

# **RULES OF THE NATIONAL EMPLOYMENT SAVINGS TRUST**

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## **RULES OF THE NATIONAL EMPLOYMENT SAVINGS TRUST**

The Secretary of State makes the following Rules in exercise of the powers conferred by sections 67(1) and (9), 69(1) to (3), 70(1) and (2) and 144(2), (3) and (4) of the Pensions Act 2008, having published a draft of the rules and invited comments on it. The Rules shall come into force on 5th July 2010.

### **1. DEFINITIONS**

In these Rules (unless the context otherwise requires):

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

**"1993 NI Act"** means the Pension Schemes (Northern Ireland) Act 1993;

**"1995 Act"** means the Pensions Act 1995;

**"1995 NI Order"** means the Pensions (Northern Ireland) Order 1995;

**"1999 Act"** means the Welfare Reform and Pensions Act 1999;

**"1999 NI Order"** means the Welfare Reform and Pensions (Northern Ireland) Order 1999;

**"2008 Act"** means the Pensions Act 2008;

**"2008 NI Act"** means the Pensions (No. 2) Act (Northern Ireland) 2008;

**"Annual Contribution Limit"** means the maximum amount of contributions which may be made by, on behalf of, or in respect of, a Member in a Tax Year calculated in accordance with article 22 of the Order and Rule 14.1;

**"Automatic Enrolment"** means automatic enrolment:

- (a) in relation to Great Britain, under section 3 of the 2008 Act; or
- (b) in relation to Northern Ireland, under section 3 of the 2008 NI Act,

where a Participating Employer has nominated the Scheme as the Automatic Enrolment Scheme into which a Jobholder is to be automatically enrolled;

**"Automatic Enrolment Date"** has the meaning given by:

- (a) in relation to Great Britain, section 3(7) of the 2008 Act; or
- (b) in relation to Northern Ireland, section 3(7) of the 2008 NI Act;

**"Automatic Enrolment Scheme"** has the meaning given by:

- (a) in relation to Great Britain, section 17 of the 2008 Act; or
- (b) in relation to Northern Ireland, section 17 of the 2008 NI Act;

**"Automatic Re-enrolment"** means automatic re-enrolment:

- (a) in relation to Great Britain, under section 5 of the 2008 Act; or
- (b) in relation to Northern Ireland, under section 5 of the 2008 NI Act,

where a Participating Employer has nominated the Scheme as the Automatic Enrolment Scheme into which a Jobholder is to be automatically re-enrolled;

**"Automatic Re-enrolment Date"** has the meaning given by:

- (a) in relation to Great Britain, regulations made under section 5(8) of the 2008 Act; or
- (b) in relation to Northern Ireland, regulations made under section 5(8) of the 2008 NI Act;

**"Average Earnings Index"** means the general index of average earnings (for all employees: whole economy: seasonally adjusted) published by the Office for National Statistics or, if that general index is not published for a month for which it is relevant for the purposes of these Rules, any index or index figures published by that Office in substitution for that general index;

**"By Notice"** means circumstances whereby:

- (a) a worker gives notice to the worker's Employer under section 9(2) of the 2008 Act in relation to Great Britain (or under section 9(2) of the 2008 NI Act in relation to Northern Ireland); and
- (b) the worker's Employer wishes to comply with its duty in relation to the worker under section 9 of the 2008 Act in relation to Great Britain (or under section 9 of the 2008 NI Act in relation to Northern Ireland) by arranging for the worker to become a Member;

**"Continuity"** means circumstances whereby a Participating Employer elects to use the Scheme in order to fulfil its duties:

- (a) in relation to Great Britain, under section 2(1) (by virtue of section 2(3)) of the 2008 Act; or
- (b) in relation to Northern Ireland, under section 2(1) (by virtue of section 2(3)) of the 2008 NI Act;

**"Contribution Arrangements"** means, in relation to a Member,

- (a) arrangements by the Trustee in respect of that Member under article 19(6) of the Order; or
- (b) any other arrangements by the Trustee in respect of that Member whereby contributions may be made by, or on behalf or in respect of, that Member in relation to an employment (not being admittance to Membership under article 19(1) to (3) of the Order or arrangements under article 19(6) of the Order);

**"Dependant"** has the same meaning as in paragraph 15 of Schedule 28 to the Finance Act 2004;

**"Dependants' Annuity"** has the same meaning as in paragraph 17 of Schedule 28 to the Finance Act 2004;

**"Employer"** means:

- (a) in relation to Great Britain, an employer for the purposes of section 88(7) of the 2008 Act; or
- (b) in relation to Northern Ireland, an employer for the purposes of section 70(7) of the 2008 NI Act,

who applies to be admitted to participation in the Scheme;

**"Employers' Panel"** means the panel referred to in article 6(2)(b) of the Order;

**"Ex-Spouse"** means a person who is entitled to a Pension Credit following the making of a Pension Sharing Order. "Ex-Spouse" shall include a former civil partner (as defined in the Civil Partnership Act 2004);

**"General Account"** means the account established and maintained by the Trustee in accordance with Rule 11.4;

**"HMRC"** means Her Majesty's Revenue & Customs;

**"Incapacity"** means physical or mental impairment which renders the Member incapable of carrying on any occupation;

**"Investment Funds"** means the notional funds established by the Trustee under article 29(1) of the Order;

**"Jobholder"** has the meaning given by -

- (a) in relation to Great Britain, section 1(1) of the 2008 Act; or
- (b) in relation to Northern Ireland, section 1(1) of the 2008 NI Act;

**"Joining Event"** means an event listed in Rule 8 which applies on the first admission of a person to Membership or on the making of Contribution Arrangements;

**"Lifetime Annuity"** has the same meaning as in paragraph 3 of Schedule 28 to the Finance Act 2004;

**"Lifetime Annuity Policy"** means, in relation to a Member, a policy which makes provision for the payment of a Lifetime Annuity to the Member and which, unless the context requires otherwise, may make provision for any other authorised member payment (within the meaning of section 164 of the Finance Act 2004) which may be provided with a Lifetime Annuity;

**"Member"** means a person who has been admitted as a member of the Scheme under article 19 of the Order and whose Pension Account has not yet been fully discharged through the provision of one or more benefits under article 32 of the Order;

**"Membership"** means being a Member;

**"Member's Employer"** means a Participating Employer employing the Member;

**"Members' Panel"** means the panel referred to in article 6(2)(a) of the Order;

**"Minimum Contributions"** means contributions made to the Scheme by a Participating Employer, on behalf of or in respect of a Member which satisfy the quality requirement for a money purchase scheme:

- (a) in Great Britain, under section 20 of the 2008 Act; or
- (b) in Northern Ireland, under section 20 of the 2008 NI Act;

**"Next of Kin"** means:

- (a) in England and Wales, the persons who would take beneficially on an intestacy under the provisions of Part IV of the Administration of Estates Act 1925;

- (b) in Northern Ireland, the persons who would take beneficially on an intestacy under the provisions of Part II of the Administration of Estates Act (Northern Ireland) 1955; and
- (c) in Scotland, the persons entitled to the moveable estate of the deceased on intestacy;

**"Nominal Benefit Age"** means:

- (a) such age, between Normal Minimum Pension Age and immediately before age 75, as the Member shall notify to the Trustee (in such form as the Trustee may require) being the age at which the Member intends to take benefits under the Scheme; or
- (b) in the absence of a notification under (a) above, the date on which the Member attains:
  - (i) in the case of a Member born on or before 5 April 1955, age 65;
  - (ii) in the case of a Member born after 5 April 1955, State Pension Age;

**"Nominated Beneficiary"** means a person, body corporate, trust, charity, club or society nominated by the Member in accordance with Rule 18.1.2;

**"Normal Minimum Pension Age"** has the same meaning as in section 279 of the Finance Act 2004;

**"Opt-in"** means a Joining Event in respect of a Jobholder ("J"):

- (a) to whom -
  - (i) in relation to Great Britain, section 7 of the 2008 Act applies; or
  - (ii) in relation to Northern Ireland, section 7 of the 2008 NI Act applies,
- (b) who has by notice -
  - (i) in relation to Great Britain, under section 7(3) of the 2008 Act; or
  - (ii) in relation to Northern Ireland, under section 7(3) of the 2008 NI Act,

required J's Employer to make arrangements for membership of an Automatic Enrolment Scheme; and

