SUNTRUST SCHEDULE OF RULES

INDEX

SUMMARY

Part One of the Rules contains the provisions relating to contributions and the benefits which are payable under the Scheme. This Part also contains all relevant Rules concerning the administration of the Scheme.

Part Two of the Rules is the Revenue Appendix which sets out the tax regime against which the Scheme provides benefits. As such, none of the benefits under Part One shall be paid or administered in such a way as to breach any of the provisions of Part Two and so prejudice the Scheme's status as a Registered Pension Scheme.

Part Two does not provide any entitlement to rights or benefits under the Scheme.

Definitions of the terms used throughout these Rules are shown in Rule 17 and in the Revenue Appendix.

PART ONE

The Rules contained in Part One are intended to be administered in accordance with the provisions of the Act and any regulations made under the Act. If there is any inconsistency between the provisions of the Rules and the Act or any regulations made thereunder, the Act and/or the regulations shall apply.

1. MEMBERSHIP OF THE SCHEME

1.1 The benefits of the Scheme shall be available to each director and employee of an Employer who is invited by the Employer and the Managing Trustees to join the Scheme.

1.2 The Principal Employer and the Managing Trustees shall have power to extend the benefits of the Scheme to directors and employees of any other company or business of the Principal Employer provided that such associated or subsidiary company or business shall first have entered into a covenant with the Trustees to observe and perform such of the provisions of these Rules as apply to a Participating Employer. Where the company or business is not a subsidiary of the Principal Employer the consent of the Special Trustee is required.

1.3 Each individual who is invited to join the Scheme in accordance with this Rule shall become a Member when he agrees to join the Scheme.

1.4 For the purpose of providing any death benefits under Rule 6.1 and/or Rule 7.1 (other than the Member's Individual Benefit Fund) inclusion for, or an increase in, such benefit shall be subject to the receipt by the Managing Trustees of such medical or other evidence as to the employee's health as satisfies them.

2. CONTRIBUTIONS

2.1 Subject always to Rule 2.3 and the Revenue Appendix the Employer shall unless the Assurer agrees otherwise contribute to the Scheme in respect of benefits for each Member arising from his employment with the Employer and subject always to the consent of the Managing Trustees and the Assurer, any other party may contribute to the Scheme in respect of each Member.

2.2 Subject always to Rule 2.3 and the Revenue Appendix each Member is required to contribute at such a rate as determined by the Employer and notified in writing to the Member. No rate of contribution determined under this sub-rule may be altered before the expiry of a period of 12 months from the date on which the first payment at the current rate became due without the specific agreement of the Assurer. In addition the Member may make voluntary contributions to the Scheme to secure additional benefits for himself and/or his Dependants.

2.3 Other than in the tax year before the end of which the Member becomes entitled to all the benefits which may be provided to him under the Scheme, the contributions paid to the Scheme in the year of assessment by the Member, any other party and the Employer on behalf of the Member, shall not without the agreement of the Assurer exceed the Annual Allowance when aggregated with the Member's and any other Employer's or party's contributions to any other Registered Pension Scheme. Any contributions paid under Rules 2.1 and 2.2 shall cease on the Member attaining age 75.

3. INVESTMENTS

3.1 The Managing Trustees shall effect with an Assurer which for the purposes of this Rule shall be Friends Life Company Ltd or any company which is or becomes a subsidiary either of that company or of a holding company of that company:

(i) a policy or policies to assure payment of such part (if any) of the benefits payable on the death of a Member as exceeds the Individual Benefit Fund; and

(ii) a policy or policies which provide for payment of benefits on retirement of each Member or on his death after retirement, to which shall be applied not less than one-half of the remainder of the contributions to the Scheme by all Employers and Members after deduction of the premiums required to secure the policy or policies under (i) above; provided that the Special Trustee shall have power to agree that a lesser proportion shall apply in respect of a contribution or contributions.

In the event that the Managing Trustees are unable to effect an assurance policy as described in (i) above, they shall use their best endeavours to obtain such a policy or policies with another Assurer.

3.2 Subject to the Scheme's governing trust deed and to Rules 3.1, 3.5, 3.6 and 3.9 the Managing Trustees shall have and may from time to time exercise the power to invest or lay out that part of the trust fund not required to pay benefits falling due for payment in accordance with these Rules in the purchase of or at interest upon the security of such stocks, funds, shares, securities or other investments or property of whatsoever nature and whether involving liability or not and upon such credit with or without security as they shall in their absolute discretion think fit to the intent that they shall have the same full unrestricted powers of investing and transposing investments and laying out monies in all respects as if they were absolutely entitled thereto beneficially; and in particular and without prejudice to the generality of the foregoing, the Managing Trustees shall have power to:

(i) make one or more Authorised Employer Loans;

(ii) place the monies or any part thereof in a current or deposit account with any recognised bank or with any corporation or society of good standing in the United Kingdom;

(iii) purchase any interest in land or property;

(iv) purchase any stocks, shares, debenture stocks or bearer securities, whether or not involving future liability;

(v) invest in units of any authorised unit trust;

(vi) underwrite, sub-underwrite or guarantee the subscription of any stocks, shares, debenture stocks or other investments;

(vii) (subject to the Revenue Appendix) borrow money for the purposes of the Scheme including investing such money in the purchase of any investments authorised by this Rule and to charge, burden or grant security over the assets of the trust fund or any of them for repayment of borrowed money and for payment of interest thereon; and

(viii) (subject to the Revenue Appendix) give indemnities and guarantees and enter into obligations in connection with the exercise of their powers or the administration of any property in which the trust assets are for the time being invested and may charge, burden or grant security over the assets of the trust fund or any of them for the due performance thereof.

Provided that before any investment of any part of the trust fund is made which is an employer related investment as described in Section 40(2) of the Pensions Act 1995 the Trustees must obtain each Member's written agreement to the making of that investment.

Provided further that the Managing Trustees are hereby expressly prohibited from making any loan or advancement from the assets of the trust fund to any individual who is a Member or has a contingent interest under the Scheme.

3.3 The benefits due to or in respect of a Member may, subject to the provisions set out in the Revenue Appendix be secured by providing a Scheme Pension, a Lifetime Annuity, Income Withdrawal, Short Term Annuity and/or Alternatively Secured Pension as and when the Managing Trustees deem appropriate.

(i) Where, during a period of Income Withdrawal investments held for the purposes of the Scheme include real property, the Managing Trustees shall consider whether it is necessary for there to be sufficient other readily realisable assets available to purchase a Member's Lifetime Annuity at any time after the Member has attained age 75.

(ii) The Managing Trustees shall review the suitability of annuity purchase at least on an annual basis and in connection with significant changes in available annuity rates.

3.4 All contributions, interest, deposits, investments and all other assets in respect of, or constituting, the Scheme and any assurance policies that have been effected for the purposes of the Scheme shall be held in the names of the Managing Trustees unless the Special Trustee requires that they be held jointly in the names of all the Trustees.

3.5 The Managing Trustees shall, unless and to the extent that the Special Trustee shall otherwise agree in writing, seek the prior agreement of the Special Trustee to any investment or laying out of the trust fund under Rule 3.2 above, but in the event of that agreement not being forthcoming the Managing Trustees may nevertheless proceed if so authorised by all of the Managing Trustees subject to the Special Trustee first having the option to resign its appointment under Rule 12.6 in which case the provisions of Rule 12.5 shall apply.

3.6 To assist the Special Trustee in arriving at a decision under Rule 3.5 the Managing Trustees shall supply to the Special Trustee the information in their possession and such further information as the Special Trustee may reasonably require.

3.7 The Special Trustee shall be entitled to rely on the accuracy and completeness of any statements made by the Managing Trustees or by any Employer or by any other person advising the Trustees and shall not be obliged to enquire further into such statements.

3.8 Subject to Rule 3.1, the duty to insure any property constituting the assets of the Scheme shall be on the Managing Trustees who shall always ensure that all such property is insured at all times against loss or damage. The Special Trustee shall not be liable for the failure of the Managing Trustees to observe the requirement of this Rule and shall be under no obligation to seek evidence from the Managing Trustees that such insurance has been effected.

3.9 The Managing Trustees shall not invest in any Prohibited Investments.

4. MEMBER'S BENEFITS ON RETIREMENT

4.1 Subject to the Revenue Appendix, if a Member remains in the employment of the Employer until the date on which he attains his Selected Retirement Date, he shall be entitled at that time to that part of the Target Benefits payable to him.

4.2 If a Member leaves the employment of the Employer on or after his Normal Minimum Pension Age (or having left, subsequently attains his Normal Minimum Pension Age), or earlier if on account of Incapacity, he may elect to receive either:

(i) immediate benefits in lieu of the benefits under Rule 9; or

(ii) the benefits under Rule 9 and may subsequently elect, before the date on which he attains his Selected Retirement Date, to receive immediate benefits in lieu of the benefits payable on the date on which he attains his Selected Retirement Date.

4.3 A Member who has attained Normal Minimum Pension Age may at any time prior to or after his Selected Retirement Date, request that all (or part, with the agreement of the Assurer) of his personal pension commence immediately. A Member who receives his pension and remains in employment with his Employer, shall immediately cease to be an 'active' Member of the Scheme and if he is to accrue further pension benefits within the Scheme will be required to apply for admission to new membership and the reinstatement of lump sum death benefits under Rule 6.1.

If a Member leaves the employment of the Employer before the date on which he attains his Selected Retirement Date, payment of his personal pension may, at his request, be deferred but not beyond his 75th birthday.

4.4 Any pension payable to a Member shall be payable on such terms and at such intervals as the Managing Trustees shall determine. The pension payments may be guaranteed for a period not exceeding ten years as so decided by the Managing Trustees. If a Member in receipt of a pension as at 6 April 2006 shall die before all the guaranteed payments (if any) of his pension have been made, there shall be paid in the manner described in Rule 6.1 the discounted value of the remaining guaranteed payments.

5. MEMBER'S ALTERNATIVE BENEFITS ON RETIREMENT

5.1 Subject to the Revenue Appendix, a Member may, when his personal pension is due to commence (or at any time between his Selected Retirement Date and the date of commencement if payment is deferred under Rule 4.3) subject to the agreement of the Managing Trustees, commute all or a part of his personal pension for a cash lump sum (provided that the residual pension payable to the Member shall be no less than such amount as may be determined by the Assurer from time to time) not exceeding the Lump Sum Permitted Maximum provided that such lump sum is paid when all or part of the Member's Lifetime Allowance is available, when the Member has reached Normal Minimum Pension Age (or the Ill-Health Condition is satisfied), but is aged less than 75 and is within three months of the date on which the Member becomes entitled to his pension having provided a prior written election to that effect.

Subject to the Revenue Appendix, if, when payment of his personal pension is about to commence, a Member is in exceptional circumstances of serious ill health the Managing Trustees, may at his request and, provided the Managing Trustees have received medical evidence from a registered medical practitioner that the Member is expected to live for less than one year, pay to him a cash sum in commutation of the whole of his pension, subject to Rule 13.3.

5.2 At any time within 30 days prior to the date his personal pension is due to commence a Member may elect with the consent of the Managing Trustees to surrender a portion of his personal pension to secure a pension, payable on his death after retirement to his spouse, Civil Partner and/or one or more of his Dependants named at the time of his election, of an amount or amounts which in total will not exceed the Member's remaining personal pension before taking any cash sum in accordance with Rule 5.1. The amount of each pension shall be determined by the Managing Trustees on Actuarial Advice having regard to the portion of the Member's personal pension surrendered and the ages of the Member and each individual in whose favour the surrender is made. The pension shall commence and be payable as described in Rule 7.4.

5.3 When permitted by the Revenue Appendix the Managing Trustees may pay the cash value of any trivial pension as a Trivial Commutation Lump Sum (subject to the conditions set out in paragraph 2(e) of the Revenue Appendix).

6. LUMP SUM BENEFIT ON DEATH

6.1 In the event of the death of a Member;

(a) before the first payment of his personal pension is due to be made and before age 75, the aggregate of the Individual Benefit Fund and any monies available under any assurance policy effected by the Managing Trustees in accordance with the provisions of Rule 3.1(i) (and subject to the provisions of Rule 1.5) and the assets from time to time representing the same shall be applied by the Managing Trustees in accordance with the following provisions as they in their absolute discretion shall determine.

The Managing Trustees shall pay an amount in accordance with paragraph A.3 of the Revenue Appendix to such one or more of the following classes in such share or shares as the Managing Trustees in their absolute discretion shall determine:

(i) to, or applied by the Managing Trustees for the benefit of, such one or more of the Beneficiaries described in Rule 6.3 in such share or shares and for such interests as they in their absolute discretion shall determine;

(ii) to the trustees of any settlement which is for the benefit of any one or more of the Beneficiaries described in Rule 6.3;

(iii) to the Member's personal representatives for them to apply under the terms of the Member's will or intestacy provided that the Managing Trustees shall not pay the personal representatives if his residuary estate would belong to the Crown or to the Duchy of Lancaster or to the Duke of Cornwall as bona vacantia.

(b) on or after age 75 whilst in receipt of an Alternatively Secured Pension the Managing Trustees shall subject to the Revenue Appendix pay a Charity Lump Sum Death Benefit to a charity nominated by the Member (or, where it relates to a Dependant's Income Withdrawal by the Dependant) or a Transfer Lump Sum Death Benefit to one or more Members of the Scheme nominated by the Member or if the

Member made no nomination, selected by the Scheme Administrator or where it relates to a Dependant's Income Withdrawal to one or more Members nominated by the Member or, if the Member made no nomination, selected by the Dependant, or if neither made a nomination, selected by the Scheme Administrator.

6.2 Where any payment under Rule 6.1 is restricted, any balance of the monies available which has not been paid in the form of a lump sum in accordance with Rule 6.1 shall be applied to provide a pension for any one or more of the Member's spouse, the Member's Civil Partner and the Member's Dependants. Such pension shall be subject to the provisions set out in the Revenue Appendix.

6.3 The Beneficiaries referred to in Rule 6.1 and 6.4 shall be:

(a) the Member's spouse or surviving Civil Partner;

(b) any former spouse or Civil Partner of the Member;

(c) the following relatives of the Member (whether by birth or adoption) born at any time namely issue, parents, issue of parents, stepchildren and issue of stepchildren;

(d) the spouse, or Civil Partner of any of the said relatives;

(e) any other person whose name has been notified to the Managing Trustees in writing by the Member prior to his death as being a person the Member wishes the Managing Trustees to consider as a possible recipient of the monies;

(f) any other individual who in the opinion of the Managing Trustees was dependent wholly or partially on the Member for the ordinary necessities of life suitable for an individual in his class and position;

(g) any one or more of the persons entitled under the Member's will to any interest in his estate or any person beneficially interested under his intestacy;

(h) any person or body whom the Member has notified to the Managing Trustees as being a person or body he wishes to be considered as a recipient of benefit in the event of his death; and

(i) where the Member was age 75 or more at his death, and provided that there are no Dependants of the Member, such charity as was nominated by the Member, or such other Member(s) of the Scheme as were nominated by the Member or, if none, by the Scheme Administrator.

