

DATED 17 June 2019

MERCHANT NAVY OFFICERS PENSION FUND

THE DEFINITIVE TRUST DEED AND RULES

**Baker
McKenzie.**
London
Ref: RJW/TM/HSM

CONTENTS

	Page
Definitive Trust Deed	2 - 4
Rule	
1. Historic Sections of the Scheme	5
2. Object of the Scheme	5
3. Eligibility and terms of membership.....	5
4. Members' contributions.....	6
5. Participating Employers' contributions	6
6. Benefits on retirement.....	9
7. Benefits on death	13
8. Temporary absence and leave for family reasons	16
9. Payment of pensions; pension increases	18
10. Termination of Service	18
11. Transfers into the Scheme.....	23
12. Commutation: trivial pensions and serious ill-health	24
13. Augmentation.....	24
14. Total and partial winding-up.....	24
15. Surplus and deficiency	27
16. The Trustees and administrator: appointment, remuneration and decisions	28
17. The Trustees: exclusions and indemnities	29
18. General powers and duties of the Trustees	30
19. Powers of investment.....	34
20. Admission of Participating Employers	36
21. Amendment.....	36
22. Payment of expenses.....	37
23. Miscellaneous	37
24. Overriding Benefit Provisions	39
Schedule	
SCHEDULE 1	
Definitions and Interpretations.....	40
SCHEDULE 2	
Overriding Benefit Provisions	50
PART A - BENEFIT LIMITS AND FLEXIBILITIES	50
PART B - ADJUSTMENT OF BENEFITS IN ORDER TO COMPLY WITH LEGISLATION APPLYING TO SCHEMES WHICH WERE FORMERLY CONTRACTED-OUT ON A SALARY-RELATED BASIS.....	52
SCHEDULE 3	
Contracting-out	53
PART A - ACCRUED SECTION 9(2B) RIGHTS	53
PART B - GUARANTEED MINIMUM PENSIONS	54
SCHEDULE 4	
Pension Sharing on Divorce.....	58
SCHEDULE 5	
Form of Agreement for Participating Employers.....	63

THE DEFINITIVE TRUST DEED

THIS DEFINITIVE TRUST DEED is made on the 17th day of June 2019 by **MNOFF TRUSTEES LIMITED** a company incorporated in England and Wales (registered number 00333017) whose registered office is situated at c/o Ensign Pensions Limited, The Beehive, Beehive Ring Road, London Gatwick Airport, Gatwick, West Sussex RH6 OPA (the "**Trustees**").

Introduction

- (A) By a Trust Deed dated 29 October 1937, the pension scheme known as the Merchant Navy Officers Pension Fund (the "**Scheme**") was established.
- (B) The Trustees are the present trustees of the Scheme.
- (C) The documents currently governing the Scheme are listed in Clause 5 of this Deed.

Effect of this document

1. This Deed and the Rules and Schedules attached to it (the "**Definitive Trust Deed**" and the "**Rules**") is executed as a deed under the powers conferred on the Trustees by the Scheme.
2. The Definitive Trust Deed and Rules shall replace all documents governing the Scheme (save insofar as is necessary to determine the benefits to which Clauses 2.1 and 2.2 below refer). The Rules shall apply with effect from 26 March 2019 or from such other dates as are either specified in the Rules or required by law (in each case, the "**Effective Date**"). However, they shall not change the benefits payable:

2.1 in respect of Members whose Service ceased before the Effective Date, but subject to the following exceptions:

- (a) where otherwise specified in the Rules;
- (b) so that the definition of Normal Pension Age shall apply;
- (c) in order to permit an Authorised Member Payment within the meaning of Section 164 of the FA 2004;
- (d) where payment of the benefit is disallowed under paragraph 1.3 of Part A of Schedule 2 (Overriding Benefit Provisions) to the extent that it would by Section 160 of the FA 2004 otherwise be an unauthorised payment;
- (e) in order to permit the maximum amount which such a Member may take as a lump sum on retirement to be as set out in Rule 6.7;
- (f) so that where a Member dies leaving a Surviving Civil Partner or a Surviving Same Sex Spouse, the definition of Spouse shall apply;
- (g) so that the Trustees may, in their absolute discretion, apply Rule 10.5 to a Member who left Service on or after 1 December 1992;
- (h) in order to permit the Trustees to commute the pension of such a Member in accordance with Rules 12.1 and 12.2;
- (i) so that paragraphs 3.1 to 3.5 of Part A of Schedule 2 (Overriding Benefit Provisions) shall apply to such a Member;

- (j) so that Schedule 4 (Pension Sharing on Divorce) shall apply in respect of such a Member or Ex-Spouse Participant; or
 - (k) to provide additional flexibility in the manner in which the benefits may be provided (with appropriate deductions for tax and expenses), whether on the winding-up of the Scheme or otherwise.
- 2.2 in respect of Members who were previously members of the MNPA Staff Pension Fund and whose benefits are provided under the Scheme pursuant to:
- (a) a Transfer Deed dated 30 January 2004 between MNPA Staff Pension Fund Trustees Limited, the Trustees and MNPA Limited; or
 - (b) a Transfer Deed dated 30 May 2014 between MNPA Staff Pension Fund Trustees Limited, the Trustees and Ensign Trustee Executive Services Limited.
3. For the avoidance of doubt, the replacement of all documents governing the Scheme by the Definitive Trust Deed and Rules shall not invalidate the prior exercise of their powers by the Trustees under those governing documents or the calculation of benefits in the manner detailed in Clause 2 above. For convenience of reference, the Definitive Trust Deed and Rules also record certain benefits which have been payable in respect of periods prior to the Effective Date.
4. The Trustees shall hold the Fund upon irrevocable trust to apply the income and, if and so far as necessary, the capital of the Fund in or towards providing benefits in accordance with the Definitive Trust Deed and Rules.
5. List of earlier documents
- 5.1 Trust Deed and Rules dated 25 June 1999.
 - 5.2 Deed of Amendment dated 8 June 2000.
 - 5.3 Deed of Amendment dated 27 September 2000.
 - 5.4 Supplemental Deed dated 29 November 2000.
 - 5.5 Deed of Amendment dated 21 March 2002.
 - 5.6 Deed of Amendment dated 22 July 2002.
 - 5.7 Deed of Amendment dated 8 October 2002.
 - 5.8 Deed of Amendment 10 March 2003.
 - 5.9 Deed of Amendment dated 15 April 2003.
 - 5.10 Deed of Amendment dated 30 January 2004.
 - 5.11 Supplemental Deed dated 20 October 2004.
 - 5.12 Deed of Amendment dated 5 December 2005.
 - 5.13 Deed of Amendment dated 5 April 2006.
 - 5.14 Deed of Amendment dated 16 June 2006.
 - 5.15 Deed of Amendment dated 27 June 2006.

- 5.16 Deed of Amendment dated 27 June 2006.
 - 5.17 Deed of Amendment dated 30 January 2007.
 - 5.18 Deed of Amendment dated 7 August 2007.
 - 5.19 Deed of Amendment dated 1 May 2008.
 - 5.20 Deed of Amendment dated 26 June 2009.
 - 5.21 Deed of Amendment dated 1 February 2010.
 - 5.22 Deed of Amendment dated 17 September 2010.
 - 5.23 Deed of Amendment dated 12 October 2010.
 - 5.24 Deed of Amendment dated 16 March 2011.
 - 5.25 Deed of Amendment dated 7 April 2011.
 - 5.26 Deed of Amendment dated 22 November 2012.
 - 5.27 Deed of Amendment dated 11 September 2013.
 - 5.28 Deed of Amendment dated 9 December 2013.
 - 5.29 Deed of Amendment dated 2 January 2014.
 - 5.30 Deed of Amendment dated 20 March 2014.
 - 5.31 Deed of Confirmation dated 20 March 2014.
 - 5.32 Deed of Amendment dated 25 March 2014.
 - 5.33 Deed of Amendment dated 16 December 2014.
 - 5.34 Deed of Amendment dated 30 June 2015.
 - 5.35 Deed of Amendment dated 22 March 2016.
 - 5.36 Deed of Amendment dated 29 March 2018.
 - 5.37 Deed of Termination of the Money Purchase Section dated 10 October 2018.
6. If any amendment introduced by this Definitive Trust Deed and Rules shall infringe Section 67 of the PA 1995 (as amended) or any restrictions on the Trustee's power to amend the Scheme, such amendment shall be void and be given no effect and shall be deemed not to be included in this Definitive Trust Deed and Rules but without invalidating any of the remaining provisions of this Definitive Trust Deed and Rules. Any provision of this Definitive Trust Deed and Rules which shall infringe Section 67 or any restrictions on the power of amendment only in part or degree shall remain in full force and effect to the extent that it does not infringe Section 67 or the relevant restriction (as appropriate).

Executed as a Deed.

THE RULES

1. HISTORIC SECTIONS OF THE SCHEME

- 1.1 With effect from the end of the day on 31 March 2016, the Scheme was divided into a Defined Benefit Section and a Money Purchase Section. The Money Purchase Section and Defined Benefit Section constituted separate sections of the Scheme for statutory and all other purposes.
- 1.2 The Defined Benefit Section was closed to further contributions from Members with effect on and from the end of 31 March 2016.
- 1.3 The Money Purchase Section was closed to further contributions from Active Money Purchase Members with effect on and from the end of 31 March 2018.
- 1.4 Money Purchase Pensionable Service under the Money Purchase Section ceased at the end of 31 March 2018 in respect of all Active Money Purchase Members in Money Purchase Pensionable Service immediately before that time, and, subject to the benefits payable to such Members under Rule 10.2.2 or Rule 10.2.4 (as applicable), all such Members ceased to be Active Money Purchase Members.
- 1.5 Following the transfer of the relevant assets and liabilities of the Money Purchase Section to the Ensign Retirement Plan on the Transfer Date and the satisfaction of the relevant conditions in Rule 14 the Money Purchase Section was wound up effective on and from 10 October 2018.

2. OBJECT OF THE SCHEME

The main purpose of the Scheme is the provision of pensions for Officers in the British Merchant Navy on retirement at Normal Pension Age and annuities for their widows and children with power to the Trustees to extend the qualification for membership to other Officers or other classes of persons connected with the British Merchant Navy.

3. ELIGIBILITY AND TERMS OF MEMBERSHIP

3.1 Eligibility

- 3.1.1 No persons shall be admitted or re-admitted to membership of the Defined Benefit Section after 31 March 2016.
- 3.1.2 No persons shall be admitted or re-admitted to membership of the Money Purchase Section after 31 March 2018.

3.2 Discretionary terms

Prior to 31 March 2016, the Trustees had the power to admit persons to membership of the Scheme on such special terms as the Trustees decided and, where the qualification for membership was varied, to vary the provisions of the Scheme as regards contributions, benefits or otherwise as the Trustees, after consultation with the Actuary, thought necessary or desirable.

3.3 Re-admittance

If a Member was permitted to rejoin the Scheme, he shall, unless in the case of any special circumstances the Trustees see fit to arrange otherwise, be treated for all the purposes of the Scheme as if he had then joined the Scheme for the first time, provided that he shall continue to be entitled to the benefits and service already credited to him in the Scheme.

4. MEMBERS' CONTRIBUTIONS

4.1 Mandatory contributions

4.1.1 No contributions shall be payable to the Defined Benefit Section by or in respect of any Member after 31 March 2016, except contributions due but not paid before that date.

4.1.2 No contributions shall be payable to the Money Purchase Section by or in respect of any Member after 31 March 2018.

4.1.3 For the avoidance of doubt, this Rule 4.1 shall be without prejudice to Rule 5.2.

4.2 Additional Voluntary Contributions

4.2.1 No Additional Voluntary Contributions shall be payable by or in respect of any Member after 31 March 2016.

4.2.2 All assets in respect of Additional Voluntary Contributions formed part of the Money Purchase Section, and were transferred to the Ensign Retirement Plan on the Transfer Date.

5. PARTICIPATING EMPLOYERS' CONTRIBUTIONS

5.1 Ordinary contributions

No contributions shall be payable to the Defined Benefit Section in respect of any Member after 31 March 2016, except contributions due but not paid before that date and contributions payable or prospectively payable under Rule 5.2.

5.2 Deficit contributions

5.2.1 Each Participating Employer (whether or not employing Active Members on 31 March 2016 and whether or not employing persons in the categories described in Rule 20 (Admission of Participating Employers) on 31 March 2016) shall make such further contributions (if any), which may include lump sum contributions, from time to time as may be decided by the Trustees, having regard to Actuarial Advice, in order to reduce or eliminate any deficiency or anticipated deficiency in the Scheme's resources. Such deficiency shall be calculated for this purpose by reference to the ongoing basis of calculation adopted in the then most recently completed actuarial valuation of the Scheme (that is, the basis which assumes that the Scheme remains in full operation), with such modifications, if any, as the Trustees shall determine having regard to Actuarial Advice in order to take account of the lapse of time and any events during the intervening period.

5.2.2 Where:

5.2.2.1 an Insolvency Event occurs or has occurred at any time in relation to a Participating Employer; or

5.2.2.2 the Trustees have reasonable grounds to believe that an Insolvency Event will occur in relation to a Participating Employer; or

5.2.2.3 a Participating Employer requests that the Trustees consent to it ceasing to be a Participating Employer in the manner contemplated in Rule 5.2.5; or

- 5.2.2.4 a statutory declaration of solvency is or has been made in relation to a Participating Employer under Section 89 of the Insolvency Act 1986 and a resolution is passed for the commencement of a members' voluntary liquidation under Part IV of the Insolvency Act 1986; or
- 5.2.2.5 any proceeding or action analogous to an Insolvency Event or to the event described in Rule 5.2.2.4 is or has been commenced or taken in any jurisdiction other than England, Scotland and Wales; or
- 5.2.2.6 the Trustees so determine,

the Trustees may, in calculating the contribution payable by Participating Employers or by a specific Participating Employer or specific Participating Employers under Rule 5.2.1 and without prejudice to the exercise of the Trustees' powers under Rule 5.2.1, calculate the deficiency or anticipated deficiency in the Scheme's resources as the cost (or, if the Trustees so determine, an amount not exceeding the cost), estimated by the Actuary, of securing the Scheme's liabilities by the purchase of deferred and immediate annuities (as appropriate) from an Authorised Insurer, provided that, where the Trustees make such a determination, this shall not prejudice the exercise of their power under Rule 5.2.1 to require contributions from Participating Employers at any time to reduce or eliminate the deficiency or anticipated deficiency calculated by reference to the ongoing basis of calculation. Where the Actuary considers that it is not practicable to make an estimate of the cost of securing the Scheme's liabilities by the purchase of deferred and immediate annuities (as appropriate) from an Authorised Insurer, he shall estimate the cost (on the Estimated Buy-Out Basis).

5.2.3 Where the Trustees believe that a debt is due or potentially due from a Participating Employer under Section 75, but the Trustees consider that insufficient information is available to:

- 5.2.3.1 determine whether a debt is due from the Participating Employer under Section 75; and/or
- 5.2.3.2 calculate the amount which is payable by the Participating Employer under Section 75,

the Trustees may calculate the contribution payable by Participating Employers or by a specific Participating Employer or specific Participating Employers under Rule 5.2.1, and without prejudice to the exercise of the Trustees' powers under Rules 5.2.1 and 5.2.2, on the Estimated Section 75 Basis, provided that, where the Trustees make such a determination, this shall not prejudice the exercise of their powers under Rules 5.2.1 or 5.2.2 to require contributions from Participating Employers at any time to reduce or eliminate the deficiency or anticipated deficiency calculated by reference to the ongoing basis of calculation or the estimated cost of securing the Scheme's liabilities by the purchase of deferred and immediate annuities (as appropriate) from an Authorised Insurer or the Estimated Buy-Out Basis.

5.2.4 For the purposes of the calculations in this Rule 5.2, the Trustees and the Actuary shall take into account, to the extent that they consider it appropriate:

- 5.2.4.1 the proportion of the amount of the deficiency or potential deficiency which the Scheme's liabilities attributable to employment with that Participating Employer bear to the total amount of the Scheme's liabilities attributable to employment with all of the Participating Employers (provided that, in the case of an event described in Rule 5.2.2, the Trustees and the Actuary shall take into account, to the extent that they consider it appropriate, the proportion of the

amount of the deficiency or potential deficiency which the Scheme's liabilities attributable to employment with that Participating Employer bear to the total amount of the Scheme's liabilities attributable to employment with the Participating Employers which are "employers" or "former employers" as those terms are defined for the purposes of Section 75);

- 5.2.4.2 any lump sums or other contributions paid, payable or prospectively payable by any Participating Employer for the purpose of reducing or eliminating a deficiency or potential deficiency, whether under this Rule 5.2, Section 75 or otherwise; and
- 5.2.4.3 any debt which, in the opinion of the Trustees, is unlikely to be recovered.
- 5.2.5 A Participating Employer may, if the Trustees consent, cease to be a Participating Employer for the purposes of the Scheme on such date as the Trustees shall determine if it shall make such contributions (or undertakes to do so in terms satisfactory to the Trustees) as the Trustees, having regard to Actuarial Advice, shall determine, or if the Trustees, having regard to such advice, shall determine that no such contribution shall be required. Such determination shall be made in accordance with this Rule 5.2, but having regard to such basis of calculation as the Trustees may reasonably determine in order to protect the interests of the Members.
- 5.2.6 Where any contribution is payable under this Rule 5.2, the Trustees may, if they so determine, make two or more Participating Employers jointly and severally liable for that contribution.
- 5.2.7 The Trustees may add interest, at such rate as the Trustees may consider appropriate, to any contribution payable under this Rule 5.2 which is paid later than the due date for payment.
- 5.2.8 The Trustees may vary or revoke any decision or determination made under this Rule 5.2.

5.3 **Scheme funding requirements**

The requirements of Part 3 (Scheme Funding) of the PA 2004, or such other relevant funding requirement as shall apply to the Scheme from time to time, shall be observed.

5.4 **Schedule of contributions**

The Trustees shall secure that, when required by Section 227 of the PA 2004, there is prepared and from time to time reviewed and if necessary revised a schedule of contributions showing the rates of contributions payable by the Participating Employers (and the Members) and the dates for payment of those contributions.

5.5 **Statement of funding principles**

The Trustees shall secure that a written statement of funding principles, which satisfies the requirements of Section 223 of the PA 2004, is prepared and from time to time reviewed and if necessary revised.

5.6 **Insolvent Participating Employer**

In any case where an Insolvency Event occurs in relation to a Participating Employer and the Participating Employer fails to account to the Scheme in whole or in part for contributions owing by him to the Scheme, the Trustees shall have the power at their discretion to allow the

Pensionable Salary and Post-2000 Pensionable Salary (as appropriate) in respect of which such contributions are owing to count in whole or in part for the purpose of calculating benefits payable under the Rules.