- (c) whose Employer has nominated the Scheme as the Automatic Enrolment Scheme for the purpose of giving effect to its obligations
  - (i) in relation to Great Britain, under section 7 of the 2008 Act; or
  - (ii) in relation to Northern Ireland, under section 7 of the 2008 NI Act;

**"Opt-out Period"** means the period prescribed by regulations made:

- (a) in relation to Great Britain, under section 8(5) of the 2008 Act; or
- (b) in relation to Northern Ireland, under section 8(5) of the 2008 NI Act;

**"Order"** means The National Employment Savings Trust Order 2010 (S.I. 2010/917) which established the Scheme;

**"Panels"** means the Members' Panel and the Employers' Panel;

**"Participating Employer"** means an Employer that has been admitted to participation in the Scheme under article 18 of the Order;

**"Pension Account"** means an account maintained by the Trustee for a Member comprising:

- (a) the Member's contributions;
- (b) contributions made by any Participating Employer;
- (c) any sums transferred into the Scheme in respect of the Member;
- (d) investment returns; and
- (e) any other amounts paid to the Trustee to be applied to the Member's Pension Account,

less any expenses and outgoings properly deducted by the Trustee;

**"Pension Credit"** means a credit:

- (a) in relation to Great Britain, under section 29 of the 1999 Act; or
- (b) in relation to Northern Ireland, under Article 26 of the 1999 NI Order;

**"Pension Credit Benefits"** means the benefits payable to or in respect of an Ex-Spouse in respect of whom a Pension Credit is discharged in the Scheme under Rule 24.1;

**"Pension Sharing Order"** means any order or provision as referred to:

- (a) in relation to Great Britain, in section 28(1) of the 1999 Act; or
- (b) in relation to Northern Ireland, under Article 25 of the 1999 NI Order;

**"Permitted Maximum"** has the same meaning as in paragraph 2 of Schedule 29 to the Finance Act 2004;

**"Pre-Duty Period"** means:

- (a) in relation to a Participating Employer, the period starting on the day when Rule 7.1.2 applies to that Participating Employer and ending on the day before the day when sections 2 to 9 of the 2008 Act (or sections 2 to 9 of the 2008 NI Act in relation to Northern Ireland) apply to that Participating Employer; and
- (b) in relation to a Member, the period starting on the day when Rule 9.2 applies to that Member and ending on the day before the day when sections 2 to 9 of the 2008 Act (or sections 2 to 9 of the 2008 NI Act in relation to Northern Ireland) apply to the Member's Employer;

**"Registered Medical Practitioner"** has the same meaning as it has for the purposes of Schedule 28 and Schedule 29 of the Finance Act 2004;

**"Registered Pension Scheme"** has the same meaning as in Chapter 2 of Part 4 of the Finance Act 2004;

**"Qualifying Arrangement"** has the same meaning:

- (a) in relation to Great Britain, as in paragraph 6(1) of Schedule 5 to the 1999 Act; or
- (b) in relation to Northern Ireland, as in paragraph 6(1) of Schedule 5 to the 1999 NI Order;

**"Qualifying Recognised Overseas Pension Scheme"** means a scheme as defined in section 169 of the Finance Act 2004;

**"Rules"** means rules made under section 67 of the 2008 Act;

**"Scheme"** means the National Employment Savings Trust established by the Order;

**"Scheme Administrator"** means the person appointed under Rule 3.3;

**"Self-employed"** means that a person is in employment but is not employed by someone else;

**"Serious Ill-Health"** means that the Member is expected to live for less than one year;

**"Single Person Director"** means a person who is:

- (a) a director of a company; and
- (b) employed by the company under a contract of employment,

where the company does not employ any other persons under a contract of employment. For the purposes of this definition, a company includes any body corporate;

**"State Pension Age"** has the same meaning as "pensionable age" -

- (a) in relation to Great Britain, for the purposes of section 126 of and Schedule 4 to the 1995 Act; or
- (b) in relation to Northern Ireland, for the purposes of Article 123 of and Schedule 2 to the 1995 NI Order;

**"Tax Year"** has the meaning given by:

- (a) in relation to Great Britain, section 99 of the 2008 Act; or
- (b) in relation to Northern Ireland, section 78 of the 2008 NI Act;

**"Transfer Values (Disapplication) Regulations"** means The Transfer Values (Disapplication) Regulations 2010 S.I. 2010/6;

**"Transfer Values (Disapplication) Regulations NI"** means The Transfer Values (Disapplication) Regulations (Northern Ireland) 2010 S.R. 2010/No.121;

**"Trustee"** means the person appointed as trustee of the Scheme;

## **2. INTERPRETATION**

2.1 Where terms are used in these Rules which are defined in the 2008 Act or the 2008 NI Act, they shall have the same meaning in these Rules as that given to them in the 2008 Act or the 2008 NI Act respectively.

2.2 These Rules will be construed without reference to the introduction, the list of contents or the headings or the typeface in which they are printed, each of which is included or used for convenience only.

2.3 In these Rules:

- 2.3.1 unless the context otherwise requires, the singular includes the plural and vice versa; and

2.3.2 references to any legislation include (where appropriate) legislation which it replaces, amends or supplements and legislation for the time being in force which replaces, amends or supplements it.

2.4 Where these Rules confer a power or impose a duty it is implied, unless the contrary intention appears, that the power may be exercised, or the duty is to be performed, from time to time as occasion requires.

### **3. TRUSTEE POWERS**

3.1 The Trustee may appoint a secretary to the Scheme on such terms and conditions as it sees fit.

3.2 The Trustee may appoint such professional advisers as the Trustee determines on such terms and conditions as it sees fit.

3.3 The Trustee may appoint any person or persons to be the Scheme Administrator in accordance with sections 270 to 274 of the Finance Act 2004.

3.4 The Trustee may open and maintain in its name a bank account or bank accounts for the Scheme with an institution authorised under the Financial Services and Markets Act 2000 to hold monies belonging to the Scheme. The Trustee may, with the agreement of that institution, set terms for the operation of that bank account or accounts.

### **4. ADMINISTRATIVE PROVISIONS**

#### **4.1 Trustee may benefit**

The Trustee, and any of its members or staff, may be a Member and may retain any benefit from the Scheme whether received as a result of being a Member or otherwise, including any benefit resulting from the exercise of a discretion by the Trustee. No decision of the Trustee shall be invalidated or questioned on the grounds that the Trustee (or any of its members or staff) had a direct or personal interest in the subject matter of the decision.

#### **4.2 Power to determine questions and matters of doubt**

To the extent permitted by law, the Trustee may determine all questions and matters of doubt in relation to the Scheme.

#### **4.3 Alienation**

4.3.1 Subject to Rules 4.3.3 and 4.3.4, an entitlement to any benefit under the Scheme and a right to any future benefit under the Scheme cannot be assigned, commuted or surrendered, cannot be charged or a lien exercised in

respect of it and no set-off can be exercised in respect of it; and any act purporting to do any of such things shall have no effect and shall not be binding on the Trustee.

- 4.3.2 Rule 4.3.1 is without prejudice to the provisions of the Rules permitting a Member to decide how an amount equal to the value of the Member's Pension Account is to be applied to provide benefits to or in respect of the Member or permitting the commutation of the Member's Pension Account.
- 4.3.3 Where any person has any entitlement to any benefit under the Scheme or any right to any future benefit under the Scheme and that person incurs a monetary obligation to the Scheme arising out of a criminal, negligent or fraudulent act or omission, the Trustee may impose a charge or lien on that person's entitlement or right or exercise a set-off in respect of it for the purpose of discharging that monetary obligation. This Rule is subject to section 91(6) of the 1995 Act.
- 4.3.4 Where any person has any entitlement to any benefit under the Scheme or any right to any future benefit under the Scheme and that person incurs a monetary obligation to the Scheme arising out of a payment made in error in respect of that person, the Trustee may impose a charge or lien on that person's entitlement or right or exercise a set-off in respect of it for the purpose of discharging that monetary obligation. This Rule is subject to section 91(6) of the 1995 Act.