6.4 If at the expiry of two years in the case of lump sum benefits arising on the death of a Member, there is no Beneficiary as described in Rule 6.3 known to the Managing Trustees whom they have power to benefit under the foregoing provisions then the monies available (as described in Rule 6.1) or so much of it as has not been paid or applied pursuant to Rule 6 shall be retained by the Managing Trustees for the purposes of the Scheme generally.

7. PENSION BENEFIT ON DEATH

7.1 In the event of the death of a Member before the first payment of his personal pension is due to be made, the Managing Trustees may subject to the conditions set out in the Revenue Appendix provide a pension to his surviving spouse or surviving Civil Partner and/or any one or more of his Dependants. Subject to the Revenue Appendix the amount of any such pension shall be the aggregate of that provided (as determined by the Managing Trustees on Actuarial Advice) by the balance of monies (if any) available under Rule 6.2 and any specific pension provided under any assurance policy effected by the Managing Trustees in accordance with the provisions of Rule 3.1(i) and subject to the provisions of Rule 1.5.

7.2 If a Member dies on or after the date his personal pension commenced, or was due to commence and was wholly commuted under Rule 5.1, the relevant Target Benefits shall be paid to his spouse to whom he was married or his Civil Partner where such contingent pension was secured in accordance with the provisions of Rule 3.3 and/or any one or more of his Dependants as determined by the Managing Trustees at that time in such proportion as the Managing Trustees in their absolute discretion shall decide.

7.3 If, on the death of a Member, there is no pension payable in accordance with Rule 7.1 and Rule 7.2 to the Member's spouse, Civil Partner and/or any one or more of his Dependants, the Managing Trustees may provide, subject to the Revenue Appendix, a pension to the Member's surviving spouse/Civil Partner and/or any one or more of his Dependants.

7.4 Any pension payable under Rule 5.2 and/or the foregoing provisions of this Rule shall commence on the death of the Member (or the next following first of the month if so decided by the Managing Trustees); provided that if payment of the Member's personal pension has commenced and is guaranteed for a period not exceeding ten years, any pension payable under Rule 7.2 or Rule 7.3 shall commence at the expiry of the said guaranteed period or, in the case of the death of a Member who was in receipt of a pension as at 5 April 2006 guaranteed for five years, commencing from the date of the Member's death.

Subject to the Revenue Appendix any such pension shall be payable on such terms and at such intervals as the Managing Trustees shall determine and shall cease on the due-date immediately preceding the death of the Beneficiary or in the case of a child when he or she ceases to qualify as such.

7.5 Any part of the Individual Benefit Fund not applied to provide a pension in accordance with the foregoing provisions of Rule 6 or Rule 7 shall be retained by the Managing Trustees for the purposes of the Scheme generally.

8. TEMPORARY ABSENCE

8.1 If a Member is temporarily absent from employment before the date on which he attains his Selected Retirement Date for more than one month, the Employer may choose to treat him as:

(i) having left the employment of the Employer: in which case the provisions of Rule 9 shall apply; or

(ii) continuing in employment: in which case the Member's benefits may remain in full force provided contributions continue to be paid in respect of such benefits, but not beyond the date on which he attains his Selected Retirement Date.

If the period of temporary absence is one month or less, (ii) above shall apply.

If a Member is in a period of paid maternity absence, paid adoption leave or paid paternity leave (within the meaning prescribed in paragraph 5 and 5a of Schedule 5 of the Social Security Act 1989) from the Employer, contributions shall continue to be paid at the rate in force immediately prior to the commencement of the period of the said paid absence or leave (provided that any Member's contributions shall be based on remuneration actually received) whilst such period continues. If the Member does not wish to continue to contribute (if applicable) then the provisions of Rule 9 shall apply. On cessation of the period of paid maternity absence or paid adoption leave the provisions of Rule 9 shall then apply unless the Member has given valid notice of his/her intention to return to work in accordance with the Employment Rights Act 1996, in which event, at the discretion of the Employer, contributions may continue to be paid (at the rate in force immediately prior to the period of paid maternity absence or paid adoption leave) until the earlier of the last day on which the Member would be entitled to return and the date (if any) he/she notifies the Employer that his/her intention to return is revoked. If the Member does not return (or so notifies the Employer before the last day on which he/she would be entitled to return) the provisions of Rule 9 shall apply.

9. MEMBER LEAVING EMPLOYMENT

9.1 This Rule shall not apply if a Member leaves the employment of any Employer and enters or continues in the employment of another Employer.

If a Member becomes assessed to Income Tax under Schedule D on the whole of his income from the Employer he shall be treated as having left the employment.

9.2 Unless the Managing Trustees agree otherwise no further contributions shall be payable in respect of a Member who has left the employment of the Employer before the date on which he attains his Selected Retirement Date and, unless the provisions of Rule 9.3, Rule 9.4 or Rule 10.3 apply, he shall become entitled under the Scheme at his Selected Retirement Date to that part of the Target Benefits payable to him. The benefits to be provided for or in respect of him under the Scheme shall remain subject to these Rules and the Revenue Appendix.

9.3 Unless the previous Scheme Rules permit immediate vesting, if a Member (other than a Member in respect of whom the Managing Trustees have accepted a transfer from a personal pension approved or provisionally approved under Chapter IV Part XIV of ICTA or registered under the Act) leaves the employment of the Employer before the date on which he attains his Selected Retirement Date and has completed more than three months but less than two years' Qualifying Service he shall, subject to the Revenue Appendix have the option (within such time limits as may be provided by the Pension Schemes Act 1993 as amended) to elect to receive a Cash Equivalent transfer, or the immediate return in respect of the value of his contributions (if any) but not exceeding the Individual Benefit Fund, except contributions which in accordance with the provisions of Rule 10.2 may not be returned.

If a Member rejoins the Scheme after having completed two years' Qualifying Service, he shall be entitled to the benefit described in Rule 9.2 without being required to complete any further period of Qualifying Service.

If the Member is precluded from taking a return of the value of his contributions in accordance with Rule 10.2 he shall be entitled to the benefits which were secured by the transfer payment received.

The contributions which are returned shall be paid, with or without interest as the Managing Trustees shall decide but not exceeding the Individual Benefit Fund, subject to the provisions of Rule 13.3 and the Member's benefits under the Scheme shall be extinguished or appropriately reduced as the case may be.

9.4 Instead of providing the benefits under the Scheme the Managing Trustees may purchase an assurance policy, satisfying the provisions of the Act or any Regulations made thereunder in the Member's name from a United Kingdom branch or agency of an Assurer which is or becomes a subsidiary either of that company or a holding company of that company, with the then Individual Benefit Fund and the Member's benefits under the Scheme shall be extinguished.

Alternatively, the Managing Trustees may decide that the policy, which provides for payment of benefits on retirement of the Member, shall, with the consent of the Member, be assigned to the Member free from the provisions of the Scheme. That part of the Member's Individual Benefit Fund which is not represented by the above-mentioned policy shall be applied to increase the benefits being provided under that policy.

10. RECOGNISED TRANSFER OF BENEFITS FROM OR TO ANOTHER REGISTERED PENSION SCHEME

10.1 (i) If a Member has been or is a Member of another Registered Pension Scheme, Qualifying Recognised Overseas Pension Scheme or has Other Contracts in respect of previous membership of any fund, scheme or arrangement approved for the purposes hereof by the Revenue the Managing Trustees may, with the consent of the Employer, receive any monies or other assets available in respect of the Member upon a Recognised Transfer in accordance with the provisions of that other scheme or Other Contracts from the trustees thereof or other person or persons empowered to transfer such monies and thereupon the Member shall be entitled under this Scheme to benefits having regard to the monies or other assets received. Provided always that the acceptance of the said transfer of monies or other assets shall be conditional upon the requirements of the 1993 Act, the Act, and any regulations made in connection with each being observed.

(ii) The benefits arising on retirement from a transfer or part thereof in accordance with Rule 10.2(i) shall comply with the provisions of Schedule 36 of the Act and related regulations made thereunder to ensure that Members who have been subject to a block transfer(s) and who had protected entitlements to lump sums exceeding 25% of their Uncrystallised Pension Rights in the transferring scheme (as set out in paragraph 26 of the Revenue Appendix) retain that entitlement in the Scheme. Any lump sum entitlements exceeding 25% that are protected under Schedule 36 of the Act and regulations made thereunder on the winding-up of the transferring scheme shall retain those protections on a transfer to the Scheme also.

10.2 If a Member leaves the employment of the Employer or contributions in respect of him cease so that the provisions of Rule 9 or Rule 11 apply then provided benefits have not come into payment the Member may make written application to the Managing Trustees requiring the Cash Equivalent, to which he has acquired a right, be transferred to any other fund, scheme or arrangement approved under the Act by the Revenue, or any other similar fund, scheme or arrangement specifically approved for the purposes of this Rule by the Revenue, to which he becomes a member, (hereinafter collectively referred to as the 'Other Scheme'), the Managing Trustees may, subject to the provisions below and to the consent of the Employer, instead of granting the Member the benefits to which he is entitled under the Scheme, transfer to the trustees of the Other Scheme an amount not exceeding the Member's Individual Benefit Fund. The Managing Trustees may, however, delay carrying out the Member's wishes at Rule 10.2 above beyond the said six-month period if:

(i) disciplinary or court proceedings have been commenced against the Member within 12 months of his Pensionable Service terminating; and

(ii) it appears that the whole or part of his pension may, as a consequence, be forfeited and may in the circumstances outlined in the following paragraph apply in writing to the Pensions Regulator for an extension of the said period stating the grounds on which the extension is being sought.

An extension to the period may be sought if:

(iii) the Scheme is in the process of being or is about to be terminated in accordance with Rule 11;

(iv) in the opinion of the Managing Trustees, the Member has not taken all such steps as the Managing Trustees can reasonably expect him to take in order to satisfy them of any matter which falls to be established before they can properly carry out the Member's wishes; or

(v) in the opinion of the Managing Trustees, the interests of any other Member of the Scheme will be prejudiced if the Managing Trustees comply with the request within the six-month period.

The Member may at any time withdraw his application by giving notice in writing to the Managing Trustees, provided the Managing Trustees are not then committed to a third party in carrying out the Member's request.

If the Member makes no such written application, the Managing Trustees may, subject to the consent of the Employer, instead of granting the Member the benefits to which he is entitled under the Scheme purchase Other Contracts in accordance with Rule 9.2 and/or transfer to the trustees of the Other Contracts or Qualifying Recognised Overseas Pension Scheme of which he has become a member, the Policy or its Cash Equivalent. Before making such payment the Managing Trustees shall ensure that the requirements of the 1993 Act and any regulations made thereunder are observed.

11. DISCONTINUANCE OF CONTRIBUTIONS

11.1 Any one or more of the Principal Employer and/or any Participating Employers shall give 30 days' written notice to the Managing Trustees of its intention to cease to pay contributions to the Scheme and on the expiry of the notice no further contributions shall be payable by that Employer and by the Members (if any) relating to that Employer. Subject to Rule 11.6 the provisions of Rule 11.4 shall apply and the Members' benefits shall remain subject to these Rules.

Provided that if the Managing Trustees so determine, either at the date of cessation of contributions or later (if Rule 11.6 applies), in relation to the Members employed by that Employer:

(i) the trust fund shall be dissolved;

(ii) the trusts of these presents shall determine absolutely; and

(iii) the provisions of Rules 11.4 and 11.5 shall apply.

11.2 Subject to Rule 11.6 in the event of the Principal Employer going into liquidation, whether voluntary or compulsory, or on the business of the Principal Employer ceasing to be carried on (unless any other company shall take the place of the Principal Employer for all the purposes of the Scheme):

(i) the trust fund shall be dissolved;

(ii) the trusts of these presents shall determine absolutely; and

(iii) the provisions of Rules 11.4 and 11.5 shall apply.

11.3 Unless the Trustees agree otherwise, no further contributions shall be payable by any Participating Employer and by the Members (if any) relating to remuneration received from that Participating Employer:

(i) on that Participating Employer going into liquidation, whether voluntary or compulsory, or on the business thereof ceasing to be carried on (unless any other company shall take its place for all the purposes of the Scheme); or

(ii) if the Principal Employer at its absolute discretion determines that a Participating Employer has ceased to be eligible to continue to participate in the Scheme;

and in relation to Members employed by that Participating Employer and the remuneration received from that Participating Employer unless Rule 11.6 applies:

(a) the trust fund shall be dissolved;

(b) the trusts of these presents shall determine absolutely; and

(c) the provisions of Rules 11.4 and 11.5 shall apply.

Provided that in the case of (ii) above the Principal Employer may arrange with the Managing Trustees that the benefits relating to that Participating Employer be provided under a separate Registered Pension Scheme and that an amount not exceeding the Individual Benefit Funds, which are appropriate to the contributions paid to date by that Participating Employer and the Members (if any) which were related to that Participating Employer as determined by the Managing Trustees on Actuarial Advice, be transferred to such scheme.

11.4 The benefits to be granted in accordance with the foregoing provisions of this Rule 11 shall be those secured by the Individual Benefit Funds as are appropriate to the contributions of the Employer and of the Members (if any) relating to that Employer which were paid to the date of cessation of contributions as determined by the Managing Trustees on Actuarial Advice.

11.5 If the Managing Trustees so determine in accordance with the provisions of Rule 11.1 that the trust fund shall be dissolved, or on the occurrence of any one of the events described in Rules 11.2 or 11.3, a valuation shall be made of all the present and prospective liabilities and the assets of the trust fund and, if the Scheme is being fully determined, the following procedures shall apply in respect of the assets of the trust fund other than any policies effected by the Managing Trustees pursuant to Rule 3.1 hereof but otherwise the procedures shall apply to that part of the assets of the trust fund as is appropriate to the part of the Scheme being determined.

Subject to the following paragraphs there shall be provided out of the assets available (in this order of priority):

(i) all fees, costs, charges or expenses of, or incidental to, the administration and management and winding-up of the Scheme which cannot be recovered from any Employer;

(ii) an annuity or reversionary annuity in respect of any beneficiary:

(a) then in receipt of, or immediately entitled to, a pension from the Scheme; or

(b) entitled in reversion to a pension from the Scheme upon the termination of the pension payable under (a) above;

(iii) deferred annuities equal to the amount of the benefits to be granted in accordance with Rule 11.4 in respect of the remaining Members; provided that in the circumstances mentioned in Rule 5.3 the Managing Trustees may at their discretion forthwith pay in accordance with the provisions of Rule 5.3 the lump sum which would otherwise have been required to secure the annuity.