6. BENEFITS ON RETIREMENT

6.1 Normal retirement pension

6.1.1 A Member who retired from Active Membership at Normal Pension Age shall be entitled to an immediate annual pension payable during his lifetime which is equal to the aggregate of:

6.1.1.1 in respect of Service between 6 April 1978 and 31 March 1997 inclusive, one fortieth of his Average Revalued Pensionable Salary for each year (and proportionately for part of a year) of such Service to which shall be added one year if the Member is male and both contributed in the calendar year 1987 and attained age 61 in any of the calendar years 1991 to 2000;

6.1.1.2 in respect of Service between 1 April 1997 and 30 September 2000 inclusive, one sixtieth of his Average Revalued Pensionable Salary for each year (and proportionately for part of a year) of such Service; and

6.1.1.3 in respect of Service between 1 October 2000 and 31 March 2016, one eightieth of his Post-2000 Average Revalued Pensionable Salary for each year (and proportionately for part of a year) of such Service.

6.1.2 A Member entitled to a pension under Rule 6.1.1 who was formerly a rating but who became an Officer and joined the Scheme between 6 April 1970 and 5 April 1978 inclusive and who was in Service on 1 April 1990 shall in addition be entitled to an immediate annual pension payable during his lifetime which is equal to one sixtieth of his Average Revalued Pensionable Salary for each year (and proportionately for part of a year) of continuous service in the industry between 6 April 1970 and the date of joining the Scheme, provided that a pension shall not be payable under this Rule 6.1.2 if the Member is entitled to benefits from any other pension scheme in respect of the period between 6 April 1970 and 5 April 1978. If the Member is entitled to benefits from another pension scheme in respect of part of the period between 6 April 1970 and 5 April 1978, the pension payable under this Rule 6.1.2 shall be calculated only by reference to the period or periods in respect of which the Member is not entitled to benefits from any other pension scheme.

6.2 Active Member early retirement

6.2.1 The annual pension payable during the lifetime of a Member who retired from Active Membership with the consent of the Trustees before Normal Pension Age and either on or after his 55th birthday shall be equal to the pension which would have been payable to him at Normal Pension Age but reduced as the Actuary may certify to be reasonable having regard to the period of early retirement.

6.2.2 If the calculation of the early retirement pension under Rule 6.2.1 (without reference to Schedule 3 (Contracting-out)) would result in the pension payable at GMP Pensionable Age being less than the Guaranteed Minimum Pension, the early retirement pension shall be reduced or restricted until GMP Pensionable Age as the Actuary may certify to be reasonable in order to allow the Guaranteed Minimum Pension to be paid.

6.3 Active Member ill-health pension

- 6.3.1 If an Active Member with a period of two or more years' Service leaves Service because of Incapacity, he shall be entitled to an immediate annual pension payable during his lifetime which is equal to the aggregate of:
- 6.3.1.1 in respect of Service between 6 April 1978 and 31 March 1997 inclusive, one fortieth of his Average Revalued Pensionable Salary for each year (proportionately for part of a year) of such Service to which shall be added one year if the Member is male and both contributed in the calendar year 1987 and attained age 61 in any of the years 1991 to 2000;
- 6.3.1.2 in respect of Service between 1 April 1997 and 30 September 2000 inclusive, one sixtieth of his Average Revalued Pensionable Salary for each year (and proportionately for part of a year) of such Service; and
- 6.3.1.3 in respect of Service between 1 October 2000 and 31 March 2016, one eightieth of his Post-2000 Average Revalued Pensionable Salary for each year (and proportionately for part of a year) of such Service.
- 6.3.2 For the purposes of determining whether a Member has two or more years' Service for the purposes of Rule 6.3.1 only, "Service" shall:
- 6.3.2.1 include periods of membership of a Private Scheme ranking for benefit in that Private Scheme; and
- 6.3.2.2 be counted to the later of the date of:
- (a) the Relevant Medical Certificate; or
 - (b) the Member's last contribution to the Fund; or
 - (c) ceasing contributory membership of a Private Scheme or the MNRPF.
- 6.3.3 For the purposes of Rule 6.3.1 only, "Active Member" means:
- 6.3.3.1 a Member who was contributing to the Scheme at the date on which the Member was Incapacitated; or
- 6.3.3.2 a Member who:
- (a) ceased contributing less than twelve months before the date on which the Member was Incapacitated (other than a Member who voluntarily ceased contributing); and
 - (b) has not been employed since he ceased contributing except in sea-going employment with an employer which is not a Participating Employer; or
- 6.3.3.3 a Member who had ceased contributing but was a member of a Private Scheme or the MNRPF under which benefits were still accruing in respect of service up to the date on which the Member was Incapacitated; or
- 6.3.3.4 such other Member as the Trustees may in their absolute discretion permit, in a case where:

- (a) the Member ceased contributing twelve months or more before the date on which the Member was Incapacitated; and
- (b) that Member was, in the opinion of the Trustees, prevented by the illness or incapacity stated or referred to in the Relevant Medical Certificate from making an earlier application for a pension under Rule 6.3.1.

6.3.4 A Member entitled to a pension under Rule 6.3.1 who was formerly a rating but who became an Officer and joined the Scheme between 6 April 1970 and 5 April 1978 inclusive and who was in Service on 1 April 1990 shall in addition be entitled to an immediate annual pension payable during his lifetime which is equal to one sixtieth of his Average Revalued Pensionable Salary for each year (and proportionately for part of a year) of continuous service in the industry between 6 April 1970 and the date of joining the Scheme, provided that a pension shall not be payable under this Rule 6.3.4 if the Member is entitled to benefits from any other pension scheme in respect of the period between 6 April 1970 and 5 April 1978. If the Member is entitled to benefits from another pension scheme in respect of part of the period between 6 April 1970 and 5 April 1978, the pension payable under this Rule 6.3.4 shall be calculated only by reference to the period or periods in respect of which the Member is not entitled to benefits from any other pension scheme.

6.3.5 A Member entitled to a pension under Rule 6.3.1 shall in addition be entitled to receive a lump sum payable immediately which is equal to one seventy-fifth of his Average Revalued Pensionable Salary for each year (and proportionately for part of a year) of Service between the date on which the Member's Service first commenced and Normal Pension Age, together with any period or periods of employment before 6 April 1978 in respect of which contributions were paid to the Scheme, provided that the amount of the lump sum shall not when aggregated with any lump sum payable under Rule 6.7 exceed the permitted maximum, as defined in paragraph 2 of Schedule 29 to the FA 2004 or such higher amount as may be permitted under the FA 2004.

6.3.6 If the Member contributed to the Scheme in the Pension Year ended 31 March 1989 and has not subsequent to 1 April 1988 left service and then rejoined the Scheme, the Member's benefits under Rules 6.3.1, 6.3.4 and 6.3.5 shall be increased, if necessary, so as to be equal to the aggregate of:

6.3.6.1 the annual pension to which the Member is entitled under Rules 6.3.1 and 6.3.4; and

6.3.6.2 two thirds of the Additional Amount.

6.3.7 If the Member is entitled to a disability pension from a Private Scheme or the MNRPF calculated by reference to the period from ceasing contributions to Normal Pension Age, there shall be ignored in calculating his pension the period after he ceased contributing. Instead, the Member shall be entitled to receive, in addition to the pension under Rules 6.3.1 and 6.3.4, the amount (if any) by which that part of his annual pension payable under the Private Scheme or the MNRPF calculated by reference to the period after he ceased contributing falls short of the pension equivalent (as determined by the Actuary) of the cash payment calculated under Rule 6.3.5 by reference to that same period.

6.4 **Recovery enabling employment at sea**

6.4.1 If a Member who retired under Rule 6.3 due to Incapacity recovers to the extent that he is able to take up employment at sea, his pension will be suspended with effect from

the time such employment is taken. Where such employment was eligible employment for the purposes of the Scheme and the Member resumed contributions, his benefits at retirement will be calculated in accordance with Actuarial Advice.

- 6.4.2 If a Member whose pension has been suspended in accordance with Rule 6.4.1 is over Normal Pension Age and ceases to be in employment at sea, his pension will be reinstated with effect from the date on which he ceases to be in employment at sea.
- 6.4.3 If a Member whose pension has been suspended in accordance with Rule 6.4.1 has not yet reached Normal Pension Age and ceases to be in employment at sea, his pension will be reinstated with effect from the date on which he ceases to be in employment at sea if he supplies evidence which is satisfactory to the Trustees of his Incapacity.
- 6.4.4 For the purposes of Rules 6.4.2 and 6.4.3, the Trustees shall have absolute discretion to determine whether and, if so, when a Member ceases to be in employment at sea.

6.5 **Recovery enabling restoration of earnings**

While a Member who retired under Rule 6.3 due to Incapacity has not yet reached Normal Pension Age:

- 6.5.1 the Trustees may at any time require him to supply such evidence as they consider necessary of his continued Incapacity and of the amount of his earnings (if any) when requested and, if he shall not supply such evidence, or such evidence is not satisfactory to the Trustees, they may vary, suspend or revoke his pension;
- 6.5.2 if he subsequently recovers sufficiently to be able to earn an income the Trustees may from time to time vary, suspend or revoke his pension as they may think the circumstances justify having regard to the amount of that income and what he might have been expected to earn had he continued in Service;
- 6.5.3 the Member shall remain entitled, after any exercise by the Trustees of their powers under this Rule 6.5, to payment of a pension which is of actuarial equivalent value to a pension at Normal Pension Age equal to the deferred pension to which he would have been entitled had the reason for his leaving Service been other than due to Incapacity, adjusted to take account of any increases which would have been granted to such deferred pension since his leaving Service and the pension equivalent of any lump sum taken by the Member under Rule 6.7 at the date of retirement;
- 6.5.4 in determining the benefits payable on the death of the Member under Rule 7.2, any suspension or adjustment of the Member's pension under this Rule 6.5 shall be disregarded.

6.6 **Active Member late retirement**

- 6.6.1 A Member who remained in employment and continued to contribute after Normal Pension Age shall, on retirement, be entitled to an immediate annual pension payable during his lifetime which is equal to the aggregate of:
 - 6.6.1.1 in respect of Service up to and including Normal Pension Age, the pension to which he would have been entitled if he had retired at his Normal Pension Age, increased by the Trustees upon Actuarial Advice having regard to the period between the Member's Normal Pension Age and the date of retirement; and

6.6.1.2 in respect of Service after Normal Pension Age, one eightieth of his Post-NRD Average Revalued Pensionable Salary for each year (and proportionately for part of a year) of such Service.

6.6.2 A Member who remained in employment after Normal Pension Age and did not elect to remain in Service shall be entitled upon retirement (or such later date as the Member may select) to an immediate annual pension payable during his lifetime. In such case, the pension shall be the pension to which he would have been entitled if he had retired at his Normal Pension Age, increased by the Trustees upon Actuarial Advice having regard to the period between the Member's Normal Pension Age and the date of commencement of his pension.

6.7 Lump sum benefits on retirement

6.7.1 A Member may elect to receive a lump sum in lieu of part of his pension in excess of his Guaranteed Minimum Pension (if any). The amount of the lump sum shall not when aggregated with any lump sum payable under Rule 6.3.5 or Rule 10.2.2.3 exceed the permitted maximum, as defined in paragraph 2 of Schedule 29 to the FA 2004, or such higher amount as may be permitted under the FA 2004.

6.7.2 The pension payable to the Member shall be reduced by the Trustees on Actuarial Advice to take account of the lump sum.

6.8 Additional Spouse's pensions

6.8.1 Subject to the consent of the Trustees, a Member may by applying in writing to the Trustees within three months of becoming entitled to a pension surrender part of his pension other than any Guaranteed Minimum Pension, to provide an additional pension to his Spouse. The Trustees shall decide the amount of the additional Spouse's pension on Actuarial Advice having regard to the amount of pension surrendered. The Trustees shall not be bound to accept any surrender.

6.8.2 The additional Spouse's pension shall not exceed the pension to which the Member was entitled at that time.

6.8.3 An election shall be irrevocable under all circumstances including the death of the Spouse before the Member's death, who shall continue to be entitled only to his reduced pension. The Trustees shall have power to revoke the surrender in exceptional circumstances such as divorce.

6.8.4 Where a Member has surrendered part of his pension to provide an additional pension to his Spouse, the period of five years under Rule 7.2.1 shall relate to their joint lives and the remaining unpaid instalments of pension shall be those applicable to the last survivor of them.

7. BENEFITS ON DEATH

7.1 Benefits on death of an Active Member

7.1.1 The following sums shall be held on the Death Benefit Trusts upon the death of an Active Member:

7.1.1.1 a sum equal to the value at the date of the Member's death of the investments purchased by his Additional Voluntary Contributions;

- 7.1.1.2 if contributions were received in respect of the Member up to the date of his death (other than contributions paid under Rule 8.1, unless the Trustees decide otherwise in accordance with that Rule), a lump sum equal to the greater of:
- (a) a sum equal to two times the Member's Salary in either of the last two Pension Years, or in the last two calendar years immediately preceding death, revalued in accordance with the last Section 148 Order preceding death; and
 - (b) £57,659 (for the tax year 6 April 2015 to 5 April 2016) revalued in accordance with Section 148 Orders coming into force on or after 6 April 2012 and before death; and
- 7.1.1.3 if the Member leaves no surviving Spouse or Eligible Child, a sum equal to the Member's contributions paid to the Scheme on and after 6 April 1978 with interest compounded at 2½% annually from commencement of the Pension Year following payment of such contributions to the date of death.
- 7.1.2 The Trustees shall have the power at their discretion to pay the lump sum under Rule 7.1.1.2 (or such part of it as they consider appropriate) in any other case where mandatory contributions were received from the Member at any time within eighteen months of death and the Trustees consider special circumstances prevailed at the time of death whereby mandatory contributions were not being paid to the Scheme.
- 7.1.3 The lump sum under Rule 7.1.1.2 shall not be payable in the case of death of any Member arising out of or consequent upon hostilities or warlike operations whether the United Kingdom be belligerent or not (and the Trustees shall be the sole arbiter as to whether death be so caused) unless in any case the Trustees, in their discretion, shall allow a payment to be made.
- 7.1.4 On the death of an Active Member, the surviving Spouse shall receive an annual lifetime pension equal to one half of the pension which would have been payable to the Member under Rule 6.1 if he had retired on pension at the date of his death, calculated by reference to Service up to the date of his death.
- 7.1.5 On the death of an Active Member, pensions shall be paid to the Eligible Children which are equal in aggregate to the amount of the Spouse's pension calculated in accordance with Rule 7.1.4 or, if there is only one Eligible Child, one half of that amount. If the Member leaves no surviving Spouse, the pensions under this Rule shall be doubled.

7.2 **Benefits on death of a Pensioner**

- 7.2.1 If the Pensioner dies within five years after retiring on pension, there shall be held on the Death Benefit Trusts an amount equal to the sum of the remaining unpaid instalments of pension that would have been paid to him had he survived until the end of the five year period (but with no further increases in payment). Such sum shall be calculated in years and days.
- 7.2.2 On the death of a Pensioner, the surviving Spouse shall receive an annual lifetime pension of one half of the pension that was payable to the Member but ignoring any commutation, surrender, reduction in pension on early retirement, adjustment in pension to take account of the basic state pension or reduction in pension in order to comply with the Overriding Benefit Provisions (or equivalent under documentation previously governing the Scheme).

7.2.3 On the death of a Pensioner, pensions shall be paid to the Eligible Children which are equal in aggregate to half the amount of the pension that was payable to the Member but ignoring any commutation, surrender, reduction in pension on early retirement, adjustment in pension to take account of the basic state pension or reduction in pension in order to comply with the Overriding Benefit Provisions (or equivalent under documentation previously governing the Scheme) or, if there is only one Eligible Child, one quarter of that amount. If the Member leaves no surviving Spouse, the pensions under this Rule shall be doubled.

7.2.4 In determining the benefits payable under this Rule 7.2, any suspension or adjustment of the Member's pension under Rule 6.5 shall be disregarded.

7.3 Benefits on death during postponement of pension after Normal Pension Age

7.3.1 On the death of a Member who has postponed his retirement beyond Normal Pension Age but has not yet commenced his pension, benefits shall be paid in accordance with Rule 7.2 as if he had retired the day before his death, provided that the benefits payable in respect of an Active Member who died on or after 1 December 2006 and after Normal Pension Age shall be calculated on a basis which is no less favourable than the basis which would have been used to calculate the benefits that would have been payable in respect of an Active Member who died before Normal Pension Age.

7.3.2 A sum equal to the value at the date of the Member's death of the investments purchased by his Additional Voluntary Contributions shall be held on the Death Benefit Trusts upon the death of a Member who has postponed his retirement beyond Normal Pension Age but has not yet commenced his pension.

7.4 Benefits on death of a Deferred Pensioner

7.4.1 On the death of a Deferred Pensioner before Normal Pension Age who leaves no surviving Spouse or Eligible Child, an amount equal to the sum calculated in accordance with Rule 7.1.1.3 shall be held on the Death Benefits Trusts.

7.4.2 If a Deferred Pensioner dies before Normal Pension Age and is survived by a Spouse, there shall be payable to the surviving Spouse an annual lifetime pension equal to one half of the deferred pension as calculated under Rule 10.4, revalued between the date of leaving Service and the date of the Member's death in accordance with Rule 10.4.

7.4.3 On the death of a Deferred Pensioner before Normal Pension Age, pensions shall be paid to the Eligible Children which are equal in aggregate to the amount of the Spouse's pension calculated in accordance with Rule 7.4.2 or, if there is only one Eligible Child, one half of that amount. If the Member leaves no surviving Spouse, the pensions under this Rule 7.4.3 shall be doubled.

7.5 Children's pensions

7.5.1 The Trustees, at their discretion, may pay the pension benefits payable under Rules 7.1.5, 7.2.3 and 7.4.3 to any one or more of the children who qualify as Eligible Children on the date when payment commences divided between them in such manner as the Trustees shall determine.

7.5.2 Each pension payable under Rules 7.1.5, 7.2.3 and 7.4.3 shall be suspended if the recipient ceases to be an Eligible Child. The Trustees may reinstate a pension which has been suspended under this Rule 7.5.2 if at any time the child qualifies as an Eligible Child.

7.6 Death Benefit Trusts

- 7.6.1 The Trustees shall have the power, exercisable within two years after the death of a Member, to pay or apply any lump sum benefit payable on his death to or for the benefit of any one or more of his Beneficiaries or to his legal personal representatives in such proportions and upon such trusts (if any) as the Trustees, in their absolute discretion, shall think fit.
- 7.6.2 If, after two years, any balance of the benefit remains unpaid or unapplied, it shall be paid to the Member's legal personal representatives, except that if the benefit would vest in the Crown, the Duchy of Lancaster or the Duke of Cornwall as bona vacantia the Trustees shall hold the benefit for the general purposes of the Scheme.