#### **4.4 Forfeiture**

- 4.4.1 Subject to Rules 4.4.2 and 4.4.3, an entitlement to any benefit under the Scheme and a right to any future benefit under the Scheme cannot be forfeited (and for this purpose, the forfeiting of any entitlement or right includes any manner of deprivation or suspension).
- 4.4.2 The Trustee may forfeit any entitlement to any benefit under the Scheme and any right to any future benefit under the Scheme in the circumstances set out in, or prescribed by regulations made under, sections 92(4) and 92(6) of the 1995 Act or section 93 of the 1995 Act and subject to the requirements of those sections.
- 4.4.3 If the Trustee forfeits any entitlement to any benefit under the Scheme or any right to any future benefit under the Scheme in accordance with Rule 4.4.2, the Trustee may deduct from the Member's Pension Account an amount equal to the value of the forfeited entitlement or right and

transfer such amount to the General Account, except that if the forfeiture is in the circumstances set out in section 93 of the 1995 Act and the Trustee determines under section 93(5) that an amount not exceeding the amount forfeited is to be paid to the Participating Employer, the Trustee shall pay the amount in question to the Participating Employer instead of crediting it to the General Account.

#### **4.5 Costs**

In relation to the costs of the setting up, administration and management of the Scheme, the Trustee may determine:

- 4.5.1 which costs are the general costs of the setting up, administration and management of the Scheme for the purpose of article 27(1) of the Order;
- 4.5.2 which costs are the costs of providing a service with respect to Members' Pension Accounts for the purpose of article 27(7) of the Order that are to be met by making further deductions from Members' Pension Accounts; and
- 4.5.3 which costs shall be met or contributed to by charges made by the Trustee under paragraph 19 of Schedule 1 to the 2008 Act, otherwise than by way of deductions under article 27 of the Order.

#### **4.6 Taxation and charges**

- 4.6.1 If the Trustee or the Scheme Administrator is or will become accountable or liable for any tax or charge in respect of any benefit or payment which is to be paid to, or in respect of, a Member, the Trustee or Scheme Administrator (as appropriate) may deduct the tax or charge from the relevant Member's Pension Account or from the benefit or payment giving rise to the tax or charge.
- 4.6.2 If a Member or beneficiary under the Scheme is or will become liable for any tax or charge which arises in respect of any contributions payable by or in respect of any Member or in respect of any benefit or payment which is to be paid to or in respect of that Member or beneficiary, that tax or charge shall be met by the Member or other person on whom the liability to the tax or charge falls unless the Trustee determines that:
  - (a) to the extent permitted by law, that tax or charge shall be deducted from the Member's Pension

Account or from the benefit or payment giving rise to the charge; or

- (b) that tax or charge shall be met in such other way as the Trustee may determine.

#### **4.7 Relief at Source**

To the extent that a Member is entitled to be given relief in accordance with section 192 of the Finance Act 2004, the Scheme Administrator may, to the extent permitted by law:

- 4.7.1 make a claim to HMRC in respect of that Member for any amount treated as income tax paid for the purposes of relief at source;
- 4.7.2 subsequently receive any amounts paid by HMRC pursuant to a claim under Rule 4.7.1 and allocate it to the appropriate Member's Pension Account;
- 4.7.3 act on behalf of the Member in dealings with HMRC in relation to relief at source in so far as that relief relates to contributions paid or payable to the Scheme; and
- 4.7.4 do all such things necessary to make good the position in respect of any Member who has claimed relief at source at a time when that Member was not entitled to do so.

#### **4.8 Notices etc.**

Notices of any matter under the Rules (including notice of a direction, request or selection) must be given to the Trustee at the time and place and in the form and manner, and with the supporting evidence (if any) as the Trustee may determine.

### **5. MEMBERS' AND EMPLOYERS' PANELS**

#### **5.1 Appointment**

The Trustee shall:

- 5.1.1 appoint to the Members' Panel such Members and such other persons representing the interests of Members as it considers appropriate having regard to the membership profile of the Scheme from time to time; and
- 5.1.2 appoint to the Employers' Panel such individuals who are, or who represent, a Participating Employer and such other persons representing the interests of Participating Employers as it considers appropriate having regard to the profile of Participating Employers from time to time.

## **5.2 Selection, appointment and removal**

The Trustee shall establish such procedures for attracting, selecting, appointing and removing members of each of the Panels as it sees fit.

## **5.3 Reporting**

5.3.1 Each of the Panels shall report to the Trustee periodically on the exercise of the Panel's functions in such format and at such intervals as the Trustee may reasonably require, and recorded in the terms of reference to be prepared under Rule 5.4 below.

5.3.2 The Trustee shall report to Members on the exercise of the Panels' functions in such format and at such intervals as the Trustee sees fit.

## **5.4 Terms of reference**

5.4.1 The Trustee must secure that:

- (a) terms of reference are prepared and maintained for each of the Panels; and
- (b) the terms of reference are reviewed at such intervals, and on such occasions, as the Trustee may reasonably determine and, if necessary, revised.

5.4.2 The terms of reference shall document:

- (a) the functions of the Panels; and
- (b) matters relating to the administration and operation of the relevant Panels consistent with their functions.

5.4.3 The Trustee may, having consulted the relevant Panel, amend the terms of reference where the Trustee considers this to be necessary or desirable.

5.4.4 The terms of reference and any amendments to them from time to time shall be published in such a way as to be available to any interested person and such publication may be limited to electronic publication.

## 6. EMPLOYER PARTICIPATION

### 6.1 Subject to Rule 6.2

6.1.1 an Employer falling within article 18(1) of the Order shall be admitted to participation; and

6.1.2 an Employer falling within articles 18(2) and (3) of the Order may be admitted to participation with the agreement of the Trustee.

### 6.2 Participation under Rule 6.1 above is conditional on the Employer agreeing to the following terms and conditions for admittance of Employers to participation in the Scheme.

6.2.1 The Employer shall at all times comply with the obligations of a Participating Employer set out in the Order and the Rules (as amended from time to time).

6.2.2 The Employer shall at all times comply with the following requirements in relation to the efficient administration of the Scheme:

- (a) such requirements about the provision of information in relation to the Employer and any person employed by that Employer as the Trustee may determine to be necessary or desirable in order to admit that person to Membership and enable the Trustee to administer the Member's Pension Account;
- (b) such requirements as the Trustee may determine to be necessary or desirable in order to obtain tax relief on Members' contributions;
- (c) such requirements as the Trustee may determine to be necessary or desirable in order to facilitate the use of electronic communications and the electronic processing of data consistently with the requirements of the Data Protection Act 1998;
- (d) such requirements as the Trustee may determine to be necessary or desirable to facilitate payments by the Employer to the Scheme and (if applicable) payments from the Scheme to the Employer;
- (e) such requirements about website usage as the Trustee may determine to be appropriate; and
- (f) such other or additional requirements as the Trustee may determine to be necessary or desirable in order to facilitate the efficient

administration of the Scheme and limit the costs of the administration and management of the Scheme.

6.2.3 The Employer shall nominate the Employers' Panel to represent the Employer in the exercise of the functions conferred on the Employers' Panel by article 8 of the Order.

6.2.4 The Employer shall make such payments to the Trustee as may be required under the Scheme's payment schedule applicable to the Employer and such charges (if any) as may be payable by the Employer under the schedule of employer charges which the Trustee determines to be payable in order to recover from Employers the costs of the administration and management of the Scheme which the Trustee determines to be attributable to the acts or omissions of Employers.

6.3 The agreement referred to in Rule 6.2 shall be in such form as the Trustee shall determine and notify to the Employer.

## **7. EMPLOYER CONTRIBUTIONS**

7.1 The following provisions of this Rule shall apply subject to articles 22 to 26 of the Order and Rules 12 and 14. If more than one Joining Event applies to a Member at any one time, contributions shall be paid separately by each of the Member's Employers in accordance with whichever of Rules 7.1.1 to 7.1.5 are currently applicable.