Any remainder of the balance of the trust fund after securing the aforesaid liabilities may at the absolute discretion of the Employer be applied to secure further benefits for the relevant Members within their individual limits as set out in the Revenue Appendix. Subject to the provision of the Pensions Act 1995 (as amended) and any associated regulations made thereunder, any further balance thereafter remaining shall after deduction of tax at the rate notified to the Managing Trustees be properly apportioned amongst the Principal Employer and each Participating Employer in a manner determined by the Managing Trustees on Actuarial Advice and shall be paid to each Employer in cash.

The benefits to be provided in accordance with this Rule shall be secured by appropriate policies or contracts effected with a United Kingdom branch or agency of an Assurer and shall be in the name of or otherwise for the benefit of the beneficiary. They shall not be capable of being assigned.

Provided, however, that if the Managing Trustees shall, prior to the date of any notice of intention to cease paying contributions or prior to the date of determination of the trusts as referred to in this Rule, have invested the assets of the trust fund or any part thereof in policies with an Assurer, the Managing Trustees shall retain such policies or any of them and make use of them or any of them as they may think fit and make such arrangements as they may think fit in connection with such policies or any of them for, or towards, or in connection with securing or providing the benefits herein, before directed to be purchased.

If, in accordance with the provisions of Rule 3.3, the Managing Trustees shall have purchased in their names from any Assurer an annuity on the life of an individual who had become entitled to an immediate pension or contingently entitled on the death of a Member to a pension from the Scheme, the Managing Trustees may, if they so determine, assign any such annuity to the beneficiary of the said pension free from the provisions of these Rules: in which case

(i) such annuity shall not be capable of being further assigned; and

(ii) the provisions of the policy or contract issued in respect of the said annuity shall be such that the form and amount of the benefits payable under the policy contract are identical in all respects to the form and amount of the benefits that are payable or would be payable under the Scheme.

11.6 In the event that Rules 11.1 or 11.2 occur, the Managing Trustees, with the consent of the Special Trustee, may defer the winding-up of the Scheme or defer the application of any of the other options in those sub-Rules and continue to administer the Scheme as a paid-up scheme for such period as they think fit. During such period, all the powers of the Principal Employer in relation to the Scheme shall vest solely in the Trustees (including for the avoidance of doubt the power of alteration) and deferral of the winding-up may only occur provided that the following requirements are met:

(a) no further individual shall be admitted to Membership and no further contributions shall be payable except with the consent of the Special Trustee;

(b) any such deferral may not continue after the Scheme ceases to have any assets or beneficiaries;

(c) the Scheme will continue to be administered in accordance with the Rules and the requirements of the Act; and

(d) any such deferment shall be subject to such amendments or conditions as the Revenue may from time to time require.

12. GENERAL PROVISIONS RELATING TO TRUSTEES

12.1 The Special Trustee's role is to provide information and technical support to the Managing Trustees. It shall not incur any liability under the terms of the Trust Deed or these Rules to any third parties.

12.2 The Managing Trustees shall be all the Trustees other than the Special Trustee and shall manage and administer the Scheme and shall be the Scheme Administrator of the Scheme. All trustee decisions in relation to the Scheme shall be made only by the unanimous agreement of those of the Managing Trustees who are Members of the Scheme, except this shall not override any provision requiring the participation of the Special Trustee in the making of particular decisions. Before any investment of resources of the Scheme is made, each of the Members of the Scheme shall agree in writing to the making of that investment.

12.3 The number of Managing Trustees shall not be less than two. Where the number of Managing Trustees falls to one, the Principal Employer shall forthwith appoint an additional Managing Trustee or Managing Trustees; provided that until the appointment of such additional Managing Trustee the Principal Employer shall fill the vacancy that has occurred.

12.4 The power of appointing a new or additional Trustee shall be vested in the Principal Employer and shall be exercisable by deed. The Principal Employer shall also have power to remove by deed any Trustee from office at any time after giving four weeks' notice in writing to the Trustee. Such notice shall be deemed to be served by first class post at the Trustee's last known address. Upon the death or removal or retirement from the trusts of the Scheme of any Trustee, the Principal Employer shall as soon as possible appoint a new Trustee or Trustees in his place it being the intention that the number of Trustees of these presents shall never be less than three.

12.5 In the event of the Principal Employer exercising its powers under Rule 12.4 to remove the Special Trustee or if the Special Trustee resigns its appointment under Rule 12.6 the provisions of this Rule shall apply. On resignation or removal the Special Trustee shall be reimbursed from the trust fund all costs and expenses (including its fees) incurred in connection with the re-registration of the Scheme's assets in the names of the Managing Trustees (and any replacement Special Trustee) and the removal of any restriction on any title register which would otherwise prevent any dealing in real property without the consent of the Special Trustee. The Managing Trustees shall sign all additional documents necessary to perfect such re-registration or transfer of the Scheme's assets. On the retirement of the Special Trustee either under Rule 12.4 or Rule 12.6 all references to the Special Trustee in the Trust Deed and these Rules shall be deemed to be removed until such time as a replacement Special Trustee is appointed.

12.6 Any Trustee may resign their appointment as a trustee by serving on the Principal Employer and Trustees one month's notice in writing to that effect which shall be delivered to or sent by registered post to the Principal Employer's registered office and at the expiration of any such notice the Trustee shall be deemed to have retired from the trust and the Principal Employer shall execute such documents and do such things as may be necessary to give proper effect to such retirement. The Special Trustee shall have the additional power to retire without the consent of the Managing Trustees or the Principal Employer by executing an appropriate deed. Delivery of the deed to the registered office of the Principal Employer shall discharge the Special Trustee from the trusts of the Scheme. The provisions of Rule 12.5 shall then apply.

12.7 Subject to the Scheme's governing Trust Deed, whenever there shall be three or more Managing Trustees a majority of the Managing Trustees shall be competent to execute and exercise all the trusts, powers and discretions hereby vested in the Managing Trustees and any powers so exercised, whether at a meeting of the Trustees or otherwise, shall be deemed to be the acts of all the Managing Trustees and shall be binding on all parties.

12.8 Any Trustee shall be entitled to fees or remuneration for services as a Trustee at a rate to be agreed from time to time between such Trustee and the Principal Employer and unless such agreement stipulates that such fees or remuneration shall be paid by the Principal Employer in addition to the contributions payable by it to the Scheme or in the event that the Principal Employer shall commit any breach of such stipulation such Trustee shall subject to the Revenue Appendix be entitled to receive such fees or remuneration out of the income of, or the assets for the time being constituting, the trust fund. In addition to any such fees or remuneration as aforesaid any Trustee, any firm of which such Trustee is a partner, and any subsidiary or associated company of such Trustee or in which such Trustee is interested whether as an officer or shareholder shall be entitled to retain beneficially any brokerage, commission, fee, remuneration or dividend (other than a dividend payable in respect of any asset of the trust fund) payable directly or indirectly to him or it.

12.9 The Managing Trustees may exercise the following special powers in addition to all other powers vested in them by these Rules:

(i) power to delegate any business including (but without prejudice to the generality of the foregoing) the exercise of any discretion to any one or more of their number. Any such delegation may be revoked by a majority of the Managing Trustees other than the delegate;

(ii) power to make such arrangements generally for the administration of the Scheme as they may think fit and in particular to employ professional advisers, nominees, agents and staff including a secretary who may be one of the Managing Trustees to transact any business of the Scheme including the receipt and payment of money and to meet the expenses of work done on behalf of the Scheme and to pay remuneration (to be approved by the Principal Employer) to any such person or persons which remuneration shall be deemed to be part of the expenses incurred by the Trustees in connection with the Scheme;

(iii) power to appoint any one or more of the Employers or any Assurer with which any policy has been effected in accordance with Rule 3 as their agent for the purpose of paying any pension or pensions which arises or arise under the Scheme and the payment of such pension or pensions to the person or persons entitled to receive the same under the Scheme shall be a complete discharge to the Trustees for the payment thereof;

(iv) power in relation to these Rules to act on Actuarial Advice or on the advice or opinion of any lawyer, broker, accountant, investment adviser or other professional person and the Trustees shall not be responsible for any loss occasioned by so acting provided such professional advisers have been validly appointed under the provisions of the Pensions Act 1995;

(v) power from time to time to authorise in writing one or more of their number for the time being or any other person or persons appointed by them to receive payments, to draw or to endorse cheques and to give receipts and discharges for any monies or other property payable, transferable or deliverable to the Trustees and any such receipt or discharge shall be as valid and effective as if it were signed by all the Trustees.

12.10 No Trustee shall as trustee of the Scheme incur any personal responsibility or be liable for anything whatever except for breach of trust knowingly and intentionally committed by him. Each Employer which participates in the Scheme shall indemnify the Trustees against all or any claims, costs , loss, damages and expenses which they may pay or incur or which may be made against them in connection with the carrying out of the trusts of these presents or anything herein contained. Such indemnity shall include the liability of the Trustees for all or any penalties under the Pensions Act 1995, claims, costs, loss, damages and expenses which they may incur by any action of any person appointed by them for the carrying out of the purposes of the trusts of this Scheme. For the purposes of this Rule the Trustee shall include any director or officer of a Corporate Trustee. To the extent that any one or more of the Employers fails to indemnify the Trustees they shall be indemnified from the trust fund.

12.11 No Trustee shall be liable for the consequences of any mistake or forgetfulness whether of law or fact of the Trustees or for acting on any professional advice or for any breach of duty or trust whatsoever whether by way of commission or of omission unless it is proved to have been made, given, done or omitted in conscious bad faith of the Trustee sought to be made liable.

12.12 The Managing Trustees shall be the Scheme Administrator (as defined in the Act) subject to meeting the residency condition and shall make such declarations to the Revenue as are required pursuant to Section 270 of the Act by virtue of it being the Scheme Administrator. The Managing Trustees have declared that they understand that they will be responsible for discharging the functions conferred or imposed on the

Scheme Administrator by and under the Act and that they intend to discharge those functions at all times.

12.13 Where the Managing Trustees are unable to meet the conditions set out in Section 270 of the Act, the Principal Employer shall be the Scheme Administrator and shall complete the said declaration to the Revenue and shall be responsible for discharging the functions conferred or imposed on the Scheme Administrator, until a replacement Scheme Administrator is successfully appointed to discharge those functions in its place.

13. ADMINISTRATION AND GENERAL PROVISIONS

13.1 The Principal Employer may, with the consent of the Trustees (which shall include the Special Trustee), from time to time without the consent of the Members, by deed alter, cancel, modify or add to any of the provisions of the Trust Deed or these Rules subject to Section 67 of the Pensions Act 1995; provided that if the Principal Employer is a corporate body the said alteration, modification, cancellation or addition to any of these Rules may be effected, by memorandum under hand signed by a duly authorised director of the Principal Employer. Until such time as the Trust Deed or these Rules has or have been so varied, the Managing Trustees shall have the power to operate the Scheme on the basis which has been announced in writing to those Members affected by such variation. In the case of a Scheme that is established on or after 6 April 2006 any such amendment may be retrospective.

Provided always that no such alteration, modification, cancellation or addition shall be such as to prejudice the Scheme's status as a Registered Pension Scheme.

13.2 Except to the extent specified in these Rules any pension, including personal pension, payable shall be non-commutable and non-assignable.

13.3 Tax shall be deducted in accordance with legislation and the regulations of the Revenue for the time being in force. The Scheme Administrator, shall be accountable to the Revenue, for any such tax as is required under the provisions of the Act and regulations made thereunder provided that where liability for such charge is on a joint and several basis, the Scheme Administrator shall be deemed (as between it and the Member) to have discharged its obligations to meet that liability where it has acted in reliance on information provided in a Member's signed declaration or otherwise where the Scheme Administrator has acted in 'good faith' as set out in Sections 267-269 (inclusive) of the Act. If the Member has provided incomplete or incorrect information within the declaration, liability for any additional charge or tax or any unpaid tax will be deemed to fall solely on the Member and the Scheme Administrator shall be entitled to recover from the Member's benefits under the Scheme any charges or tax raised on it by the Revenue. To the extent that the Scheme Administrator is unable to recover such tax or charges from the Member's benefits under the Scheme the Member shall be personally liable to reimburse the Scheme Administrator.

13.4 If a person entitled to or in receipt of any benefit under the Scheme is a minor or is in the opinion of the Managing Trustees suffering from any incapacity rendering him unable to manage his affairs or to give a proper receipt for the pension or other monies payable hereunder, the Managing Trustees may at their discretion pay the same to any person or institution or other body supporting or caring for him or his spouse or his Dependants and the receipt of the person, institution or body for the sum or sums so paid to him or them shall be a complete discharge to the Managing Trustees for the monies paid and they shall not be under any liability to see to the application thereof.

13.5 The Employer and the Trustees shall be entitled to a charge, lien or set-off against any benefit to which a Member is or may become entitled for the purpose of enabling the Employer or the Trustees to obtain the discharge by the Member of some monetary obligation due to the Employer or the Trustees and arising out of a criminal, negligent or fraudulent act or omission by the Member, or if the Member is a Trustee, arising out of a breach of trust by the Member (unless the Trustee's liability for breach of trust is excluded under Rule 12.11).

Provided that

(a) the amount of the charge, lien or set-off must not exceed the amount of monetary obligation, or, if less the value of his benefits;

(b) the Member must be given a certificate showing the amount of the charge, lien or set-off and the effects it has on his benefits;

(c) in the event of a dispute about the amount of monetary obligation, the charge, lien or set-off must not be exercisable until the obligation has become enforceable under a court order or an arbitrator's award, or, in Scotland, an arbiter to be appointed by the sheriff, but the Trustees may suspend payment of any benefits until the dispute is resolved;

(d) the charge, lien or set-off cannot be exercised in respect of transfer credits except transfer credits attributable to employment with the Employer or an Associated Employer and the benefits of which could have been charged or a lien or set-off exercised in respect of them under the occupational pension scheme from which they were transferred.

13.6 Notwithstanding the assignment provisions of paragraph 6 of the Revenue Appendix, except where otherwise provided in the Rules or in accordance with sections 166 or 167 of the Pensions Act 1995, no benefit under the Scheme shall be capable of being assigned or applied for the benefit of anyone other than an individual entitled, or prospectively or contingently entitled to it, and

(a) every assignment of, or charge on, any such benefit and any agreement to assign or charge such benefit shall be void; and

(b) on the bankruptcy of any such individual (or in Scotland, such individual executing a trust deed for the benefit of his creditors), the benefit shall not pass to any trustee or other person acting on behalf of the creditors of the individual entitled.

Notwithstanding the assignment provisions of paragraph 6 of the Revenue Appendix, the Trustees shall forfeit any benefits which have become the subject of any attempted assignment by operation of law, and shall apply them for the benefit of the Member or his Dependants in such shares and proportions as the Trustees in their absolute discretion think fit.