7.7 Adjustment of Spouse's pension

- 7.7.1 If the Member married his Spouse after retirement and within six months of death, that part of the benefits payable under Rule 7.2.2 in excess of the Guaranteed Minimum Pension shall be payable to the Spouse only to the extent that the Trustees in their discretion may decide, subject to the requirements of Schedule 3 (Contracting-Out) and the provisions of Section 12B(4) of the PSA 1993.
- 7.7.2 In the case of the death of a Pensioner who left Service before 1 December 1992, the Trustees may, to the extent that they in their discretion decide, pay a pension to the Spouse in excess of the Guaranteed Minimum Pension and in accordance with Rule 7.2.2, subject to the requirements of Schedule 3 (Contracting-Out) and the provisions of Section 12B(4) of the PSA 1993.

8. TEMPORARY ABSENCE AND LEAVE FOR FAMILY REASONS

8.1 Temporary Absence

- 8.1.1 No contributions shall be payable to the Defined Benefit Section by or in respect of any Member in respect of any period of Temporary Absence on or after 31 March 2016. For the avoidance of doubt, this Rule 8.1.1 shall be without prejudice to Rule 5.2.
- 8.1.2 If the Member paid contributions in respect of any period of Temporary Absence on or after 11 September 2013, he shall, in respect of any period during which he paid such contributions and with effect from the date on which he commenced payment of such contributions, be treated for the purpose of calculating benefits under the Scheme as if he had then joined the Scheme for the first time, provided that he shall continue to be entitled to the benefits credited to him in respect of Service already completed in the Scheme.
- 8.1.3 If the Member paid contributions in respect of any period of Temporary Absence prior to 11 September 2013, the Trustees may, at their discretion, treat the Member in accordance with Rule 8.1.2, provided that the accrued rights and entitlements of the Member (construed in accordance with Section 67 of the PA 1995) are not adversely affected.
- 8.1.4 The Member's benefits in respect of any period of Temporary Absence during which the Member paid contributions shall be calculated by reference to his normal rate of pay as if he had continued in Service or the lower rate of pay that was selected by the Member (being not less than a rate of pay which required a minimum contribution of £5 per month).

8.1.5 The lump sum death benefit under Rule 7.1.1.2 shall not be payable in respect of any period of Temporary Absence during which the Member paid contributions otherwise than to the extent that the Trustees in their discretion may decide to make payment under Rule 7.1.1.2 either in whole or in part.

8.2 **Maternity leave**

8.2.1 Any period of absence through pregnancy or confinement during which a female Member received contractual remuneration or statutory maternity pay from the Participating Employer which employed her (or which was otherwise treated as ordinary maternity leave under the provisions of Sections 72 to 76 of the Equality Act 2010) shall be treated as a period of Service.

8.2.2 While the Member received contractual remuneration and/or statutory maternity pay from the Participating Employer during the period of absence, the Member shall be treated for the purpose of calculating benefits under the Scheme as if she had received the remuneration which the Trustees determine as the remuneration which was likely to have been paid if she had worked normally.

8.3 **Adoption leave**

Rule 8.2 shall also apply to a Member in respect of any period of absence on:

8.3.1 ordinary adoption leave under Section 75A of the Employment Rights Act 1996; and

8.3.2 additional adoption leave under Section 75B of the Employment Rights Act 1996,

during which the Participating Employer paid him any contractual remuneration or statutory adoption pay.

8.4 **Paternity leave**

Rule 8.2 shall also apply to a Member in respect of any period of absence on paternity leave under Section 80A (birth) or 80B (adoption) of the Employment Rights Act 1996 during which the Member received contractual remuneration or statutory paternity pay.

8.5 **Parental leave**

Rule 8.2 shall also apply to a Member in respect of any period of absence on parental leave under Section 76 of the Employment Rights Act 1996 or otherwise during which the Participating Employer paid him any contractual remuneration, but the Member's benefits shall be calculated on the basis of his actual remuneration.

8.6 **Shared paid parental leave**

Rule 8.2 shall also apply to a Member in respect of any period of absence on shared paid parental leave under Chapter 1B of the Employment Rights Act 1996 during which the Member received contractual remuneration or statutory shared parental pay.

8.7 **Returning from leave**

If the Member exercised his statutory right to return to work, his periods of Service before and after his absence shall be deemed to be continuous insofar as they shall not otherwise be treated as part of a single continuous period of Service.

8.8 Death during absence

On the death of a Member during a period of absence to which this Rule applies, the Trustees shall provide benefits under Rule 7.1 except that the lump sum under Rule 7.1.1.2 shall not be payable otherwise than to the extent that the Trustees in their discretion may decide to make the payment thereunder either in whole or in part.

9. PAYMENT OF PENSIONS; PENSION INCREASES

9.1 Date of payment

Unless the Trustees determine otherwise (and advise the Pensioner accordingly), the first instalment of pension shall be made as soon as practicable after the date of retirement and subsequently 1/12 of the annual amount of pension shall be paid in arrears on the fifteenth day of each month. The final instalment of pension shall be paid on the fifteenth day of the month following the Pensioner's death, provided that such payment qualifies as an Authorised Member Payment.

9.2 Pension increases

9.2.1 Pensions attributable (or deemed by regulations to be attributable) to Service on or after 1 April 1997 (or to a transfer payment or part of a transfer payment received by the Scheme in respect of employment in the transferring scheme on and after that date) shall increase in payment on 1 April each year at the rate of the percentage increase in the Index for the period of twelve months ending on the 30 September preceding the date of the increase up to a maximum of 5% (provided that such pensions shall increase by not less than the extent required by Section 51(2) of the PA 1995).

9.2.2 The Trustees may, having taken Actuarial Advice, in addition grant discretionary increases to any pensions in payment. The Trustees will consider at intervals not exceeding twelve months whether they can and, if so, whether they wish to grant such discretionary increases.

10. TERMINATION OF SERVICE

10.1 Termination of Service on 31 March 2016

All Active Members in the Defined Benefit Section on 31 March 2016 were treated as having left Service and became Deferred Pensioners at the end of that day.

10.2 Benefits on leaving Service

10.2.1 An Active Member who left Service other than on death or retirement shall be entitled to receive out of the Scheme as he shall select one of the benefits under Rules 10.3 to 10.9.

10.2.2 The following variations to the Rules shall apply to a 2018 Former Active Member:

10.2.2.1 the Member's deferred pension as increased in accordance with Rule 10.4.2 shall be increased by a further 1.5% per annum compound for each complete year between leaving Service and Normal Pension Age (or, if earlier, the date on which he first ceases to be an Active Member of the Ensign Retirement Plan (as that term is defined in the trust deed and rules of the Ensign Retirement Plan));

10.2.2.2 the Member shall be entitled to an ill-health pension in accordance with Rule 10.6 if he has ceased to carry on his occupation and is declared permanently

incapable of carrying on his occupation because of physical or mental impairment on the Relevant Medical Certificate; and

- 10.2.2.3 if the Member is entitled to an ill-health pension in accordance with Rule 10.2.2.2, he shall in addition be entitled to receive a lump sum payable immediately which is equal to one seventy-fifth of his Average Revalued Pensionable Salary for each year (and proportionately for part of a year) of Service between the date on which the Member's Service first commenced and 31 March 2016, together with any period or periods of employment before 6 April 1978 in respect of which contributions were paid to the Scheme, revalued between 31 March 2016 and the date the pension starts in accordance with Rules 10.4.2 and 10.2.2.1, provided that the amount of the lump sum shall not when aggregated with any lump sum payable under Rule 4.2.4 or Rule 6.7 exceed the permitted maximum, as defined in paragraph 2 of Schedule 29 to the FA 2004 or such higher amount as may be permitted under the FA 2004.
- 10.2.3 A 2018 Former Active Member who becomes an Active Member of the Ensign Retirement Plan (as such term is defined in the trust deed and rules of the Ensign Retirement Plan) at the beginning of 1 April 2018 shall continue to qualify for the variations to the Rules described in Rules 10.2.2.2 and 10.2.2.3 and shall cease to be so qualified only when he first ceases to be an Active Member of the Ensign Retirement Plan (as such term is defined in the trust deed and rules of the Ensign Retirement Plan).
- 10.2.4 The following variations to the Rules shall apply to a Former Active Member who is not a 2018 Former Active Member:
- 10.2.4.1 the Member's deferred pension as increased in accordance with Rule 10.4.2 shall be increased by a further 1.5% per annum compound for each complete year between leaving Service and Normal Pension Age (or, if earlier, the date on which he first ceases to be an Active Money Purchase Member);
- 10.2.4.2 the Member shall be entitled to an ill-health pension in accordance with Rule 10.6 if he has ceased to carry on his occupation and is declared permanently incapable of carrying on his occupation because of physical or mental impairment on the Relevant Medical Certificate; and
- 10.2.4.3 if the Member is entitled to an ill-health pension in accordance with Rule 10.2.4.2, he shall in addition be entitled to receive a lump sum payable immediately which is equal to one seventy-fifth of his Average Revalued Pensionable Salary for each year (and proportionately for part of a year) of Service between the date on which the Member's Service first commenced and 31 March 2016, together with any period or periods of employment before 6 April 1978 in respect of which contributions were paid to the Scheme, revalued between 31 March 2016 and the date the pension starts in accordance with Rules 10.4.2 and 10.2.2.1, provided that the amount of the lump sum shall not when aggregated with any lump sum payable under Rule 6.7 exceed the permitted maximum, as defined in paragraph 2 of Schedule 29 to the FA 2004 or such higher amount as may be permitted under the FA 2004.
- 10.2.5 A Former Active Member shall cease to be entitled to the variations to the Rules described in Rules 10.2.4.2 and 10.2.4.3 when he first ceases to be an Active Money Purchase Member.
- 10.2.6 The following variations to the Rules shall apply to a Member in respect of whose membership the last contribution was received on or after 31 March 2015 and who does

not become an Active Money Purchase Member within twelve months of the last contribution being received:

- 10.2.6.1 the Member's deferred pension as increased in accordance with Rule 10.4.2 shall be increased by a further 1.5%; and
- 10.2.6.2 the variations to the Rules described in Rules 10.2.4.2 and 10.2.4.3 shall apply to the Member during the period of twelve months following receipt of the last contribution in respect of his membership.
- 10.2.7 The following variations to the Rules shall apply to a Member who ceased to pay mandatory contributions to the Scheme on entering the employment of an employer with a Private Scheme before 1 April 1988 or on becoming a rating and joining or rejoining the MNRPF and who was treated (by virtue of remaining a contributing member of that Private Scheme or the MNRPF) immediately before 31 March 2016 as continuing in Service but without earning Salary or paying contributions:
 - 10.2.7.1 the Member's deferred pension as increased in accordance with Rule 10.4.2 shall be increased by a further 1.5% per annum compound for each complete year between leaving Service and Normal Pension Age (or, if earlier, the date on which he first ceases to be a contributing member of the Private Scheme or the MNRPF, as appropriate); and
 - 10.2.7.2 the variations to the Rules described in Rules 10.2.4.2 and 10.2.4.3 shall apply to the Member for so long as he remains a contributing member of the Private Scheme or the MNRPF, as appropriate.
- 10.2.8 Any other Member who immediately before 31 March 2016 was treated as continuing in Service for the purposes of the definition of "Revaluation" shall instead be entitled to an additional increase to his deferred pension of 1.5% per annum compound for each complete year between leaving Service and Normal Pension Age (or, if earlier, the date on which he would apart from Rule 10.1 have been treated as leaving Service) to the extent required by Rule 21.2.
- 10.2.9 For the avoidance of doubt, Rules 6.3.6 and 6.3.7 shall not apply to a Member who became a Deferred Pensioner at the end of 31 March 2016 by virtue of Rule 10.1.
- 10.2.10 The Trustees may decide that the variations to the Rules described in Rule 10.2.2 (subject to such special terms, conditions and variations as the Trustees may decide) shall apply to a Member who left Money Purchase Pensionable Service with effect from the end of 31 March 2018 but who did not become an Active Member of the Ensign Retirement Plan at the beginning of 1 April 2018 or a 2018 Former Active Member who has ceased to be an Active Member of the Ensign Retirement Plan (as such term is defined in the trust deed and rules of the Ensign Retirement Plan).
- 10.2.11 The Trustees may decide that the variations to the Rules described in Rule 10.2.4 (subject to such special terms, conditions and variations as the Trustees may decide) shall apply to a Member who became a Deferred Pensioner at the end of 31 March 2016 by virtue of Rule 10.1 but who did not become an Active Money Purchase Member at the beginning of 1 April 2016 or who has ceased to be an Active Money Purchase Member.

10.3 Refunds of contributions

- 10.3.1 A Member shall be entitled at his option to receive a refund of his Accumulated Contributions but shall receive no other benefit under the Scheme.

- 10.3.2 No refund may be paid to a Member:
- 10.3.2.1 who has completed two or more years' Qualifying Service;
 - 10.3.2.2 in respect of whom a transfer payment has been received from a Personal Pension Scheme; or
 - 10.3.2.3 who rejoined the Scheme and who had already completed two or more years' Qualifying Service prior to rejoining (excluding additional periods of pensionable service in respect of which the Trustees have received a transfer payment).

10.4 **Deferred pension at Normal Pension Age**

- 10.4.1 A Member shall be entitled at his option to an annual pension to commence at Normal Pension Age of an amount calculated in accordance with Rule 6.1.
- 10.4.2 The whole of the pension in respect of Service payable under Rule 10.4.1 shall be increased at Normal Pension Age by the appropriate percentage as prescribed in the PSA 1993.

10.5 **Deferred Pensioner early retirement**

- 10.5.1 At the request of a Deferred Pensioner before Normal Pension Age and either on or after his 55th birthday, the Trustees shall provide an immediate annual pension.
- 10.5.2 The pension payable to a Deferred Pensioner who retires before Normal Pension Age shall be equal to the amount which the Actuary advises is of actuarial equivalent value to the pension calculated in accordance with Rule 10.4 which would otherwise be payable from Normal Pension Age.
- 10.5.3 If the calculation of the pension under Rule 10.5.2 (without reference to Schedule 3 (Contracting-out)) would result in the pension payable at GMP Pensionable Age being less than the Guaranteed Minimum Pension, the pension shall be restricted until GMP Pensionable Age in order to allow the Guaranteed Minimum Pension to be paid.

10.6 **Deferred Pensioner ill-health pension**

- 10.6.1 A Deferred Pensioner may elect at any time because of Incapacity to receive an immediate annual pension payable during his lifetime, subject to the consent of the Trustees.
- 10.6.2 The pension payable to a Deferred Pensioner who retires due to Incapacity shall be equal to the deferred pension at the date of leaving Service increased between the date of leaving Service and the date the pension commences in accordance with Rule 10.4.
- 10.6.3 If a Pensioner in receipt of a pension under this Rule 10.6 subsequently earns any income from employment or self-employment, the Trustees may suspend his pension until Normal Pension Age. At Normal Pension Age, the Member shall be entitled to payment of a pension equal to the deferred pension which would have been payable at Normal Pension Age had this Rule 10.6 not applied to the Member, reduced to take account of the benefits already received under this Rule 10.6.
- 10.6.4 On the death of a Pensioner in receipt of a pension under this Rule 10.6, benefits shall be payable in accordance with Rule 7.2. Any suspension or adjustment of the Pensioner's pension under Rule 10.6.3 shall be disregarded.

10.7 **Deferred Pensioner late retirement**

- 10.7.1 A Deferred Pensioner (whether or not still in employment) may elect to postpone commencement of his pension beyond Normal Pension Age at any time. In such case, the pension shall be calculated in accordance with Rule 6.6.2.
- 10.7.2 On the death of a Deferred Pensioner who has postponed commencement of his pension beyond Normal Pension Age, benefits shall be paid in accordance with Rule 7.2 as if he had retired the day before his death.

10.8 **Transfers from the Scheme**

- 10.8.1 Where a Member has validly exercised a right to one or more cash equivalents under the PSA 1993 by requiring the Trustees to apply the relevant cash equivalent to acquire benefits under another Registered Pension Scheme or a QROPS, the Trustees shall make a transfer payment to that scheme in accordance with the PSA 1993 if that scheme agrees to accept it. The Trustees shall also comply with any relevant requirements imposed on them under the PSA 2015 (regarding the need for the Member to take advice or otherwise) when making any such transfer.
- 10.8.2 If a Member does not have a right to a cash equivalent under the PSA 1993 or has a right but has not exercised it or has exercised it but a transfer has not been accepted by the proposed recipient scheme, where so requested by the Member in writing, the Trustees may in their absolute discretion pay a transfer payment, including a transfer payment in respect of any relevant part of his benefits, to another Registered Pension Scheme or QROPS in respect of that Member. The Trustees shall comply with any relevant requirements imposed on them under the PSA 2015 (regarding the need for the Member to take advice or otherwise) when making any such transfer.
- 10.8.3 The transfer payment payable under Rule 10.8.1 or Rule 10.8.2 shall be determined by the Trustees, on Actuarial Advice and in accordance with the PSA 1993 where applicable as an amount equal to the value of the benefits (or the relevant part of the benefits) accrued in respect of the Member under the Scheme. The transfer payment may be increased (subject to the consent of the Principal Company) or reduced by the Trustee in the light of any Actuarial Advice regarding the funding of the Scheme. The transfer payment under Rule 10.8.1 shall not be less than the cash equivalent calculated in accordance with the PSA 1993. The transfer payment made under Rule 10.8.2 shall be determined on the same basis as a transfer payment under Rule 10.8.1, unless the Trustee determines otherwise.
- 10.8.4 No transfer payment may be paid in respect of either rights to Guaranteed Minimum Pensions or periods of contracted-out employment under the PSA 1993 unless any relevant requirements of the Contracting-out (Transfer and Transfer Payments) Regulations 1996 (SI 1996/1462) shall be met.
- 10.8.5 A transfer payment may not be made under this Rule unless it qualifies as a Recognised Transfer.

10.9 **Annuities**

Where a Member who has left Service validly exercises a right to one or more cash equivalents under the PSA 1993 by requiring the Trustees to apply the cash equivalent to purchase a Policy, the Trustees shall purchase a Policy which satisfies the requirements of the PSA 1993 with an Authorised Insurer selected by the Member in the name of the Member.

10.10 Discharge of the Scheme from liability

The Trustees will not be obliged to obtain any consent other than that of the Member to effect a transfer payment. After the making of a transfer payment or the issue of a Policy under this Rule, the Member and any other person who would receive a benefit in respect of the Member shall have no claim under the Scheme in respect of the benefits to which the payment or Policy relates and the Trustees and the Fund shall be discharged of all liability for payment of those benefits to the Member and any such person. The Trustees are not obliged to enquire into the application of the cash equivalent transferred.

11. TRANSFERS INTO THE SCHEME

11.1 Acceptance of transfer payments

The Trustees may accept, in respect of a Member who was formerly a member of a Registered Pension Scheme or any other retirement benefits arrangement, a transfer payment from that other scheme, providing the transfer qualifies as a Recognised Transfer.

