Trust in respect of such a Member shall be limited to the extent necessary so that Protected Status continues to apply, unless specifically agreed otherwise by the Member, Participating Employer and the Trustee.
- 7.2 None of the Trustee, the Participating Employers or The Cheviot Trust (or persons acting on behalf of such parties) shall incur any liability for relying on information provided either by the Member or on the Member's behalf or where the Member has failed to advise the Trustee in writing of his Protected Status.

8 Open market option for Money Purchase Arrangements

The Trustee²³⁹ shall provide a Member or other Benefit Recipient who has a **money purchase arrangement** as defined in Section 152 of the FA 2004 or a dependant of such a person, with the opportunity to select a **lifetime annuity** or a **dependant's annuity**, as appropriate, in accordance with Sections 165 and 167 of the FA 2004.

9 Where Member's benefits not in payment by age 75

- 9.1 If a Member's benefits have not become payable before age 75, the Trustee²⁴⁰ shall provide benefits in respect of the Member as it decides in accordance with the FA 2004. The Trustee shall first deduct and account for any Lifetime Allowance Charge.
- 9.2 No Pension Commencement Lump Sum may be paid, nor may any other lump sum be paid unless it would be an **authorised lump sum** under the FA 2004.

²³⁷ Chief Executive

²³⁸ Chief Executive

²³⁹ Pensions Administration Manager

²⁴⁰ Pensions Administration Manager



10 Registration

- 10.1 The Trustee²⁴¹ shall ensure that each Cheviot Trust Scheme is registered with HMRC in accordance with Section 153 of the FA 2004.
- 10.2 The Trustee²⁴² shall comply with the Registration Requirements and shall provide HMRC with such information as it shall from time to time require.

²⁴¹ Chief Executive

²⁴² Chief Executive



Section 2: Pension Sharing On Divorce

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1 Interpretation

- 1.1 In this Schedule **Member** includes a person who has been admitted to membership of The Cheviot Trust.
- 1.2 In this Schedule, references to Clause 14 (Payment of lump sums on death) of the Trust Deed are to be read as if the references to a Member are to an Ex-Spouse or, according to the context, an Ex-Spouse Participant.
- 1.3 In this Schedule reference to **The Cheviot Trust** and **section of The Cheviot Trust** means in respect of any Member or other person, the particular Cheviot Trust Scheme referable to that Member or other person, as appropriate.

2 Providing information and giving effect to a Pension Sharing Order²⁴³

- 2.1 The Trustee must comply with the requirements imposed by the Pensions on Divorce etc. (Provision of Information) Regulations 2000 (the supply of information to members and their spouses or former spouses) in relation to pensions on divorce, separation or nullity.
- 2.2 The Trustee must give effect to a Pension Sharing Order, and implement a Pension Debit and discharge its liability in respect of a Pension Credit, in accordance with Part IV of the 1999 Act and the provisions of this Schedule.
- 2.3 The Trustee may discharge its liability by conferring rights to benefits under The Cheviot Trust on the person entitled to the Pension Credit by maintaining an Account for the Ex-Spouse Participant to which his Pension Credit is credited and then applied in accordance with this Schedule.
- 2.4 The Trustee may recover from a Member, his Spouse and/or his Ex-Spouse any costs of the Trustee in respect of a Pension Sharing Order or in respect of an earmarking order made under Sections 23, 25B and 25C of the Matrimonial Causes Act 1973 in accordance with any policy adopted by the Trustee from time to time, subject to the Pensions on Divorce etc. (Charging) Regulations 2000. The Trustee's costs may be recovered by making a deduction from the Member's benefits, and if the Member is a member of more than one section of the Cheviot Trust, from such section or sections as the Trustee considers appropriate.
- 2.5 The Trustee may decide in respect of any individual case or for all cases until that decision is changed that all or any of the provisions in this Schedule can be relaxed concerning the benefits to be paid to or in respect of an Ex-Spouse or an Ex-Spouse Participant or the treatment of a Member with a Pension Debit, so long as such relaxation would not cause The Cheviot Trust to cease to be a Registered Pension Scheme or breach any legislative restriction.

²⁴³ All powers exercised by Pensions Administration Manager according to agreed internal policies. Relevant policies include Transfer value calculation policy- review date October 2021 and Pension sharing on divorce policy- review date November 2021.



3 Participation of Ex-Spouses in The Cheviot Trust²⁴⁴

An Account into which the Pension Credit of the Ex-Spouse Participant must be credited must be maintained by the Trustee in accordance with Rule 3 of this Schedule in respect of the Ex-Spouse Participant until the Account is wholly used to provide benefits for or in respect of the Ex-Spouse Participant, at which time the Account is cancelled.

The following applies in respect of the Ex-Spouse Participant's Account, subject to compliance with Part IVA of the 1993 Act:

3.1 Benefits for Ex-Spouse

On attaining age 65 (sixty-five) (or such other age as long as it is on or after the Ex-Spouse Participant's Minimum Pension Age and before age 75 as the Trustee might agree at the request of the Ex-Spouse Participant) or as from the date on which the Pension Sharing Order is implemented if this occurs after the Ex-Spouse Participant has attained age 65 (sixty-five), the Ex-Spouse Participant's Account will be applied, subject to Rule 3.2 of this Schedule in accordance with Money Purchase Rule 7 (Retirement) and With Profits Rule 7 (Retirement). However, the Ex-Spouse Participant's pension and any Spouse's and/or Dependant's pension cannot be commuted, surrendered or assigned except, in the case of the Ex-Spouse Participant, in accordance with Rule 3.2 of this Schedule. If the Ex-Spouse is also a Member, his Account under this Rule may, if the Trustee agrees, be applied (in the manner set out above) before he attains Minimum Pension Age on grounds of incapacity, subject to meeting the Registration Requirements, if his Member's Account is simultaneously applied under the Rules.