13.7 The Managing Trustees shall keep or cause to be kept a complete record of all matters essential for the working of the Scheme and shall also keep accounts to show the position of, and dealings with, the trust fund and the amounts of, and dates of payment of, contributions thereto. They shall also at least once in every calendar year or at such other intervals as the Special Trustee shall direct cause to be prepared a statement of accounts of the trust fund. Every such statement of accounts shall if requested by one or more of the Managing Trustees or the Special Trustee be audited by a qualified auditor who shall have access to all relevant records, books, papers, vouchers, accounts and documents and shall report on such statement to the Trustees.

The accounts and a copy of any Scheme documents shall be available for inspection by any Member at the principal place of business of the Principal Employer.

13.8 All costs and expenses in connection with the carrying out of the trusts and provisions of the Trust Deed and these Rules shall be borne by each Employer in the proportion which in the opinion of the Managing Trustees is appropriate.

13.9 Where appropriate the Scheme Administrator shall comply with the requirements of any additional voluntary contributions regulations as may be in force from time to time.

14. PENSION SHARING RULES

The Scheme shall comply with all applicable legislation from time to time in force in respect of pension sharing on either divorce or on the dissolution of a civil partnership (the 'Pension Sharing Rules'). The Pension Sharing Rules are overriding and shall be applied by the Trustees in accordance with their policy statement (as may from time to time be revised). To the extent that the Rules of the Scheme contradict or are otherwise contrary to the Pension Sharing Rules, the Pension Sharing Rules shall apply.

15. EMPLOYMENT WITH AN OVERSEAS EMPLOYER WHICH PARTICIPATES IN THE SCHEME

This Rule shall apply solely to employees of a non-United Kingdom resident Participating Employer. It shall override any other provisions of the governing Trust Deed and Rules which are inconsistent with it.

Employees of a non-United Kingdom resident Participating Employer that is carrying on a trade in the United Kingdom through a branch or agency and employees of a non-United Kingdom resident Participating Employer that are not resident in the United Kingdom may only participate in the Scheme to the extent permitted from time to time by and subject to the conditions set from time to time by the Revenue.

16. INCOME WITHDRAWAL

16.1 This Rule 16 details the provisions subject to which Income Withdrawal may be entered into under the Scheme. This Rule shall also be deemed to incorporate any other options that are not specified in the following Rules but which are permitted by the Act or such other legislation as may from time to time be in force, subject always to the agreement of the Assurer in making these options available.

For the purposes of this Rule and subject always to the requirements of Schedule 28 to the Act, the Scheme Administrator shall provide the Member or Dependant with the option to allocate their funds on death or retirement. On a Member's or Dependant's death, the Scheme Administrator shall wherever possible comply with such allocation as to the provision of death and Dependants' benefits. Where at the time the person to whom the benefit has been allocated is either no longer still living or is no longer dependent, such allocation shall cease to be valid and the Scheme Administrator shall determine who shall be entitled to the death benefits.

16.1.1 At the Scheme Administrator's discretion, a Member may at any time before age 75 choose not to secure his pension benefits through the purchase of a Lifetime Annuity or Scheme Pension. In that case, the Member may designate some or all of his Member's fund as available for Unsecured Pension. That part of the Member's fund will then become the Unsecured Pension Fund. Where the Member does so, he may:

(1) draw his pension direct from the Unsecured Pension Fund at his Selected Retirement Date; or

(2) receive a Short-Term Annuity.

If the Member chooses this option he must notify the Scheme Administrator in writing within such prescribed periods as may apply before the date the benefit is to start. The Member shall also notify the Scheme Administrator in writing if and when he wishes the period to end, again providing such notice as may be prescribed.

References to Alternatively Secured Pension shall be construed accordingly where the Scheme makes such a facility available.

PARTIAL INCOME WITHDRAWAL

16.1.2 If the Scheme Administrator permits, the Member may, whilst receiving Unsecured Pension or Alternatively Secured Pension, use part of the Member's fund to secure a pension through a Lifetime Annuity, Scheme Pension or Short-Term Annuity (the latter only applies if the Member is receiving Unsecured Pension), whilst continuing to receive Unsecured Pension or Alternatively Secured Pension.

INCOME WITHDRAWAL LIMITS

16.1.3 In accordance with Rule A1 of the Revenue Appendix, the amount of Income Withdrawal(s) drawn in each Unsecured Pension Year must not exceed 120% of the Basis Amount for the Unsecured Pension Year (see Part 1 of Schedule 28 to the Act) by reference to:

(a) the amount of the Member's Unsecured Pension Fund; and

(b) the current published tables of annuity rates prepared for this purpose by the Government Actuary's Department.

16.1.4 In accordance with Rule A1 of the Revenue Appendix, the total amount of Income Withdrawal(s) drawn in each Alternatively Secured Pension Year must not exceed 70% of the Basis Amount for the Alternatively Secured Pension Year (see Part 1 of Schedule 28 to the Act) by reference to:

(a) the amount of the Member's Alternatively Secured Pension Fund; and

(b) the current published tables of annuity rates prepared for this purpose by the Government Actuary's Department.

16.1.5 The minimum amount of Income Withdrawals which a Member may take as Unsecured Pension or Alternatively Secured Pension is nil.

Purchase of an Annuity with part of the Member's Unsecured Pension Fund - Limits

16.1.6 Where part of the Member's Unsecured Pension Fund or Alternatively Secured Pension Fund is used to purchase an annuity in accordance with Rule 16.1.2 above the maximum Income Withdrawal limits applying to the 12-month period in which the purchase took place are not altered. However, the purchase of such an annuity may lead to an additional review of those limits for any subsequent 12-month period(s) which fall prior to the next review as prescribed by Rule 16.1.7 below in relation to an Unsecured Pension Fund.

RECALCULATION OF INCOME WITHDRAWAL LIMITS

Unsecured Pension

16.1.7 The maximum annual Income Withdrawals as Unsecured Pension for each five-year reference period succeeding the first such period starting from the Selected Retirement Date shall be calculated as required by paragraph 10 of Schedule 28 to the Act on the date nominated by the Scheme Administrator by reference to the amount of the Member's Unsecured Pension Fund remaining on the first day of each period and the Government Actuary's Department's annuity rate tables current at that date.

Alternatively Secured Pension

16.1.8 The maximum annual Income Withdrawals as Alternatively Secured Pension for each 12-month period succeeding the first such period starting from the date when the Member first becomes entitled to an Alternatively Secured Pension shall be calculated as required by paragraph 13 of Schedule 28 to the Act on the date nominated by the Scheme Administrator by reference to the amount of the Member's Alternatively Secured Pension Fund remaining on the first day of each period and the Government Actuary's Department's annuity rate tables current at that date.

Sixty Day Window for Review

16.1.9 If the Member wishes and the Scheme Administrator allows, the review made in accordance with Rules 16.1.7 and 16.1.8 may be made at any time within 60 days ending on the date the review is due to be made in accordance with the requirements of those two Rules. But the review made will be applied as if it had taken place on the due date. The next review will then be due to take place at the end of the next five-year or 12-month period. This Rule does not apply to any review that occurs due to the operation (as appropriate) of Rules 16.1.10 and 16.1.11 below.

This Rule does not apply where an additional fund designation occurs or in the first year that a Member commences an Alternatively Secured Pension.

Purchase of an Annuity with part of the Member's Unsecured Pension Fund – Recalculation

16.1.10 Where a Member chooses under Rule 16.1.2 above to use part of the Member's Unsecured Pension Fund or Alternatively Secured Pension Fund to purchase an annuity there will be no effect on the review process as detailed in Rule 16.1.7 unless that purchase is a 'recent annuity purchase' as defined in paragraph 10(9) of Schedule 28 to the Act by reference only to an Unsecured Pension Fund.

16.1.11 Where the purchase is a ‘recent annuity purchase’ for the purposes of paragraph 10(9) of Schedule 28 to the Act, then on the same day of purchase a new review of the maximum Income Withdrawal limits must be undertaken by the Scheme Administrator. The revised limits calculated by the Scheme Administrator must be applied from the next full 12-month period in accordance with the requirements of Schedule 28 to the Act by reference only to an Unsecured Pension Fund.

Pension Credit Rights

16.1.12 Where a Member is in receipt of Income Withdrawals and a Pension Sharing Order is subsequently made against that Member, then no amount may be paid out of the Pension Credit by way of lump sum to the Ex-Spouse or former Civil Partner.

16.1.13 The limits imposed through the operation of the rest of this Rule on the level of Income Withdrawal payable are not altered by the reduction of the Member’s fund(s) concerned due to a Pension Sharing Order that is not a ‘recent pension sharing event’ for the purposes of paragraph 10(9) of Schedule 28 to the Act. In those circumstances, a review of those limits will also not be triggered. The Income Withdrawal limits will next be reviewed as prescribed by Rules 16.1.7 to 16.1.8 above.

16.2 DEATH WITH CRYSTALLISED FUNDS

Member’s Choice

16.2.1 Subject to the requirements of the Act, a Member (or, as the case may be the Scheme Administrator) may elect when he becomes entitled following a Benefit Crystallisation Event to a pension benefit that, in addition to the pension being provided for the Member, the terms of that pension will also provide for a benefit after the Member’s death subject to the terms of any Lifetime Annuity or on the terms set out in Rule 16.2.2 or Rule 16.2.3 for one or more survivors (or other persons under a period of guaranteed pension payment, a Charity Lump Sum Death Benefit or a Transfer Lump Sum Death Benefit (with the latter two as defined and set out in Rule A3 of the Revenue Appendix)).

For the purposes of this Rule 16, survivor shall mean a Dependant of a Member who has died.

Member Dies

16.2.2 If the Member becomes entitled to Unsecured Pension, the terms of that entitlement may also provide after the Member’s death for one or more of:

(a) payment to a Dependant of the remainder of any guaranteed pension payments left on the unexpired term of a Short-Term Annuity; or

(b) a Dependants’ Unsecured Pension (if the Dependant is aged under 75); or

(c) a Dependants’ Alternatively Secured Pension (if the Dependant is aged 75 or over); or

(d) a Dependants’ Annuity; or

(e) the payment of an Unsecured Pension Fund Lump Sum Death Benefit; or

(f) where the conditions in Rule A3(b)(vii) of the Revenue Appendix are met, a Trivial Commutation Lump Sum Death Benefit to any Dependant.

16.2.3 If the Member becomes entitled to an Alternatively Secured Pension, the terms of that entitlement may also provide after the Member's death for one or more of:

(a) a period of guaranteed pension payment where the Scheme offers such a facility; or

(b) a Dependant's Unsecured Pension (if the Dependant is aged under 75); or

(c) a Dependant's Alternatively Secured Pension (if the Dependant is aged 75 or over); or

(d) a Dependant's Annuity; or

(e) the payment of either a Charity Lump Sum Death Benefit or a Transfer Lump Sum Death Benefit, where there is no surviving Dependant of the Member.

Dependant Dies

16.2.4 If a Dependant becomes entitled following the Member's death to a Dependant's Unsecured Pension, the terms of that entitlement may also provide (subject to the agreement of the Assurer) after the Dependant's death for the payment to any Dependant of the Member of a Dependant's Unsecured Pension or Dependant's Alternatively Secured Pension (depending on that Dependant's age), Dependant's Annuity or Dependant's Scheme Pension or to any individual an Unsecured Pension Fund Lump Sum Death Benefit.

An Unsecured Pension Fund Lump Sum Death Benefit shall be subject to such charge to tax as is set out in Section 206 to the Act.

16.2.5 If a Dependant becomes entitled following the Member's death to a Dependant's Alternatively Secured Pension, the terms of that entitlement may also provide (subject to the agreement of the Assurer) after the Dependant's death for the payment to any other Dependant of the Member of a Dependant's Unsecured Pension or Dependant's Alternatively Secured Pension (depending on that Dependant's age), Dependant's Annuity or Dependant's Scheme Pension or if there are no other surviving Dependants of the Member, a Charity Lump Sum Death Benefit or a Transfer Lump Sum Death Benefit.

16.3 DEATH WITH UNCRYSTALLISED FUNDS

Member's Choice

16.3.1 A Member may choose by notice in writing to the Scheme Administrator that, if he dies before becoming entitled to pension benefits, the Member's fund will be used either to:

(a) provide any Dependant of the Member aged under 75 when the Member died with a Dependant's Unsecured Pension; or

(b) provide any Dependant of the Member aged 75 or over when the Member died, with a Dependant's Alternatively Secured Pension; or

(c) purchase a Dependant's Annuity or a Dependant's Scheme Pension; or

(d) pay an Uncrystallised Funds Lump Sum Death Benefit as set out in Rule A3 of the Revenue Appendix.

Where the Member elects for his fund to be used for a Dependant's Unsecured Pension or a Dependant's Alternatively Secured Pension, on the Member's death that part of his fund to be used to provide (a) or (b) above will be designated as the survivor's Dependant's Unsecured Pension Fund or Dependant's Alternatively Secured Pension Fund.

If the Member does not make a choice under this Rule 16.3.1 and there is a survivor, then:

(a) the Scheme Administrator may invite a Dependant to choose how the Member's fund should be used in accordance with this Rule; and

(b) if the Dependant does not make any such choice, the Scheme Administrator may make the decision.

Income Withdrawal

16.3.2 Where a survivor ceases to be eligible for a Dependant's benefit then Income Withdrawals must cease. Subject to any pensions that are payable to surviving Dependants, any survivor's fund remaining at the date of such cessation will be used for the benefit of other surviving Dependants of the Member or, if none for the general purposes of the Scheme.

16.3.3 Where a survivor is entitled to draw Dependants' Unsecured Pension he must either:

(a) choose to take an Unsecured Pension Fund Lump Sum Death Benefit at the outset and before age 75; or

(b) secure it with the purchase of a Dependants' Scheme Pension or a Dependants' Annuity; or

(c) secure it by drawing Dependants' Alternatively Secured Pension.

Unless the survivor notifies the Scheme Administrator in writing within any prescribed time limits that the Scheme Administrator is to do otherwise, the Scheme Administrator will designate the remaining part of the survivor's Dependant's Unsecured Pension Fund as the survivor's Dependant's Alternatively Secured Pension Fund with effect from his 75th birthday.

16.3.4 Where a survivor is entitled to draw Dependants' Unsecured Pension, he may choose to take an Unsecured Pension Fund Lump Sum Death Benefit at the outset or secure it in one of the methods listed in Rule 16.3.3 (a) and (b) above (subject to compliance with any terms of a Dependant's Short-Term Annuity), in each case giving the Scheme Administrator such notice as may be prescribed.

16.3.5 A Dependant's Alternatively Secured Pension is Income Withdrawal by a survivor in respect of some or all of his survivor's fund subject to the limit in Rule 16.3.9. A survivor drawing Dependant's Alternatively Secured Pension, may secure it with the purchase of a Dependant's Annuity at any time, subject to compliance with any prescribed notice requirements.