7.1.1 Where in respect of a Member a Participating Employer has elected to use the Scheme to fulfil its duties under:

- (a) in relation to Great Britain, section 2(1) (by virtue of section 2(3)), 3(2), 5(2) or 7(3) of the 2008 Act; or
- (b) in relation to Northern Ireland, section 2(1) (by virtue of section 2(3)), 3(2), 5(2) or 7(3) of the 2008 NI Act),

the Participating Employer shall pay and the Trustee shall accept such contributions as may be required in order for the Scheme to meet the quality requirement referred to in section 20(1) of the 2008 Act (or section 20(1) of the 2008 NI Act) in relation to the Member, having regard to the contributions being paid by the Member under Rule 9.1.

- 7.1.2 Each Participating Employer that has been admitted to the Scheme under article 18(3) of the Order must, in respect of each Member for whom that Participating Employer has elected to use the Scheme under article 19(2) of the Order, pay during the Pre-Duty Period, contributions at the rate set out in section 29(1)(a) of the 2008 Act (or section 29(1)(a) of the 2008 NI Act in relation to Northern Ireland). From the day after the final day of the Pre-Duty Period, Rule 7.1.1 will apply to a Participating Employer to whom this Rule 7.1.2 applied during the Pre-Duty Period.
- 7.1.3 Where a Member is working or ordinarily works in the United Kingdom and is employed by a Participating Employer to which neither of Rules 7.1.1 or 7.1.2 applies, the Participating Employer may pay such contributions as the Participating Employer shall notify to the Trustee and the Member.
- 7.1.4 A Participating Employer may at any time pay additional contributions in respect of any Member employed or formerly employed by that Participating Employer where the Member is working or ordinarily works in the United Kingdom.
- 7.1.5 Each Participating Employer must, in respect of any Member who is absent from employment with that Participating Employer due to maternity leave, paternity leave, adoption leave, parental leave or family leave, pay such contributions as may be required in order to comply with the relevant provisions of applicable legislation in force from time to time.
- 7.2 Subject to articles 22 to 26 of the Order and Rules 12 and 14, any contributions paid by a Participating Employer under Rule 7.1 shall be applied to the credit of the relevant Member's Pension Account.

## **8. JOINING EVENTS**

### **8.1 General Provisions**

- 8.1.1 A person shall be admitted to Membership or the Trustee shall make Contribution Arrangements in relation to the Member in the circumstances set out in Rule 8.2 and in accordance with the following Rules 8.1.2 to 8.1.5.
- 8.1.2 Admission to Membership or the making of Contribution Arrangements in relation to the Member will be subject in each case to receipt by the Trustee of all information required by the Trustee from the person or the Employer

in order to admit the person to Membership or, as applicable, to make Contribution Arrangements.

8.1.3 The date on which:

- (a) a person is admitted to Membership in relation to an employment; or
- (b) Contribution Arrangements are to be regarded as having been made in relation to an employment in respect of a person who is already a Member,

(being the date on which that person becomes an active member of the Scheme in relation to that employment for the purposes of Part 1 of the 2008 Act or Part 1 of the 2008 NI Act (as applicable)) shall be such date as the Trustee shall determine and notify to that person, but such admission or the making of Contribution Arrangements shall be with effect from the relevant date set out in Rule 8.2.

8.1.4 Subject to Rule 8.1.5, when a person's admission to Membership is by reason of Automatic Enrolment, Automatic Re-enrolment or Opt-in, and that person gives notice under Rule 12.1.1 with the result that section 8(2) of the 2008 Act or section 8(2) of the 2008 NI Act (as applicable) shall apply, the person's Membership shall be treated for all purposes as having been cancelled on that occasion (so that the person shall be treated as not having become a Member on that occasion) and the person's Pension Account shall be closed after any refund of contributions has been made. Following any cancellation of a person's Membership in accordance with this Rule, the person shall be eligible to be admitted to Membership on a subsequent occasion in accordance with article 19(1) to (4) of the Order.

8.1.5 When:

- (a) a person's admission to Membership is by reason of Automatic Enrolment, Automatic Re-enrolment or Opt-in;
- (b) the person gives notice under Rule 12.1.1 in respect of the person's admission to Membership with the result that section 8(2) of the 2008 Act or section 8(2) of the 2008 NI Act (as applicable) shall apply;
- (c) before the person's Pension Account is closed in accordance with Rule 8.1.4, one or more

Contribution Arrangements are made in respect of the person in relation to any other employment or a case as described in article 19(4) of the Order; and

- (d) if such Contribution Arrangements:
  - (i) are only a case or cases within Rule 8.2.1 or Rule 8.2.2 and the person does not give notice under Rule 12.1.1 in respect of the making of those Contribution Arrangements (or all of them if more than one are made); or
  - (ii) are or include arrangements in respect of which the person has no right to give notice, in relation to Great Britain, in accordance with section 8 of the 2008 Act or, in relation to Northern Ireland, in accordance with section 8 of the 2008 NI Act;

then the person's Pension Account shall not be closed and the person shall be treated as having been admitted to Membership on the occasion of the Contribution Arrangements referred to in paragraph (c) above being made (or if more than one are made, the first in time to be made of the Contribution Arrangements in respect of which the person does not give notice under Rule 12.1.1).

## **8.2 Specific Joining Events**

### **8.2.1 Automatic Enrolment and Automatic Re-enrolment**

Admission to Membership or the making of Contribution Arrangements by reason of Automatic Enrolment or Automatic Re-enrolment shall take effect from the Automatic Enrolment Date or the Automatic Re-enrolment Date.

### **8.2.2 Opt-in**

Admission to Membership or the making of Contribution Arrangements by reason of Opt-in shall take effect from the date prescribed in regulations made under section 7(4) of the 2008 Act in relation to Great Britain or section 7(4) of the 2008 NI Act in relation to Northern Ireland.

### **8.2.3 Self-employed**

Admission to Membership or the making of Contribution Arrangements in respect of a person who is Self-

employed shall be on such terms and conditions and with effect from such date as the Trustee may determine.

#### **8.2.4 Single Person Director**

Admission to Membership or the making of Contribution Arrangements in respect of a person who is a Single Person Director shall be on such terms and conditions and with effect from such date as the Trustee may determine.

#### **8.2.5 By Notice**

Admission to Membership or the making of Contribution Arrangements By Notice shall be with effect from the date notified to the Trustee by the Member's Employer.

#### **8.2.6 Continuity**

Admission to Membership or the making of Contribution Arrangements by reason of Continuity shall take effect from such date as the Member's Employer notifies to the Trustee provided this is no later than the end of the period prescribed under:

- (a) in relation to Great Britain, section 2(3) of the 2008 Act; or
- (b) in relation to Northern Ireland, section 2(3) of the 2008 NI Act.

#### **8.2.7 Admission in advance of the duties**

Admission to Membership or the making of Contribution Arrangements under article 19(2) of the Order where:

- (a) in relation to Great Britain, sections 2 to 9 of the 2008 Act; or
- (b) in relation to Northern Ireland, sections 2 to 9 of the 2008 NI Act,

do not yet apply in relation to a Participating Employer, shall be with effect from such date as the Trustee may determine.

### **8.3 Member Terms and Conditions**

8.3.1 Admission to Membership in accordance with article 19(4) of the Order is conditional on the Self-employed person, Single Person Director or person entitled to a pension credit as referred to in article 31(1)(a)(i) of the

Order (in this Rule 8.3 referred to as the "Relevant Person") agreeing to the following terms and conditions for admittance of persons as members of the Scheme:

- 8.3.2 The Relevant Person shall at all times comply with the obligations of a Member set out in the Order and the Rules (as amended from time to time).
- 8.3.3 The Relevant Person shall at all times comply with the following requirements in relation to the efficient administration of the Scheme:
- (a) such requirements about the provision of information in relation to the Relevant Person as the Trustee may determine to be necessary or desirable in order to admit that person to Membership and enable the Trustee to administer the Member's Pension Account;
  - (b) such requirements as the Trustee may determine to be necessary or desirable in order to obtain tax relief on Members' contributions;
  - (c) such requirements as the Trustee may determine to be necessary or desirable in order to facilitate the use of electronic communications and the electronic processing of data consistently with the requirements of the Data Protection Act 1998;
  - (d) such requirements as the Trustee may determine to be necessary or desirable to facilitate payments by the Relevant Person to the Scheme and (if applicable) payments from the Scheme to the Relevant Person;
  - (e) such requirements about website usage as the Trustee may determine to be appropriate; and
  - (f) such other or additional requirements as the Trustee may determine to be necessary or desirable in order to facilitate the efficient administration of the Scheme and limit the costs of the administration and management of the Scheme.
- 8.3.4 The agreement referred to in this Rule 8.3 shall be in such form as the Trustee shall determine and notify to the Relevant Person.
- 8.3.5 The terms and conditions set out in or provided for by Rules 8.3.2 and 8.3.3 are without prejudice to the

requirements of the Scheme applicable to Members whether or not a Member's admission to Membership was in accordance with article 19(4) of the Order.