3.2 Exchanging pension for lump sum

- (a) The Ex-Spouse Participant may, by written notice to the Trustee, choose to take his Account in the form of a lump sum, subject to PCB Regulation 3 and to this Rule 3.2.
- (b) The lump sum is limited to the maximum permitted for a lump sum to qualify as a Pension Commencement Lump Sum.
- (c) No lump sum may be paid to the Ex-Spouse Participant where the Member who was formerly married to the Ex-Spouse Participant has already received a lump sum benefit from The Cheviot Trust before the date of the implementation of the Pension Sharing Order.
- (d) Subject to satisfying the Registration Requirements, the Trustee may at its discretion pay the whole of the Ex-Spouse Participant's Account in the form of a Trivial Commutation Lump Sum or exceptional circumstances of serious ill-health when the account falls to be applied in accordance with this Rule and must take into account other benefits as necessary including any benefits the Ex-Spouse Participant is also entitled to under The Cheviot Trust arising from Employment.

²⁴⁴ All powers exercised by Pensions Administration Manager according to agreed internal policies. Relevant policies include Transfer value calculation policy- review date October 2021 and Pension sharing on divorce policy- review date November 2021.



SCHEDULE 4 – SECTION 2, PENSION SHARING ON DIVORCE

3.3 Death of Ex-Spouse Participant before Account is applied

- (a) If the Ex-Spouse Participant dies before his Account falls to be applied in accordance with this Rule, a lump sum death benefit will be paid at the discretion of the Trustee in accordance with Clause 14 of the Trust Deed (Payment of lump sums on death).
- (b) The lump sum will be 25% (twenty-five per cent) of the amount in the Ex-Spouse Participant's Account at the date of death.
- (c) The balance of the Account will be used to provide a non-commutable pension to the Spouse and/or to a Dependant or Dependents of the Ex-Spouse Participant as the Ex-Spouse has agreed with the Trustee before his death or, in the absence of any such agreement, as decided by the Trustee.
- (d) The amount of pension payable to the Spouse and/or to a Dependant is decided by the Trustee after taking actuarial advice and notified by the Trustee to the Spouse and/or to the Dependant(s). It is limited to a maximum of $\frac{2}{3}$ (two-thirds) of the amount of the pension that could have been paid to the Ex-Spouse Participant at the date of death had the whole of the Cash Equivalent of the Pension Credit Rights been used to purchase an annuity at an available market rate.
- (e) Where more than 1 (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 Ex-Spouse Participant.
- (f) The terms on which a pension is paid are decided by the Trustee but a pension must be payable for life, except that a Dependant's pension paid to a child must cease when the child ceases to qualify as a Dependant.
- (g) The Trustee may commute the whole of the benefit payable under this Rule for a lump sum on the grounds of Triviality at the time the benefit becomes payable.

3.4 Voluntary transfer or buy-out by Ex-Spouse of Cash Equivalent of Pension Credit Benefit

The Trustee must act on a Transfer Notice given by an Ex-Spouse Participant subject to, and in accordance with Part IVA of the 1993 Act. The Trustee must also confirm to the receiving arrangement that the transfer payment consists wholly or partly of rights to a Pension Credit Benefit.

3.5 Ex-Spouse Participants who are also Members

Unless an Ex-Spouse Participant has only a Pension Credit Benefit, the Trustee must make provision for the Pension Credit Benefit to be treated as provided separately from any benefits provided under The Cheviot Trust for the same individual as a Member or as the Dependant of a Member.

3.6 Bankruptcy of Ex-Spouse Participant

The rights to a Pension Credit Benefit are not absolute; they will be forfeited if the Ex-Spouse Participant became bankrupt before 6 April 2002. Such rights may then be applied by the Trustee in accordance with Clause 18.3 of the Trust Deed (Benefits not to be assigned).



4 Compulsory Buy-Out of Pension Credit Rights

The Trustee may provide for benefits in respect of an Ex-Spouse Participant which are different from those set out in Rule 3 (Participation of Ex-Spouses in The Cheviot Trust) of this Schedule to be secured by means of a transaction to which Section 19 of the 1993 Act applies in accordance with the PCB Regulations.

5 Compulsory transfer of Pension Credit Rights

The Trustee may provide for an Ex-Spouse's Participant's Pension Credit Rights to be transferred to another occupational pension scheme without the Ex-Spouse's consent in accordance with PCB Regulation 10.

6 Transfers in and out which include Pension Debits²⁴⁵

Where the Trustee will accept a transfer payment under the Money Purchase Rules or the FS Rules and it is given by the transferor details of a Pension Debit relating to the benefits to which the transfer payment relates, the Trustee must take account of the Pension Debit, if required by HMRC, in the calculation of any limit on benefits for that Member. If a transfer payment is made in respect of a Member, the Trustee must give full details of the Pension Debit to the new occupational pension scheme or pension arrangement.

7 Transfers in which include Pension Credit Rights²⁴⁶

The Trustee will accept a transfer payment for an individual who is already a Member or is already an Ex-Spouse Participant if it is informed by the transferor that the transfer value consists wholly or partly of Pension Credit Rights in the former scheme or arrangement. If such a transfer payment is accepted, the Trustee must separately identify the transfer payment relating to the Pension Credit Rights or the part of the transfer payment relating to the Pension Credit Rights, from other rights of the Member or Ex-Spouse Participant. The Trustee must make provision for the transferred-in Pension Credit Rights to be treated as provided separately from any benefits provided under The Cheviot Trust for the same individual. The individual will then acquire the status of an Ex-Spouse Participant in The Cheviot Trust in relation to his transferred-in Pension Credits Benefits. Such Pension Credit Benefits will not count towards any limit on benefits for that Member relating to the application of Pre 6 April 2006 Tax Approval in accordance with FS Rule 16.2 (FA 2004 - limits on benefits and transitional provisions).

8 Death of Ex-Spouse before the Trustee acts on a Pension Sharing Order

- 8.1 If an Ex-Spouse with Pension Credit Rights dies before the Trustee has discharged its liability in respect of the Pension Credit, a lump sum will be paid at the discretion of the Trustee²⁴⁷ in accordance with Clause 14 of the Trust Deed (Payment of lump sums on death).