Annuity Purchase

16.3.6 The survivor may, whilst taking Income Withdrawals as Dependants' Unsecured Pension or Dependants' Alternatively Secured Pension, with the Scheme Administrator's agreement use part of the survivor's fund to secure a pension through annuity purchase, whilst continuing to take Income Withdrawals from the remainder of the survivor's fund. If this option is taken Rules 16.3.13 and 16.3.14 must be followed.

16.3.7 Where an annuity is being purchased in accordance with Rule 16.3.6 then the survivor has the option of choosing which Assurer the Dependant's Annuity is purchased from and if the survivor does not choose within any prescribed time frames, then the Scheme Administrator will choose the Assurer.

Income Withdrawal Limits

16.3.8 In accordance with Rule A3 of the Revenue Appendix, the total amount of Income Withdrawal(s) in each Unsecured Pension Year beginning with the date of the Member's death must not exceed 120% of the Basis Amount for the Unsecured Pension Year (see Part 2 of Schedule 28 to the Act) by reference to:

(a) the amount of the survivor's fund held on that date; and

(b) the current published tables of annuity rates prepared for this purpose by the Government Actuary's Department.

16.3.9 In accordance with Rule A3 of the Revenue Appendix, the total amount of Income Withdrawal(s) drawn from an arrangement in each Alternatively Secured Pension Year shall not exceed 70% of the Basis Amount for the Alternatively Secured Pension Year (see Part 2 of Schedule 28 to the Act) by reference to:

(a) the amount of the survivor's fund on that date; and

(b) the current published tables of annuity rates prepared for this purpose by the Government Actuary's Department.

16.3.10 There is no lower limit to the amount of Income Withdrawals which a survivor may take as Dependants' Unsecured Pension or Dependants' Alternatively Secured Pension.

Recalculation of Income Withdrawal Limits

16.3.11 The Scheme Administrator must review the maximum annual Income Withdrawal limits:

(a) in the case of Dependants' Unsecured Pension, for each five-year reference period after the date of death of the Member, and every five years thereafter; and

(b) until all of the survivor's fund has been used to purchase an annuity;

(c) in the case of Dependants' Alternatively Secured Pension, for each 12-month period after the death of the Member, and every 12 months thereafter until all of the survivor's fund has been used to purchase an annuity.

These limits should be calculated in the same way as detailed under Rules 16.3.8 and 16.3.9 but by reference to the value of the survivor's fund at the date of review, and the Government Actuary's Department's annuity rate tables current at that date.

Sixty Day Window for Review

16.3.12 If the Scheme Administrator allows, the review detailed in Rule 16.3.11 may be made at any time within 60 days ending on the due date of review. But the calculation made will be applied as if it had taken place on the due date for review. The next recalculation will then take place at the due date of review (ignoring the use of the sixty day window) at the end of the next five-year period, as specified under Rule 16.3.11. The 60-day window for review does not apply in the first year that a Member commences an Alternatively Secured Pension.

Purchase of an Annuity with part of the Survivor's Fund

16.3.13 Where a survivor chooses under Rule 16.3.6 to use only part of the survivor's Dependant's Unsecured Pension Fund or Dependant's Alternatively Secured Pension Fund to purchase an annuity there will be no effect on the review process as described in Rule 16.3.11 unless that purchase is a 'recent annuity purchase' as defined in paragraph 24 of Schedule 28 to the Act. Such a purchase will meet that definition if it occurs in a 12-month period as set out in paragraph 24(9) of Schedule 28 to the Act.

16.3.14 Where the purchase is a 'recent annuity purchase' for the purposes of paragraph 24 of Schedule 28 to the Act, then on the same day of purchase a new review of the maximum Income Withdrawal limits must be undertaken by the Scheme Administrator by reference to the remaining part of the survivor's Unsecured Pension Fund immediately following the annuity purchase. The revised limits calculated by the Scheme Administrator must be applied in accordance with the requirements of Schedule 28 to the Act.

Death of Survivor during period of Dependants' Unsecured Pension or Dependants' Alternatively Secured Pension

16.3.15 If a survivor dies while receiving Dependants' Unsecured Pension or Dependants' Alternatively Secured Pension, the survivor's fund may be applied (subject to the agreement of the Assurer), to provide any other Dependant of the Member with a Dependant's Unsecured Pension or Dependant's Alternatively Secured Pension (depending on that Dependant's age), Dependant's Scheme Pension or Dependant's Annuity, or where the Dependant was in receipt of Dependant's Unsecured Pension to any individual, an Unsecured Pension Fund Lump Sum Death Benefit, or where the Dependant was in receipt of Dependant's Alternatively Secured Pension and there are no other surviving Dependants of the Member, a Charity Lump Sum Death Benefit or Transfer Lump Sum Death Benefit.

17. DEFINITIONS AND INTERPRETATION

17.1 The following expressions have the following meanings except where inconsistent with the subject matter or context:

'Act' shall mean the Finance Act 2004 and any statutory amendment modification or re-enactment thereof.

'Actuarial Advice' shall mean advice given by a Fellow of the Institute (or Faculty) of Actuaries.

'Actuary' shall mean a Fellow of the Institute of Actuaries or a Fellow of the Faculty of Actuaries.

'Alternatively Secured Pension' means Income Withdrawal in the case of a Member who has reached age 75.

'Alternatively Secured Pension Fund' means such sums or assets that either (i) were part of the Member's Unsecured Pension Fund when he reached age 75 or that arise, or (directly or indirectly) derive from sums or assets within the Member's Unsecured Pension Fund or which so arise or derive; or (ii) became held for the purposes of the Scheme after the Member reached aged 75 or that arise, or (directly or indirectly) derive from sums which became so held or which so arise or derive, and which have not been subsequently applied towards the provision of a Scheme Pension.

'Alternatively Secured Pension Year' means the period of 12 months beginning with the day on which the Member first becomes entitled to Alternatively Secured Pension in respect of the Money Purchase Arrangement and each succeeding period of 12 months.

'Annual Allowance' means £215,000 for the tax year 2006-07 and in subsequent tax years shall be such higher amount as is specified by order made by the Treasury.

'Annuity Protection Limit' means the Pension Protection Limit which shall apply with reference to 'or annuity' after each reference to 'pension' in the calculation.

'Associated Employer' An Employer is associated with another employer if one is controlled by the other, or both are controlled by a third party. Control has the meaning in section 840 of ICTA, or in the case of a close company, section 416 of ICTA.

'Associated Scheme' shall mean any Registered Pension Scheme providing benefits in respect of Service.

'Assurer' shall mean Friends Life Company Ltd or any company which is or becomes a subsidiary either of that company or of a holding company of that company, or a branch or agency in the United Kingdom of an insurance company to which the Financial Services and Markets Act 2000 ('FSMA') applies and which is authorised by or under FSMA to carry on ordinary long-term insurance business as defined in FSMA and any insurance company as described in Section 275 of the Act.

'Basis Amount' means such amount as is defined in paragraphs 10 and 14 of Schedule 28 to the Act as appropriate and as may be amended from time to time.

'Benefit Crystallisation Event' means an event listed in the table at paragraph 19(b) of the Revenue Appendix.

'Block Transfer' means a transfer in a single transaction of all the sums and assets held for the purposes of, or representing accrued rights under, the arrangements under a pension scheme from which the transfer is made which relate to the Member and at least one other Member of that pension scheme and either the Member was not a member of the pension scheme to which the transfer is made before the transfer or he has been a member of that pension scheme but for no longer than such period as is prescribed by the Revenue.

'Cash Equivalent' shall mean the cash sum which, to the reasonable satisfaction of the Managing Trustees has a value which equals or exceeds the value of the Reduced Benefits at the date a Member's Pensionable Service with the Employer terminates or, if later, the date a Member applied to the Managing Trustees in writing to use such Cash Equivalent and which complies with the requirements of the Occupational Pension Schemes (Transfer Values) Regulations 1996 (S.I. 1996 No. 1847), as amended from time to time.

'Civil Partner' means a person registered as the civil partner in accordance with the procedures set out in the Civil Partnership Act 2004.

'Connected Person' means such persons as are defined in Section 839 of ICTA.

'Contributions' shall mean the payments made by the Managing Trustees to the Assurer.

'Crystallised Pension Rights' means

25 x ARP

where: ARP is an amount equal to the annual rate at which any relevant existing pension as defined in Schedule 36 of the Act is payable to the Member on 5 April 2006, but does not include any pension annuity or right if entitlement to it was attributable to the death of any person.

'Dependant' means (i) the Member's spouse or Civil Partner at the date of death; (ii) a person who was married to the Member or who was the Member's Civil Partner when he first became entitled to a pension under the Scheme; (iii) a child of the Member who has not reached the age of 23 or who has reached that age but in the opinion of the Scheme Administrator was at the date of the Member's death, dependent on the Member because of physical or mental impairment; or (iv) any person if in the opinion of the Scheme Administrator at the date of the Member's death the person was financially dependent on the Member, the person's financial relationship with the Member was one of financial dependence or the person was dependent on the Member because of physical or mental impairment.

'Dependants' Annuity' means an annuity for a Dependant as defined in paragraph 17 of Schedule 28 to the Act.

'Dependants' Scheme Pension' means a Scheme Pension for a Dependant as defined in paragraph 16 of Schedule 28 to the Act.

'Disqualifying Pension Credit' means a Pension Credit which when the Member becomes entitled to it, the person subject to the corresponding Pension Debit has an actual right to payment of a pension under the relevant arrangement.

‘Employer’ means the Principal Employer or a Participating Employer, as the case may be, which for the time being is employing the Member concerned and shall include successors in business which take its place for all the purposes of the Scheme. If a Member is employed simultaneously by the Principal Employer and one or more Participating Employers (or by more than one Participating Employer but not by the Principal Employer) then the expression ‘Employer’ means each employer separately in relation to the benefits and contributions arising from employment with that employer.

‘Ex-Spouse’ means an individual to whom Pension Credit Rights have been or are to be allocated following a Pension Sharing Order, agreement or equivalent provision. The expression ‘former Civil Partner’ shall have the same meaning.

‘ICTA’ means the Income and Corporation Taxes Act 1988 and any statutory amendment modification or re-enactment thereof.

‘Ill-Health Condition’ means a Member is (and will continue to be) incapable of carrying on the Member’s occupation because of physical or mental impairment, and the Member has in fact ceased to carry on his occupation and the Managing Trustees have received evidence from a registered medical practitioner to that effect.

‘Incapacity’ shall mean that the Managing Trustees are satisfied the Member has met the Ill-Health Condition. It shall be for the Managing Trustees to decide whether or not a Member is incapacitated within this meaning.

‘Income Withdrawal’ means, in the case of a Member who has not yet reached age 75, an amount (other than a payment of an annuity) which the Member is entitled to be paid from his Unsecured Pension Fund, and in the case of a Member who has reached age 75 an amount which a Member is entitled to be paid from the Member’s Alternatively Secured Pension Fund.

‘Index’ shall mean the General Index of Retail Prices (all items) published by the Central Statistical Office or any replacement adopted by the Managing Trustees without prejudicing the registered status of the Scheme. Where an amount is increased by ‘the level of the percentage increase in the Index’ over a period, the increase as a percentage of the original amount must equal the percentage increase between the figures in the Index for the months in which the pension began and ended, with an appropriate restatement of the later figure if the Index has been replaced or rebased during that period.

‘Individual Benefit Fund’ shall mean the value, as determined by the Managing Trustees, of the benefit payable under any policies effected in respect of the Member under paragraph (ii) of Rule 3.1, and that part (if any) of the remaining assets of the Scheme which the Managing Trustees consider on Actuarial Advice represents a Member’s interest in the Scheme provided that all assets remain assets of the common trust fund against which the rights of each Member lie.

‘ITEPA’ means the Income Tax (Earnings and Pensions) Act 2003, as may be amended from time to time.

‘Lifetime Allowance’ means £1,500,000 for the tax year 2006-07 or such amount as has been specified by order made by the Treasury for the relevant tax year PROVIDED THAT the Lifetime Allowance applicable to a Member shall be increased where appropriate in accordance with Sections 220-226 (inclusive) and paragraphs 7-11 (inclusive) and 18 of Schedule 36 of the Act.

'Lifetime Annuity' means an annuity the amount of which either cannot decrease or will fall to be determined in a manner prescribed by the Revenue payable by an insurance company, which the Member had the opportunity to select, and which is payable until the Member's death or until the later of the Member's death and the end of a term certain not exceeding ten years.

'Lump Sum Allowance' means

$$\frac{(CSLA-AAC)}{4}$$

where: CSLA is the current standard lifetime allowance, as determined by the Act; and

AAC is the aggregate of the amounts crystallised by each Benefit Crystallisation Event which has occurred in relation to the Member before he becomes entitled to the lump sum, and which shall be adjusted by the same factor as:

$$\frac{CSLA}{PSLA}$$

30303 where: PSLA is the standard lifetime allowance applicable under the Act at the time of the previous Benefit Crystallisation Event, if any.

'Lump Sum Applicable Amount' means

(a) where a Member becomes entitled to a Scheme Pension:

$$\frac{(LS + AC) - R}{4}$$

where: LS is the amount of the lump sum;

AC is the amount crystallised by reason of the Member becoming entitled to the pensions, as provided for in paragraph 19(b) of the Revenue Appendix; and

R is the amount of those sums or assets as represent the whole or part of the Member's Unsecured Pension Fund if the Scheme Pension is funded in whole or in part by the application of such sums or assets, and/or so much (if any) of the lump sum and the amount crystallised as represents rights which are attributable to a Disqualifying Pension Credit;

(b) where a Member becomes entitled to Income Withdrawal, one third of the aggregate of the amount of the sums designated as available for the payment of Unsecured Pension on that occasion and the market value of the assets so designated, excluding any sums or assets so designated which represent rights attributable to a Disqualifying Pension Credit;

(c) where a Member becomes entitled to a Lifetime Annuity, one third of the aggregate of the amount of such of the sums and the market value of such of the assets held for the purposes of the Scheme as are applied in (or in connection with) the purchase of the Lifetime Annuity and any related Dependant's Annuity PROVIDED THAT such aggregate shall not include any sums or assets which represent either the whole or part of the Member's Unsecured Pension Fund, or those rights which are attributable to a Disqualifying Pension Credit.

'Lump Sum Percentage' means

$$\frac{VULSR}{VUR} \times 100\%$$

where: VULSR is the value of the Member's Uncrystallised Lump Sum Rights, calculated in accordance with paragraph 32 of Schedule 36 to the Act; and

VUR is the value of the Member's Uncrystallised Rights, calculated in accordance with paragraph 33 of Schedule 36 to the Act.

'Lump Sum Permitted Maximum' means the lower of (a) the available portion of the Member's Lump Sum Allowance and (b) the Lump Sum Applicable Amount PROVIDED THAT it shall be nil if all the Member's rights under the arrangement under which the Member becomes entitled to the relevant pension are attributable to a Disqualifying Pension Credit.