## **9. MEMBER CONTRIBUTIONS**

If more than one Joining Event applies to a Member at any one time, that Member shall pay contributions separately in accordance with whichever of Rules 9.1 to 9.6 are currently applicable to that Member.

### **9.1 Automatic Enrolment, Automatic Re-enrolment and Opt-in**

Where a Member is admitted to Membership or where in respect of a Member the Trustee makes Contribution Arrangements because the Member's Employer is using the Scheme to fulfil its duties under:

9.1.1 in relation to Great Britain, section 2(1) (by virtue of section 2(3)), 3(2), 5(2) or 7(3) of the 2008 Act; or

9.1.2 in relation to Northern Ireland, section 2(1) (by virtue of section 2(3)), 3(2), 5(2) or 7(3) of the 2008 NI Act,

the Member shall pay and the Trustee shall accept such contributions as may be required in order for the Scheme to meet the quality requirement referred to in section 20(1) of the 2008 Act (or section 20(1) of the 2008 NI Act) in relation to the Member, having regard to the contributions being paid by the Member's Employer under Rule 7.1.1.

### **9.2 Admission under article 19(2) of the Order**

9.2.1 Each Member who is admitted to Membership or in respect of whom the Trustee makes Contribution Arrangements because the Member's Employer has elected to use the Scheme under articles 18(3) and 19(2) of the Order, must during the Pre-Duty Period pay contributions as required to ensure that, having regard to the contributions paid by the relevant Participating Employer under Rule 7.1.2, the requirement set out in section 29(1)(b) of the 2008 Act (or section 29(1)(b) of the 2008 NI Act in relation to Northern Ireland) is met.

9.2.2 From the day after the final day of the Pre-Duty Period, Rule 9.1 will apply to a Member to whom Rule 9.2.1 applied during the Pre-Duty Period.

### **9.3 Other cases**

Subject to Rule 14, the Trustee shall accept such contributions:

9.3.1 from a Member whose currently applicable Joining Event was under Rules 8.2.3, 8.2.4 or 8.2.5; or

9.3.2 from any other Member aged between 16 and 75 who has a Pension Account,

as that Member notifies to the Trustee with such notification to be in such form as the Trustee may require.

#### **9.4 Additional contributions**

Subject to Rule 14, a Member to whom Rules 8.2.1, 8.2.2, 8.2.6 or 8.2.7 apply may pay such additional contributions at such rates as the Member may notify to the Trustee, with such notification to be in such form as the Trustee may require.

#### **9.5 Subsequent changes**

Contributions shall be paid by reference to the Joining Event currently applicable to that Member (whether on first admission to Membership or due to the subsequent making of Contribution Arrangements by the Trustee).

#### **9.6 Family Leave**

Subject to Rule 14, a Member shall pay and the Trustee shall accept such contributions from a Member who is absent from employment due to maternity leave, paternity leave, adoption leave, parental leave or family leave as may be required under the relevant provisions of applicable legislation in force from time to time.

#### **9.7 Finance Act 2004: Refund of excess contributions lump sum**

9.7.1 Subject to Rule 9.7.2, the Trustee may pay a lump sum to a Member from that Member's Pension Account to the extent that the lump sum is a refund of excess contributions lump sum as defined in paragraph 6 of Schedule 29 to the Finance Act 2004.

9.7.2 The Trustee must ensure that any payment which it makes under Rule 9.7.1 does not prevent the Scheme from satisfying the quality requirement under section 20 of the 2008 Act or section 20 of the 2008 NI Act.

### **10. THIRD PARTY CONTRIBUTIONS**

A person other than a Participating Employer or the Member may pay, and the Trustee shall accept, contributions in respect of a Member and,

subject to articles 22 to 26 of the Order such contributions shall be applied to the credit of the relevant Member's Pension Account.

## **11. PENSION ACCOUNTS AND GENERAL ACCOUNT**

11.1 Subject to articles 22 to 26 of the Order and Rule 14, the Trustee shall establish and maintain a single Pension Account for each Member to which all contributions paid by or in respect of that Member shall be credited.

11.2 The Trustee may make any other entry in the Pension Account of any Member as it may consider necessary or desirable in order to account for any other change in the value of the Scheme assets which is attributable to the Member's interest in the Scheme (including, for the avoidance of doubt, any deduction under article 27 of the Order and any entry to correct any error relating to a Member's Pension Account).

11.3 Each Member's Pension Account shall be maintained by the Trustee solely for the purpose of calculating the benefits payable to and in respect of the Member concerned, and no Member shall have a proprietary right to any of the investments for the time being representing the balance of the Member's Pension Account.

11.4 The Trustee shall establish and maintain an account, to be known as the General Account, to which Scheme monies not attributable to a Member's Pension Account shall be allocated. The Trustee may transfer an amount from a Member's Pension Account to the General Account in such cases as may be provided for in these Rules or where the Trustee determines that such a transfer is appropriate in order to correct any error giving rise to a windfall gain in a Member's Pension Account. The General Account shall be used for such purposes of the Scheme as the Trustee may determine.

## **12. CEASING PAYMENT OF CONTRIBUTIONS**

### **12.1 Right to opt-out**

12.1.1 Those Members whose most recent Joining Event was Automatic Enrolment, Automatic Re-enrolment or Opt-in may give notice:

- (a) in relation to Great Britain, in accordance with section 8 of the 2008 Act; or
- (b) in relation to Northern Ireland, in accordance with section 8 of the 2008 NI Act,

at any time within the Opt-out Period.

12.1.2 On giving notice under Rule 12.1.1 to opt-out of the Scheme, section 8(2) of the 2008 Act or section 8(2) of the 2008 NI Act (as applicable) shall apply. Any refund of contributions pursuant to section 8(2)(b) of the 2008 Act or section 8(2)(b) of the 2008 NI Act (as applicable) shall be refunded in such manner as the Trustee shall determine.

## **12.2 Right to cease payment of contributions**

12.2.1 Without prejudice to Rule 12.1 any Member may at any time give notice to the Trustee in such form and in such manner as the Trustee may determine to cease paying contributions to the Scheme. If the Member's notice is to cease paying contributions under Rules 9.1 or 9.2, then from the date that such notice takes effect, any corresponding obligation on the Member's Employer to make contributions under Rules 7.1.1 or 7.1.2 will also cease.

12.2.2 A Member who gives notice under Rule 12.2.1 may subsequently and from time to time recommence the payment of contributions in accordance with Rule 9 where any of those provisions apply. If Rule 8.2.2 applies in relation to that Member on such recommencement, the obligation on its Participating Employer to contribute under Rule 7.1.1 will also recommence. There shall be no restriction on the number of times that a Member can cease and recommence paying contributions to the Scheme.

## **13. ENTITLEMENT TO BENEFITS UNDER THE SCHEME**

A Member shall be entitled to benefits under the Scheme in respect of the Member's Pension Account payable in accordance with Rules 16, 18 or 23 but subject to Rules 4.3, 4.4, 4.5, 4.6, 12 and 17.