²⁴⁵ All powers exercised by Pensions Administration Manager according to agreed internal policies

²⁴⁶ All powers exercised by Pensions Administration Manager according to agreed internal policies. Transfers in are only accepted into the Money Purchase Section

²⁴⁷ Legal Committee



SCHEDULE 4 – SECTION 2, PENSION SHARING ON DIVORCE

- 8.2 The lump sum will be 25% (twenty-five per cent) of what would have been the Cash Equivalent of the Pension Credit Rights.
- 8.3 The balance of the Cash Equivalent will be used to provide a non-commutable pension to the Spouse and/or to a Dependant or Dependents of the Ex-Spouse as decided by the Trustee.
- 8.4 The amount of pension payable to the Spouse and/or to a Dependant is decided by the Trustee after taking actuarial advice and notified by the Trustee to the Spouse and/or to the Dependant. It is limited to a maximum of $\frac{2}{3}$ (two-thirds) of the amount of the pension that could have been paid to the Ex-Spouse 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. Where more than 1 (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 Ex-Spouse. The terms on which a pension is paid are decided by the Trustee but a pension must be payable for life, except that a Dependant's pension which is paid to a child must cease when the child ceases to qualify as a Dependant²⁴⁸.
- 8.5 The Trustee may commute the whole of the benefit payable under this Rule 8 for a lump sum on the grounds of Triviality at the time the benefit becomes payable²⁴⁹.

9 HMRC Limits on benefits of Restricted Members

- 9.1 Subject to compliance with the 1993 Act, the benefits for a Restricted Member are subject, where appropriate, to the limits set out in FS Rule 16.2 (FA 2004 - limits on benefits and transitional provisions) and additionally to the following:
- (a) The pension shall not exceed the maximum pension payable to him in accordance with the above mentioned FS Rule 16.2 less the Negative Deferred Pension in The Cheviot Trust and the Negative Deferred Pension in any Current Arrangements and, in the case of a Member in relation to whom the Earnings Cap applies, the Negative Deferred Pension in any Connected Scheme.
- (b) The lump sum from The Cheviot Trust and any Current Arrangements shall not exceed:
- (i) for Restricted Members who are Members in relation to whom the Earnings Cap applies or Continued Rights 1989 Members, an amount determined by 2.25 (two and one-quarter) times the initial annual pension payable;
- (ii) for Restricted Members who are Continued Rights 1987 Members, an amount of the greater of:
- (A) 2.25 (two and one-quarter) times the initial annual pension payable; or
- (B) an amount determined in accordance with Section 1 of Schedule 4 (HMRC Limits and Tax) as if there had been no Pension Debit, less 2.25 (two and one-quarter)

²⁴⁸ Legal Committee

²⁴⁹ Pension Administration Manager



SCHEDULE 4 – SECTION 2, PENSION SHARING ON DIVORCE

times the Negative Deferred Pension in The Cheviot Trust and in any Current Arrangements.

For the purposes of this Rule, the initial annual pension should be calculated on the following bases:

- (1) if the pension payable for the year changes, the initial pension payable should be taken;
 - (2) it should be assumed that the Restricted Member will survive for a year;
 - (3) the effect of commutation for triviality or otherwise should be ignored.
- (b) On the death of the Restricted Member, any pension for a Dependant shall, where appropriate, not exceed two-thirds of the Member's pension calculated in accordance with the limits set out in FS Rule 16.2 (FA 2004 - limits on benefits and transitional provisions) as if there had been no Pension Debit, less the Negative Deferred Pension and the Negative Deferred Pension in any Current Arrangements and, in the case of a Member in relation to whom the Earnings Cap applies, the Negative Deferred Pension in any Connected Scheme. Where more than one Dependant's pension is to be paid, where appropriate, the total of all the pensions cannot exceed the Member's pension calculated in accordance with the limits set out in FS Rule 16.2 as if there had been no Pension Debit, less the Negative Deferred Pension and the Negative Deferred Pension in any Current Arrangements and, in the case of a Member in relation to whom the Earnings Cap applies, the Negative Deferred Pension in any Connected Scheme.

10 Cheviot Pension

- 10.1 This Schedule shall be modified in its application to the Money Purchase Section, the Life Cover Section, and the With Profits Section to the extent the Trustee may determine in relation to commutation, and such other matters as the Trustee may from time to time decide, subject to satisfying the Registration Requirements.
- 10.2 The benefit limits relating to the application of Pre 6 April 2006 Tax Approval under FS Rule 16.2 (FA 2004 - limits on benefits and transitional provisions) do not apply to the With Profits Section, the Money Purchase Section or the Life Cover Section unless the Rules of those Sections expressly provide otherwise.

11 Pension Sharing under Scottish Law

The Trustee shall follow the principles and apply the provisions of this Schedule in relation to the implementation of any Pension Sharing Order which is activated under Scottish law but with the Trustee adapting the provisions of this Schedule as required by Scottish law.

12 Adjustment of Pension on Divorce

Where the Trustee receives a Pension Sharing Order in respect of an Ex-Spouse Participant the Trustee²⁵⁰ shall reduce the pension benefit of the Member, Early Leaver or Pensioner in question in order to comply

²⁵⁰ Pensions Administration Manager



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with the requirements of the Pension Sharing Order and shall notify the Member, Early Leaver or Pensioner in writing accordingly.



Schedule 5

The With Profits Section Rules

1 The With Profits Rules

- 1.1 This Section contains the Rules of the With Profits Section.
- 1.2 The With Profits Section is treated as a separate Section from the Money Purchase Section and the Life Cover Section, and any other Final Salary Scheme under the Cheviot Trust.
- 1.3 The following phrases relating to the With Profits Section have the following meanings:

With Profits Account means assets representing that part of a With Profits Member's Account which relates to contributions or a transfer made by or on behalf of him to the With Profits Section; and in the With Profits Rules **Account** has the same meaning;

With Profits Closure Date means midnight on 31 December 2002;

With Profits Employer means:

- (a) an Employer which has been admitted to participation or succeeded an Employer in the With Profits Section in accordance with Clauses 2.1, 2.2 or 2.7 of the Trust Deed (Qualifying Employers and substitution of an Employer) or under previous documentation governing the Cheviot Pension, including any Participating Employer which:
- (i) contributed in respect of a With Profits Member at any time prior to the With Profits Closure Date; or
 - (ii) employed a With Profits Member at any time when the With Profits Member made contributions prior to the With Profits Closure Date; and
- (b) any other employer, person, partnership or entity which has given an express undertaking to adopt or guarantee the obligations of a With Profits Employer or which has otherwise undertaken or assumed the obligations of a With Profits Employer to the With Profits Section, in either case in a form satisfactory to the Trustee²⁵¹; and
- (c) any Participating Employer which the Trustee²⁵² determines to be a successor in business of another With Profits Employer (or to be or have been associated with a successor in business of another With Profits Employer), whether such Participating Employer participates or participated in the With Profits Section or in any other Section or Cheviot Trust Scheme; and in the With Profits Rules **Employer** has the same meaning.