11.2 The Member's benefits

11.2.1 Where a transfer payment or payment by an Active Member was accepted by the Trustees:

11.2.1.1 the Trustees shall adjust the pension or other right in respect of the Member under the Scheme as the Actuary certifies to be appropriate in the circumstances;

11.2.1.2 where a payment by the Member was permitted, the whole amount so paid shall be treated as contributions in respect of the Member to the Scheme; and

11.2.1.3 that part of the total sum transferred which is certified by the trustees or administrator of the transferring scheme as being derived from contributions to that scheme by the Member shall be treated as contributions by the Member to the Scheme.

11.2.2 Where a transfer payment is accepted in accordance with Rule 11.1:

11.2.2.1 the Trustees shall confer on the Member such rights as are determined by the Trustees to be appropriate in the circumstances, having regard to such Actuarial Advice as they shall decide; and

11.2.2.2 that part of the transfer payment which is certified by the trustees or administrator of the transferring scheme as deriving from contributions to that scheme by the Member shall be treated as contributions by the Member to the Scheme.

11.3 Transfer payments

The Trustees shall not exercise their powers under Rules 11.1 and 11.2.2 so as to:

11.3.1 diminish or prejudicially affect the rights of any person in receipt of a pension or the pensionable or other rights already accrued by any other Member or former Member; or

11.3.2 affect any subsisting rights of any other Member within the terms of Section 67 of the PA 1995, unless the requirements prescribed by that Section are met.

11.4 Merger of other scheme

The Trustees may, in consultation with the Actuary, arrange terms for the merger of any Private Scheme, whether conveying legal rights or not, or any part or parts of such scheme relative to a particular class or classes of employees into the Scheme, providing the transfer qualifies as a Recognised Transfer. Such merger shall be on such terms as the Trustees acting on Actuarial Advice may consider fair in the circumstances of the particular case. For the purposes of this Rule 11.4 only, "Private Scheme" shall include a scheme conducted by a Participating Employer as a supplementary and additional scheme to this Scheme.

12. COMMUTATION: TRIVIAL PENSIONS AND SERIOUS ILL-HEALTH

12.1 Total commutation - trivial pensions

12.1.1 The Trustees may commute to a lump sum any pension when it would otherwise come into payment (including Guaranteed Minimum Pensions) providing such lump sum qualifies as a trivial commutation lump sum, a trivial commutation lump sum death benefit or a winding up lump sum under the FA 2004 or such payment as may be permitted under Part 2 (Commutation Payments) of the Registered Pension Schemes (Authorised Payments) Regulations 2009.

12.1.2 The lump sum must be of such amount as the Actuary certifies to be reasonable having regard to the benefits commuted and any entitlement to increases.

12.1.3 In the case of a Member's pension, the Trustees may at the same time commute any pension or other benefits prospectively payable on the Member's death and the lump sum will be paid, as the Trustees decide, to the Member or to the person who was prospectively entitled to the pension or other benefits.

12.2 Total commutation - serious ill-health

At the time when a pension first becomes payable to a Member, the Trustees may commute the Member's benefits to a lump sum payment calculated as advised by the Actuary if the Trustees receive evidence from a registered medical practitioner that the Member is expected to live for less than one year and such lump sum qualifies as a serious ill-health lump sum under the FA 2004.

13. AUGMENTATION

Subject to such payment into the Fund (if any) as the Actuary may advise to be necessary to meet the additional liability thereby imposed on the Scheme and the Trustees shall require to be paid, the Trustees may augment any pension or other benefit under the Rules or pay a pension or other benefit otherwise than in accordance with the Rules, provided that in so doing the Trustees comply with the requirements of the PSA 1993 and that such pension or other benefits qualify as Authorised Member Payments. For the avoidance of doubt, this power shall continue to be exercisable by the Trustees notwithstanding the winding-up of the Scheme or a Section.

14. TOTAL AND PARTIAL WINDING-UP

14.1 Terminating events

14.1.1 The Scheme shall be wound-up if the Trustees pass a resolution to terminate the Scheme, which resolution shall not be passed unless the Trustees are satisfied after due enquiry that the majority, both of the Participating Employers and the Members, desire that the Scheme shall be wound-up.

14.1.2 However, subject to any legal restrictions, the Trustees may, on the termination of the Scheme, continue the Scheme as a frozen scheme on such terms as the Trustees shall decide.

14.2 Application of the assets of the Scheme on winding-up

14.2.1 Upon the winding-up of the Scheme, the Trustees shall pay all expenses in accordance with the Rules. The Trustees shall then apply the balance of the Fund or the assets of the Section in accordance with the requirements of Section 73 of the PA 1995, regarding the satisfaction of the Scheme's or the Section's liabilities. To the extent that Section 73 of the PA 1995 does not apply to the Scheme, the Trustees shall apply the balance of the Fund in securing:

14.2.1.1 firstly, Guaranteed Minimum Pensions and accrued rights to Guaranteed Minimum Pensions, pensions and other benefits in respect of which entitlement to payment has already arisen, and the payment of contributions equivalent premiums under the PSA 1993; and

14.2.1.2 secondly, pensions payable to Deferred Pensioners and pensions payable to Spouses of such members.

14.2.2 If the assets of the Scheme are not sufficient to meet the liabilities specified in Rule 14.2.1 in full, the assets shall be applied to meet those liabilities in the order of priority in which they are specified in Rule 14.2.1 with liabilities within each numbered sub-Rule ranking equally.

14.2.3 If the assets of the Scheme exceed the liabilities specified in Rule 14.2.1, the Trustees may apply all or any part of the balance to augment the benefits specified in Rule 14.2.1 in such proportion as they shall determine.

14.2.4 After applying the assets of the Scheme in order to meet the liabilities and after any augmentation of benefits, the Trustees shall pay any balance of the assets to one or more of the Participating Employers in such proportions and in such manner as the Trustees shall determine in their absolute discretion to be just and equitable. No payment to any Participating Employer may be made unless the requirements of Section 76 of the PA 1995 shall have been observed.

14.3 Methods of providing benefits

14.3.1 The Trustees may, in consultation with the Actuary, take the following actions with regard to the provision of benefits under this Rule:

14.3.1.1 making a transfer payment in accordance with the Rules;

14.3.1.2 providing for the discharge of a liability to or in respect of a Member of the Scheme by any other appropriate means permitted by Section 74(3) of the PA 1995; or

14.3.1.3 purchasing an annuity, assurance contract or policy from an Authorised Insurer.

14.3.2 Immediate annuities shall be in an amount equal to and in character and terms (so far as practicable) similar to the respective pensions then being paid to the Pensioners or other Beneficiaries concerned.

- 14.3.3 Deferred annuities shall be non-assignable and, save as permitted under the Rules, non-commutable.
- 14.3.4 For the avoidance of doubt any reference in this Rule 14 to the purchase of or making of provision for annuities or deferred annuities shall include:
- 14.3.4.1 the acquisition of a bulk annuity policy or policies;
- 14.3.4.2 the surrender of any such bulk annuity policy or policies in return for the issue of annuities or deferred annuities to the relevant Members and Dependants; or
- 14.3.4.3 the assignment of any annuities or deferred annuities held for the benefit of any Members and Dependants to those Members or Dependants.

14.4 **Discharge of liability**

Following the winding-up of the Scheme under this Rule:

- 14.5.1 the Member and any person who would receive a benefit in respect of the Member shall have no claim under the Scheme; and
- 14.5.2 the Trustees and the Scheme, together with its assets, shall be discharged of all liability for payment of all benefits to the Member and any such person.

14.5 **Amendment during winding-up**

Notwithstanding the determination of the Scheme in accordance with this Rule 14, the trusts of the Scheme shall continue and the power of amendment contained in Rule 21 (Amendment) shall remain in force (and, therefore, continue to be exercisable by the Trustees) in respect of the Scheme of it during the winding-up of the Scheme.

14.6 **Participating Employers' contributions**

- 14.6.1 Notwithstanding the winding-up of the Scheme, each Participating Employer shall, during, and following completion of, the winding-up of the Scheme, make such further contributions from time to time as may be determined by the Trustees, whether requested under Rule 5.2 or otherwise, in order to cover such part of any costs, expenses and liabilities incurred or payable in respect of the Scheme which the Trustees consider are likely to exceed any reserve set aside to meet them under Rule 14.7 or the proceeds of any applicable policy of insurance.
- 14.6.2 Where any contribution is payable under this Rule 14.6 the Trustees may, if they so determine, make two or more Participating Employers jointly and severally liable for that contribution.
- 14.6.3 The Trustees may add interest at such rate as the Trustees may consider appropriate to any contribution payable under this Rule 14.6 which is paid later than the due date for payment.
- 14.6.4 The Trustees may vary or revoke any decision or determination made under this Rule 14.6.
- 14.6.5 The Trustees may at any time in whole or in part release the power conferred by this Rule 14.6 if they consider it appropriate to do so.

14.7 **Reserve**

- 14.7.1 The Trustees may retain such reserves and may make such arrangements for the retention and application of such reserves as the Trustees see fit, whether as part of the winding-up of the Scheme or otherwise. The Trustees shall have the power to enter into such contractual or other arrangements as the Trustees determine in order to facilitate the administration of the reserves and the exercise of any of the Trustees' powers and duties still in force during, and following completion of, the winding-up of the Scheme.
- 14.7.2 The Trustees shall have the power to enter into such contractual or other arrangements as the Trustees determine in relation to the collection of payments due from any or all Participating Employers (including, but not limited to, the novation of any such payment) during, and following completion of, the winding-up of the Scheme.

14.8 **Winding-up of the Money Purchase Section**

The provisions of this Rule 14 shall apply to the winding-up of the Money Purchase Section referred to in Rule 1.

15. **SURPLUS AND DEFICIENCY**

15.1 **Surplus**

- 15.1.1 This Rule applies if the report obtained under Rule 18.2.9 shows a surplus in the Scheme. The Trustees may, having regard to any recommendations made by the Actuary, apply that surplus to do any one or more of the following:
- 15.1.1.1 create a reserve fund;
 - 15.1.1.2 decrease contributions;
 - 15.1.1.3 increase or extend benefits; or
 - 15.1.1.4 lower Normal Pension Age.
- 15.1.2 Any application of a surplus in accordance with Rule 15.1.1 must first be approved by a majority of the Employers' Representatives and a majority of the Officers' Representatives. The approval must be signified either by a resolution passed by such majorities or by an instrument in writing signed by such majorities.

15.2 **Deficiency**

If, as a result of the report obtained under Rule 18.2.9, it shall appear that there is a deficiency or anticipated deficiency in the Scheme's resources, the Trustees shall consider what, if any, action (having regard to any recommendations made by the Actuary in such report) should be taken either by way of increasing contributions or decreasing benefits to render the Scheme solvent. If necessary, the Trustees shall take such steps as are herein laid down for the amendment of the Definitive Trust Deed and the Rules or, if the deficiency or anticipated deficiency cannot be made good, for the winding-up of the Scheme.

16. THE TRUSTEES AND ADMINISTRATOR: APPOINTMENT, REMUNERATION AND DECISIONS

16.1 Appointment of Trustees

16.1.1 Subject to the requirements of any arrangements for the appointment and removal of (as appropriate) member-nominated trustees or member-nominated directors (as those terms are used in Sections 241 and 242 respectively of the PA 2004 and insofar as such requirements apply to the Scheme), the JOPC may:

16.1.1.1 remove any Trustee from office; or

16.1.1.2 appoint a new or additional Trustee.

16.1.2 A person may not be appointed as a Trustee if prohibited or disqualified from acting as such under Section 3 or Section 29 of the PA 1995.

16.1.3 A Trustee may resign at any time on three months' notice in writing to the JOPC and the secretary to the Trustees.

16.2 Number of Trustees

16.2.1 The number of Trustees shall be determined by the JOPC, provided that there shall not be more than 14 or less than 4 Trustees and there shall be an even number of Trustees, one half of which are nominated by the employers' side of the JOPC and one half of which are nominated by the Officers' side of the JOPC.

16.2.2 A company may act as sole Trustee. Where a company acts as sole Trustee, the number of the directors of the company shall be determined by the members of the company with the concurrence of the JOPC, provided that there shall not be more than 14 or fewer than 4 directors and there shall be an even number of directors, one half of which are nominated by the employers' side of the JOPC and one half of which are nominated by the Officers' side of the JOPC.

16.2.3 It is the intention that at all times and from time to time one half of the Trustees (or the directors of a corporate Trustee) shall be representative of the employers' side of the JOPC and the other half of the Trustees (or the directors of a corporate Trustee) shall be representative of the Officers' side of the JOPC.

16.2.4 If at any time, and for whatever reason, there shall be an unequal number of Employers' Representatives and Officers' Representatives, the continuing Trustees (or directors of a corporate Trustee) may act notwithstanding any such inequality.

16.2.5 Without limitation to Rule 16.2.4, any inequality in the number of Employers' Representatives and Officers' Representatives shall be remedied as soon as reasonably practicable and in any event within 60 days of such inequality arising.

16.3 Trustees' expenses

The Trustees shall be indemnified out of the Fund on account of all costs, charges and expenses properly incurred by them in the execution of their duties, including any fees paid to the directors of any corporate Trustee pursuant to a resolution passed by the Trustee.

16.4 The Administrator

16.4.1 The Trustees may appoint as Administrator for the purposes of Section 270 of the FA 2004 any individual or company resident in the United Kingdom or another state which

is a member state or a non-member EEA state who has made the required declaration to HMRC. Subject to any such appointment, the Trustees shall be the Administrator.

- 16.4.2 The Trustees may appoint such managers (which may include subsidiary or associated companies of the Trustees) as they think fit for the purposes of administering or assisting in the administration of the Scheme and shall determine the terms and remuneration of such managers. The Trustees may delegate to such managers any of their powers, discretions or functions in relation to the Scheme (except the discretion under Rule 21 (Amendment)) and may give the managers power to sub-delegate. Any appointment of a manager must be made in accordance with the relevant requirements of the PA 1995. Subject to any such appointment, the Trustees shall manage and administer the Fund in accordance with the Rules of the Scheme.

16.5 **Majority voting**

The Trustees may act by:

- 16.5.1 majority vote at a meeting, not only by a majority of the Trustees (or the directors of a corporate Trustee) present but also by a majority of the Officers' Representatives present and by a majority of the Employers' Representatives present; or
- 16.5.2 all the Trustees (or all the directors of a sole corporate Trustee) indicating to each other by any means that they share a common view on a matter. This may take the form of a written resolution where all the Trustees (or all the directors of a corporate Trustee) have signed one or more copies of it or to which each Trustee (or each director of a sole corporate Trustee) has otherwise indicated agreement in writing.

17. **THE TRUSTEES: EXCLUSIONS AND INDEMNITIES**

17.1 **Exclusions and indemnities**

- 17.1.1 No Trustee nor the directors, officers or employees of any corporate Trustee nor any individual for the time being employed by any of the other companies in the Group and acting or working in connection with the Scheme shall be personally liable for anything whatever arising in relation to the affairs of the Scheme, including anything relating to any investments forming part of the Fund, except to the extent that the liability:
- 17.1.1.1 arises from the breach of any obligation which they may have under any rule of law to take care or exercise skill in the performance of any investment function, but does not relate to the acts or defaults of a fund manager in circumstances in which the Trustees have observed the requirements of Section 34(6) of the PA 1995; or
- 17.1.1.2 is attributable to a breach of trust knowingly and intentionally committed.
- 17.1.2 Each Trustee (and the directors, officers and employees of any corporate Trustee and any individual for the time being employed by any of the other companies in the Group and acting or working in connection with the Scheme or in relation to any investments forming part of the Fund) shall be indemnified from the assets of the Scheme against all or any claims, costs, losses, damages and expenses which he may pay or incur or which may be attributable to his own acts or omissions or those of any other person, except to the extent that the liability is attributable to a breach of trust knowingly and intentionally committed (and subject to the restrictions imposed by Section 256 of the PA 2004 regarding the reimbursement of fines and penalties), provided that this indemnity shall not apply to the extent that it would otherwise be rendered void by

virtue of not being a "qualifying pension scheme indemnity" under Section 235 of the Companies Act 2006.

- 17.1.3 Subject to Rule 18.2.3, the Trustees (and the directors, officers and employees of any corporate Trustee and any individual for the time being employed by any of the other companies in the Group and acting or working in connection with the Scheme) may act on the opinion or advice of any accountant, actuary, solicitor, doctor or other professional person employed by or instructed by them (or, in the case of a doctor, by an applicant for or recipient of any pension or other benefit from the Scheme) and shall not be responsible for the consequences of so acting.

17.2 Former Trustees

The exclusions and indemnities conferred by this Rule shall apply to former Trustees in the same manner as they apply to current Trustees.

18. GENERAL POWERS AND DUTIES OF THE TRUSTEES

18.1 Powers of the Trustees

- 18.1.1 The Trustees shall have complete control over the administration of the Scheme with full powers conclusively to determine whether or not any person is entitled in accordance with the Rules to any pension or other benefit from the Scheme and to determine any other claim made upon the Scheme and all matters or questions in connection with the Scheme (including all questions or matters of doubt arising in relation to the construction or operation of the Definitive Trust Deed or the Rules or otherwise relating to the Scheme). In deciding any question of fact, the Trustees shall have full liberty to act on any evidence or presumption as they shall in their absolute discretion think fit, although the same may not be evidence legally admissible or a legal presumption. Every such determination or decision of the Trustees under this Rule, whether made upon a question actually raised or implied in the acts or proceedings of the Trustees, shall be conclusive and binding on all parties.
- 18.1.2 No decision or exercising of its powers by the Trustees shall be invalidated or questioned on the grounds that any Trustee or officer of a corporate Trustee had a direct or personal interest in the decision or exercising of such power, nor on the grounds that his role as a Trustee gave rise to a conflict of duty with regard to any duty owed to his employer. No Trustee or officer of a corporate Trustee shall be liable to account for any benefits which he receives as a result of membership of the Scheme.
- 18.1.3 The Trustees shall have the power to give such undertakings as the Trustees may from time to time determine.
- 18.1.4 The Trustees may appoint or employ (as the case may be) and replace from time to time:
- 18.1.4.1 such officers and staff as they think necessary upon such terms and conditions and for such period of office as they shall decide;
- 18.1.4.2 a company or companies to perform such management and/or administrative duties as they may think necessary upon such terms as they may from time to time determine; and
- 18.1.4.3 such committee or committees to exercise such of the Trustees' powers as the Trustees may delegate to such committee or committees from time to time.