'Managing Trustees' has the meaning attributed thereto by the Trust Deed.

'Member' shall mean each employee and former employee who participates in the benefits of the Scheme and who has been included in the Scheme in accordance with the provisions of Rule 1.

'Money Purchase Arrangement' means an arrangement under which all the benefits that may be provided to or in respect of a Member are either (a) Money Purchase Benefits, or (b) benefits the rate or amount of which is calculated by reference to an amount available for the provision of benefits to or in respect of the Member calculated otherwise than wholly by reference to payments made under the arrangement by the Member or by any other person in respect of the Member.

'Money Purchase Benefits' means benefits the rate or amount of which is calculated by reference to an amount available for the provision of benefits to or in respect of the Member.

'Normal Minimum Pension Age' shall be age 50 up to and including 5 April 2010 and shall be 55 with effect from 6 April 2010 save in respect of those Members that have a protected pension age of less than 55 after 6 April 2010 in accordance with paragraph 22 of Schedule 36 of the Act.

'Other Contracts' shall mean any fund, scheme or arrangement registered by the Revenue for the purposes of the Act; or any one or more annuity contracts or assurance policies purchased from an Assurer, under which the Assurer assumes an obligation to the Member or to his Dependants to pay the benefits secured to him or them, which conform to the requirements of the Act and any regulations made thereunder and comply with the requirements of Rule 8.3.

'Other Scheme' shall mean any fund, scheme or arrangement registered by the Revenue for the purpose of the Act.

'Participating Employer' shall mean each company or other organisation, undertaking or business (except the Principal Employer) which has agreed to participate in the Scheme and has entered into a covenant with the Principal Employer and the Managing Trustees to perform and observe such provisions of the Scheme as are on its part to be performed and observed.

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

‘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 Welfare Reform and Pensions Act 1999.

‘Pension Debit Member’ means a Member whose benefits have been reduced by a Pension Debit.

‘Pension Input Amount’ means the amounts calculated in accordance with the formulae provided at paragraph 17 of the Revenue Appendix.

‘Pension Input Period’ means (a) the period commencing with the first date on which a Relevant Contribution is made, and ending with the earlier of the anniversary of such date or the date nominated by the Scheme Administrator, and (b) each subsequent period beginning immediately after the end of the period referred to in (a) and ending with the earlier of the anniversary of the date on which that period ended and the anniversary of the date nominated by the Scheme Administrator falling in the tax year immediately after that in which the last Pension Input Period ended. The last Pension Input Period shall end when the Member first becomes entitled to all the benefits which may be provided to him under the Scheme.

‘Pension Protection Limit’ means the amount calculated by the formula:

AC - AP - TPLS

where: AC is the amount crystallised on a Benefit Crystallisation Event in respect of the Member;

AP is the amount of pension paid in respect of the period between the Member becoming entitled to the pension and the Member’s death; and

TPLS is the total amount of Pension Protection Lump Sum Death Benefit previously paid in respect of the pension.

‘Pension Sharing Order’ means any order or provision as is mentioned in section 28(1) of the Welfare Reform and Pensions Act 1999.

‘Pensionable Service’ shall have the meaning ascribed to it by the 1993 Act.

‘Pensions Regulator’ means the regulatory body for work-based pension schemes in the United Kingdom that replaced the Occupational Pensions Regulatory Authority on 6 April 2005.

‘Permitted Margin’ means the amount defined in paragraph 11 of Schedule 32 to the Act.

‘Permitted Transfer’ means a transfer so defined in paragraph 12 of Schedule 36 to the Act.

‘Policy’ shall mean the policy or policies of assurance effected with an Assurer by the

Managing Trustees to provide relevant benefits (as defined in section 393B ITEPA) for each Member.

'Principal Employer' shall mean the Employer which established the Scheme, or any Employer that subsequently undertakes the obligations and liabilities of the Principal Employer under the Scheme.

'Prohibited Investments' shall mean any assets or investment(s) to which the tax advantages afforded to Registered Pension Schemes shall not apply, whether set out in Regulations or otherwise.

'Qualifying Recognised Overseas Pension Scheme' means an overseas pension scheme which is established in a country or territory prescribed by regulations issued by the Revenue and satisfies any requirements so prescribed.

'Qualifying Service' shall mean the aggregate of:

(i) Service which at the time it was given qualified a Member for benefit payable at or after retirement under this Scheme or any other retirement benefits scheme to which the Employer contributes or has contributed; and

(ii) any period notified under item (i) of Rule 10.1.

'Recognised Transfer' means a transfer to another Registered Pension Scheme or to a Qualifying Recognised Overseas Pension Scheme as set out in Section 169 of the Act.

'Reduced Benefits' shall mean the benefits (if any), payable from a Member's Selected Retirement Date, provided from the whole of the Member's Individual Benefits Fund (including any benefit secured following a transfer payment received in accordance with Rule 10.1). Such benefits, before they come into payment, shall be revalued in accordance with the 1993 Act.

'Registered Pension Scheme' means a pension scheme which is registered by the Revenue pursuant to Chapter 2, Part 4 of the Act.

'Relevant Contribution' means (a) all contributions paid by or on behalf of the Member under the Scheme in respect of which the Member receives tax relief under the Act; (b) all contributions paid in respect of the Member under the Scheme by an Employer.

'Revenue' means Her Majesty's Revenue & Customs.

'Rules' shall mean these Rules and any alterations thereto for the time being in force.

'Scheme' shall mean the retirement benefits scheme established by the Trust Deed and described in these Rules.

'Scheme Administrator' means the Scheme Administrator appointed in accordance with section 270 of the Act.

'Scheme Pension' means a pension payable by the Scheme Administrator or by an insurance company selected by the Scheme Administrator until the Member's death, or until the later of the Member's death and the end of a term certain not exceeding ten years, with the rate of pension payable at any time during any 12-month period being not less than the rate payable immediately before that period or the day on which the Member becomes entitled to the pension in the case of the first 12-month period.

'Selected Retirement Date' shall mean any date between the date on which a Member attains his 60th birthday and the date on which he attains his 75th birthday (both dates inclusive) (unless otherwise specifically approved by the Revenue), as notified to the Member and specified in the Policy.

'Service' shall mean service with the Employer or an Associated Employer or an employer who is associated with the Employer only by virtue of a permanent community of interest.

'Short-Term Annuity' means an annuity, the amount of which cannot decrease or will fall to be determined in a manner prescribed by the Revenue, payable by an insurance company which the Member has the opportunity to select and which is purchased with sums or assets representing the whole or any part of the Member's Unsecured Pension Fund and which is payable for a term not exceeding five years ending before the Member reaches age 75.

'Special Trustee' has the meaning attributed thereto by the Trust Deed.

'Target Benefits' shall mean the retirement benefits which, in the opinion of the Managing Trustees on Actuarial Advice, can be provided from the whole of the Individual Benefit Fund and shall consist of a pension payable to the Member and, if the Managing Trustees so decide, a pension or pensions under Rule 7.2 or Rule 7.3 and subsequent increases in one or more of these pensions whilst in the course of payment as permitted by these Rules.

'Tax Year' means a year for which any Act provides for income tax to be charged.

'Total Lump Sum Rights' means the Member's total lump sum rights on 5 April 2006 which shall be:

$$\frac{(VCPR)}{4} + VULSR$$

where: VCPR is the value of the Member's Crystallised Pension Rights on 5 April 2006; and

VULSR is the value of the Member's Uncrystallised Lump Sum Rights on that date.

'Total Pension Input Amount' means the aggregate of the Pension Input Amounts in respect of each arrangement under those Registered Pension Schemes in which a Member is a member.

'Trust Deed' shall mean the deed under which the Scheme was established or such other deed as presently governs the Scheme.

'Trustee' shall mean any one or more of the Managing Trustees or the Special Trustee for the time being of the Scheme.

'Uncrystallised Funds Lump Sum Death Benefit' means a lump sum death benefit which satisfies the conditions set out in paragraph 15 of Schedule 29 to the Act.

'Uncrystallised Lump Sum Rights' means the amount of any lump sum to which the Member would have been entitled under the arrangement on 5 April 2006 on the assumption that the Member became entitled to the present payment of a lump sum under the arrangement on that date and as calculated in accordance with paragraphs 25 and 26 or paragraphs 32 and 33, as appropriate, of Schedule 36 to the Act.

'Uncrystallised Pension Rights' means:

the aggregate of the amount of such sums held for the purposes of the arrangement and the market value of such of the assets held for the purposes of the arrangement as represent those rights;

PROVIDED THAT a Member's Uncrystallised Pension Rights shall not exceed:

20 x MPP

where: MPP is the maximum annual pension that could be paid to the Member on 5 April 2006 under the arrangement(s) without giving the Revenue grounds for withdrawing approval of the pension scheme under section 591B of ICTA. In calculating MPP it will be assumed that, had he not already done so, the Member left the employment to which the arrangement relates on 5 April 2006 and that if he had not reached the lowest age at which a pension could be paid to a person in good health, this would not give the Revenue grounds for withdrawing approval.

'Unsecured Pension' means a Short-Term Annuity or Income Withdrawal.

'Unsecured Pension Fund' means such of the sums or assets held under the Scheme that have been designated at any time under the Scheme as available for the payment of Unsecured Pension, or that arise, or (directly or indirectly) derive from sums or assets which have been so designated or which so arise or derive and have not been applied towards the provision of a Scheme Pension.

'Unsecured Pension Fund Lump Sum Death Benefit' means a lump sum death benefit which satisfies the conditions set out in paragraph 17 of Schedule 29 to the Act.

'Unsecured Pension Year' means the period of 12 months beginning with the day on which the Member first becomes entitled to Unsecured Pension in respect of the Money Purchase Arrangement and each succeeding period of 12 months.

'Valuation Assumptions' means, in relation to a person, benefits and a date, if a person has not reached such age (if any) as must have been reached to avoid any reduction in the benefits on account of age, that the person reached that age on the date, and that the person's right to receive the benefits had not been occasioned by physical or mental impairment.

17.2 **Interpretation**

Unless the contract requires otherwise the deed attached and these Rules shall be construed and take effect in accordance with the laws of England and Wales.

Any reference herein to any Statute or any section or part thereof shall be deemed to include any enactment in substitution or amendment thereof or any Statutory Regulations thereunder. References in the Rules to legislation relating to Great Britain shall be deemed to be references to corresponding Northern Ireland legislation.

Words of the masculine gender shall include the feminine, and vice versa, unless the context otherwise requires or it is otherwise stated.

PART TWO

Revenue Appendix

This Part Two does not provide any entitlement to rights or benefits under the Scheme in addition to those set out in Part One. For the avoidance of doubt, this Part Two provides the tax regime to which the benefits under this Scheme are subject. As such, none of the benefits under Part One shall be paid or administered in such a way as to breach any of the provisions of this Part Two and so prejudice the Scheme's status as a Registered Pension Scheme.

A. AUTHORISED MEMBER PAYMENTS

1. Payment of pensions

Notwithstanding anything to the contrary in the Scheme provisions, and subject to the Transitional Provisions in paragraphs 21 to 26, the payment of such pension as is permitted by the Rules of the Scheme shall comply with the following:

(a) No payment of pension may be made before the day on which the Member reaches Normal Minimum Pension Age, unless the Ill-Health Condition was met immediately before the Member became entitled to a pension under the Scheme.

(b) If the Member dies before the end of the period of ten years beginning on the day on which the Member became entitled to a Scheme Pension, an annuity or Alternatively Secured Pension, payment of the Scheme Pension, annuity or Alternatively Secured Pension may continue to be made (to any person) until the end of that period. But no other payment of the Member's pension may be made after the Member's death.

(c) If a Member has not reached the age of 75, no payment of pension other than a Scheme Pension, a Lifetime Annuity or an Unsecured Pension, may be made in respect of a Money Purchase Arrangement; but a Scheme Pension may only be paid if the Member had an opportunity to select a Lifetime Annuity instead.

(d) The total amount of Unsecured Pension in each Unsecured Pension Year in respect of the Money Purchase Arrangement must not exceed 120% of the Basis Amount for the Unsecured Pension Year.

(e) If the Member has reached the age of 75, no payment of pension other than a Scheme Pension, a Lifetime Annuity or an Alternatively Secured Pension may be made in respect of a Money Purchase Arrangement; but a Scheme Pension may only be paid if the Member had an opportunity to select a Lifetime Annuity instead.

(f) The total amount of Alternatively Secured Pension paid in each Alternatively Secured Pension Year in respect of a Money Purchase Arrangement must not exceed 70% of the Basis Amount for the Alternatively Secured Pension Year.

2. Lump sums

Notwithstanding anything to the contrary in the Scheme provisions, and subject to the Transitional Provisions in paragraphs 21 to 26, the payment of such lump sum as is permitted by the Rules of the Scheme shall comply with the following:

(a) **Pension Commencement Lump Sum** which shall be a lump sum not exceeding the Lump Sum Permitted Maximum to which the Member becomes entitled in connection with becoming entitled to Income Withdrawal, a Lifetime Annuity or a Scheme Pension, and which shall be paid when all or part of the Member's Lifetime Allowance is available, when the Member has reached Normal Minimum Pension Age (or the Ill-Health Condition is satisfied) but is aged less than 75 and within three months from the day on which the Member becomes entitled to it provided that the Member has made a written election to that effect.

(b) **Serious Ill-Health Lump Sum** which shall be a lump sum extinguishing the Member's entitlement to benefits under the Scheme and which is paid when all or part of the Member's Lifetime Allowance is available, the Member is aged less than 75, and there has been no previous Benefit Crystallisation Event in respect of the Member PROVIDED THAT the Scheme Administrator has received evidence from a registered medical practitioner that the Member is expected to live for less than one year.

(c) **Short Service Refund Lump Sum** which shall be a lump sum extinguishing the Member's entitlement to benefits under the Scheme and which is paid when the Member is aged less than 75, there has been no previous Benefit Crystallisation Event in respect of the Member, and when the Member's Pensionable Service is terminated before Normal Pension Age but without being entitled to short service benefit (pursuant to section 71 of the 1993 Act) PROVIDED THAT the lump sum does not exceed an amount equal to the aggregate of the Member's contributions under the Scheme.

(d) **Refund of Excess Contributions Lump Sum** which shall be a lump sum payable not exceeding the amount by which contributions by or on behalf of the Member under the Scheme in respect of a tax year exceed the maximum amount of tax relief to which the Member is entitled in that tax year under section 190 of the Act PROVIDED THAT such lump sum shall be paid to the Member before the expiry of 6 years from the end of the relevant tax year.

(e) **Trivial Commutation Lump Sum** which shall be a lump sum extinguishing the Member's entitlement to benefits under the Scheme, which is paid when all or part of the Member's Lifetime Allowance is available, the Member has reached age 60 but not 75, and when no Trivial Commutation Lump Sum has previously been paid to the Member by any Registered Pension Scheme or, if such a lump sum has previously been paid, within 12 months after the day on which a Trivial Commutation Lump Sum is first paid; PROVIDED THAT the lump sum shall not exceed 1% of the Lifetime Allowance at that time.

(f) **Winding-up Lump Sum** which shall be a lump sum extinguishing the Member's entitlement to benefits under the Scheme and which is paid when all or part of the Member's Lifetime Allowance is available, the Member is aged less than 75, and the Scheme is being wound-up PROVIDED THAT the lump sum does not exceed 1% of the Lifetime Allowance and the Employer (i) has made contributions under the Scheme in respect of the Member; (ii) is not making contributions under any other Registered Pension Scheme in respect of the Member; and (iii) undertakes to the Revenue not to make such contributions during the period of one year beginning with the day on which the lump sum is paid.

(g) **Lifetime Allowance Excess Lump Sum** which shall be a lump sum payable when none of the Member's Lifetime Allowance is available, the Member has reached Normal Minimum Pension Age (or the Ill-Health Condition is met) and the Member has not reached age 75; PROVIDED THAT it is not a Short Service Refund Lump Sum or a Refund of Excess Contributions Lump Sum and it does not reduce the rate of payment of any pension to which the Member has become entitled or extinguish the Member's entitlement to payment of any such pension.

3. **Death benefits**

(a) Notwithstanding anything to the contrary in the Scheme provisions, and subject to the Transitional Provisions in paragraphs 21 to 26, the payment of any pension on the death of a Member (a ‘pension death benefit’) as is permitted by the Rules of the Scheme shall comply with the following:

(i) No pension death benefit may be made otherwise than to a Dependant of the Member.

(ii) If a Dependant has not reached the age of 75, no pension death benefit is payable under a Money Purchase Arrangement other than a Dependant’s Scheme Pension, a Dependant’s Annuity or a Dependant’s Unsecured Pension PROVIDED THAT a Dependant’s Scheme Pension may only be paid if the Member or Dependant had an opportunity to select a Dependant’s Annuity instead.

(iii) The total amount of Dependant’s Unsecured Pension paid to a Dependant in each Unsecured Pension Year in respect of a Money Purchase Arrangement must not exceed 120% of the Basis Amount for the Unsecured Pension Year.

(iv) If a Dependant has reached the age of 75, no payment of a pension other than a Dependant’s Scheme Pension, a Dependant’s Annuity or a Dependant’s Alternatively Secured Pension may be made to the Dependant in respect of a Money Purchase Arrangement PROVIDED THAT a Dependant’s Scheme Pension may only be paid if the Member or Dependant had an opportunity to select a Dependant’s Annuity instead.

(v) The total amount of Dependant’s Alternatively Secured Pension paid to a Dependant in each Alternatively Secured Pension Year in respect of a Money Purchase Arrangement must not exceed 70% of the Basis Amount for the Alternatively Secured Pension Year.

(b) Notwithstanding anything to the contrary in the Scheme provisions, and subject to the Transitional Provisions in paragraphs 21 to 26, no lump sum shall be payable on the death of a Member under the Scheme other than any of the following (together referred to as ‘death benefit lump sums’):

(i) **Defined Benefits Lump Sum Death Benefit** which shall be a lump sum payable in respect of a Defined Benefits Arrangement (as defined in the Act) which is paid before the end of two years beginning with the day on which the Member died, and which is not a Pension Protection, Trivial Commutation or Winding-up Lump Sum Death Benefit PROVIDED THAT the Member must not have reached the age of 75 at the date of his death.

(ii) **Uncrystallised Funds Lump Sum Death Benefit** which shall be a lump sum payable in respect of a Money Purchase Arrangement, which is paid before the end of two years beginning with the day on which the Member died and is paid in respect of such of the sums and assets held for the purposes of the Money Purchase Arrangement at the Member’s death as had not been applied for purchasing a Scheme Pension, Lifetime Annuity, a Dependant’s Scheme Pension or a Dependant’s Lifetime Annuity and had not been designated as available for the payment of an Unsecured Pension PROVIDED THAT the Member must not have reached the age of 75 at the date of his death.

(iii) **Annuity Protection Lump Sum Death Benefit** which shall be a lump sum payable in respect of a Scheme Pension or Lifetime Annuity to which the Member was entitled at the date of his death under a Money Purchase Arrangement PROVIDED THAT the Member must not have reached the age of 75 at the date of his death and the amount of the lump sum does not exceed the Annuity Protection Limit.

(iv) **Unsecured Pension Fund Lump Sum Death Benefit** which shall be a lump sum payable (i) in respect of Income Withdrawal to which the Member was entitled at the date of his death PROVIDED THAT the Member must not have reached the age of 75 at the date of his death; and/or (ii) on the death of a Dependant of the Member, in respect of the Dependant's Income Withdrawal to which he was entitled at the date of his death in respect of the Member PROVIDED THAT the Dependant must not have reached the age of 75 at the date of his death and FURTHER PROVIDED THAT in both cases the lump sum shall not exceed the aggregate of the amount of the sums and the market value of the assets representing the Member's or the Dependant's Unsecured Pension Fund in respect of the Scheme immediately before the payment is made.

(v) **Charity Lump Sum Death Benefit** which shall be a lump sum payable (i) in respect of Income Withdrawal to which the Member was entitled at the date of his death and which is paid to a charity nominated by the Member PROVIDED THAT the Member had reached the age of 75 at the date of his death and there are no Dependants of the Member; and/or (ii) in respect of Dependants' Income Withdrawal to which the Dependant was entitled at the date of his death in respect of the Member and which is paid on the death of a Dependant of the Member to a charity nominated by the Member (or Dependant if nomination is made by the Member) PROVIDED THAT the Member had reached the age of 75 at the date of his death and there are no other Dependants of the Member, and FURTHER PROVIDED THAT in both cases the lump sum shall not exceed the aggregate of the amount of the sums and the market value of the assets representing the Member's or the Dependant's Alternatively Secured Pension Fund in respect of the Scheme immediately before the payment is made.

(vi) **Transfer Lump Sum Death Benefit** which shall be a lump sum payable (i) in respect of Income Withdrawal to which the Member was entitled at the date of his death and which is paid so as to become held for the purposes of or to represent accrued rights under the Scheme relating to one or more Members of the Scheme nominated by the deceased Member (or if the Member made no nomination, selected by the Scheme Administrator) PROVIDED THAT the Member had reached the age of 75 at the date of his death and there are no Dependants of the Member, or (ii) in respect of a Dependant's Income Withdrawal to which the Dependant was entitled at the date of his death and which is paid so as to become held for the purposes of or to represent accrued rights under the Scheme relating to one or more Members of the Scheme nominated by the deceased Member (or if the Member made no nomination, selected by the Dependant, or if neither made a nomination, the Scheme Administrator) PROVIDED THAT the Dependant had reached the age of 75 at the date of his death and there are no Dependants of the Member and FURTHER PROVIDED THAT in both cases the lump sum shall not exceed the aggregate of the amount of the sums and the market value of the assets representing the Member's or the Dependant's Alternatively Secured Pension Fund in respect of the Scheme immediately before the payment is made.

(vii) **Trivial Commutation Lump Sum Death Benefit** which shall be a lump sum payable to a Dependant entitled to pension death benefit under the Scheme in respect of a Member, who had not reached the age of 75 at the date of his death, extinguishing the Dependant's entitlement under the Scheme to pension death benefit and death benefit lump sum in respect of that Member, and which is paid before the day on which the Member would have reached the age of 75 PROVIDED THAT the lump sum shall not exceed 1% of the Lifetime Allowance at that time.

(viii) **Winding-up Lump Sum Death Benefit** which shall be a lump sum payable to a Dependant entitled to pension death benefit under the Scheme in respect of a Member extinguishing the Dependant's entitlement under the Scheme to pension death benefit and lump sum death benefit in respect of that Member PROVIDED THAT the lump sum shall not exceed 1% of the Lifetime Allowance at that time.

4. **Scheme Administration Member Payments**

The Scheme may make payment(s) to or in respect of a Member for the purposes of the administration or management of the Scheme, including the payment of wages, salaries or fees to persons engaged in administering the Scheme and payments made for the purchase of assets to be held for the purposes of the Scheme PROVIDED THAT such payment(s) does not exceed the amount which might be expected to be paid on an arm's length basis.

B. UNAUTHORISED MEMBER PAYMENTS

5. It is not intended that the Scheme shall permit the payment of any 'unauthorised member payments', as set out in paragraphs 6 to 11 of this Appendix. However, if an 'unauthorised member payment' is paid, a charge to income tax as provided for in the Act shall be payable by the Member to or in respect of whom the payment is made, or such other recipient of an unauthorised member payment which is made after a Member's death.

6. **Assignment**

(a) Unless made pursuant to a Pension Sharing Order or provision, there will be an unauthorised member payment if a Member of the Scheme assigns or agrees to assign any benefit to which the Member or any Dependant of the Member has an actual or prospective entitlement under the Scheme or any right in respect of any sums or assets held for the purposes of any arrangement under the Scheme.

(b) There will also be an unauthorised member payment if a person (or such person's personal representatives) assigns or agrees to assign, other than pursuant to a Pension Sharing Order or provision, any benefit to which the person has an actual or prospective entitlement under the Scheme in respect of a Member of the Scheme, or any right in respect of any sums or assets held for the purposes of any arrangement relating to the Member under the Scheme.

(c) The amount of such unauthorised member payment is the greater of (i) the consideration received in respect of the assignment or agreement; and (ii) the consideration which might be expected to be received in respect of the assignment or agreement if the parties to the transaction were at arm's length and any power to reduce the entitlement to the benefit or right did not exist.

(d) Any pension or part thereof which may continue to be paid after the Member's death in accordance with paragraph 1(b) above shall not be an unauthorised member payment for these purposes.

7. **Surrender**

(a) Unless otherwise provided, there will be an unauthorised member payment if a Member of the Scheme surrenders or agrees to surrender any benefit to which the Member or any Dependant of the Member has an actual or prospective entitlement under the Scheme or any right in respect of any sums or assets held for the purposes of any arrangement under the Scheme.

(b) Unless otherwise provided, there will also be an unauthorised member payment if a person surrenders or agrees to surrender any benefit to which the person has an actual or prospective entitlement under the Scheme in respect of a Member of the Scheme, or any right in respect of any sums or assets held for the purposes of any arrangement relating to the Member under the Scheme.

(c) The amount of such unauthorised member payment is the consideration that might be expected to be received if what is surrendered were assigned by a transaction between parties at arm's length and any power to reduce the entitlement to the benefit or right did not exist.

(d) There will be no unauthorised member payment in any of the circumstances specified in Section 172A of the Act as not constituting an unauthorised member payment, which shall include any pension or part thereof which may continue to be paid after the Member's death in accordance with paragraph 1(b) above.

8. **Increase in rights of a connected person on death of a Member**

(a) There will be an unauthorised member payment if at any time after the death of a Member who had a prospective entitlement under the Scheme, or rights representing his Unsecured Pension Fund, Alternatively Secured Pension Fund, Dependant's Unsecured Pension Fund or Dependant's Alternatively Secured Pension Fund, there is an increase in the pension rights of another Member who was a Connected Person of the deceased Member immediately before his death and such increase is attributable to the Member's death.

(b) There shall be an increase in the pension rights of such other Member which is attributable to death if in consequence of the death the consideration which might be expected to be received in respect of an assignment of the benefits to which he is actually or prospectively entitled under the Scheme at that time exceeds the consideration which might be expected to be received in respect of such assignment immediately before that time.

(c) The amount of the unauthorised member payment shall be the amount of the excess calculated in paragraph 8(b) above PROVIDED THAT such amount shall be reduced by so much as arises from the payment of any Transfer Lump Sum Death Benefit in respect of the dead Member, from the Member becoming entitled to pension death benefits or death benefit lump sums in respect of the dead Member or in any manner otherwise prescribed by the Revenue.

(d) These provisions shall not apply if:

(i) at the time of the increase referred to in paragraph 8(a) above there are at least 20 Members of the Scheme and the benefits to which each of them is actually or prospectively entitled under the Scheme are increased at the same rate in consequence of the death of the deceased Member; or

(ii) the increase in pension rights is brought about by an assignment (or agreement to assign) within Section 172 of the Act.

9. **Allocation of unallocated Employer contributions**

(a) There will be an unauthorised member payment if a Member and the Employer, or any person connected with the Employer, are Connected Persons at any time during the tax year, and an amount of the contributions paid under the Scheme by an Employer otherwise than in respect of an individual which become held for the purpose of the provision of benefits to or in respect of a Member under a Money Purchase Arrangement exceed the maximum amount of tax relief to which the Member is entitled under the Act in respect of his contributions during the tax year, less the amount of any contributions paid by employers under any Registered Pension Scheme in respect of the Member for that tax year.

(b) The amount of the unauthorised payment shall be the amount of the excess referred to in paragraph 9(a) above.

10. **Benefits**

Unless otherwise excluded pursuant to the Act, there will be an unauthorised member payment if (a) an asset held for the purposes of the Scheme is used to provide a benefit (other than a payment) to a Member or a member of the Member's family or household (as defined in Section 721 of ITEPA), or (b) after a Member's death, an asset held for the purposes of the Scheme is used to provide a benefit (other than a payment) to a person who at the date of the Member's death was a member of the Member's family or household.

11. **Value shifting**

There will be an unauthorised member payment if any of the following events would cause either (a) the value of an asset held for the purposes of the Scheme to be reduced or a liability of the Scheme to be increased, and (b) the value of an asset held by or for the benefit of a Member to be increased, a liability of a Member to be reduced or the liability of another person to be reduced for the benefit of a Member:

(i) the creation, alteration, release or extinction of any power, right, option or liability relating to assets held for the purposes of the Scheme (whether or not provided for in the terms on which the asset is acquired or held);

(ii) the creation, alteration, release or extinction of any power, right or option relating to a liability of the Scheme (whether or not provided for in the terms on which the liability is incurred);

(iii) the exercise of, or failure to exercise, any power, right or option in relation to assets held for the purposes of the Scheme or a liability of the Scheme; or

(iv) the exercise of, or failure to exercise, any power, right or option which constitutes an asset held for the purposes of the Scheme,

in a way which differs from that which might be expected if the parties to the transaction were at arm's length.