²⁵¹ Chief Executive with advice

²⁵² Legal Committee or With Profits Working Party, implemented by Chief Executive



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A With Profits Employer shall remain as a With Profits Employer subject to the Trust Deed (as amended from time to time) and shall not cease to be a With Profits Employer whether or not it ceases or has ceased to employ a Member or it has given notice to the Trustee that it wishes to stop contributing or otherwise, save where the Trustee consents in accordance with Rule 3.5 (Discharge of a With Profits Employer) of this Schedule 5;

With Profits Member means a Member who has made a contribution to a With Profits Account, or a Member on whose behalf a contribution has been made by a With Profits Employer to a With Profits Account; and in the With Profits Rules **Member** has the same meaning;

With Profits Pensioner means a With Profits Member who is a Pensioner and for whom a Policy has not been purchased, or a Pensioner who transferred from the Money Purchase Section to the With Profits Section prior to 1 July 2005; and in the With Profits Rules **Pensioner** has the same meaning;

With Profits Rules means the Rules relating to the With Profits Section set out in this Schedule 5;

With Profits Section means the Section which comprises assets representing contributions or transfer made to a With Profits Account. The With Profits Section includes assets and liabilities which formerly related to Money Purchase Accounts for persons who became Pensioners and for whom a Policy was not purchased from the Money Purchase Section.

- 1.4 A Member has an Account under the With Profits Section. Assets transferred to the With Profits Section and contributions paid prior to the With Profits Closure Date to the With Profits Section are credited to a Member's Account.
- 1.5 A Member may also be a Money Purchase Member, and/or be a Life Cover Member.
- 1.6 The assets attributable to the With Profits Section cannot be used for the purposes of any other Section and/or a Final Salary Scheme, and the Trustee's decision as to assets and liabilities of the With Profits Section and as to a credit to an individual Member's Account shall be final.

2 Eligibility and admission

The With Profits Section closed to Member contributions, transfers in and new entrants, with effect from the With Profits Closure Date²⁵³ except in respect of a Pensioner who retired before 1 July 2005 whose Money Purchase Account was transferred to the With Profits Section at his retirement.

3 With Profits Employer contributions

- 3.1 Ordinary deficit contributions
 - (a) Each With Profits Employer shall make such contribution (if any) from time to time as may be decided by the Trustee, having obtained the advice of the Actuary, in order to reduce or eliminate any deficiency or anticipated deficiency in the With Profits Section's resources. Such deficiency shall be calculated by reference to the ongoing basis of calculation adopted in the

²⁵³ The With Profits Closure Date means midnight on 31 December 2002

SCHEDULE 5 – THE WITH PROFITS SECTION

most recently completed actuarial valuation of the With Profits Section, with such modification, if any, as the Trustee shall determine having obtained the advice of the Actuary.

- (b) This Rule shall continue in full force in relation to each With Profits Employer until the earlier of that With Profits Employer's release from its obligations under Rule 3.5 (Discharge of a With Profits Employer) or the termination of the With Profits Section under Clause 30 (Termination of the Cheviot Pension) of the Trust Deed.

3.2 Additional deficit contributions

- (a) In addition to its powers under Rule 3.1 (Ordinary deficit contributions), and in addition to and without prejudice to the operation of Section 75, where:
 - (i) an Insolvency Event or a Prescribed Insolvency Event occurs or has occurred at any time in relation to a With Profits Employer; or
 - (ii) the Trustee has reasonable grounds to believe that an Insolvency Event or a Prescribed Insolvency Event will occur in relation to a With Profits Employer; or
 - (iii) a With Profits Employer requests that the Trustee consents to it ceasing to be a With Profits Employer under Rule 3.5 (Discharge of a With Profits Employer) or effecting a bulk transfer in the manner contemplated in Rule 3.4 (Bulk transfers)²⁵⁴; or
 - (iv) a With Profits Employer has transferred, transfers or proposes to transfer its business or undertaking to another entity (save where that entity agrees in terms satisfactory to the Trustee²⁵⁵ to accept the liabilities of the With Profits Employer); or
 - (v) a statutory declaration of solvency is or has at any time been made in relation to a With Profits Employer under Section 89 of the Insolvency Act 1986 and a resolution is or has been passed for the commencement of a members' voluntary liquidation under Part IV of the Insolvency Act 1986; or
 - (vi) a With Profits Employer which is a partnership at any time undergoes a general dissolution or ceases trading or ceases to exist as a partnership in circumstances which do not constitute an Insolvency Event or a Prescribed Insolvency Event; or
 - (vii) the Trustee determines (having taken appropriate professional advice) that the ability of a With Profits Employer to contribute to the With Profits Section is or may be or has at any time been materially prejudiced,

(collectively, the **Trigger Events**);

the Trustee may require a specific With Profits Employer which has suffered a Trigger Event (a **Relevant With Profits Employer**) or a group of such employers to pay an additional lump sum contribution or contributions having regard to any past, present or anticipated deficiency in the With Profits Section's resources. Such deficiency in the With Profits Section's resources shall be calculated by reference to the

²⁵⁴ Policy agreed in principle by the Legal Committee or the With Profits Working Party and implemented by the Chief Executive as required

²⁵⁵ Terms agreed in principle by the Legal Committee or the With Profits Working Party and implemented by the Chief Executive as required

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cost (or if the Trustee determines, an amount not exceeding the cost) estimated by the Actuary of securing the With Profits Section's liabilities by the purchase of immediate or deferred annuities from an Insurance Company, on such basis and using such approximations as to data, expenses or otherwise as the Trustee on the advice of the Actuary considers appropriate.