- 18.1.5 Subject to Section 34 of the PA 1995, the Trustees may delegate any of their powers and duties to any one or more of the Trustees or to any committee or to any person or company appointed or employed by the Trustees in connection with the Scheme. The Trustees may give such delegates the power to sub-delegate.
- 18.1.6 The Trustees may delegate in writing their powers to draw cheques on any bank account or to endorse any cheques or to give receipts and discharges. Every such receipt and discharge shall be as valid as if it were given by the Trustees.
- 18.1.7 The Trustees may appoint any person or persons as custodian for the purpose of holding assets of the Fund on such terms (including terms providing for sub-delegation) as the Trustees may think fit. The Trustees may arrange, or allow a custodian or its delegate to arrange, for the assets of the Fund to be registered in the name of any nominee. No Trustee, agent, custodian or broker shall be accountable for any commission or brokerage received by it notwithstanding that it may be associated with a Trustee.
- 18.1.8 Subject to the restrictions imposed by Section 36A of the PA 1995, the Trustees shall have the power to borrow any sum of money in any currency for any purpose (including investment or to provide temporary liquidity) upon such terms and upon such security as they in their absolute discretion think fit and in particular by charging in any form any of the assets of the Fund, provided that no new additional borrowing shall be made at any time so as to result at that time in the total borrowings and guarantees together given by the Scheme exceeding 10% of the market value of the Fund at that time (provided that no lender shall be concerned to see that this limitation is observed).
- 18.1.9 Subject to any restriction imposed by Section 36A of the PA 1995, the Trustees shall have the power to give or provide an indemnity or guarantee binding the Trustees and their successors as trustees of the Scheme in such terms, in favour of such persons and upon such security (if any) as the Trustees may from time to time determine.
- 18.1.10 If any benefit is payable to an Eligible Child or a minor, the Trustees may pay the benefits to such Eligible Child or minor personally or to their parent, guardian or similar responsible person and a receipt by any of them shall be a complete discharge to the Trustees and the Trustees shall not be under any liability to see to the application of the sum paid.
- 18.1.11 If any benefit is payable to a person who is of unsound mind or in the opinion of the Trustees otherwise incapable of managing his own affairs, the Trustees may pay the benefits which would otherwise be payable to such person for his benefit or for that of his Dependants in such manner (and, if more than one, in such proportions) as the Trustees shall from time to time decide.
- 18.1.12 The Trustees shall have the power, at the expense of the Scheme, to insure against personal or corporate liability (subject to the restrictions imposed by Section 256 of the PA 2004 regarding the reimbursement of fines and penalties), to insure against claims against the Scheme (and the costs of defending the Scheme against such claims) and to insure the assets of the Scheme.
- 18.1.13 The offices of the Scheme shall be c/o Ensign Pensions Limited, The Beehive, Beehive Ring Road, London Gatwick Airport, Gatwick, West Sussex RH6 OPA or at such other place as may be appropriate from time to time. The Trustees shall have the power to occupy, purchase, take on lease or otherwise acquire property of any tenure as offices for the purposes of the Scheme. Any such property shall be vested in the Trustees who shall hold it upon trust to deal with or dispose of it as the Trustees may from time to time determine and upon terms that all outgoings thereof of whatsoever nature shall be paid by the Scheme.

18.1.14 The Trustees may accept any sum by way of donation, bequest or special contribution for any purpose consistent with the purposes of the Scheme.

18.1.15 The Trustees may impose obligations on Participating Employers in order to further the main purpose of the Scheme as stated in Rule 2.0.

18.2 Specific duties of the Trustees

18.2.1 The Trustees shall from time to time appoint in writing an Actuary for the Scheme in accordance with the requirements of Section 47 of the PA 1995 to perform the tasks required of the Actuary under the PA 1995 and the PA 2004. The Trustees may also appoint from time to time a person (being a member of the Institute and Faculty of Actuaries for a period of not less than 10 years or, in the case of a firm, being a firm in which at least one of the partners has been a member of the Institute and Faculty of Actuaries for a period of not less than 10 years), to provide other advice and services which the PA 1995 and the PA 2004 do not require the Actuary to perform.

18.2.2 The Trustees shall from time to time appoint in writing an Auditor for the Scheme in accordance with the requirements of Section 47 of the PA 1995 and on such other terms as the Trustees shall decide.

18.2.3 The Trustees may use, appoint or consult such Professional Advisers as they see fit to advise them on questions or matters in connection with the Scheme on such terms as the Trustees may decide. The Trustees shall ensure that any Professional Adviser required to be appointed under Section 47 of the PA 1995 are appointed in accordance with the requirements of Section 47 of the PA 1995. In the circumstances prescribed under Section 47 of the PA 1995, the Trustees may not rely on the advice of Professional Advisers unless they have appointed them.

18.2.4 The Trustees shall cause:

18.2.4.1 full and true accounts to be kept of the Scheme and of all sums of money expended in the payment of benefits, expenses or otherwise;

18.2.4.2 full and true records to be kept of the time of commencement of membership of each Member, of the dates of first contributions and of all other chronological and other facts proper to be recorded; and

18.2.4.3 a register to be kept of all Participating Employers and Members becoming party to or Members of the Scheme.

18.2.5 The Trustees shall comply with the requirements of Section 49 of the PA 1995 in relation to the keeping of books and records.

18.2.6 Accounts shall be made up to the end of each Pension Year. Within four months of the end of each Pension Year (or as soon after that as is practicable), an account and statement of assets prepared by the Trustees and exhibiting a true statement of the accounts shall be delivered by the Trustees to the Auditor together with all means of verifying and vouching the same. The Trustees and the officers and staff of the Trustees and of any of the companies in the Group shall give to the Auditor every assistance in his investigation and give him access to all books, papers, records and accounts connected with the Scheme and shall obtain from him a report in writing on the result of his audit. The report of the Auditor shall be made in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and the Trustees shall produce annual

reports to accompany the accounts which, in both cases, comply with the Disclosure Requirements.

- 18.2.7 The Trustees shall ensure that proper minutes are kept of the proceedings at their meetings which comply with the requirements of Section 49 of the PA 1995. Such minutes shall be signed by the chairman of the meeting to which they refer or of the next succeeding meeting. Any such minutes so signed shall be accepted as evidence of the matters stated therein.
- 18.2.8 The Trustees shall deal with any dispute or complaint by a Member or other Beneficiary with or against the Trustees under arrangements maintained by the Trustees in accordance with Section 50 of the PA 1995.
- 18.2.9 The Trustees shall instruct the Actuary, at least once in every three years and at such other intervals as may be required in order to comply with the requirements of the PA 2004, to assess the values of the Scheme's assets and liabilities as at dates fixed by them. For that purpose, all necessary accounts and information shall be furnished to the Actuary by the Trustees. The Actuary shall report to the Trustees in writing on the financial position of the Scheme and make such recommendations in respect thereof as he may think fit.
- 18.2.10 The Trustees shall pay out of the Fund all pensions, allowances and other benefits for the time being chargeable against the Scheme, together with such salaries, remuneration and other expenses as fall to be borne by the Schemes, by way of cheque, credit transfer or by any other method which in the particular circumstances the Trustees may consider appropriate. No Member or other Beneficiary entitled to any pension or other benefit, and no officer or other employee appointed or engaged under the provisions of the Rules and entitled to any salary or other remuneration, shall have any claim to the payment of any pension or other benefit, salary or other remuneration, except out of the Fund. He shall not in any case have any claim to the payment thereof against the Trustees or the directors of any corporate Trustee or any of them personally.
- 18.2.11 The Trustees shall provide:
- 18.2.11.1 every Member and person having any rights in the Scheme and every Participating Employer, on demand, with one copy of the Definitive Trust Deed and the Rules together with any amendments, the Trustees' annual report and statement of accounts of the Scheme, the Auditor's report, the Actuary's actuarial report and any other documents to which the Member is entitled under the Disclosure Requirements; and
- 18.2.11.2 every Member and Beneficiary with all such other information as they may be entitled to under the Disclosure Requirements,
- and to the extent permitted by the Disclosure Requirements, such documents and information may be provided by means of electronic communication (as defined in the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013).
- 18.2.12 The Trustees shall make available additional copies of the documents referred to in Rule 18.2.11.1 on such terms as the Trustees decide.

19. POWERS OF INVESTMENT

19.1 General powers of investment

Subject to complying with the requirements of Sections 33 to 36 of the PA 1995 regarding investment by the Trustees and the need to obtain proper advice about investments, the restrictions of Section 40 of the PA 1995 relating to employer-related investment, and the Occupational Pension Schemes (Investment) Regulations 2005, the Trustees shall have power to invest or apply any moneys held for the purpose of the Scheme in such assets or property as the Trustees shall in their absolute discretion think fit to the intent that the Trustees shall have the same unrestricted powers of investing or applying the assets of the Fund as if they were beneficially entitled to the Fund. This includes investments not expressly authorised by law for the investment of trust funds, investments which do not produce income and investments which involve liability or the giving of security.

19.2 Specific powers of investment

In particular (and without restricting the powers of the Trustees under Rule 19.1 in any way), the Trustees shall have the following powers which they may exercise in such manner as they may think fit:

- 19.2.1 to retain moneys in each of any currency in current, deposit or other accounts with a bank or deposit-taking institution without being liable for any gain foregone;
- 19.2.2 to invest in stocks, shares, debentures and debenture stocks;
- 19.2.3 to purchase or take a mortgage on any real or leasehold property of any kind whatsoever (with power to lease, charge, exchange, insure, develop or otherwise deal with any interests in land as if they were absolutely and beneficially entitled thereto);
- 19.2.4 to invest in units in unit trusts, exempt funds or mutual funds, bespoke pooled funds, other tax exempt trusts and funds, hedge funds, shares in open-ended investment companies, or any other similar vehicles or collective investment schemes;
- 19.2.5 to invest in any annuity, deferred annuity, insurance, assurance, deposit administration, sinking fund or managed fund policies or contracts issued by an Authorised Insurer;
- 19.2.6 to effect or maintain any insurance arrangement which in the opinion of the Trustees is suited for the purposes of the Scheme (which may or may not involve the delivery of collateral to a counterparty on such terms as the Trustees may in their absolute discretion determine);
- 19.2.7 to make secured or unsecured loans of money to any person and to enter into any stock lending arrangements (whether involving the lending of assets of the Fund, the sale and repurchase of such assets, the exchange of such assets or otherwise);
- 19.2.8 subject to Section 36A of the PA 1995, to underwrite or sub-underwrite the issue or offer for sale of any shares, securities or obligations of any kind;
- 19.2.9 to invest in any currency or gold or bullion including the trading in financial futures under any form of currency contract;
- 19.2.10 to invest in commodities of whatever nature and wheresoever situated including put or call options and trading in financial futures in respect of the same;
- 19.2.11 to enter into or deal in derivative contracts, arrangements, transactions or products including, but not limited to, swaps, swaptions, options, futures, forwards, contracts for

difference and contingent liability transactions on traded exchanges and in the over the counter market, with any underlying reference entities, products or indices including interest rates, inflation rates, currency exchange rates, longevity, equity and credit;

- 19.2.12 to enter into partnership arrangements;
- 19.2.13 to enter into any contract or agreement binding the Scheme; and
- 19.2.14 to invest in other investments of whatsoever nature and wheresoever situate whether income producing or not and whether involving liability or not (including, without prejudice to the generality of the foregoing, investments involving the use of leverage or the delivery of collateral on such terms as the Trustees may in their absolute discretion determine).

19.3 Bank accounts

- 19.3.1 The Trustees shall operate an account or accounts with such bank or banks, branch or branches as the Trustees may from time to time determine. The Trustees shall from time to time make such regulations as they shall think desirable for the operation of any such bank account, including for the signing and endorsement of cheques.
- 19.3.2 The Trustees shall pay all contributions, dividends, interest and other income, and all proceeds of sale, donations and bequests (if any) and other moneys whatsoever received by the Trustees for and on behalf of the Scheme into one or other of such bank accounts with a deposit taker as defined in Section 49(8A) of the PA 1995. The Trustees may retain in any such accounts such sums not immediately required for the payment of benefits or other expenses or payments out of the Fund.

19.4 Powers of management

The Trustees shall have all the powers of management, insurance and exploitation of an outright owner in relation to the Fund, with power to vary such investments and to take such action to preserve and secure the value of the investments and to obtain the maximum return therefrom (including in all such cases payment of moneys for the purpose) as the Trustees in their absolute discretion may consider appropriate or desirable for the purpose in the particular circumstances to the intent that the Trustees shall have the same unrestricted power of investing and changing investments as if they were beneficially entitled to the Fund.

19.5 Common investment funds

The Trustees shall have the power to pool and commingle the whole or any part of the investments or property from time to time held by the Trustees and forming the whole or part of the Fund with the assets of any other Registered Pension Scheme in a common investment fund or scheme for investment of trust funds exempt from tax under Chapter 4 of Part 4 of the FA 2004 established for such purpose and may, in this connection, enter into any agreement or arrangement as they think fit. The Trustees shall in relation to any such investments or property of the Fund commingled or pooled in such common investment fund or scheme be entitled to exercise all the powers of investment contained in the Rules.

19.6 Delegation of powers and appointment of fund manager

- 19.6.1 The Trustees shall appoint one or more fund managers for the Scheme in the circumstances prescribed in Section 47(2) of the PA 1995 and may engage such other managers as they think fit for the purpose of administering or assisting in the administration of the Scheme's investments (which, in both cases, may include subsidiary or associated companies of the Trustees) and shall determine the terms and

remuneration of such managers. Subject to Section 34 of the PA 1995, the Trustees may delegate any of their investment powers, discretions or functions to such manager(s) and may give the manager(s) power to sub-delegate. Any appointment of a manager must be made in accordance with the relevant requirements of the PA 1995.

19.6.2 The Trustees may also delegate powers of investment to any two or more of their number.

19.7 Statement of investment principles

The Trustees shall secure the preparation and maintenance of a written statement of principles governing decisions about investments which shall satisfy the requirements of Section 35 of the PA 1995.

20. ADMISSION OF PARTICIPATING EMPLOYERS

20.1 A company, firm or person may take part in the Scheme and so become a Participating Employer if:

20.1.1 the Trustees determine that it falls within one of the categories set out in Rule 20.2; and

20.1.2 it agrees to enter into the Form of Agreement for Participating Employers set out in Schedule 5 (Form of Agreement for Participating Employers) or in such other form as shall be determined by the Trustees.

20.2 A Participating Employer must be either:

20.2.1 an employer of British Merchant Navy Officers and/or former British Merchant Navy Officers (whether or not the employer is resident for tax purposes in the United Kingdom) who the Trustees in their absolute discretion determine to be eligible to be a Participating Employer; or

20.2.2 an employer of staff engaged in the administration of the Scheme or an institution or undertaking formed for purposes connected with or relating to the British Merchant Navy as the Trustees in their absolute discretion may from time to time determine to bring within the Scheme.

20.3 In the case of a Participating Employer which is not resident for tax purposes in the United Kingdom, the Trustees may enter into such special arrangements with such Participating Employer as the Trustees in their absolute discretion may consider appropriate including variation in the calculation of contributions and benefits according to the particular circumstances of the participation.

21. AMENDMENT

The provisions of the Definitive Trust Deed or of the Rules may be varied or added to in any way by deed executed under the seal of the Trustees and any variation or addition may have retrospective effect. Every such variation must first be approved by a majority of the Officers' Representatives and a majority of the Employers' Representatives, which approval must be signified either by a resolution passed by such majorities or by an instrument in writing signed by such majorities, provided that no variation or addition shall be made:

21.1 which would have the effect of changing the main purpose of the Scheme, namely the provision of pensions for Members on retirement, or of giving to the Participating Employers or any of them a right to the return of their contributions or any part thereof; or

- 21.2 which would operate in any way to diminish or prejudicially affect the rights of any person in receipt of a pension or the pensionable or other rights already earned by any Member or former Member, unless the Actuary shall advise that no other course is reasonably practical having due regard to the interests of all persons interested in the Fund; or
- 21.3 which would be contrary to the principle that the Participating Employers and the Members shall be equally represented in the membership of the Trustees and on the board of any corporate Trustee; or
- 21.4 which would be contrary to the principle of majority voting expressed in Rule 16.5; or
- 21.5 which would or might affect any subsisting right of any Member within the terms of Section 67 of the PA 1995 or infringe the requirements of Section 37 of the PSA 1993, unless the requirements prescribed by those Sections are met.

22. PAYMENT OF EXPENSES

All administrative and other expenses incurred by the Trustees in connection with the Scheme shall be paid from the Fund or by the Participating Employers in such manner and in such proportions as the Trustees shall determine. A special management account shall be established for the purpose of meeting such expenses to which account there shall be paid such proportion of contributions as the Trustees shall from time to time decide is appropriate for the purpose.

23. MISCELLANEOUS

23.1 Benefits non-assignable

Subject to the provisions of the PA 1995 and the power to make deductions under Rule 23.3, any benefit under the Scheme shall be strictly personal and shall not be assigned, charged or alienated in any way, except to the extent expressly permitted under the Rules. Subject to the provisions of the PA 1995, if any attempt is made to assign, charge or alienate any benefit falling due under the Scheme or it becomes payable to any person (other than either the person entitled to it under the Scheme or the person's trustee in bankruptcy) such benefit shall (subject to the provision of the PA 1995) be forfeited. If any benefit shall cease to be payable in accordance with this Rule, the Trustees in their absolute discretion may decide to pay it to or for the benefit of such one or more exclusively of the others or other of the Member or other Beneficiary or his Dependants in such manner (and, if more than one, in such proportions) as the Trustees shall from time to time decide. No payment shall be made to a purported assignee, mortgagee or chargee. Provided that:

- 23.1.1 any Guaranteed Minimum Pension shall not be so forfeited but shall continue to be payable only to the persons entitled to the same pursuant to the Rules and without regard to any assignment, charge or alienation which shall be null and void for all purposes of the Rules; and
- 23.1.2 nothing in the Rules shall be deemed to stop any Member or other Beneficiary from bequeathing by will any moneys in which he may have a transmissible interest.

23.2 Unclaimed benefits

- 23.2.1 The Trustees shall be entitled to treat as unclaimed and to forfeit and use for the general purposes of the Scheme any moneys standing to the credit in the books of the Scheme of any Member whose whereabouts are unknown to the Trustees in circumstances where no claim is made thereto by such Member or his personal representatives or other person or persons claiming on behalf of or through him within six years (or eight years

in the case of a Guaranteed Minimum Pension) after the date upon which according to such records the same became due and payable.

23.2.2 The Trustees may, at their discretion, in any case where in their opinion special circumstances exist to justify the exercise of such discretion:

23.2.2.1 meet (in whole or in part) a claim notwithstanding that forfeiture has taken place; or

23.2.2.2 in the absence of knowledge of the whereabouts of the Member, use such monies for the benefit of any one or more of the Beneficiaries to whom they would have been entitled to make payment on death under Rule 7.6.1.

23.3 Power to deduct from payments from the Scheme

23.3.1 The Trustees may treat as a pre-payment of a benefit to a recipient (and adjust future payments of benefit to the said recipient accordingly):

23.3.1.1 any overpayment of the benefit to the recipient;

23.3.1.2 any payment of the benefit made to the recipient in error; and

23.3.1.3 any payment which was intended to be made to another person but which was instead received in error by the said recipient.