C. AUTHORISED EMPLOYER PAYMENTS

12. Authorised Employer Payments

Where permitted by the Rules of the Scheme, only the following payments may be made to or in respect of an Employer:

(a) **Authorised Surplus Payments** which shall be prescribed by such Regulations as are issued under the Act from time to time;

(b) **Compensation Payments** which shall be any payment(s) made in respect of a Member's liability to an Employer in respect of a criminal, fraudulent or negligent act or omission by the Member;

(c) **Authorised Employer Loans** are loans made in respect of an Employer which must:

(i) not exceed an amount equal to 50% of the aggregate of the amount of the sums and the market value of the assets held for the purposes of the Scheme immediately before the loan is made;

(ii) be secured by a charge which is of adequate value;

(iii) be repaid at a rate of interest not less than the rate prescribed by regulations made by the Revenue;

(iv) have a repayment date before the end of five years from the date on which the loan is made (subject to being able to be postponed for a period of up to five years on one occasion only); and

(v) the amount payable in each period of 12 months beginning with the date on which the loan is made shall be not less than:

$((L + TIP) / TLY) \times NLY$

where: L is the amount of the loan;

TIP is the total interest payable on the loan;

TLY is the total number of loan years; and

NLY is the number of loan years in the period.

If the amount of the loan is increased, the amount of the increase is to be treated as a loan made on the date of the increase.

(d) **Scheme Administration Employer Payments** which shall be payments by the Scheme to or in respect of an Employer for the purposes of the administration or management of the Scheme, including the payment of wages, salaries or fees to persons engaged in administering the Scheme and payments made for the purchase of assets to be held for the purposes of the Scheme PROVIDED THAT such payment(s) does not exceed the amount which might be expected to be paid on an arm's length basis.

Scheme Administration Employer Payments shall not include (i) a loan to or in respect of an Employer; or (ii) payments made to acquire shares in an Employer if, when the payment is made, the market value of shares in the Employer held for the purposes of the Scheme is equal to or greater than 5%, or the total market value of shares in Employers held for the purposes of the Scheme is equal to or greater than 20%, of the aggregate of the amount of the sums and the market value of the assets held for the purposes of the Scheme.

Regulations issued by the Revenue under the Act may provide that prescribed payments are or are not Scheme Administration Employer Payments.

D. UNAUTHORISED EMPLOYER PAYMENTS

13. If any of the 'unauthorised employer payments', as set out in paragraphs 14 to 15 of this Appendix, are paid, a charge to income tax as provided for in the Act shall be payable by the Employer to or in respect of whom the payment is made.

14. **Value Shifting**

The Scheme shall not make any payment to an Employer if any of the following events would cause either (a) the value of an asset held for the purposes of the Scheme to be reduced or a liability of the Scheme to be increased, and (b) the value of an asset held by or for the benefit of the Employer to be increased, a liability of an Employer to be reduced or the liability of another person to be reduced for the benefit of an Employer:

(i) the creation, alteration, release or extinction of any power, right, option or liability relating to assets held for the purposes of the Scheme (whether or not provided for in the terms on which the asset is acquired or held);

(ii) the creation, alteration, release or extinction of any power, right or option relating to a liability of the Scheme (whether or not provided for in the terms on which the liability is incurred);

(iii) the exercise of, or failure to exercise, any power, right or option in relation to assets held for the purposes of the Scheme or a liability of the Scheme; or

(iv) the exercise of, or failure to exercise, any power, right or option which constitutes an asset held for the purposes of the Scheme,

in a way which differs from that which might be expected if the parties to the transaction were at arm's length.

15. **Borrowing**

(a) Registered Pension Schemes shall not borrow an amount in respect of a Money Purchase Arrangement unless such borrowing complies with the following:

$$(APB + PB) < (VA / 2)$$

where: APB is the aggregate of the amounts previously borrowed in respect of the arrangement (excluding any amounts which have been repaid);

PB is the amount proposed to be borrowed in respect of the arrangement; and

VA is the value of the arrangement as defined in Section 182 of the Act.

(b) Registered Pension Schemes shall not borrow an amount in respect of any other arrangement that is not a Money Purchase Arrangement unless such borrowing complies with the following:

$$(APB + PB) < (AARA / 2)$$

where: APB is the aggregate of the amounts previously borrowed in respect of the arrangements which are not Money Purchase Arrangements (excluding any amounts which have been repaid);

PB is the amount proposed to be borrowed by the Scheme; and

AARA is the aggregate amount of the amount of sums and market value of the assets held for the purposes of such of the arrangements under the Scheme as are not Money Purchase Arrangements.

E. CONTRIBUTIONS

16. **Annual Allowance**

Each Member will be solely responsible for determining whether or not a tax charge arises in connection with the Annual Allowance relating to a Tax Year during which he is a Member of the Scheme. Each Member will be liable to a tax charge at such rate as is provided by the Act on the amount by which his Total Pension Input Amount for a Tax Year exceeds the Annual Allowance for that Tax Year.

17. Subject to paragraph 18 below, the Pension Input Amount is calculated in accordance with Section 233 of the Act in the following manner:

In a Money Purchase Arrangement: the total of (i) all Relevant Contributions; and (ii) any contributions paid under the Scheme by an Employer otherwise than in respect of the Member which become held under the Scheme for the purposes of providing benefits to or in respect of the Member, during the Pension Input Period.

18. There shall be no Pension Input Amount if, before the end of the tax year, the Member has either become entitled to all the benefits which may be provided to him under the Scheme or has died.

F. THE LIFETIME ALLOWANCE

19. Lifetime Allowance

(a) The Member and Scheme Administrator shall (subject to the 'good faith' provisions in Rule 13.3) be jointly and severally liable to a tax charge (the 'Lifetime Allowance Charge') at such rate as is provided by the Act if on the occurrence of a Benefit Crystallisation Event either (a) the amount crystallised by that event exceeds the amount of the Member's Lifetime Allowance which is available at that time, or (b) none of the Member's Lifetime Allowance is available.

(b) There shall be a Benefit Crystallisation Event only on the occurrence of one of the following events and in each case the amount of the Member's rights specified shall be crystallised for the purposes of determining whether the Member's Lifetime Allowance is exceeded:

	Benefit Crystallisation Event	Amount Crystallised
1.	The designation of sums or assets held for the purposes of a Money Purchase Arrangement under any Registered Pension Scheme as available for the payment of Unsecured Pension to the Member.	The aggregate of the amount of the sums and the market value of the assets designated.
2.	The Member becoming entitled to a Scheme Pension under any Registered Pension Scheme of which he is a member.	RVF x P
3.	The Member, having become so entitled under (2) above, becoming entitled to payment of a Scheme Pension at an increased annual rate which exceeds by more than the Permitted Margin the rate at which it was payable on the day on which the Member became entitled to it.	RVF x XP
4.	The Member becoming entitled to a Lifetime Annuity purchased under a Money Purchase Arrangement under any Registered Pension Scheme of which he is a member	The aggregate of the amount of such of the sums, and the market value of such of the assets, representing the individual's rights under the arrangement as are applied to purchase the Lifetime Annuity and any related Dependant's Annuity.
5.	The Member reaching the age of 75 when prospectively entitled to a Scheme Pension or a lump sum under any Registered Pension Scheme of which he is a member.	(RVF x DP) + DSLS

	Benefit Crystallisation Event	Amount Crystallised
6.	The Member becoming entitled to a Pension Commencement Lump Sum, Serious Ill-Health Lump Sum, Lifetime Allowance Excess Lump Sum under any Registered Pension Scheme of which he is a member.	The amount of the lump sum paid to the Member.
7.	A person being paid a Defined Benefits Lump Sum Death Benefit or an Uncrystallised Funds Lump Sum Death Benefit in respect of the Member under any Registered Pension Scheme of which he was a member.	The amount of the lump sum death benefit.
8.	The transfer of sums or assets held for the purposes of, or representing accrued rights under, any of the Registered Pension Schemes of which the Member is a member so as to become held for the purposes of or to represent rights under a Qualified Recognised Overseas Pension Scheme in connection with the Member's membership of that scheme.	The aggregate of the amount of any sums transferred and the market value of any assets transferred.

where:

'P' means: assuming that it remains payable throughout that period at the rate at which it is payable on that day the amount of pension which will be payable to the Member in the period of 12 months commencing with the date on which the Member becomes entitled to it (excluding any reduction to reflect the Lifetime Allowance Charge);

'XP' means: the amount by which the increased annual rate of pension exceeds the rate at which it was payable on the date on which the Member became entitled to it, as increased by the Permitted Margin (excluding any reduction to reflect the Lifetime Allowance Charge) PROVIDED THAT if one or more Benefit Crystallisation Events has or have previously occurred by reason of the Member becoming entitled to payment of the pension at an increased rate, the amount(s) crystallised by that/those event(s) shall not be included;

'DP' means: the annual rate of the Scheme Pension to which the Member would be entitled if, on the date on which he reaches 75, he acquired an actual right to receive it;

'DSLS' means: so much of any lump sum to which the Member would be entitled (otherwise than by way of commutation of pension) as would be paid to the Member if, on that date, he acquired an actual right to receive it;

‘RVF’ means: 20 or such other amount as is provided for in the Act or such higher number as is agreed by the Revenue and the Scheme Administrator.

(c) There shall be no Benefit Crystallisation Event as described at 3 in the table above where at the time when the annual rate of the Member’s pension is increased there are at least 50 Members of the Scheme in receipt of a pension and all Scheme Pensions being paid to such Members are increased by the same rate at that time.

G. OVERRIDING PROVISIONS

20. **The Act**

(a) To the extent that any provisions of this Appendix contradict or are otherwise contrary to the Act and/or any regulations issued thereunder, the Act and/or such regulations (as may have been amended) shall apply. The terms used in this Appendix shall have the meanings defined in the Act.

(b) All payments and tax charges which become due under the Rules of the Scheme shall be calculated and paid in accordance with the Act.

H. TRANSITIONAL PROVISIONS

21. **Primary Protection**

Where a Member has notified the Revenue of his intention to rely on ‘primary protection’ in accordance with the Act and the Revenue has issued the Member with a certificate confirming such protection, that Member’s Lifetime Allowance shall be increased by the following factor:

$$\frac{(RR - SLA)}{SLA}$$

where: RR means: the aggregate of the value of the Member’s Crystallised and Uncrystallised Pension Rights on 5 April 2006 PROVIDED THAT if the Member’s rights under a relevant pension arrangement as defined in Schedule 36 of the Act are reduced by becoming subject to a Pension Debit, RR shall be reduced by such amount;

SLA means: £1,500,000 for the tax year 2006-07 or such amount as has been specified by order made by the Treasury for the relevant tax year.

22. **Enhanced Protection**

(a) Where a Member has notified the Revenue of his intention to rely on ‘enhanced protection’ in accordance with the Act and the Revenue has issued the Member with a certificate confirming such protection:

(i) there shall be no liability to the Lifetime Allowance Charge; and

(ii) no payment of a Lifetime Allowance Excess Lump Sum shall be payable to the Member.

(b) A Member shall lose such protection if there is:

(i) a relevant benefit accrual, as defined in paragraph 13 of Schedule 36 to the Act;

(ii) an impermissible transfer, as defined in paragraph 17A of Schedule 36 to the Act;

(iii) a transfer of sums or assets held for the purposes of or representing accrued rights under the arrangement(s) is made that is not a Permitted Transfer; or

(iv) an arrangement relating to the individual is made under a Registered Pension Scheme otherwise than solely for the purposes of a Permitted Transfer.

23. **Pre-6 April 2006 Pensions**

Where a Member has an actual (rather than a prospective) right to the payment of one or more relevant existing pensions (as defined in paragraph 10 of Schedule 36 to the Act) the value of such pensions shall be:

25 x ARP

where: ARP is an amount equal to the annual rate(s) at which the relevant existing pension(s) is/are payable to the individual at that time, or in the case of an Unsecured Pension or Alternatively Secured Pension is the maximum amount that may be paid in the relevant year in accordance with the Act.

24. **Lump Sum Rights: Primary Protection**

Where a Member's Total Lump Sum Rights on 5 April 2006 exceeds £375,000 or such other sum as is specified by the Act and the Member has been granted 'primary protection' by the Revenue, the permitted maximum of the Member's Pension Commencement Lump Sum shall be:

VULSR - APCLS

where: VULSR is the value of the Member's Uncrystallised Lump Sum Rights on 5 April 2006 multiplied by:

$$\frac{CSLA}{FSLA}$$

where: CSLA is the standard lifetime allowance applicable at the relevant time; and

FLSA is £1,500,000; and

APCLS is the aggregate of the amounts of each Pension Commencement Lump Sum to which the Member has become previously entitled multiplied by:

$$\frac{CSLA}{PSLA}$$

where: PSLA is the standard lifetime allowance at the time the Member became entitled to the lump sum.

25. **Lump Sum Rights: Enhanced Protection**

Where a Member's Total Lump Sum Rights on 5 April 2006 exceeds £375,000 or such other sum as is specified by the Act and the Member has been granted 'enhanced protection' by the Revenue, the calculation of the Member's Pension Commencement Lump Sum shall be modified so that the Lump Sum Applicable Amount (which is to be used in calculating the Lump Sum Permitted Maximum) for these purposes shall be:

(a) where the Member becomes entitled to Income Withdrawal:

$$\frac{(VULSR)}{VUR} \times (LS + AD)$$

(b) where the Member becomes entitled to a Lifetime Annuity:

$$\frac{(VULSR)}{VUR} \times (LS + APP)$$

(c) where the Member becomes entitled to a Scheme Pension:

$$\frac{(VULSR)}{VUR} \times (LS + AC)$$

where: VULSR is the value of the Member's Uncrystallised Lump Sum Rights;

VUR is the value of the Member's Uncrystallised Pension Rights on 5 April 2006;

LS is the lump sum paid;

AD is the aggregate of the amount of the sums, and the market value of the assets, designated as available for the payment of Unsecured Pension on that occasion;

APP is the annuity purchase price; and

AC is the amount crystallised under Section 216 of the Act by reason of the Member becoming entitled to the pension.

26. **Lump Sum Rights Exceeding 25% of Uncrystallised Pension Rights**

Where the Member does not have either 'primary protection' or 'enhanced protection' and becomes entitled to all pensions payable to him under the Scheme on the same date, if either:

(a) the Member's Lump Sum Percentage under the Scheme on 5 April 2006 exceeds 25%; or

(b) the Member has, as a result of a Block Transfer or series of Block Transfers, transferred from another Registered Pension Scheme in respect of which the Lump Sum Percentage exceeded 25% on 5 April 2006, the calculation of the Member's Pension Commencement Lump Sum shall be modified so that the Lump Sum Permitted Maximum in relation to the Member after 5 April 2006 shall:

(i) where relevant benefit accrual, as defined in paragraph 13 of Schedule 36 to the Act, has occurred after 5 April 2006, be

(VULSR x (CSLA/£1,500,000)) + ASLA; and

(ii) where there has been no such relevant benefit accrual in respect of the Member after 5 April 2006, be

(VULSR x (CSLA/£1,500,000))

where: VULSR is the value of the Member's Uncrystallised Lump Sum Rights under the Scheme on 5 April 2006, calculated in accordance with paragraph 32 to Schedule 36 of the Act;

CSLA is the standard lifetime allowance in force at the relevant time; and

ASLA is the greater of the additional lump sum amount, as defined in paragraph 34 of Schedule 36 to the Act, and nil.

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