3.3 Trustee's determination of contributions

- (a) Where a contribution is calculated under Rule 3.1 (Ordinary deficit contributions) and/or Rule 3.2 (Additional deficit contributions), the Trustee shall take into account, to the extent that it considers is appropriate in a particular case and having obtained the advice of the Actuary:
- (i) the proportion at any relevant date determined by the Trustee of the amount of such deficiency which the With Profits Section's liabilities attributable to employment with the Relevant With Profits Employer bears to the total amount of the With Profits Section's liabilities attributable to employment with all With Profits Employers;
 - (ii) any lump sums or other contributions paid, payable or prospectively payable by the Relevant With Profits Employer for the purpose of reducing or eliminating a deficiency or potential deficiency, whether under any provision of this Rule 3, Part 3 of the 2004 Act, Section 75 or otherwise;
 - (iii) any sums which, in the opinion of the Trustee, are unlikely to be recovered or which it would not be economic to seek to recover; and/or
 - (iv) any past or present liabilities of the With Profits Section attributable to the With Profits Employer's predecessor or predecessors in business or any associates of such predecessors (as the Trustee shall in its sole discretion determine).

3.4 Bulk transfers

A With Profits Employer may, if the Trustee consents in writing to discharge it in accordance with Rule 3.5 (Discharge of a With Profits Employer), transfer all of its liabilities from the With Profits Section to another arrangement (including, for the avoidance of doubt, to a Final Salary Scheme or to the Money Purchase Section) in accordance with Clause 12 (Group and individual transfers out) of the Trust Deed.

3.5 Discharge of a With Profits Employer

Where a Trigger Event has occurred the Trustee may (in addition to its powers under Rule 3.2 and 3.3 (Additional deficit contributions and Trustee's determination of contributions) require the payment by a With Profits Employer of such additional lump sum contribution (if any) as the Trustee, having obtained the advice of the Actuary, may determine in order to protect the interests of With Profits Members and other With Profits Employers. The Trustee shall agree to discharge the With Profits Employer making the payment in such form and amount as the Trustee considers appropriate in any particular case and the With Profits Employer shall thereupon cease to be a With Profits Employer.

3.6 Due dates for payment of contributions

- (a) A With Profits Employer shall pay the With Profits Employer's contributions payable under Rule 3.1 (Ordinary deficit contributions) to the Trustee on such date or dates and at such intervals as the Trustee may specify from time to time.

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- (b) Where a contribution is due under Rule 3.2 (Additional deficit contributions) and/or Rule 3.5 (Discharge of a With Profits Employer) it shall be paid within 10 business days of the date of the Trustee’s demand or such other period as the Trustee may in any particular case determine.
- (c) This Rule shall operate in addition to and without prejudice to any obligations which arise under Section 75 and Part 3 of the 2004 Act.

3.7 Interest

The Trustee may add interest, at such rate as the Trustee may consider appropriate from time to time, to any contribution payable under any part of this Rule which is paid later than the due date for payment.

3.8 Payments by a third party

The Trustee at its sole discretion may accept payments from third parties to the With Profits Section for and on behalf of a With Profits Employer in discharge of sums otherwise due under this Rule 3 from that With Profits Employer.

3.9 Contributions unlikely to be recovered, etc

The Trustee may determine that any contribution under this Rule 3 is unlikely to be recovered, and may also determine that it is not practicable or proportionate to calculate and/or pursue such a contribution if in the Trustee’s opinion it is unlikely to be recovered and/or unlikely to be recovered in an economic manner.

3.10 Scheme Apportionment Rule for debt or liabilities under Section 75

The Trustee shall have the fullest power permissible by the Employer Debt Regulations to apportion amongst one or more Employers, in such proportions or amounts as the Trustee shall determine, a debt or liability (whether contingent or presently payable) attributable to any With Profits Employer under Section 75.

3.11 Partnerships

If a With Profits Employer is or was a partnership, the Trustee may at its discretion pursue any one partner or group of partners for recovery of any contribution which may be required from that With Profits Employer under any provision of this Rule 3.

3.12 Covenant reviews

Without prejudice to the requirements of Regulation 6 of the Scheme Administration Regulations each With Profits Employer shall provide all information which the Trustee²⁵⁶ may reasonably require to assess the covenant of each With Profits Employer for the purposes of this Rule 3 and/or Part 3 of the 2004 Act (including, without prejudice to the generality of the foregoing, information as to the identity of the partners of the With Profits Employer at any particular time and information on any indemnities offered to a With Profits Employer by any successor or successors in business).

²⁵⁶ Chief Executive on advice from covenant advisers

3.13 Pension Protection Fund

No act under this Rule 3 shall have the effect of reducing the amount of any debt due under Section 75 which may be recovered by, or on behalf of, the Trustee in a manner which could cause the With Profits Section to cease to be an eligible scheme (as defined in Section 216 of the 2004 Act) by reason of Regulation 2(2) of the Pension Protection Fund (Entry Rules) Regulations 2005.

3A Member contributions

No contributions may be paid by a Member to the With Profits Section after the With Profits Closure Date.

4 Switching

No part of an Account can be moved to or become part of a Money Purchase Account, except to the extent permitted by and subject to any conditions imposed by the Trustee²⁵⁷.

5 With Profits Accounts returns

5.1 An Account is maintained solely for the purpose of calculating benefits and does not confer on any person any interest in the With Profits Section or its assets which he would not otherwise have had. There is no implication that the aggregate balances of all Accounts equal, or bear any particular relationship to, the value of the assets of the With Profits Section.

5.2 The Trustee adds interest and bonuses to an Account as follows:

- (a) Interest is added at the rate of 5% (five per cent) a year compound in respect of the balance in an Account, if any, which relates to any contributions, interest and bonuses which have been added or awarded up to 31 December 1996.
- (b) Interest is added at the rate of 3.5% (three and one half per cent) a year compound in respect of the balance in an Account, if any, which relates to any contributions, interest and bonuses which have been added or awarded on or after 1 January 1997 and up to and including 31 December 1999. The exception to this is that the annual bonus which was declared with effect from 1 July 1997 in respect of 1996 has interest, which is added at the rate of 5% (five per cent) a year compound.
- (c) Interest is added at the rate of 3% (three per cent) a year compound in respect of any contributions received on or after 1 January 2000 and up to and including the With Profits Closure Date.
- (d) The Trustee will, after consulting the Actuary, at its discretion, decide from time to time (i) its policy in relation to the addition of bonuses to an Account or part of an Account (including whether different types of bonuses should be added) and (ii) the rate at which any bonus should be added.

²⁵⁷ Terms agreed with the Trustee and implemented by Finance Manager/Pensions Administration Manager



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- (e) In respect of a Member who attained Normal Retirement Date prior to 31 December 2013 and whose Account has been maintained by the Trustee under Rule 7.3(a), interest, if applicable, shall continue to be added to an Account only at the discretion of the Trustee after seeking the view of the Actuary after 31 December 2013. Subject to Rule 7.3(a), in respect of a Member who attains Normal Retirement Date on or after 31 December 2013, interest, if applicable, shall continue to be added to an Account until the earlier of his Normal Retirement Date, and the date on which his Account is wholly used to provide benefits for or in respect of the Member. Bonuses (if any) continue to be added to an Account until it is wholly used to provide benefits for or in respect of a Member.

6 With Profits Section expenses

- 6.1 The Trustee²⁵⁸ determines and allocates Cheviot Pension expenses and costs of administration and management at its discretion from time to time as follows:
- (a) Certain expenses are apportioned between the With Profits Section, the Money Purchase Section, and the Life Cover Section when such expenses are attributable to more than 1 (one) Section; and
 - (b) Certain expenses which the Trustee determines are wholly referable to the With Profits Section are allocated directly to the With Profits Section; and
 - (c) Certain expenses which the Trustee determines are wholly referable to a Member's Account are allocated directly to that Member's Account;
- 6.2 The Trustee²⁵⁹ may apply With Profits Section assets, as it deems appropriate, to meet expenses which are allocated to the With Profits Section.

7 Retirement

7.1 Retirement at Normal Retirement Date

When a Member reaches his Normal Retirement Date he must (subject to Rule 7.3 and 7.8 below) use his Account to purchase a Policy in his own name, or transfer the realised value of his Member's Account under Clause 12.1 of the Trust Deed to the Money Purchase Section, and/or take a cash sum under Rule 8 (Cash Option). The Trustee²⁶⁰ must provide the information required by the Disclosure Regulations within the time limits set out in the Disclosure Regulations. Before a Policy is due to be bought for a Member, the Member must direct the Trustee in writing as regards the provider of the Policy and other benefits and provisions of the Policy. The total cost of providing benefits in respect of the Member shall not exceed the realised value of the Member's Account. If the Trustee is not able to reasonably comply with the Member's direction, it will allow him to select different benefits or Policy provisions within such reasonable time as it decides, subject to satisfying the Registration Requirements.

²⁵⁸ Legal Committee

²⁵⁹ Legal Committee

²⁶⁰ Pensions Administration Manager



SCHEDULE 5 – THE WITH PROFITS SECTION

7.2 AVCs

A Member's AVCs shall be applied in the same manner as set out in Rule 7.1 above. The Trustee may at its discretion, before a Policy is bought for a Member (or, before the Member's benefits are transferred under Clause 12.1 of the Trust Deed, to the Money Purchase Section) and at the request of the Member, agree that any additional benefits which could be secured by his AVCs shall be secured at a later date²⁶¹. The later date shall be agreed by the Trustee and shall not be later than the Member's 75th (seventy-fifth) birthday, unless the Trustee decides otherwise at its absolute discretion.

7.3 Retirement after Normal Retirement Date

- (a) Subject to Rule 7.4(a), at his Normal Retirement Date, a Member may by giving 1 (one) month's notice in writing, request the Trustee to consider exercising its discretion to maintain his Account, and defer purchase of a Policy. Where, following such request of a Member, the Trustee²⁶² has decided to exercise its discretion to maintain a Member's Account, the Member may at any subsequent date (unless the Trustee has imposed a time limit on the deferral period) elect to have his Account applied under this Rule 7 (Retirement) and/or under Rule 8 (Cash Option). To do this he must give the Trustee at least 1 (one) month's notice before he wants to so apply his Account. If he fails to secure his pension at Normal Retirement Date, his Account shall be increased at the discretion of the Trustee, after seeking the advice of the Actuary. For the avoidance of doubt, the Trustee may decide that no increase shall apply. This Rule 7.3(a) is subject to Rules 7.3(b), 7.3(c) and 7.3(d) below.
- (b) In respect of an Early Leaver who joined the With Profits Section prior to 1 June 1989, the Trustee²⁶³ may only exercise its discretion to allow the Member to defer receiving his benefits in circumstances permitted by the HMRC immediately prior to 6 April 2006. An Early Leaver for whom it is not permitted under this Rule 7.3(b) to defer receiving benefits shall be required to apply his Account in the purchase of a Policy at Normal Retirement Date under Rule 7.1. If he fails to secure his pension at Normal Retirement Date, his Account shall be increased on and after 1 January 2008 at the discretion of the Trustee, after seeking the advice of the Actuary. For the avoidance of doubt, the Trustee may decide that no increase shall apply. This Rule is subject to Rule 7.3(d) below.
- (c) If an Early Leaver who joined the With Profits Section prior to 1 June 1989 reached his Normal Retirement Date and deferred his pension under the terms of the deed of alteration relating to the Cheviot Pension dated 23 May 2006 on or after 6 April 2006 up to and including 31 December 2007, the Member shall be entitled to retain the interest credited to his Account from his Normal Retirement Date up to 31 December 2007. With effect from 1 January 2008, his Account shall be increased at the discretion of the Trustee, after seeking the advice of the Actuary. For the avoidance of doubt, the Trustee may decide that no increase shall apply. This Rule is subject to Rule 7.3(d) below.

²⁶¹ In relation to benefits which are all With Profits (ie a mixture of regular and AVC benefits) we require members to take them all together.

²⁶² Pensions Administration Manager following current policy

²⁶³ Pensions Administration Manager following current policy



SCHEDULE 5 – THE WITH PROFITS SECTION

- (d) Any Member who is having his Account maintained under this Rule 7.3 as at 31 December 2013 will on and from 1 January 2014, have his Account increased at the discretion of the Trustee, after seeking the advice of the Actuary. For the avoidance of doubt, the Trustee may decide that no increase shall apply.

Retirement before Normal Retirement Date on Incapacity or otherwise

- (e) A Member may, on account of Incapacity, at any time before his Normal Retirement Date, elect to either:
- (i) apply the realised value of his Account in the purchase of a Policy in his own name; or
 - (ii) switch or transfer under Clause 12.1 of the Trust Deed, the realised value of the Member's Account (whether before or after taking a Pension Commencement Lump Sum) to a Flexi-Access Drawdown Account under the Money Purchase Section; and/or
 - (iii) exercise the option under Rule 8 (Cash Option).
- (f) A Member may, at any time on or after his Minimum Pension Age²⁶⁴ but before his Normal Retirement Date, elect to either:
- (i) apply the realised value of his Account in the purchase of a Policy in his own name; or
 - (ii) switch or transfer under Clause 12.1 of the Trust Deed, the realised value of the Member's Account (whether before or after taking a Pension Commencement Lump Sum) to a Flexi-Access Drawdown Account under the Money Purchase Section; and/or
 - (iii) exercise the option under Rule 8 (Cash Option).

He must give the Trustee at least 1 (one) month's notice in writing.

7.4 Application of a Member's Account by the Trustee

- (a) Where:
- (i) the Trustee decides that it is unable to comply with the Member's direction under Rule 7.1; or
 - (ii) the Member fails to give a direction under Rule 7.1 within a reasonable time (as decided by the Trustee); or
 - (iii) the Member fails to make a request to maintain his Account under Rule 7.3(a) within a reasonable time (as decided by the Trustee); or
 - (iv) a deferral period granted by the Trustee under Rule 7.3(a) expires and is not renewed; or
 - (v) in such other circumstances as the Trustee from time to time decides;

²⁶⁴ Usually 55



SCHEDULE 5 – THE WITH PROFITS SECTION

the Trustee may in its absolute discretion treat a Member for such time as the Trustee shall decide as if he had made an election under Rule 7.3(a) or apply the realised value of the Member's Account (or applicable part of it) in either:

- (vi) the purchase of a Policy in the Member's own name, and/or under Rule 8 (Cash Option). The Policy shall provide such benefits for the Member and/or any spouse, surviving civil partner or Dependant as the Trustee decides; or
- (vii) the switch or transfer of the realised value of the Member's Account (whether before or after taking a Pension Commencement Lump Sum) under Clause 12.1 of the Trust Deed to a Flexi-Access Drawdown Account or to one of the investment options available, under the Money Purchase Section, and/or the exercise of the option under Rule 8 (Cash Option).

The Trustee's decision²⁶⁵ will be treated as having been directed by the Member.

7.5 Trustee discharge of liability

In complying with any Member's direction under Rule 7.1, or using the Member's Account under Rule 7.4, the Trustee has no liability to the Member or any Beneficiary claiming through a Member as regards:

- (a) the selection of the Policy or its benefits or other provisions (including, without limitation, the effect on benefits of prevailing annuity rates or any commission). Subject to satisfying the Registration Requirements, once a Policy has been issued in the name of the Member, the Trustee is discharged from all liability to or in respect of the Member. This discharge is in addition to and without prejudice to any other discharge given to the Trustee; or
- (b) the switch or transfer under Clause 12.1 of the Trust Deed of the realised value of the Member's Account to a Flexi-Access Drawdown Account, or to one of the investment options available under the Money Purchase Section.

7.6 Member's Cash Equivalent

The Trustee²⁶⁶ shall, after consulting the Actuary, determine the Cash Equivalent of any Member's Account²⁶⁷. The Trustee may make such calculation either generally or for any particular purpose and either in relation to 1 (one) or more Members.

7.7 Pension in payment at 5 April 2006

Where the benefits of a Pensioner who was in receipt of a pension at 5 April 2006 were restricted by reference to Pre-6 April 2006 Tax Approval, benefits payable in respect of him, including any increases relating to those benefits, shall remain subject to Pre-6 April 2006 Tax Approval restrictions. The Trustee's decision as regards the interpretation and application of this practice will be final and binding on the Beneficiaries affected.

²⁶⁵ Legal Committee.

²⁶⁶ Funding Committee

²⁶⁷ A Member's Cash Equivalent may be less than the Member's Account prior to calculation of the Cash Equivalent.

7.8 Benefits may start at different times

The Trustee²⁶⁸ may, at its complete discretion, agree, at the request of a Member on becoming entitled to have his Account applied, to pay a lump sum from his Account under Rule 8 immediately. If a lump sum is paid, either a Policy must be purchased or the realised value of the Member's Account must be transferred under Clause 12.1 of the Trust Deed to a Flexi-Access Drawdown Account under the Money Purchase Section, within the time period set out in Part 1 of Schedule 29 to the FA 2004.

8 Cash option

8.1 Pension Commencement Lump Sum or Stand-Alone Lump Sum

- (a) Subject to Rule 8.1(b) and Rule 8.1(c) a Member who is under age 75 (unless the Trustee²⁶⁹ in its absolute discretion determines that age limit shall not apply) and whose Lifetime Allowance is available (in whole or in part) may, on becoming entitled to have his Account applied, choose to have a lump sum paid to him from his Account an amount:
- (i) up to the maximum permitted for the lump sum to qualify as a Pension Commencement Lump Sum; or
 - (ii) in circumstances where the lump sum would qualify as a Stand-Alone Lump Sum.
- (b) A Pension Commencement Lump Sum must be paid within the period beginning 6 (six) months before and ending 1 (one) year after the day on which the Member becomes entitled to have his Account applied, unless it would be possible to do so later and satisfy the Registration Requirements.
- (c) The Trustee may²⁷⁰ restrict the amount of the lump sum to ensure that the amount available to purchase a Policy in the name of the Member is not less than the minimum the Trustee from time to time requires (either generally or in a particular case).

8.2 Trivial Commutation lump sum for Pensioners

- (a) In relation to the period before 6 April 2015 (subject to the requirements the definitive trust deed and rules dated 23 May 2013) and also in relation to the period on and from 16 September 2016, where a Pensioner:
- (i) has reached the minimum age as permitted under paragraph 7(1)(e) of Schedule 29 of the FA 2004²⁷¹;
 - (ii) has become entitled to an "in-payment money-purchase in-house scheme pension" as defined in paragraph 7(1)(aa) of Schedule 29 of the FA 2004; and

²⁶⁸ Pensions Administration Manager

²⁶⁹ The age 75 restriction is encouraged not enforced. Potential tax implications of death benefits after 75 to be made clear.