## **14. ANNUAL CONTRIBUTION LIMIT**

### **14.1 Calculation of the Annual Contribution Limit**

For the purposes of article 22(4) of the Order the Trustee must calculate the Annual Contribution Limit:

14.1.1 on the first occasion, by multiplying the figure set out in article 22(1) of the Order by the increase in the Average Earnings Index between December 2005 and the date closest to the date on which the Trustee makes the adjustment for which there is evidence of Average Earnings Index; and

14.1.2 on each subsequent occasion, by multiplying the Annual Contribution Limit calculated for the previous Tax Year by the increase in the Average Earnings Index between:

- (a) the date of the last Average Earnings Index used to calculate the Annual Contribution Limit; and
- (b) the date closest to the start of the following Tax Year for which there is evidence of the latest Average Earnings Index

provided that if the Average Earnings Index does not increase, or decreases, in the relevant period, the Trustee shall deem the increase for that period to be nil and the Annual Contribution Limit for that Tax Year shall be the same as the Annual Contribution Limit calculated in respect of the previous Tax Year.

## **14.2 Other provisions in relation to the Annual Contribution Limit**

14.2.1 The Trustee must round the Annual Contribution Limit calculated in accordance with Rule 14.1 up to the nearest £100.

14.2.2 The Trustee must publish the Annual Contribution Limit calculated in accordance with Rule 14.1 promptly (and in any event before the start of Tax Year for which it applies) in such form as the Trustee shall determine.

## **14.3 Refunds of contributions in excess of the Annual Contribution Limit**

14.3.1 Refunds of excess contributions under article 24 of the Order may be made in such manner and at such time as the Trustee may determine. For the purpose of giving effect to the requirements of article 24 of the Order as regards to the order in which contributions may be refunded, the Trustee shall determine such arrangements as shall be consistent with the following principles (including arrangements for substitution or deemed substitution):

- (a) Minimum Contributions must not be refunded;
- (b) contributions made by a Member's Employer in respect of a Member shall count towards meeting the quality requirement referred to in section 20(1) of the 2008 Act (or section 20(1) of the 2008 NI Act) before contributions made by the Member's Employer on behalf of the Member; and

- (c) contributions made by a Member, contributions made by the Member's Employer on behalf of the Member and contributions made by a person other than the Member's Employer in respect of the Member shall be refunded to the Member before contributions made by the Member's Employer in respect of the Member are refunded to the Member's Employer.

14.3.2 No interest shall be paid on any refund of excess contributions under this Rule.

14.3.3 Where article 24 of the Order applies and the Member's Employer receives a refund of contributions made by or on behalf of a Member, that Member's Employer:

- (a) shall hold the refund on trust for the Member; and
- (b) must remit it to the Member as soon as reasonably practicable.

#### **14.4 Other treatment of contributions in excess of the Annual Contribution Limit**

14.4.1 The Trustee may reject any excess contribution which is not a Minimum Contribution paid to the Scheme by or on behalf of a Member if that contribution would or might result in the Annual Contribution Limit being exceeded in that Tax Year.

14.4.2 Where the Trustee does not refund excess contributions pursuant to article 24(4) of the Order or retains contributions pursuant to article 26(3)(a) of the Order it shall apply those contributions to the Member's Pension Account in the Tax Year in which those contributions are made as if the Annual Contribution Limit had not been exceeded.

14.4.3 Where the Trustee does not refund excess contributions and Rule 14.4.2 above does not apply, the Trustee may at the request of the Member apply those contributions (in so far as they relate to contributions made by that Member) to the Member's Pension Account in lieu of contributions otherwise payable by the Member in a subsequent Tax Year.

14.4.4 Excess contributions applied under Rule 14.4.3 will count towards the Annual Contribution Limit in the Tax Year in which they are so applied.

14.4.5 Rule 14.4.6 applies where:

- (a) in a Tax Year (referred to in this Rule and Rule 14.4.6 as the "Tax Year in question") a Member is a Jobholder in respect of whom the Member's Employer is paying contributions in accordance with Rule 7.1.1;
- (b) in the Tax Year in question the Trustee receives contributions from that Member's Employer on behalf of or in respect of the Member all or any part of which, having regard to contributions previously received by the Trustee and applied to the Member's Pension Account, constitute contributions in excess of the Annual Contribution Limit for the Tax Year in question;
- (c) the Trustee determines that such excess contributions may be or include Minimum Contributions; and
- (d) as at the end of the Tax Year in question all or part of the excess contributions have not been determined to be Minimum Contributions and applied in accordance with the other provisions of the Order and Rules relating to Minimum Contributions.

14.4.6 Where this Rule applies, the Trustee shall not apply to the Member's Pension Account during the Tax Year in question any of the excess contributions referred to in paragraph (d) of Rule 14.4.5 that are in excess of the Annual Contribution Limit and may be Minimum Contributions. Instead, the Trustee shall:

- (a) determine what amount of those excess contributions must be retained by the Scheme to avoid refunding Minimum Contributions (the "Retained Amount");
- (b) if the Retained Amount is less than the amount of the excess contributions, refund the balance of the excess contributions in accordance with Rule 14.3; and
- (c) hold the Retained Amount in suspense, apply it to the Member's Pension Account at the beginning of the next following Tax Year and for the purpose of the Annual Contribution Limit, treat it as if it comprised contributions made in that next following Tax Year. This Rule applies in a case

where article 26 of the Order applies as well as in a case where it does not.

#### **14.5 Disapplication of the Annual Contribution Limit**

14.5.1 The Trustee may determine that article 22 of the Order does not apply in the Tax Year in which:

- (a) a Member dies; or
- (b) the Trustee's liability in respect of a Member is discharged pursuant to Rules 16, 18 or 23.

14.5.2 Except where Rule 14.5.1 applies, article 24 of the Order shall still apply to any contributions in excess of the Annual Contribution Limit and which do not fall within article 24(4) or article 26 of the Order.

#### **14.6 Family Leave**

If:

- (a) a Member is absent from employment with a Participating Employer due to maternity leave, paternity leave, adoption leave, parental leave or family leave;
- (b) contributions are paid by the Participating Employer in accordance with Rule 7.1.5 and/or the Member in accordance with Rule 9.6; and
- (c) such contributions (or any part of them) do not qualify as Minimum Contributions but would have so qualified if the Member had not been absent due to maternity leave, paternity leave, adoption leave, parental leave or family leave;

then, for the purpose of the provisions of the Scheme relating to the Annual Contribution Limit in their application to the Member, such contributions (or, if applicable, the part of them not qualifying as Minimum Contributions) shall be treated as if they were Minimum Contributions.

### **15. INVESTMENT**

#### **15.1 Consolidation etc of Investment Funds**

15.1.1 If the Trustee decides to exercise the powers conferred by article 29(3) of the Order, it must notify the Members affected by that decision, explain the effect of that decision and invite the Members so affected to choose an alternative Investment Fund.

15.1.2 In the absence of any instructions from the Member following notification under Rule 15.1.1, the Trustee shall allocate the assets referable to the relevant Member's Pension Account to the Investment Funds referred to as default investment funds in article 29(5) of the Order.

## **15.2 Investment Funds: general**

15.2.1 The composition of the underlying investments attributed to each Investment Fund shall be determined by the Trustee.

15.2.2 No Member shall be afforded any choice in relation to the composition of any underlying investment attributed to any Investment Fund.

## **16. PAYMENT OF BENEFITS**

### **16.1 Nominal Benefit Age**

On reaching Nominal Benefit Age a Member shall be entitled to have an amount equal to the value of the Member's Pension Account applied to provide benefits for or in respect of that Member in accordance with Rules 16.4, 16.5 or 16.6.

### **16.2 Early commencement of benefits**

16.2.1 A Member may give notice to the Trustee (in such form and within such time limits as the Trustee may reasonably require) requesting that the Member's Pension Account be applied to provide benefits for or in respect of that Member before the Member's Nominal Benefit Age.

16.2.2 The Trustee shall comply with such request provided that:

- (a) such benefits will only be paid on or after the Member reaches Normal Minimum Pension Age; or
- (b) the Member:
  - (i) provides evidence to the Scheme Administrator from a Registered Medical Practitioner which states that the Member is (and will continue to be) suffering from Incapacity; and
  - (ii) certifies, in such form as the Trustee may require, that the Member has in fact ceased to carry on any occupation.

### **16.3 Late commencement of benefits**

A Member may defer having their Pension Account applied to provide benefits for or in respect of that Member beyond Nominal Benefit Age but not on or after attaining age 75. The Member shall give notice to the Trustee (in such form and within such time limits as the Trustee may reasonably require) when the Member wishes to have the Pension Account so applied.

### **16.4 Benefits**

16.4.1 Subject to Rule 16.6, a Member who becomes entitled to have their Pension Account applied under Rules 16.1 to 16.3 shall have the following options:

- (a) the Member may direct the Trustee to pay a cash equivalent transfer value in accordance with Rule 23.2; or
- (b) the Member may direct the Trustee to apply the Member's Pension Account to purchase a (but only one) Lifetime Annuity Policy in the Member's own name, such Lifetime Annuity Policy to be selected by the Member,

provided that in the case of a Member to whom Rule 17.2 applies, that Member may only apply the Member's Pension Account in accordance with Rule 16.4.1(b).

16.4.2 The Trustee shall take reasonable steps to ensure that Members are aware of the provisions of Rule 16.5.

16.4.3 A Member may immediately before exercising the options at Rule 16.4.1(b) above elect in such form and manner as the Trustee may determine to commute part of the Member's Pension Account (not exceeding the Permitted Maximum) for a lump sum.

16.4.4 The Trustee shall make such arrangements for the payment of the lump sum under Rule 16.4.3 (including payment by an annuity provider as agent of the Trustee) as it sees fit.

16.4.5 The Trustee may make such arrangements and provide such information to Members as it shall see fit (subject to any restrictions imposed by law) in relation to the selection of an annuity and the provider of such annuity.

### **16.5 Default annuity**

16.5.1 Subject to Rules 16.6 and 17, if the Member does not exercise either of the options set out in Rule 16.4.1 at

least three months before the Member's 75th birthday the Trustee shall:

- (a) apply a proportion of the Member's Pension Account equal to the Permitted Maximum to provide a lump sum; and
- (b) apply the balance of the Member's Pension Account for the purchase in the Member's name of a (but only one) Lifetime Annuity Policy selected by the Trustee providing only for the payment of a single life non-escalating Lifetime Annuity to the Member and the Trustee shall notify the Member of the selection so made.

16.5.2 If a Member is traced after that Member's 75th birthday but does not exercise the option set out in Rule 16.4.1 within five months of the Trustee being notified of the Member's whereabouts, the Trustee shall apply the balance of the Member's Pension Account for the purchase in the Member's name of a (but only one) Lifetime Annuity Policy selected by the Trustee providing only for the payment of a single life non-escalating Lifetime Annuity to the Member and the Trustee shall notify the Member of the selection so made.

## **16.6 Total Commutation**

16.6.1 The Trustee may commute a Member's Pension Account for a lump sum if the Member is aged under 75 and:

- (a) the Member provides evidence to the Scheme Administrator from a Registered Medical Practitioner which states that the Member is suffering from Serious Ill-Health and the payment would be a serious ill-health lump sum for the purposes of paragraph 4 of Schedule 29 of the Finance Act 2004; or
- (b) the payment would be a trivial commutation lump sum for the purposes of paragraph 7 of Schedule 29 to the Finance Act 2004; or
- (c) the requirements of either regulation 11 or 12 of The Registered Pension Schemes (Authorised Payments) Regulations 2009 are met.

16.6.2 The Trustee may commute a Member's Pension Account for a lump sum if the Member is aged 75 or over and the requirements of regulation 9 of The Registered Pension

Schemes (Authorised Payments) Regulations 2009 are met.

#### **16.7 Discharge of Trustee's liability**

Following the purchase of an annuity in accordance with Rule 16.4 or 16.5 and/or the payment of a lump sum under Rules 16.4.3, 16.5.1(a) or 16.6 the Trustee shall be discharged from all further liability to provide the benefits secured by the annuity policy or in respect of which the Member has received a lump sum payment.

### **17. UNCLAIMED BENEFITS**

17.1 The Trustee shall take reasonable steps to verify the whereabouts or the continued existence of any Member who does not claim benefits under the Scheme, or who is not notified to the Trustee as having died, before the Member's 75th birthday.

17.2 If the Trustee is unable to verify the whereabouts or continued existence of any Member under Rule 17.1, the Trustee shall treat the Member's Pension Account as being held in suspense in accordance with paragraphs 11(6) and 11(7) of Schedule 28 to the Finance Act 2004 until the earlier of the following occurs:

17.2.1 the Member is traced and Rule 16.4 or 16.5 applies;

17.2.2 Rule 17.3 applies; or

17.2.3 the Trustee is notified of the Member's death and either Rule 18.1.1 or 18.2.1 applies.

17.3 If a Member's Pension Account remains unclaimed after that person has attained (or, if the Member had been alive, would have attained) age 105 and the Trustee cannot trace the Member, the benefit shall cease to be payable and the Member's Pension Account shall become part of the General Account.

17.4 The Trustee may later decide to pay any such benefit if claimed by the Member and the Trustee thinks fit to make the payment. The Trustee may determine in each case whether interest is payable on any such payment.

### **18. DEATH BENEFITS**

#### **18.1 Death of a Member before age 75**

18.1.1 On the death of a Member before age 75 the Trustee shall pay a lump sum equal to the value of the Member's Pension Account to the Member's Nominated Beneficiary

or Nominated Beneficiaries in accordance with Rule 18.1.3 or, if applicable, in accordance with Rule 18.1.4.

18.1.2 A Member may only nominate a Nominated Beneficiary by completing such nomination form as the Trustee may prescribe. A Member may revoke a nomination only by completing and delivering to the Trustee such fresh nomination form as the Trustee may prescribe.

18.1.3 The lump sum referred to in Rule 18.1.1 shall be paid to such Nominated Beneficiary or Nominated Beneficiaries that the Member most recently notified to the Trustee in accordance with Rule 18.1.2. If the Member's most recent nomination is of more than one Nominated Beneficiary but the Member has not indicated in the nomination form how the lump sum should be shared between them, the lump sum shall be paid to the Nominated Beneficiaries in equal shares.

18.1.4 If:

- (a) the Member does not notify the Trustee of any Nominated Beneficiary; or
- (b) any Nominated Beneficiary cannot be identified or traced by the Trustee, having taken reasonable steps to do so; or
- (c) a Nominated Beneficiary has predeceased the Member or, in the case of a body corporate, trust, charity, club or society has ceased to exist before the Member's death,

then, subject to Rule 18.1.5, the lump sum payable under Rule 18.1.1 (or the share of it payable to the Nominated Beneficiary who cannot be traced or who has predeceased the Member or which has ceased to exist) shall be paid to the deceased Member's personal representatives.

18.1.5 If Rule 18.1.4 applies and the total amount due from the Scheme under Rule 18.1.1 is not more than £5,000 and there is no grant of representation in place, the Trustee may pay or apply the relevant amount to or between any one or more of the Member's Next of Kin.

18.1.6 If the death benefit payable under Rule 18.1.1 is not paid under Rule 18.1.3, 18.1.4 or 18.1.5 before the end of the period of two years beginning with the earlier of the day on which the Scheme Administrator first knew of the Member's death and the day on which the Scheme

Administrator could first reasonably be expected to have known of it, then any subsequent payment of that benefit shall be subject to Rules 19.1 and 19.2. If that benefit is not claimed within six years of the date of the Member's death, that benefit shall be forfeit and the remaining balance in the Member's Pension Account shall be transferred to the General Account.

## **18.2 Death of a Member on or after age 75**

18.2.1 On the death of a Member on or after age 75 the Trustee shall apply a sum equal to the value of the Member's Pension Account in accordance with Rules 18.2.2 to 18.2.4.

18.2.2 Unless Rule 18.2.5 applies and subject to Rule 18.2.4, the Trustee shall apply the balance of the Member's Pension Account for the purchase of one or more Dependants' Annuity policies in accordance with Rule 18.2.3.

18.2.3 Each Dependant in respect of whom a Dependants' Annuity policy is purchased under Rule 18.2.2 shall have the opportunity to select a Dependants' Annuity policy. If the Dependant does not select a Dependants' Annuity policy, the Trustee shall select a Dependants' Annuity policy which makes provision for the payment of a single life non-escalating Dependants' Annuity and shall notify the relevant Dependant of the selection so made.