23.3.2 On the determination of the Trustees, the interest of any Member or any other person under the Scheme (excluding any rights earned before 26 June 2009) shall stand charged with:

23.3.2.1 the payment of any debts or liabilities to the Scheme arising out of any criminal, negligent or fraudulent act or omission of a Member or any other person with an interest under the Scheme; and

23.3.2.2 the payment of any monetary obligation due to the Scheme arising out of a payment made in error in respect of the pension.

The Trustees shall deduct the relevant amount from the relevant interest. However, in the event of a dispute as to the amount to be recovered, the Trustees may not exercise the charge unless the debt or liability has become enforceable under an order of a competent court or arbitrator. The Trustees may release their charge at any time.

23.3.3 Where any liability arises to pay any tax or other expense in respect of any benefit under the Scheme, the Trustees shall deduct the amount payable from the benefit.

23.4 Provision of information

23.4.1 Every Member or other person for the time being entitled to any benefit under the Rules and every Participating Employer shall from time to time give to the Trustees such information as they may require for the purposes of the administration of the Scheme or for the exercise of any powers and duties thereunder or under any relevant legislative or regulatory provision or requirement. Such information shall, in the case of Members and other persons entitled to benefits under the Rules, include his or her postal address and, where available, email address and, where necessary, the production of birth, marriage or death certificates and, in the case of a Pensioner or other Beneficiary, evidence of continued survival. Personal representatives making claims on the Scheme shall in addition produce probate or letters of administration whenever required.

23.4.2 If any mis-statement is made by a Member or any other person with an interest under the Scheme as to his status or age (or that of any person to whom benefits may be paid on the Member's death), the Trustees shall be entitled to make adjustments to the benefits payable in respect of the Member.

23.5 Notices

Any notice required to be given under the Rules may be given by sending it by personal delivery, first class prepaid post, email or fax to the person for whom it is intended at his registered or last known address. A notice so sent shall be deemed to have been served as follows:

23.5.1 if delivered in person, at the time of delivery;

23.5.2 if posted, three days after being deposited in the post if the addressee is in the United Kingdom or ten days if the addressee is outside the United Kingdom; and

23.5.3 if by email or fax, when dispatched.

23.6 Power of Participating Employer or Member to determine employment

Membership of the Scheme shall not restrict the right of any Participating Employer to determine the employment by him of any Member in his employment or the right of any Member to terminate his employment with any Participating Employer.

23.7 Annual allowance charge and scheme pays facility

With effect from 11 August 2011, where the Trustees satisfy all or part of a Member's liability to the annual allowance charge under the FA 2004, either on a voluntary basis or pursuant to a liability under Section 237B of the FA 2004, they shall make a consequential adjustment to the Member's entitlement under the Scheme on a basis that the Trustees determine to be just and reasonable having regard to normal actuarial practice on such professional advice as the Trustees deem to be appropriate, subject to Section 159 of the PSA 1993 (inalienability of Guaranteed Minimum Pension).

23.8 Conversion of benefits

The Trustees may, in respect of any Member who left Service at any time prior to the Effective Date, exchange a Member's Guaranteed Minimum Pension (or a widow or widower's Guarantee Minimum Pension) in return for benefits under the Defined Benefit Section on such terms as the Trustees may decide, provided that:

23.8.1 any exercise of the power conferred upon the Trustees by this Rule 23.8 shall comply with Sections 24A to 24H of the PSA 1993 or such other legislation from time to time applicable to the conversion of Guaranteed Minimum Pensions; and

23.8.2 the power conferred on the Trustees by this Rule 23.8 shall be restricted in its scope to the extent necessary (but only to that extent) to ensure Sections 67 to 67I of the PA 1995 do not apply to the modification by which this Rule 23.8 is introduced into the Rules, on the basis that the modification is one to which Regulation 3(a) of the Occupational Pension Schemes (Modification of Schemes) Regulations 2006 applied (or otherwise).

24. OVERRIDING BENEFIT PROVISIONS

The benefits payable under the Rules and Schedules shall in all relevant cases be subject to the limits and overriding provisions set out in Schedule 2 (Overriding Benefit Provisions).

SCHEDULE 1

Definitions and Interpretations

The following expressions have the following meanings in the Definitive Trust Deed, the Rules and the Schedules unless inconsistent with the context:

2018 Former Active Member means:

- (1) a Member who became a Deferred Pensioner at the end of 31 March 2016 by virtue of Rule 10.1 and who became an Active Money Purchase Member at the beginning of 1 April 2016; or
- (2) a Member in respect of whose membership the last contribution was received on or after 31 March 2015 and who became an Active Money Purchase Member before the end of the period of twelve months following receipt of the last contribution in respect of his membership,

and, in either case, who ceased to be in Money Purchase Pensionable Service at the end of 31 March 2018 and became an Active Member of the Ensign Retirement Plan (as that term is defined in the trust deed and rules of the Ensign Retirement Plan) at the beginning of 1 April 2018.

Accumulated Contributions means the Member's own contributions together with interest calculated from 1 April next following the date of receipt of such contributions at 5% compounded annually at the end of each complete Pension Year which predates the date of leaving Service.

Active Money Purchase Member means a person who has been admitted or readmitted to the Money Purchase Section as an active member and who has not yet ceased to be in Money Purchase Pensionable Service in respect of the current period of Active Money Purchase Membership.

Active Money Purchase Membership means membership as an Active Money Purchase Member.

Active Member means a person who has been admitted to membership of the Scheme and who has not left Service in accordance with Rule 10.1 or in accordance with other documentation which then governed the Scheme.

Active Membership means membership as an Active Member.

Actuarial Advice means advice given by the Actuary.

Actuary means an individual (being a member of the Institute and Faculty of Actuaries for a period of not less than 10 years) appointed for the time being by the Trustees in accordance with Rule 18.2.1.

Additional Amount means the greater of zero and two-thirds of the Member's Average Revalued Pensionable Salary, less:

- (1) the annual pension payable to the Member under Rules 6.3.1.1 and 6.3.4; and
- (2) 1.5 times the annual pension payable to the Member under Rules 6.3.1.2 and 6.3.1.3.

In the case of a Member who was born on or after 1 April 1947, the Additional Amount shall be calculated by reference to rights accrued and benefits payable in respect of periods of Service on and after 1 December 2006 only. For the avoidance of doubt:

- (1) rights accrued and benefits payable in respect of periods of Service prior to 1 December 2006 shall, for these purposes, include the application of Revaluation to these rights and benefits up to the date of retirement; and

- (2) for the purposes of the reduction of the Additional Amount, the annual pension payable to the Member under Rules 6.3.1.1, 6.3.1.2 and 6.3.1.3 shall be calculated by reference to Service both before and after 1 December 2006.

Additional Voluntary Contributions means additional voluntary contributions made by a Member to the Defined Benefit Section.

Administrator means the individual or company appointed for the time being by the Trustees in accordance with Rule 16.4.1 or, if no such individual or company has been appointed, the Trustees.

Associate means an associate of the Trustee as defined in Section 435(6) of the Insolvency Act 1986.

Auditor means the person or persons (being a person permitted under the PA 1995 to act as the auditor for the Scheme) appointed for the time being by the Trustees in accordance with Rule 18.2.2.

Authorised Insurer means an insurance company as defined in Section 275 of the FA 2004.

Authorised Member Payments means payments as defined in Section 164 of the FA 2004 as the only payments a Registered Pension Scheme is authorised to make to or in respect of a Member.

Average Revalued Pensionable Salary means the total of each Pensionable Salary as increased by Revaluation divided by the total period of Service (including, for the avoidance of doubt, Service before and after 1 October 2000). The reference to Pensionable Salary in this definition is a reference to Pensionable Salary for each year of Service up to 1 October 2000 and to Post-2000 Pensionable Salary for each year of service on and after 1 October 2000.

Beneficiaries means in relation to a deceased Member:

- (1) the Member's Spouse;
- (2) the following relatives of the deceased (whether by birth or adoption) living at the date of death of the deceased: child, step-child, parent, brother or sister;
- (3) the spouse or child of the Beneficiaries specified in paragraph (2);
- (4) any person designated as a Beneficiary by the Member by written notice addressed to and received by the Trustees during his lifetime;
- (5) any charitable institution registered with the Charity Commission designated as a Beneficiary by the Member by written notice addressed to and received by the Trustees during his lifetime;
- (6) any person who was at any time prior to the date of death of the deceased, in the opinion of the Trustees, wholly or partly dependent upon the deceased for the provision of all or any of the ordinary necessities of life; and
- (7) any other person entitled or potentially entitled to an interest in his estate (except the Crown, the Duchy of Lancaster or the Duchy of Cornwall) either under the deceased's will or in the event of his intestacy (whether or not he shall have left a will).

CA 2006 means the Companies Act 2006.

Contracted-out Membership means the period during which a Member was in contracted-out employment under the PSA 1993 by reference to the Scheme.

Death Benefit Trusts means the death benefit trusts described in the Rules.

Deferred Pensioner means a former Active Member with a prospective entitlement to benefits who is not yet a Pensioner.

Defined Benefit Section means the Section of the Scheme attributable to Members with an entitlement to benefits under the Scheme as a result of a period or periods of Service when the Member was not an Active Money Purchase Member.

Dependant means in respect of a Member:

- (1) the Spouse of the Member;
- (2) any child of the Member who is an Eligible Child; and
- (3) any other individual who, in the opinion of the Trustees, is or was at the date of the Member's death financially dependent on the Member, dependent on the Member because of physical or mental impairment, or in a financial relationship of mutual dependence with the Member, subject also to qualifying as a dependant under paragraph 15 of Schedule 28 of the FA 2004.

Disclosure Requirements means the statutory requirements for disclosing information to Members and others.

Eligible Child means:

- (1) a legitimate, illegitimate or adopted child of the Member who was financially dependent on the Member for the ordinary necessities of life at the date of the Member's death and who is either:
 - (a) under the age of 18 years; or
 - (b) under the age of 23 years and still receiving full-time education or vocational training or, if receiving less than full-time education or vocational training, spending the majority of his working time in education or vocational training; or
 - (c) over the age of 18 but, in the opinion of the Trustees, was, at the date of the Member's death, incapable of earning his own living and financially dependent on the Member due to permanent disability,

provided that a child who is illegitimate or adopted shall be included within the definition of Eligible Child only if that child is living with the Member at the date of his death;

- (2) a child who was an Eligible Child as at 5 April 2006 and who continues to be an Eligible Child by reason of the transitional provisions under the FA 2004.

For the purposes of paragraph (1)(b), the Trustees shall have absolute discretion to determine whether the majority of working time is spent in education or vocational training.

For the purposes of paragraph (1)(c), the Trustees shall have absolute discretion to determine what constitutes permanent disability and to pay less than the full allowance.

Employers' Representatives means the Trustees or directors of any corporate Trustee from time to time who were nominated by the employers' side of the JOPC in accordance with Rule 16.2.

Ensign Retirement Plan means the Ensign Retirement Plan, a retirement benefits scheme established by a trust deed and rules dated 21 May 2015.

Estimated Buy-Out Basis means the Actuary's estimate of the cost of securing liabilities made in such manner (and with such estimations and approximations with regard to data or otherwise) as the Actuary considers appropriate in the circumstances of the case.

Estimated Section 75 Basis means the amount which would have been payable by the relevant Participating Employer under Section 75 if each Participating Employer in respect of which there is insufficient information ceased to employ persons in the description of employment to which the Scheme relates at the same time as it ceased to employ Active Members or on such other date as the Trustees consider appropriate in the light of such information (if any) as may be available to the Trustees.

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

Ex-Spouse Participant means an Ex-Spouse who participates in the Scheme.

FA 2004 means the Finance Act 2004 and any expressions defined in it shall have the same meanings in the Rules and Schedules (unless inconsistent with the context).

Former Active Member means:

- (1) a Member who became a Deferred Pensioner at the end of 31 March 2016 by virtue of Rule 10.1 and who became an Active Money Purchase Member at the beginning of 1 April 2016; and
- (2) a Member in respect of whose membership the last contribution was received on or after 31 March 2015 and who became an Active Money Purchase Member before the end of the period of twelve months following receipt of the last contribution in respect of his membership.

Fund means the assets and income received and held by the Trustees for the purpose of the Scheme.

GMP Pensionable Age means the 65th birthday in the case of men and the 60th birthday in the case of women or such other date as may be prescribed by law in relation to the payment of Guaranteed Minimum Pensions.

Group means the group of companies comprising the Trustee, any Holding Company of the Trustee, any Subsidiary of the Trustee or any Subsidiary of any such Holding Company from time to time, and any Associate of the Trustee.

Guaranteed Minimum Pension means the guaranteed minimum pension (if any) of a Member or Spouse under the PSA 1993.

HMRC means HM Revenue and Customs.

Holding Company means a holding company of the Trustee as defined in Section 1159 of the CA 2006 or shall have the meaning attributed to the term "parent undertaking" in Section 1162 of the CA 2006.

Incapacity shall be considered to exist if:

- (1) in relation to an Active Member:
 - (a) the Member has ceased to carry on his occupation; and
 - (b) he is declared permanently incapable of carrying on his occupation because of physical or mental impairment on the Relevant Medical Certificate; and
- (2) in relation to a Deferred Pensioner:
 - (a) the Member has ceased to carry on his occupation; and

- (b) medical evidence is received from a registered medical practitioner which satisfies the Trustees that the Member is permanently incapable of carrying on any form of remunerative employment or self-employment because of physical or mental impairment,

and Incapacitated shall be interpreted accordingly.

Index means the Government's Index of Retail Prices or any replacement adopted by the Trustees.

Insolvency Event means an insolvency event under Section 121 of the PA 2004.

JOPC means the Joint Officers Pensions Committee, being the committee (or any successor body) maintained from time to time by MNP EG Limited and Nautilus International to consider pension provision for Officers and others connected with the Merchant Navy.

Lifetime Allowance means the standard lifetime allowance as defined in Section 218 of the FA 2004.

Lower Earnings Limit means such amount as the Trustees may on every 6 April determine as being the annual rate of the lower earnings limit as specified by the Secretary of State for Work and Pensions.

Member means a person who has been admitted to membership of the Scheme and in respect of whom benefits are or may be payable from the Scheme.

MNRPF means the Merchant Navy Ratings Pension Fund.

Money Purchase Member means a person who has been admitted to membership of the Money Purchase Section in accordance with the Rules and remains entitled or prospectively entitled to benefits from the Scheme.

Money Purchase Pensionable Service means a Money Purchase Member's last or only continuous period of Service as an Active Money Purchase Member.

Money Purchase Section means the Section of the Scheme attributable to Members with an entitlement to money purchase benefits (as defined in the PSA 1993). The Money Purchase Section was known as the "Ensign Retirement Plan (for the MNOF)" and was closed to further contributions with effect on and from the end of 31 March 2018.

Normal Pension Age means the Member's 61st birthday. Women who were Active Members on 1 January 1991 can opt for a Normal Pension Age of their 60th birthday. Men who were Active Members on 1 January 1991 can opt to receive the benefits they have accrued from 1 April 1990 as if they were due at a Normal Pension Age of their 60th birthday.

Officer means and includes Masters, Navigating Officers, Engineer Officers, Radio Officers (excluding trainees), Refrigerator Engineers, Electrical Engineers, Boilermakers, Pursers and Catering Officers, and such other persons as the Trustees may from time to time regard as holding any position of authority on board ship and shall also include such Officers engaged on the shore staff of the Participating Employer.

Officers' Representatives means the Trustees or directors of any corporate Trustee from time to time who were nominated by the Officers' side of the JOPC in accordance with Rule 16.2.

Overriding Benefit Provisions means the benefit limits and flexibilities referred to in Rule 24 (Overriding Benefit Provisions) and set out at Schedule 2 (Overriding Benefit Provisions).

PA 1995 means the Pensions Act 1995 and any expressions defined in it shall have the same meanings in the Rules and Schedules (unless inconsistent with the context).

PA 2004 means the Pensions Act 2004 and any expressions defined in it shall have the same meanings in the Rules and Schedules (unless inconsistent with the context).

Participating Employer means a company or firm which has become a Participating Employer in accordance with Rule 20 (Admission of Participating Employers) or under other documentation which then governed the Scheme. No company or firm shall cease to be a Participating Employer either as a result of ceasing to employ Active Members on or after 8 June 2000 or otherwise as a result of ceasing to employ persons in the categories described in Rule 20 (Admission of Participating Employers) on or after that date or otherwise (save in accordance with Rule 5.2.5).

Pensionable Salary means Salary less a sum equivalent to one and a half times the Lower Earnings Limit. The reference to the Lower Earnings Limit in this definition is a reference to the Lower Earnings Limit at the time of payment of Salary and, for the purpose of assessing contributions, means a proportionate amount corresponding to the period to which Salary relates.

Pension Credit means a credit under Section 29(1)(b) of the WRPA.

Pension Credit Benefits means the benefits payable under the Scheme to or in respect of a person by virtue of rights under the Scheme directly or indirectly attributable to a Pension Credit.

Pension Credit Rights means rights to future benefits under the Scheme which are attributable (directly or indirectly) to a Pension Credit.

Pension Debit means a debit under Section 29(1)(a) of the WRPA.

Pensioner means a Member in receipt of a pension from the Scheme or who would have been in receipt of such a pension had he not commuted the whole of his pension for a lump sum.

Pension Sharing Order means any order or provision mentioned in Section 28(1) of the WRPA.

Pension Year means any year commencing on 1 April and terminating on the following 31 March.

Personal Pension Scheme has the same meaning as in Section 1 of the PSA 1993.

Policy means one or more policies of insurance or annuity contracts.

Post-2000 Average Revalued Pensionable Salary means the total of each Post-2000 Pensionable Salary as increased by Revaluation divided by the period of Service falling on or after 1 October 2000.

Post-2000 Pensionable Salary means Salary in respect of any period of Service falling on or after 1 October 2000 less a sum equivalent to the Lower Earnings Limit. The reference to the Lower Earnings Limit in this definition is a reference to the Lower Earnings Limit at the time of payment of Salary and, for the purpose of assessing contributions, means a proportionate amount corresponding to the period to which Salary relates.

Post-NRD Average Revalued Pensionable Salary means the total of each Post-NRD Pensionable Salary as increased by Revaluation divided by the period of Service falling on or after Normal Pension Age.

Post-NRD Pensionable Salary means Salary in respect of any period of Service falling on or after Normal Pension Age less a sum equivalent to the Lower Earnings Limit. The reference to the Lower Earnings Limit in this definition is a reference to the Lower Earnings Limit at the time of payment of Salary.

Private Scheme means a scheme recognised as such since 1 April 1978 and before 31 March 1988 for the purposes of the Rules and which continues to be so recognised by the Trustees. The Trustees at their absolute discretion may withdraw their acceptance of a Private Scheme whereupon the Private

Scheme shall immediately cease to be such for all purposes of the Rules. A Private Scheme shall not cease to be a Private Scheme by reason only of merger or consolidation with or replacement by another scheme or fund in circumstances where the Trustees are satisfied that this is in the best interests of its members.