²⁷⁰ Pensions Administration Manager (now unlikely because of the flexible options available in the MPS)

²⁷¹ Currently age 55 unless the ill-health condition is met.



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- (iii) his Account and benefits (including benefits payable on death to any spouse, surviving civil partner or Dependants) under the With Profits Section, the Money Purchase Section, and all Registered Pension Schemes, is less than any amount allowed from time to time under the Registration Requirements and the 1993 Act;

the Trustee²⁷² may, subject to satisfying the Registration Requirements, and any requirements of the 1993 Act, pay the Pensioner a Trivial Commutation Lump Sum instead of the “in-payment money-purchase in-house scheme pension” to which he is entitled. The Pensioner shall be responsible for providing the Trustee with details of his membership of any other Registered Pension Schemes. The Trivial Commutation Lump Sum shall be determined by the Trustee.²⁷³

- (b) Permitted lump sums for and in respect of Members, Pensioners and Ex-spouse Participants

The Trustee may²⁷⁴ make a lump sum payment under this Rule 8.2(b) instead of all With Profits Section benefits otherwise payable to or in respect of a Member if such a payment satisfies the Registration Requirements and any applicable requirements of the 1993 Act (**a Permitted Lump Sum**).

Where necessary to satisfy the Registration Requirements, the payment from the With Profits Section shall extinguish all With Profits benefits otherwise payable to or in respect of the Member (or Benefit Recipient where the payment is referable to a Member’s death).

The Permitted Lump Sum shall be determined by the Trustee²⁷⁵ but shall not exceed the lower of the maximum amount permitted by the Registration Requirements for that particular type of payment and the value of the Account.

The Trustee’s power to decide whether or not to consider making a payment under this Rule 8.2(b) is absolute, and nothing in this Rule 8.2(b) shall require the Trustee to consider the exercise of this discretionary power for any particular Member or Benefit Recipient.

If the Permitted Lump Sum is referable to the death of a Member, the payment shall be made in accordance with Clause 14 of the Trust Deed (Payment of lump sums on death).

²⁷² Pensions Administration Manager

²⁷³ Before 6 April 2015, a trivial commutation lump sum under paragraph 7 of the FA 2004 could be paid from the With Profits Section to a Member, Pensioner or Ex-spouse Participant, and the provisions of the 2013 deed and rules applied up to this date. On or after 6 April 2015 but before 16 September 2016, trivial commutation lump sums under paragraph 7 of the FA 2004 could not be paid from the With Profits Section. On or after 16 September 2016, a trivial commutation lump sum could be paid from the With Profits Section in respect of a Pensioner who was entitled to an “in-payment money-purchase in-house scheme pension” for the purposes of paragraph 7(1)(aa) of Schedule 29 of the FA 2004. This Rule 8.2(a) shall therefore have effect on and from 16 September 2016.

²⁷⁴ Pensions Administration Manager

²⁷⁵ Pensions Administration Manager

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8.3 Uncrystallised Funds Pension Lump Sum

The Trustee shall not pay an Uncrystallised Funds Pension Lump Sum in accordance with paragraph 4A of Schedule 29 of the FA 2004 in respect of a Member's With Profits Account. Any Member who wishes to receive one or more Uncrystallised Funds Pension Lump Sums in respect of his With Profits Account must transfer the realised value of his With Profits Account to the Money Purchase Section in accordance with Clause 12.1 (Group and individual transfers out) of the Trust Deed and Rule 7 of this Schedule.²⁷⁶

8.4 [Not used]

8.5 Serious Ill-health Lump Sum

Where a registered medical practitioner has confirmed to the Trustee²⁷⁷ that a Member is expected to live for less than 1 (one) year, the Trustee may pay the realised value of his Account to him immediately as a Serious Ill-health Lump Sum provided the Registration Requirements are met. This Rule shall not apply if the Member is aged 75 or over, unless the Trustee in its absolute discretion determines otherwise. The Trustee shall be entitled to deduct any tax for which it may be accountable. The Trustee shall report the payment where required to do so under the Registration Requirements.

8.6 General

- (a) After he has been informed of his options by the Trustee, the Member must notify the Trustee in writing (in the form and within such timescales as required) of his choice under this Rule. At the same time the Member must provide such information as the Trustee requires to establish the Member's available Lifetime Allowance. A Member's Lifetime Allowance (or part of it) will be treated as not available for the purposes of this Rule 8 if he has not provided such information in writing to the Trustee.
- (b) In this Rule **Member** and **Account** includes an Ex-Spouse Participant and an Ex-Spouse Participant's account, except in cases to which paragraph 2(2) of Schedule 29 to the FA 2004 applies.

9 Death of a Member – Lump Sum

9.1 If a Member dies before he takes his benefits, a lump sum will be paid in accordance with Clause 14 of the Trust Deed (Payment of lump sums on death). The lump sum shall be equal to the value of the Member's Account at the date of death.

9.2 Where all or part of a lump sum is to be used to provide pensions for the spouse and/or surviving civil partner and/or Dependants of the Member, the Trustee²⁷⁸ shall decide which of those persons is to receive a pension and its amount.

²⁷⁶ On or after 6 April 2015 and before 1 December 2016, the Trustee exercised the permissive override power in accordance with section 273B of the FA 2004 to pay, at its discretion, Uncrystallised Funds Pension Lump Sums.

²⁷⁷ Chief Executive

²⁷⁸ Legal Committee

10 HMRC Limits, tax and transitional protection

- 10.1 Section 1 of Schedule 4 (HMRC Limits and Tax) to the Trust Deed applies in respect of a Member in respect of benefits arising under the With Profits Section.
- 10.2 To the extent that a Member is entitled to pre-commencement benefit rights under Part 3 of Schedule 36 of the FA 2004 in respect of any rights under the With Profits Section, the Trustee will pay benefits to or in respect of the Member in accordance with the applicable provisions of that Part.

11 Unallocated With Profits funds

If the Trustee is unable, whether as a result of the FA 2004 or otherwise, to apply all or part of a Member's Account, that amount shall accrue to the With Profits Section generally on an unallocated basis and the Trustee may at its discretion utilise those funds for the general purposes of the With Profits Section.

12 Questions of fact

The Trustee has the right to resolve any doubt or dispute as to the interpretation of the Rules or any question of fact in relation to the Rules.