18.2.4 If the Member has no surviving Dependants, the Trustee shall apply the balance of the Member's Pension Account to pay a charity lump sum death benefit (as defined in paragraph 18 of Schedule 29 to the Finance Act 2004).

18.2.5 The Trustee may commute the Member's Pension Account for a lump sum death benefit if the Member dies on or after age 75 and the requirements of regulation 9 of The Registered Pension Schemes (Authorised Payments) Regulations 2009 are met.

## **18.3 Discharge of Trustee**

On payment of a lump sum or the purchase of an annuity policy under this Rule 18 the Trustee shall be discharged from all further liability to provide benefits in respect of the Member on whose death the benefit was paid.

## **19. FINANCE ACT 2004: GENERAL PROVISIONS**

### **19.1 Requirements of registration**

Nothing in these Rules shall entitle any person to a payment made to or in respect of that person under the Scheme which is not an authorised payment within the meaning given by the Finance Act 2004 and the Trustee shall be entitled to modify any payments accordingly.

### **19.2 Unauthorised payments**

Notwithstanding Rule 19.1, the Trustee may make a payment which by virtue of section 160 of the Finance Act 2004 would be an unauthorised payment.

### **19.3 Pension Input Periods**

19.3.1 The nominated date for each Member for the purposes of section 238(1)(a) of the Finance Act 2004 is the 31 March following that Member's relevant commencement date, as defined in section 238(2) of the Finance Act 2004. This Rule 19.3.1 constitutes a nomination by the Scheme Administrator for the purposes of section 238(3) of the Finance Act 2004 and notice to each Member given by the Scheme Administrator for the purposes of section 238(4) of the Finance Act 2004.

19.3.2 The appropriate date for each Member for the purposes of section 238(1)(b) of the Finance Act 2004 is the 31 March in each year after the year in which the nominated date referred to in Rule 19.3.1 falls. This Rule 19.3.2 constitutes a nomination by the Scheme Administrator for the purposes of section 238(3) of the Finance Act 2004 and notice to each Member given by the Scheme Administrator for the purposes of section 238(4) of the Finance Act 2004.

## **20. PROVISION OF INFORMATION**

Members and those claiming through them shall provide all information and supporting evidence to establish the benefit and their entitlement to it as the Trustee may require and the Trustee may withhold benefits pending receipt of the required information.

## **21. INCAPACITY OF BENEFICIARY**

If any Member, Nominated Beneficiary or other person entitled to a benefit under the Scheme is, in the opinion of the Trustee, unable by reason of minority, mental disorder or otherwise to manage that person's own affairs, the Trustee may pay the benefit to any other

person for the benefit of that beneficiary and the receipt of the person to whom the benefit is paid shall be sufficient to discharge the Trustee from its obligation to pay the benefit.

## **22. TRANSFERS IN**

22.1 The Trustee will not in any circumstances accept into the Scheme any transfers made:

22.1.1 in relation to Great Britain, under section 73(2)(a)(i) of the 1993 Act; or

22.1.2 in relation to Northern Ireland, under section 69(2)(a)(i) of the 1993 NI Act.

22.2 The Trustee may accept a transfer of a cash sum:

22.2.1 in relation to Great Britain, within the meaning of section 101AB(3) of the 1993 Act, used in the way described in section 101AE(2)(a) of the 1993 Act in respect of a Member; or

22.2.2 in relation to Northern Ireland, within the meaning of section 97AB(3) of the 1993 NI Act, used in the way described in section 97AE(2)(a) of the 1993 NI Act in respect of a Member.

22.3 Any transfer accepted into the Scheme under this Rule 22 or Rule 24.3 shall be applied to the credit of the Member's Pension Account.

## **23. TRANSFERS OUT**

23.1 The Trustee will not in any circumstances make any transfers from the Scheme:

23.1.1 in relation to Great Britain, under section 73(2)(a)(i) of the 1993 Act; or

23.1.2 in relation to Northern Ireland, under section 69(2)(a)(i) of the 1993 NI Act.

23.2 Subject to Rules 23.3 to 23.5, at the request of a Member who has attained Normal Minimum Pension Age or who is suffering from Incapacity and who has become entitled to benefits under Rule 16, the Trustee will transfer the cash equivalent of the entirety of that Member's Pension Account to a Registered Pension Scheme or a Qualifying Recognised Overseas Pension Scheme nominated by the Member, in accordance with the provisions of the Transfer Values (Disapplication) Regulations or the Transfer Values (Disapplication) Regulations NI.

- 23.3 A request under Rule 23.2 must take such form and be made within such time period as the Trustee shall determine.
- 23.4 The Trustee may require the Member to provide details about any scheme nominated under Rule 23.2 in such form as the Trustee may determine.
- 23.5 The Trustee shall only effect a transfer under this Rule 23 in respect of the entirety of a Member's Pension Account (including any part of that Pension Account attributable to a Pension Credit).

## **24. PENSION SHARING ON DIVORCE**

### **24.1 Discharge of Pension Credit derived from the Scheme**

This Rule 24.1 applies in the circumstances referred to in article 31(1)(a) of the Order, which, for the avoidance of doubt, is where a Member's Pension Account is subject to a Pension Sharing Order.

24.1.1 Unless the Ex-Spouse makes a request under Rule 24.1.2, the Trustee shall discharge its liability in respect of a Pension Credit of an Ex-Spouse by conferring appropriate rights on the Ex-Spouse under the Scheme:

- (a) in relation to Great Britain, in accordance with paragraph 1(2) of Schedule 5 to the 1999 Act; or
- (b) in relation to Northern Ireland, in accordance with paragraph 1(2) of Schedule 5 to the 1999 NI Order

24.1.2 The Trustee shall at the request of the Ex-Spouse discharge its liability in respect of a Pension Credit by paying an amount equal to the Pension Credit to the person responsible for a Qualifying Arrangement with a view to acquiring rights under that Qualifying Arrangement for the Ex-Spouse -

- (a) in relation to Great Britain, in accordance with paragraph 1(3) of Schedule 5 to the 1999 Act; or
- (b) in relation to Northern Ireland, in accordance with paragraph 1(3) of Schedule 5 to the 1999 NI Order,

provided that such request shall be made within such period of the making of the Pension Sharing Order as the Trustee shall determine.

24.1.3 If an Ex-Spouse dies after a Pension Sharing Order is made but before it is implemented by the Trustee, death benefits will be payable in respect of the Ex-Spouse as though the Pension Sharing Order had been implemented in accordance with Rule 24.1.1.

24.1.4 For the avoidance of doubt, a Pension Sharing Order will not be regarded as having been implemented for the purposes of Rule 24.1.3 until:

- (a) in cases to which Rule 24.1.1 apply, the Pension Credit has been credited to the Ex-Spouse's Pension Account; or
- (b) in cases to which Rule 24.1.2 apply, the amount equal to the Pension Credit has been paid to the Qualifying Arrangement.

## **24.2 Rights and Benefits**

24.2.1 An Ex-Spouse in respect of whom a Pension Credit is discharged under Rule 24.1.1 and who is not already a Member shall be admitted to Membership.

24.2.2 An Ex-Spouse in respect of whom a Pension Credit is discharged in the Scheme under Rule 24.1.1 shall, so far as is permitted by law, be entitled, in respect of the Pension Credit, to the same benefits (including death benefits) payable in the same circumstances, as a Member admitted to membership under Rule 8.

## **24.3 Acceptance of Pension Credit Rights from another scheme**

In accordance with article 31(1)(b) of the Order, the Trustee may accept a payment in respect of a Pension Credit in accordance with Rule 22 for a person who is already a Member.

## **24.4 Identification of Benefits**

The Trustee shall separately identify within each Member's Pension Account the Pension Credit Benefits attributable to that Member (including any such benefits transferred into the Scheme or into a Member's Pension Account under Rules 24.1.1 or 24.3).

25 March 2010

*Angela Eagle*  
Minister of State,  
Department for Work and Pensions