Professional Adviser means such lawyers, accountants, brokers, bankers, consultants or other advisers as may be appointed for the time being by the Trustees in accordance with Rule 18.2.3.

PSA 1993 means the Pension Schemes Act 1993 and any expressions defined in it shall have the same meanings in the Rules and Schedules (unless inconsistent with the context).

PSA 2015 means the Pension Schemes Act 2015 and any expressions defined in it shall have the same meaning in the Rules and Schedules (unless inconsistent with the context).

QROPS means a scheme that meets the requirements of Section 169(2) of the FA 2004 applicable to a qualifying recognised overseas pension scheme.

Qualifying Service (which is relevant to leaving Service) means the aggregate of:

- (1) continuous Service and consecutive pensionable service whilst a member of any Retirement Benefits Scheme or Registered Pension Scheme of a Participating Employer;
- (2) additional prior periods of Service in respect of which a Member remains entitled to benefits under the Scheme;
- (3) additional periods of pensionable service in respect of which the Trustees have received a transfer payment; and
- (4) (in respect of a Member who has completed two or more years' Qualifying Service only) additional periods of broken service which are required to be counted for preservation purposes under Regulation 21 of the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991 (SI 1991/167).

Recognised Transfer has the same meaning as in Section 169 of the FA 2004, being a transfer to another Registered Pension Scheme or other relevant arrangement.

Registered Pension Scheme means a pension scheme registered under Chapter 2, Part 4 of the FA 2004.

Relevant Medical Certificate means Form ENG3 (being the form issued for the time being by a medical practitioner approved by the Maritime and Coastguard Agency, which indicates that a person has failed to meet the published medical fitness standards for merchant seafarers) or such other certificate from a registered medical practitioner as is acceptable to the Trustees.

Retirement Benefits Scheme means an arrangement that, prior to 6 April 2006, was an arrangement within the meaning of Section 611(1) of the Taxes Act prior to the repeal of that section, including any arrangement approved by HMRC under Chapter IV of Part XIV of the Taxes Act.

Revaluation means revalued by reference to the Section 148 Order in the Pension Year in which Service terminates, provided that the rate of revaluation shall not be less than the minimum rate prescribed under Regulation 36 of the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010.

Rules means these Rules as modified at any time together with any Schedules attached to them.

Salary means the cash emoluments paid to a Member for his Service during a Pension Year or, for the purposes of assessing contributions, the cash emoluments paid over the period in respect of which the

contributions are assessed, excluding bonuses and similar payments other than for work or conditions of work. Salary shall include payments falling within the following List A but exclude payments falling within the following List B or otherwise as agreed by the Trustees:

LIST A (included)

Antarctic Allowance
Basic Pay
Bonds Commission
Cargo Handling
Casual/Stand By Pay
Crossing International Date line
Dover Straits Allowance
Falklands Compensatory Payments
Far East Bonus
Higher Qualifications Allowance
Lack of fresh water/air conditioning
Leave Pay (i.e. when leave is taken or employee leaves company or dies)
Limitation of Hours
Location Allowance re Loss of Amenities
Loss of Sleep
Nights on Board
Overtime
Pilotage
Prolonged Service Abroad
Run Money
Shipwreck Unemployment Indemnity
Short Hand Pay
Sick Pay – Occupational
Sick Pay – Statutory
Signing Crew Agreements at Weekend
(Casual or Stand By Pay is only paid for Mon-Fri)
Special Vessel Bonus
St Lawrence Seaway and Welland Canal Bonus
Study Leave
Tanker Bonus
Termination Payment when vessel is sold abroad
(Section 15 of the Merchant Shipping Act 1970)
Towing Bonus
Travelling Wages (paid whilst travelling to meet ship)
Two Watch Allowance
War Risk Bonus
Weekend work in Port

LIST B (excluded)

Australian Leave Allowance
Private Health Insurance
Company Car Allowance
Company Profits %
Examination and Course Fees
Examination Success Bonus
Leave Food Allowances (non-consolidated)
Liquidated Leave Pay, Extra Days (i.e. continues to work during Leave Period and therefore received pay in lieu)

Lodging Allowance
Maintenance Allowance for USA/Canada
Subject to Rule 8.2, Maternity Benefit
North and Central American Coastal Trade Bonus
Pay in Lieu of Notice (not Leave Pay)
Redundancy Payments
Salvage Awards
Service Award (e.g. 25 years)
Severance Payment by Company
Severance Payment due to Ill Health
Subsistence Allowance
Terminal Payments
Travelling Expenses
Uniform Allowances
Wives Air Fare

Any dispute as to whether or not a particular payment forms part of Salary shall be referred to the Trustees whose decision shall be conclusive and final.

Scheme means the scheme governed by the Rules and known as the Merchant Navy Officers Pension Fund.

Section means the Defined Benefit Section or the Money Purchase Section, as appropriate.

Section 148 Order means an order made under Section 148 of the Social Security Administration Act 1992.

Section 75 means Section 75 of the PA 1995.

Service means, subject to Rule 10.1, all periods of employment on or after 6 April 1978 in respect of which contributions have been paid to the Scheme by or in respect of the Member and shall be deemed continuous although performed with one or more Participating Employers. Service shall be calculated in years and days.

Spouse means a person with whom the Member has entered into a legal contract of marriage or civil partnership (including under the Civil Partnership Act 2004 and the Marriage (Same Sex Couples) Act 2013 or an arrangement otherwise recognised by the Trustees as such a contract) and with whom that contract or arrangement subsists at the date of the Member's death.

State Second Pension Scheme means the State pension scheme from which benefits were, prior to 6 April 2016, payable in addition to the basic State pension where an individual met the prescribed qualifying conditions.

Subsidiary means a subsidiary of the Trustee as defined in Section 1159 of the CA 2006 or shall have the meaning attributed to the term "subsidiary undertaking" in Section 1162 of the CA 2006.

Surviving Civil Partner means a civil partner as defined in the Civil Partnerships Act 2004, who survives a Member.

Surviving Same Sex Spouse means a spouse of the marriage of a same sex couple (a "relevant marriage" as defined under the Marriage (Same Sex Couples) Act 2013), who survives a Member.

Taxes Act means the Income and Corporation Taxes Act 1988.

Temporary Absence means any period of:

- (1) unemployment or temporary absence approved by the Trustees (not exceeding three years unless the absence is as a result of ill-health); or
- (2) absence for the purpose of national emergency or service in the armed forces; or
- (3) reduction in the normal rate of pay of the Member for any reason and for so long as the Member did not become a member of another Registered Pension Scheme.

Transfer Date means 11 May 2018, being the date on which assets and liabilities of the Money Purchase Section were transferred to the Ensign Retirement Plan pursuant to a Merger Deed dated 29 March 2018.

Trustees means the trustees or trustee of the Scheme.

WRPA means the Welfare Reform and Pensions Act 1999.

In the Rules and Schedules, unless inconsistent with the context, references to the masculine gender include the feminine, words implying the singular include the plural and vice versa, any reference to a statute or regulation includes any statute or regulation which it modifies, re-enacts or replaces, any subsequent modification, re-enactment or replacement of it, and any regulation made by reference to the relevant statute.

SCHEDULE 2

Overriding Benefit Provisions

NOTE: This Schedule 2 sets out the Overriding Benefit Provisions which are applicable to contributions and benefits under the Scheme. It does not indicate the contributions required to be paid to the Scheme, nor confer benefits of any kind on or in respect of any Member.

PART A - BENEFIT LIMITS AND FLEXIBILITIES

The following provisions of Part A apply with effect from 6 April 2006 (or from such earlier date as is required by law or such later date as is specified below).

1. APPLICATION OF THE SCHEME MODIFICATION REGULATIONS TO UNAUTHORISED BENEFITS AND HMRC LIMITS

1.1 Interpretation of Part A of Schedule 2

The provisions of Part A of Schedule 2 shall take effect in the order in which they appear below and shall override any provisions of the Definitive Trust Deed and the Rules which are inconsistent with them.

1.2 The Scheme Modification Regulations

The provisions of Regulations 3 to 8 of the Registered Pension Schemes (Modification of the Rules of Existing Schemes) Regulations 2006 (SI 364/2006) (the "**Scheme Modification Regulations**") (and the definitions in Regulation 1 of the Scheme Modification Regulations consequently adopted and applied) were adopted and incorporated with such modifications as are set out in the Rules into the Scheme with effect from 6 April 2006 (and confirmed to apply without limitation to the transitional period).

1.3 Unauthorised benefits

1.3.1 Notwithstanding any other provisions of the Definitive Trust Deed and the Rules, the provisions of Regulation 3 of the Scheme Modification Regulations shall apply to any payment under the Scheme which relates to rights which accrued prior to 6 April 2006 and which would by virtue of Section 160 of the FA 2004 be an unauthorised payment.

1.3.2 Notwithstanding any other provisions of the Definitive Trust Deed and the Rules, no payment shall be made under the Scheme which relates to rights which accrue on or after 6 April 2006 to the extent that such payment would by virtue of Section 160 of the FA 2004 be an unauthorised payment.

1.4 Interpretation of legislative requirements

Where the Trustees are required to exercise a discretion, or pay benefits, in accordance with the requirements of the FA 2004, the Trustees shall have regard to HMRC guidance, and shall act in accordance with HMRC practice at that time.

2. DEFINITIONS

In this Schedule the following expressions shall have the meanings ascribed to them:

Revenue Limits means the limits on benefits imposed by the Inland Revenue prior to 6 April 2006 as a condition of the Scheme being treated prior to that date as an exempt approved scheme under Chapter I of Part XIV of the Taxes Act.

3. DISCRETIONS, FLEXIBILITIES AND REQUIREMENTS

3.1 Lump sum where Members exceed the Lifetime Allowance or relievable pension contributions

3.1.1 Members who accrue benefits in excess of the Lifetime Allowance

The Trustees may, at the Member's request, pay to the Member a lifetime allowance excess lump sum in the circumstances described in paragraph 11 of Schedule 29 to the FA 2004.

3.1.2 Contributions in excess of relievable pension contributions

The Trustees may, at the Member's request, pay to the Member a refund of excess contributions lump sum in the circumstances described in paragraph 6 of Schedule 29 to the FA 2004.

3.2 Flexible retirement

Subject to the agreement of the Trustees, a Member may receive a pension from the Scheme notwithstanding that he remains in employment and will, for the avoidance of doubt, be unable to accrue any further Service under the Scheme.

3.3 Liability to pay tax

Where a charge to tax arises, whether under the FA 2004 or otherwise, on the payment of any benefit from the Scheme in accordance with the Definitive Trust Deed and the Rules, the Member shall pay such tax as may be due on the benefit calculated in accordance with the Rules.

3.4 Establishment of arrangements

3.4.1 The Defined Benefit Section and the Money Purchase Section shall be treated as separate arrangements within the meaning of Section 152 of the FA 2004 in relation to a Member for the purposes of paying benefits to or in respect of the Member.

3.4.2 The Trustees may establish under the Scheme one or more other arrangements within the meaning of Section 152 of the FA 2004 in relation to a Member for the purposes of paying benefits to or in respect of the Member in such circumstances and on such terms as the Trustees deem appropriate.

3.5 Age 75 restrictions

Where any provision in the Rules requires a benefit to be secured before age 75 or prohibits the payment of a benefit on or after age 75, those provisions shall cease to apply with effect on and from 6 April 2011.

4. REVENUE LIMITS

With effect from 6 April 2006, Revenue Limits ceased to apply to all Members who were Active Members on and after 6 April 2006 but, for the avoidance of doubt, Revenue Limits continue to apply to all other Members.

**PART B - ADJUSTMENT OF BENEFITS IN ORDER TO COMPLY WITH LEGISLATION
APPLYING TO SCHEMES WHICH WERE FORMERLY CONTRACTED-OUT ON A
SALARY-RELATED BASIS**

1. Where the provisions of the Rules do not comply with or are inconsistent with the requirements that apply under the relevant legislation to schemes that were contracted-out on a salary-related basis, the Trustees may make such adjustments to the benefits and/or practices under the Scheme as they deem appropriate in order to comply or be consistent with such requirements, subject to the requirements of Section 67 of the PA 1995 and Rule 21(Amendment), as applicable.

SCHEDULE 3

Contracting-out

1. The Scheme was contracted-out of the State Second Pension Scheme on a salary-related basis prior to 31 March 2016. All employments under the Scheme ceased to be contracted-out employments from 31 March 2016 and all Contracted-out Membership ceased accordingly.
2. With effect from 31 March 2016, the Trustees shall operate the Scheme in accordance with the legislation applicable to schemes that were contracted-out on a salary-related basis, in particular, in accordance with the relevant provisions of Part III of the PSA 1993 and the Occupational Pension Schemes (Schemes that were Contracted-out) (No 2) Regulations 2015.
3. The provisions set out in Part A of this Schedule 3 relating to accrued Section 9 (2B) rights apply in relation to periods of Contracted-out Membership between 6 April 1997 and 31 March 2016. The provisions relating to Guaranteed Minimum Pensions set out in Part B of this Schedule 3 apply in relation to periods of Contracted-out Membership before 6 April 1997.
4. The following definitions shall apply in this Schedule unless inconsistent with the context:
Contributions Equivalent Premium has the same meaning as in the PSA 1993.
5. Any calculation made for the purposes of the Scheme in order to satisfy the requirements of the PSA 1993 shall be made in accordance with Actuarial Advice.
6. Any benefits paid in accordance with this Schedule shall be in amount or form such as to qualify as Authorised Member Payments.
7. Subject to all other provisions of this Schedule, any pension which comes into payment under this Schedule shall be payable for the remainder of the life of the recipient or otherwise in accordance with the PSA 1993.

PART A - ACCRUED SECTION 9(2B) RIGHTS

1. **REFERENCE SCHEME TEST**
 - 1.1 From 6 April 1997 to 31 March 2016, under Section 9(2B) of the PSA 1993, the Scheme had to meet a statutory standard in relation to contracting-out. From 31 March 2016, the Scheme is no longer required to meet this test and shall be administered in accordance with the legislation applicable to schemes that were contracted-out on a salary-related basis, in particular, in accordance with the relevant provisions of Part III of the PSA 1993 and the Occupational Pension Schemes (Schemes that were Contracted-out) (No 2) Regulations 2015.
2. **CONTRIBUTIONS EQUIVALENT PREMIUMS**
 - 2.1 Subject to Sections 55(2) and 57(2) of the PSA 1993, a Contributions Equivalent Premium may be paid in respect of a Member with less than 2 years' Contracted-out Membership. In accordance with Section 60 of the PSA 1993, payment of a Contributions Equivalent Premium extinguishes the Member's accrued rights in respect of service after 5 April 1997 to pensions under the Scheme so far as they are attributable to the amount of the premium.
 - 2.2 Where a Contributions Equivalent Premium is paid:
 - 2.2.1 any refund of contributions to the Member, other than any Additional Voluntary Contributions of the Member, or any transfer payment from the Scheme in respect of the Member, will be reduced by the amount permitted by Section 61 of the PSA 1993; and

- 2.2.2 any pension benefit under the Scheme for the Member or the Member's widow or widower will be extinguished or reduced so as to allow for the fact that their accrued rights in respect of Contracted-out Membership after 5 April 1997 to pensions under the Scheme so far as they are attributable to the amount of the premium, have been extinguished provided that when the Contributions Equivalent Premium would be less than £17 (or such greater amount as is specified in Regulations made under the PSA 1993) it will be treated as having been paid for the purposes of Section 60 (but not Section 61) of the PSA 1993 as described above.

PART B - GUARANTEED MINIMUM PENSIONS

1. APPLICATION OF PART B

This Part B shall apply:

- (1) if anyone has an accrued right or entitlement to a Guaranteed Minimum Pension under the Scheme;
- (2) where any Guaranteed Minimum Pension has been transferred into the Scheme in accordance with the Rules; and
- (3) for so long as anyone has a Guaranteed Minimum Pension or a prospective right to receive a Guaranteed Minimum Pension under the Scheme.

2. GENERAL REQUIREMENTS RELATING TO GUARANTEED MINIMUM PENSIONS

This Part B shall apply to such part of the pension payable under the Scheme as shall qualify as a Guaranteed Minimum Pension. Notwithstanding any other provisions of the Scheme, the increase in the Member's Guaranteed Minimum Pension calculated in accordance with this Schedule shall be payable in addition to all other benefits under the Scheme (except increases to pensions in payment on retirement before GMP Pensionable Age insofar as those pensions are attributable to the Guaranteed Minimum Pension).

3. AMOUNT OF GUARANTEED MINIMUM PENSIONS

3.1 If a Member has a Guaranteed Minimum Pension:

- 3.1.1 the Member shall be entitled to receive a weekly pension of not less than his Guaranteed Minimum Pension from GMP Pensionable Age;
- 3.1.2 if a male Member dies (whether before or after retirement) and leaves a widow she shall be entitled to a weekly pension from the Scheme, and that pension shall be provided for her at a rate of not less than one half of his Guaranteed Minimum Pension, payable during the periods specified in Section 17(5) of the PSA 1993;
- 3.1.3 if a female Member dies (whether before or after retirement) on or after 6 April 1989 and leaves a widower he shall be entitled to a weekly pension from the Scheme and that pension shall be provided for him at a rate of not less than half of that part of the Member's Guaranteed Minimum Pension which is attributable to earnings for the tax year 1988/89 and subsequent tax years payable in the circumstances and during the periods specified in Section 17 of the PSA 1993;
- 3.1.4 if a Member dies and leaves a Surviving Civil Partner or Surviving Same Sex Spouse, he or she shall be entitled to payment of a Guaranteed Minimum Pension in accordance with Section 17 of the PSA 1993; and

- 3.1.5 the Guaranteed Minimum Pensions referred to in this paragraph shall, insofar as they are attributable to earnings in the tax years from (and including) 1988/89, be increased in accordance with the requirements of the PSA 1993 and to the extent of any orders made under it.
- 3.2 Subject to the ability to commute trivial pensions, only the part of the pension payable under the Scheme which exceeds that for which the Scheme is or may be liable under paragraph 3.1 may be commuted for a lump sum, forfeited, or otherwise terminated or varied in accordance with the Rules except where such circumstances exist as are prescribed in the PSA 1993 as circumstances in which Guaranteed Minimum Pensions may be subject to suspension or forfeiture.
- 3.3 An option otherwise available to a Member to retire early shall not be exercisable by the Member if the effect of the exercise of the option would be to reduce the pension payable to the Member to below that for which the Scheme is or may be liable under paragraph 3.1.
- 3.4 Notwithstanding paragraph 3.1.1, the Trustees may postpone the payment of a Member's Guaranteed Minimum Pension for any period after GMP Pensionable Age, but only in the circumstances described in Section 13(4) and (5) of the PSA 1993 and subject to any consent required by that Section. In the event of such postponement, the Guaranteed Minimum Pension shall be increased to the extent (if any) specified in the PSA 1993 and shall be subject to Regulation 8 of the Contracting-out (Protection of Pensions) Regulations 1991 (SI 1991/166).
- 3.5 Total commutation of trivial pensions shall be permitted under the Scheme only if either:
- 3.5.1 the Member has reached GMP Pensionable Age; or
- 3.5.2 that part of the Member's pension which relates to Service prior to 6 April 1997 and is payable prior to GMP Pensionable Age is deemed to be no less than his Guaranteed Minimum Pension revalued to GMP Pensionable Age,

and the relevant conditions in Regulation 25 of the Occupational Pension Schemes (Schemes that were Contracted-out) (No 2) Regulations 2015 are met.

4. LIABILITY TO PROVIDE GUARANTEED MINIMUM PENSIONS

- 4.1 The liability to provide Guaranteed Minimum Pensions shall be retained by the Scheme unless the Trustees exercise their powers under the Scheme otherwise. If there is no exercise of the Trustees' powers to transfer Guaranteed Minimum Pensions, any transfer payment or purchase of an annuity in respect of the Member shall be reduced by such amount as the Trustees shall determine upon Actuarial Advice to allow for the cost of such provision (whether or not a Contributions Equivalent Premium is then paid in respect of it). Any refund of contributions shall be reduced by such amount as the Trustees shall determine upon Actuarial Advice to allow for the Member's share of the cost of such provision.
- 4.2 If a Member who has been in Contracted-out Membership enters the employment of an employer who contributes to a Registered Pension Scheme which was contracted-out prior to 6 April 2016 or to which the Trustees may transfer Guaranteed Minimum Pensions under the PSA 1993 (or Regulations made under it), the Trustees may transfer to the Registered Pension Scheme the Scheme's liabilities to provide Guaranteed Minimum Pensions in respect of the Member. The Trustees may transfer the Scheme's liabilities to provide Guaranteed Minimum Pensions in respect of the Member to a Personal Pension Scheme subject to satisfaction of the provisions of Regulation 2 of the Personal Pension Schemes (Transfer Values) Regulations 1987 (SI 1987/1112).

- 4.3 The Trustees or the Participating Employer may pay a Contributions Equivalent Premium in respect of a Member whose Contracted-out Membership has ceased.
- 4.4 If a person who has been in Contracted-out Membership in a previous scheme (the "**Former Scheme**") joins the Scheme, the Trustees shall ascertain the liability (if any) which is transferred to the Scheme in respect of the Guaranteed Minimum Pension which has accrued (or is deemed to have accrued) under the Former Scheme in respect of the Member and his widow and the Guaranteed Minimum Pension payable to and in respect of the Member under the Scheme shall be increased to include such transferred liability; the benefits to be provided under the Scheme in respect of the Guaranteed Minimum Pensions to which the transfer relates shall not be less than the Guaranteed Minimum Pensions (revalued in accordance with paragraph 5) which would have been provided in respect of such liability under the transferring scheme if no such transfer had been made.
- 4.5 If a person joins the Scheme who has accrued rights to Guaranteed Minimum Pensions which have been appropriately secured under an insurance policy or annuity contract, the Trustees may accept the assignment of such policy or contract or the proceeds of the surrender of such policy or contract and shall thereupon accept the liability in respect of the accrued rights to Guaranteed Minimum Pensions subject to the requirements of the PSA 1993 (and Regulations made under it), including, where necessary, the consent of the Member to the transfer.
- 4.6 If a Contributions Equivalent Premium is paid in respect of a Member by the Participating Employer the Trustees shall on the request of the Participating Employer pay to the Participating Employer an amount which, together with any sum which may be recovered by the Participating Employer under the PSA 1993 from the Member's contributions or from any refund of the Member's contributions, shall not be greater than the Contributions Equivalent Premium.

5. REVALUATION OF GUARANTEED MINIMUM PENSIONS

- 5.1 Guaranteed Minimum Pensions prospectively payable in respect of Members who left Contracted-out Membership before GMP Pensionable Age shall be calculated on the basis that the Guaranteed Minimum Pension which has accrued up to cessation of Contracted-out Membership will be increased in accordance with such one of the following provisions as the Trustees shall at their discretion determine:
- 5.1.1 by the percentage by which earnings factors for the tax year in which Contracted-out Membership ceases are increased by the last Section 148 Order to come into force before the tax year in which he reaches GMP Pensionable Age or dies (if earlier); or
- 5.1.2 by such rate as may be prescribed by the PSA 1993 at the time of such cessation for each tax year after that in which Contracted-out Membership ceases (up to and including the last complete tax year before GMP Pensionable Age or previous death).
- 5.2 The Trustees shall have the power at any time, with the consent of HMRC, to substitute for the basis previously used any one of the foregoing provisions or any other basis of revaluation which is accepted by HMRC or the Department for Work and Pensions. Provided that the new provision shall apply only in relation to Members who cease to be in Contracted-out Membership after the date upon which the new provision becomes operative.

6. REVALUATION OF TRANSFER PAYMENTS

If a transfer payment which is received by the Trustees includes a payment in respect of benefits which accrued during contracted-out employment by reference to a scheme of which the Member was previously a member, the Guaranteed Minimum Pension which accrued in respect of the Member and his widow during that contracted-out employment may be calculated in

accordance with such of the methods of revaluation set out in paragraph 5 as the Trustees determine, but subject always to the provisions of Section 16 of the PSA 1993 (as modified by the Contracting-out (Transfer and Transfer Payment) Regulations 1996) and Regulation 42 of the Occupational Pension Schemes (Schemes that were Contracted-out (No 2) Regulations 2015.

SCHEDULE 4

Pension Sharing on Divorce

1. INTERPRETATION AND DEFINITIONS

- 1.1 The provisions of this Schedule shall apply with effect from 1 December 2000 and shall override any provision to the contrary in the Rules.
- 1.2 Terms used in this Schedule are defined in this paragraph 1, unless defined elsewhere in the Rules.
- 1.3 References to paragraphs in this Schedule refer to paragraphs in this Schedule.

Dependant means a person to whom benefits be paid on a Member's death in accordance with the Rules.

Initial Annual Pension means in respect of an Ex-Spouse Participant or a Pension Debit Member (as applicable) the annual rate of pension payable to the Ex-Spouse Participant or the Pension Debit Member at the date when the pension commences calculated on the following bases:

- (i) if the pension payable for the year changes, the initial pension payable shall be taken;
- (ii) it shall be assumed that the Ex-Spouse Participant or the Pension Debit Member (as applicable) will survive for a year; and
- (iii) the effect of commutation shall be ignored.

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

Pre A-Day Ex-Spouse Participant means an Ex-Spouse Participant to whom Pension Credit Rights have been or are to be allocated following a Pension Sharing Order in respect of a Member who was not an Active Member on or after 6 April 2006.

Social Security Legislation means the WRPA and the PSA 1993 and regulations made under these Acts.

2. ASSIGNMENT

- 2.1 A Member may assign all or part of his retirement benefits or rights to benefits under the Scheme to his Ex-Spouse to the extent necessary to comply with a Pension Sharing Order.
- 2.2 An Ex-Spouse Participant may assign all or part of his Pension Credit Benefits under the Scheme to his Ex-Spouse to the extent necessary to comply with a Pension Sharing Order.

3. TRANSFERS OF PENSION CREDITS

- 3.1 The Trustees may, at the request of an Ex-Spouse, transfer his Pension Credit to another pension scheme which satisfies the requirements set out in Rule 10.8.1.
- 3.2 In the circumstances prescribed under the WRPA, the Trustees may transfer an Ex-Spouse's Pension Credit to another pension scheme which satisfies the requirements set out in Rule 10.8.1 without obtaining the Ex-Spouse's consent.

4. SEPARATE PROVISION FOR EX-SPOUSE PARTICIPANTS

- 4.1 The Trustees may admit an Ex-Spouse into participation in the Scheme as an Ex-Spouse Participant.
- 4.2 The Pension Credit Benefits to be provided for the Ex-Spouse Participant shall be as determined by the Trustees having regard to Actuarial Advice. The Trustees shall inform the Ex-Spouse Participant in writing of the benefits that are to apply for and in respect of him.
- 4.3 The Trustees shall ensure that Pension Credit Benefits under the Scheme in respect of an Ex-Spouse Participant shall be treated as provided separately from any other benefits provided under the Scheme for the same person either as a Member or as a Dependant of a Member.

5. PENSION CREDIT BENEFITS

- 5.1 The provisions of this paragraph 5 will apply to an Ex-Spouse Participant in relation to his Pension Credit Benefits, subject to compliance with Social Security Legislation.
- 5.2 The Trustees may pay a pension to an Ex-Spouse Participant at any time on or after attainment of age 55, or earlier on the grounds of Incapacity where he is simultaneously taking benefits on grounds of such Incapacity arising from pensionable service in accordance with Rules. A pension not yet in payment may be fully commuted at any age on the grounds of exceptional circumstances of serious ill-health. There is no limit on the amount of the pension. The pension may not be commuted, surrendered or assigned, except in accordance with the Rules. The pension shall be payable for life unless it is fully commuted under the Rules and may be guaranteed for a fixed period.
- 5.3 An Ex-Spouse Participant may elect to receive a lump sum in lieu of part of his pension at the time at which the pension first becomes payable provided that the lump sum shall constitute a pension commencement lump sum for the purposes of Section 166 of the FA 2004.
- 5.4 Where an Ex-Spouse Participant dies before benefits come into payment, a lump sum death benefit may be paid. The Trustees shall pay such lump sum death benefit to the Ex-Spouse Participant's legal personal representatives. The lump sum death benefit payable in respect of a Pre A-Day Ex-Spouse Participant shall be limited to 25% of what would have been the cash equivalent of the Pre A-Day Ex-Spouse Participant's Pension Credit Rights calculated in accordance with the PSA 1993 at the date of death.
- 5.5 The Trustees may apply the balance of the cash equivalent of the Ex-Spouse Participant's Pension Credit Rights calculated in accordance with the PSA 1993 to provide a non-commutable pension for any one or more Dependants of the Ex-Spouse Participant. The amount of pension payable to a Dependant of a Pre A-Day Ex-Spouse Participant is limited to a maximum of two-thirds of the amount of the pension that could have been paid to the Pre A-Day Ex-Spouse Participant at the date of death had the whole of the cash equivalent of the Pension Credit Rights been used to purchase an annuity at an available market rate. For the purpose of determining the pension which could have been paid to the Ex-Spouse Participant, it will be assumed that he was aged 55 at the date of death, if he died at an earlier age. If more than one pension is to be paid, the total of all the pensions shall not exceed the amount of the pension that could have been paid to the Ex-Spouse Participant. These pensions shall be payable for life, except that pensions paid to children shall cease on the attainment of age 18 or, if in full-time education, age 23. These pensions may be fully commuted for a lump sum on the grounds of triviality at the time when the pension becomes payable.
- 5.6 Where an Ex-Spouse Participant dies after his pension has come into payment, a non-commutable pension may be paid to one or more of his Dependants. The amount of the pension payable to a Dependant of a Pre A-Day Ex-Spouse Participant is limited to a maximum of two-

thirds of the Initial Annual Pension which was paid to the Pre A-Day Ex-Spouse Participant as increased by the rise in the Index since the commencement of the Pre A-Day Ex-Spouse Participant's pension. Where more than one pension is to be paid, the total of all the pensions shall not exceed the amount of the Initial Annual Pension which was paid to the Ex-Spouse Participant. These pensions shall be payable for life, except that pensions paid to children shall cease on the attainment of age 18 or, if in full-time education, age 23. These pensions may be fully commuted for a lump sum on the grounds of triviality at the time when the pension becomes payable.

- 5.7 Where the Ex-Spouse Participant is awarded a benefit with a guarantee not exceeding 5 years and the guarantee period has not expired, the Trustees shall pay the remaining balance of the pension as a lump sum to one or more of his Dependants or to the Ex-Spouse Participant's legal personal representatives. Where the Ex-Spouse Participant is awarded a benefit with a guarantee exceeding 5 years and the guarantee period has not expired, the remaining balance of the pension instalments shall be paid in pension form to an individual or individuals at the discretion of the Trustees.
- 5.8 On the date upon which the Ex-Spouse Participant's pension becomes payable (but not where the pension is paid in the form of income drawdown), part of this pension may be surrendered, subject to the consent of the Trustees, for the provision, on the death of the Ex-Spouse Participant, of a pension payable to a Dependant of the Ex-Spouse Participant. The amount of pension surrendered shall not exceed the reduced pension that the Ex-Spouse Participant retains.
- 5.9 Pension Credit Rights may be fully commuted on the grounds of triviality or in exceptional circumstances of serious ill-health when the pension first becomes payable, subject to any requirements of the FA 2004. Where an Ex-Spouse Participant is also entitled to benefits under the Scheme arising from his own pensionable service, for the purposes of determining the aggregate value of the benefit payable to the Member for the purpose of full commutation on the grounds of triviality under the Rules, benefits from Pension Credit Rights must be included. In this case, full commutation of Pension Credit Rights on the grounds of triviality shall be permitted only where those other benefits are simultaneously commuted.
- 5.10 The Trustees may, at the request of an Ex-Spouse Participant, transfer his Pension Credit Rights to another pension arrangement which satisfies the requirements set out in Rule 10.8.1. The Trustees shall notify that other arrangement that the transfer value consists wholly or partly of Pension Credit Rights for the benefit of an Ex-Spouse Participant.
- 5.11 At the time when his pension becomes payable, an Ex-Spouse Participant may request the Trustees to arrange for the purchase of annuity from an Authorised Insurer in accordance with the Rules.
- 5.12 The rights to Pension Credit Benefits under the Scheme shall be forfeited upon the bankruptcy of the Ex-Spouse Participant. The Trustees may pay the forfeited benefits in accordance with the Rules.

6. **LIMITS ON BENEFITS**

Notwithstanding any other provisions of the Rules, no benefit shall be paid from the Scheme to a Pension Debit Member where such payment would constitute an Unauthorised Member Payment and the benefits of a Pension Debit Member are subject to compliance with Social Security Legislation.

7. TRANSFERS OF PENSION CREDIT RIGHTS INTO THE SCHEME

- 7.1 Where the Trustees accept a transfer payment in accordance with the Rules for an individual who is already a Member of the Scheme or is already an Ex-Spouse Participant in the Scheme and are informed by the transferor that the transfer value consists wholly or partly of Pension Credit Rights in the former scheme or arrangement, then the Trustees shall separately identify the transfer payment relating to the Pension Credit Rights (or the part of the transfer payment relating to the Pension Credit Rights) from other assets held for the benefit of the Member.
- 7.2 The Trustees shall comply with the requirements of paragraph 3 in respect of the transferred-in Pension Credit Rights.
- 7.3 The person in respect of whom Pension Credit Rights are received will acquire the status of an Ex-Spouse Participant in the Scheme in relation to his transferred-in Pension Credit Benefits. The Pension Credit Rights will become Pension Credit Benefits under the Scheme and do not count towards any limits on benefits for that Member or Ex-Spouse Participant.

8. ALL TRANSFERS - PENSION DEBITS

- 8.1 Where the Trustees accept a transfer payment in accordance with the Rules and are informed by the transferor of the details of a Pension Debit relating to the transfer payment, the Trustees shall take account of the Pension Debit, if appropriate, in the calculation of any limit on benefits for that Member.
- 8.2 Where the Trustees pay a transfer payment to another pension arrangement (which satisfies the requirements set out in Rule 10.8.1) in respect of a Pension Debit Member, the Trustees shall provide that other arrangement with full details of the Pension Debit together with a lump sum certificate specifying the maximum permissible lump sum.

9. DEATH OF EX-SPOUSE BEFORE IMPLEMENTATION OF PENSION SHARING ORDER

- 9.1 If an Ex-Spouse dies after a Pension Sharing Order is made but before it is acted upon by the Trustees, the following benefits may be paid:
- 9.1.1 a lump sum death benefit; and
- 9.1.2 a non-commutable pension to any one or more Dependants of the Ex-Spouse.
- 9.2 If there is also a lump sum death benefit payable under the Scheme because the Ex-Spouse is a Member of the Scheme, the lump sum death benefit shall be held on the Death Benefit Trusts under the Rules. If there is no other lump sum death benefit payable under the Scheme in respect of the Ex-Spouse, the Trustees shall pay the lump sum death benefit to the legal personal representatives of the Ex-Spouse.
- 9.3 The lump sum death benefit payable in respect of a Pre A-Day Ex-Spouse Participant is limited to 25% of what would have been the cash equivalent of the Pension Credit Rights for the Pre A-Day Ex-Spouse Participant that would have applied had the Trustees acted upon the Pension Sharing Order.
- 9.4 The balance of the fund may be used to provide a non-commutable pension to any one or more Dependants of the Ex-Spouse. The amount of pension payable to a Dependant of a Pre A-Day Ex-Spouse Participant is limited to a maximum of two-thirds of the amount of the pension that could have been paid to the Pre A-Day Ex-Spouse Participant at the date of death if the whole of what would have been the cash equivalent of the fund which would have provided the Pension Credit Rights had been used to purchase an annuity at an available market rate. Where

more than one pension is to be paid, the total of all the pensions cannot exceed the amount of the pension that could have been paid to the Ex-Spouse. These pensions shall be payable for life, except that pensions paid to children shall cease on the attainment of age 18 or, if in full-time education, age 23. These pensions may be fully commuted for a lump sum on the grounds of triviality under the Rules at the time when the pension becomes payable.

10. LIFETIME ALLOWANCE AND ANNUAL ALLOWANCE

10.1 Any Pension Credit Rights shall operate as a lifetime allowance enhancement factor subject to and in accordance with (i) paragraph 18 of Schedule 36 to the FA 2004, in respect of Pension Credit Rights accrued before 6 April 2006, and (ii) Section 220 of the FA 2004, in respect of Pension Credit Rights accrued after 5 April 2006.

10.2 For the purposes of determining the pension input amount (as defined in Section 229 of the FA 2004) of a person during a pension input period (as defined in Section 238 of the FA 2004):

10.2.1 where that person is a Pension Debit Member, his rights shall be increased by adding the amount of a Pension Debit to which he has become subject during that period; and

10.2.2 where that person is an Ex-Spouse Participant, his rights shall be reduced by subtracting the amount of a Pension Credit to which he has become entitled during that period.

SCHEDULE 5

Form of Agreement for Participating Employers

To the Trustees of the Merchant Navy Officers Pension Fund
c/o Ensign Pensions Limited
The Beehive
Beehive Ring Road
London Gatwick Airport
Gatwick
West Sussex RH6 OPA

Employer:

Registered Address:

.....

Post Code:

Company Registration No:

Country of Registration:

having received a copy of the Definitive Trust Deed and Rules dated [], constituting and regulating the Merchant Navy Officers Pension Fund HEREBY AGREE to assume and be bound by the obligations undertaken by Participating Employers thereunder or under any subsequent variation that may be made therein and promptly to pay to the Scheme all contributions due under the Rules, with effect from

Signed:

Name:

Position in Organisation:

Date: