

# **Scottish & Newcastle Pension Plan**

Rules effective from 1 April 2008

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## Scottish & Newcastle Pension Plan

These Rules of the Scottish & Newcastle Pension Plan were made as a deed on April 2008 between the Principal Employer and Scottish & Newcastle Pension Plan Trustees Limited (being the present trustee of the Plan).

In exercise of its powers under General Rule 19 of the current Rules, the Principal Employer and Trustee agree to replace the current Rules by replacing them with these Rules with effect from 1 April 2008. However, these Rules do not affect the benefits for Members who left Service before 1 April 2008, except as described in Special Rule 16.1 of Appendix 1 and Special Rule 15.9 of Appendix 2 (Members who left Service or reached Normal Retiring Date before 1 April 2008).

It is not intended that these Rules should adversely affect any subsisting right of any Member or any survivor of a Member at the date of this deed. These Rules shall therefore have effect only insofar as they are consistent with this intention. Any benefit payable to or in respect of a Member under the Plan will therefore be at least equal to the amount that would have been payable if the Member had left Service on the date of this deed. For this purpose, "subsisting right" means the same as in Sections 67A to 671 of the Pensions Act 1995 (the subsisting right provisions).

## History of the Plan

The Plan started on 24 December 1946, and was formerly known as the Scottish Brewers Staff Pension Scheme, the Scottish & Newcastle Breweries Staff Pension Scheme and the Scottish and Newcastle Breweries Staff Pension and Life Assurance Scheme. The name of the Plan was changed with effect from 2 April 2002 to the Scottish & Newcastle Pension Plan.

## General Rules

### 1 Meaning of words used

**"1972 Scheme"** means the scheme known as the Scottish & Newcastle 1972 Pension Scheme certain of whose assets and liabilities were transferred to the Plan on 2 April 2002.

**"Beneficiaries"** has the meaning given in General Rule 5.1 (payment of lump sum death benefits).

**"Consenting Transferring Member"** has the meaning given in General Rule 3.2 (Plan changes).

**"Courage Employees' Fund"** means the scheme known as the Courage Employees' Pension Fund whose assets and liabilities were transferred into the Plan on 2 April 2002.

**"Courage Staff Fund"** means the scheme known as the Courage Staff Pension Fund whose assets and liabilities were transferred into the Plan on 2 April 2002.

**"Contracting-out Laws"** means the contracting-out laws of the Pension Schemes Act 1993 (including anti-franking), and similar expressions have a corresponding meaning.

**"Dependant"** means any person who is financially dependent on another person, or was so dependent at the time of the other person's death. This includes anyone who shares living expenses with, or receives financial support from, the Member or other person, and whose standard of living would be affected by the loss of that person's contribution or

support. A Member's spouse, civil partner and children under the age of 23 are always Dependants. The Trustee's decision as to whether a person is a Dependant will be final.

**"Earnings Cap"** means such amount as the Principal Employer may decide from time to time and notify to the Trustee, being not less than the amount (if any) of the **"permitted maximum"** specified for the purposes of Section 590C of the Income and Corporation Taxes Act and in any event not less than the amount so specified immediately prior to 6 April 2006.

**"Employee"** means any employee or director of an Employer, except a non-executive director.

**"Employer"** means an employer participating in the Plan.

**"GMP"** means a guaranteed minimum pension (or accrued right to one) under the Pension Schemes Act 1993.

**"Member"** means a person who has joined the Plan for retirement benefits as described in General Rule 2.1 (conditions of membership).

**"Non-Consenting Transferring Member"** has the meaning given in General Rule 3.2 (Plan changes).

**"Normal Retiring Date"** has, in respect of any Member, the meaning given in Special Rule 1 of Appendix 1 or 2 as appropriate.

**"Pensionable Children"** means children born of or legitimated by a marriage of the Member, the Member's stepchildren provided that they are financially dependent on the Member at the date of the Member's death, children legally adopted by the Member, and any other children who, in the Trustee's opinion, were financially dependent on the Member at the time of the Member's death and whom the Trustee agrees to treat as Pensionable Children.

These children are Pensionable Children for so long as they are under age 18, or under age 21 and in full-time education or training approved by the Trustee.

If a Pensionable Child who was a Dependant of the Member when the Member died is or becomes wholly incapacitated before reaching age 18, or before reaching age 21 while still in full-time education or training approved by the Trustee, the Trustee may continue to treat him as a Pensionable Child for so long as he or she remains wholly incapacitated and for so long as this continues to be an "authorised payment" for the purposes of the Finance Act 2004. The Trustee's decision as to whether a child is wholly incapacitated will be final.

**"Plan"** means the Scottish & Newcastle Pension Plan, formerly called the Scottish & Newcastle Staff Pension Scheme, and known previously by other names.

**"Predecessor Schemes"** means the Courage Employees' Fund, the Courage Staff Fund and the 1972 Scheme.

**"Preservation Laws"** means the laws as to preservation of benefits set out in Chapter I of Part IV of the Pension Schemes Act 1993.

**"Principal Employer"** means Scottish & Newcastle plc.

**"Qualifying Service"** means Pensionable Service (as defined in Appendix 1 or Appendix 2 as appropriate) and employment which qualified the Member for retirement benefits under any occupational pension scheme from which a transfer payment has been made in

respect of the Member either to the Plan, or to a “buy-out” policy and subsequently to the Plan.

Special Rule 11.2 of Appendix 1 or 2 (as appropriate) (Qualifying Service) will apply if the Member’s Qualifying Service has been broken.

“Qualifying Service” is used only for the purpose of deciding whether the Member is entitled to a preserved pension under Special Rule 8.1 of Appendix 1 (preserved pension). or Special Rule 8 of Appendix 2 (early leavers) (as appropriate). Where the Member is entitled to a preserved pension, the amount of the pension is based on Pensionable Service. This definition of Qualifying Service does not affect the calculation of Pensionable Service.

“**Revaluation Laws**” means the laws as to revaluation of benefits set out in Chapter II of Part IV of the Pension Schemes Act 1993.

“**Service**” means employment with an Employer.

“**Transfer Value Laws**” means the laws as to transfer values set out in Chapter IV of Part IV of the Pension Schemes Act 1993.

“**Trustee**” means the trustee or trustees for the time being of the Plan.

## **2 Joining the Plan**

### **2.1 Conditions of membership**

Each Employee:

2.1.1 who is in Service with an Employer; and

2.1.2 whose contract of service says that he or she is eligible to join the Plan,  
may join the Plan.

The Trustee will include eligible Employees in the Plan automatically on the date they become eligible to join. However, the Trustee will do this only for Employees who have been told in writing that they are to be included in the Plan, and who have not objected to being included in the Plan.

The Principal Employer may allow an Employee to join the Plan even though the Employee does not satisfy these conditions. In particular, the Principal Employer may allow Employees who are not in Service on an Employer's permanent staff to join the Plan at such time and on such a basis as the Principal Employer determines and notifies to the affected Employees and the Trustee from time to time.

An Employee who does not join the Plan at the first opportunity may join later only with the specific permission of his or her Employer and subject to providing satisfactory evidence of good health.

### **2.2 Employees entitled to death in Service benefits only**

An Employee in Service on an Employer's permanent staff who:

2.2.1 is not eligible to join the Plan; or

2.2.2 chooses not to join; or

2.2.3 opts out,

will still be included in the Plan for lump sum death in Service benefits unless the Principal Employer notifies the Employee to the contrary. If the Employee dies in Service, a lump sum death benefit will be paid. The benefit will be equal to the annual rate of the Employee's total gross salary from the Employers at the date of death excluding any benefits in kind and any other amounts which the Employers have notified the Employee will not be included for these purposes.

The benefit will be paid as described in General Rule 5.1 (payment of lump sum death benefits). General Rule 8 (general Rules about benefits) will apply to the Employee as if the Employee were a Member. However, the Employee will not be treated as a Member of the Plan for any other purpose.



### 3 The Plan

#### 3.1 Structure of the Plan

The Plan is a single occupational pension scheme which has two sections known as “PensionBuilder” and the “Final Salary Section”.

The benefits payable under PensionBuilder are set out in Appendix 1. They apply to:

- 3.1.1 all Members who joined the Plan on or after 6 April 2003;
- 3.1.2 Consenting Transferring Members and Non-Consenting Transferring Members (in respect of Pensionable Service on or after 6 April 2006);
- 3.1.3 other Members who switch into PensionBuilder as described in General Rule 3.3 (changing sections) (in respect of Pensionable Service on or after the date of the switch).

Appendix 2 does not apply to these Members in respect of Service in PensionBuilder.

The benefits payable under the Final Salary Section are set out in Appendix 2. They apply to Members who joined the Plan before 6 April 2003 and who are neither Consenting Transferring Members nor Non-Consenting Transferring Members. Appendix 1 does not apply to these Members except to the extent that General Rule 3.1.2 or 3.1.3 applies.

The General Rules apply to all Members.

**Note:** Special provisions apply to TBS Members. See Special Rules 16.2 of Appendix 1 and 15.11 of Appendix 2.

#### 3.2 Plan changes

Members who:

- 3.2.1 joined the Plan before 6 April 2003;
- 3.2.2 remained in Service on 5 April 2005; and
- 3.2.3 whose benefits were governed by Appendix 2 on that date,

were given 2 options as to benefits in respect of Pensionable Service on or after 6 April 2006.

Under **Option 1**, the Member could continue to remain in the Final Salary Section, so that benefits in respect of Pensionable Service on or after 6 April 2006 were calculated as described in Appendix 2, but the Member was required pay contributions to the Plan as described in these Rules. Additional special provisions apply to Members to whom Special Rule 15.1 of Appendix 2 (special benefits for senior Employees) applied on 5 April 2005 and these are set out in these Rules.

Under **Option 2**, the Member could choose to join PensionBuilder and to have benefits in respect of Pensionable Service on or after 6 April 2006 calculated as described in Appendix 1. Members who chose this option are referred to as “**Consenting Transferring Members**”. Special Rule 15.10 of Appendix 2 (Members who become Consenting

Transferring Members or Non-consenting Transferring Members) applies to these Members.

The benefits payable to and in respect of a Member who failed to make a choice in respect of Pensionable Service on or after 6 April 2006 will be calculated as described in Appendix 1 on the basis that the Member became a 100 Member on 6 April 2006 (as defined in Appendix 1). Such Members are referred to as “**Non-consenting Transferring Members**”. Special Rule 15.10 of Appendix 2 (Members who become Consenting Transferring Members or Non-consenting Transferring Members) applies to these Members.

The benefits for Consenting Transferring Members and Non-Consenting Transferring Members in respect of Pensionable Service on or after 6 April 2006 are calculated as described in Appendix 1. Benefits in respect of Pensionable Service prior to 6 April 2006 continue to be calculated as described in Appendix 2 (see in particular Special Rule 15.10).

### **3.3 Changing sections**

If the Principal Employer allows, a Member who is accruing benefits under the Final Salary Section may at any time after 6 April 2006 and before reaching Normal Retiring Date switch to PensionBuilder. If this happens, the benefits in respect of the Member's Pensionable Service in each Section will be calculated separately. The Member will be treated as having left Service as far as the Final Salary Section is concerned, except that unless the Principal Employer and the Trustee agree otherwise:

- 3.3.1** the Member cannot exercise a right to transfer or buy-out until he or she has left all Service in the Plan;
- 3.3.2** no pension or lump sum will be paid to the Member before the Member leaves all Service in the Plan;
- 3.3.3** for the purposes of calculating the maximum lump sum which a Member can choose, Service in either Section will count only once; and
- 3.3.4** benefits under both Sections will be paid at the same time.

Members cannot switch from PensionBuilder to the Final Salary Section.

**Note:** A Member who switches from the Final Salary Section to PensionBuilder under this Rule will not be a Consenting Transferring Member. This is because only Members who switched to PensionBuilder on 6 April 2006 can be Consenting Transferring Members. Special Rule 15.10 of Appendix 2 (Members who become Consenting Transferring Members or Non-consenting Transferring Members) does not therefore apply to these Members.

## **4 Contributions by Employers and Members**

### **4.1 Contributions by Employers**

Each Employer must contribute to the Plan in respect of Members who are or have been employed by it at such rate as after having regard to actuarial advice the Trustee determines is required in each year to enable the benefits to be maintained. However, the Principal Employer may determine that each Employer must contribute such other amount which is not less than the amount which would be required to enable the benefits described in the first paragraph of General Rule 18.3 (securing benefits with insurance policies and annuity contracts) to be fully provided in the event of a winding-up of the Plan.

If the Trustee is required by Section 58 of the Pensions Act 1995 (schedules of contributions) to prepare a schedule of contributions, the Employers must contribute to the Plan in accordance with the schedule of contributions.

If and to the extent only required by Part 3 of the Pensions Act 2005, the Trustee will agree the matters described in this Rule with the Principal Employer.

### **4.2 Contributions by Members**

The requirements of the Plan relating to Member contributions are set out in Appendix 1 and Appendix 2.

## **5 Payment of benefits**

### **5.1 Payment of lump sum death benefits**

Any lump sum benefit payable on a Member's death will be paid to one or more of the Beneficiaries or used for their benefit in such shares as the Trustee decides. The benefit must be paid within 2 years of the Member's death or such longer period as is consistent with the payment being an "authorised member payment" for the purposes of the Finance Act 2004.

The "**Beneficiaries**" are:

- 5.1.1 the Member's widow or widower or civil partner;
- 5.1.2 the Member's grandparents and their descendants and the spouses, civil partners, widows or widowers or surviving civil partners of those descendants;
- 5.1.3 the Member's Dependants;
- 5.1.4 any person (except the Crown or the Duchy of Lancaster or Cornwall) with an interest in the Member's estate; and
- 5.1.5 any person nominated by the Member in writing to the Trustee or to the trustee of any Predecessor Scheme or to the trustee of any other scheme from which a transfer of assets has been made on a group basis to the Plan (provided that such nomination has been made available to the Trustee).

So long as no-one other than Beneficiaries can become entitled, the Trustee may:

- 5.1.6 direct that all or part of the lump sum will be held by itself or other trustees on such trusts (including discretionary trusts) and with such powers and provisions (including powers of selection and variation) as the Trustee sees fit; or
- 5.1.7 pay all or part of the lump sum to the trustees of any other existing trust.

No payment will be made under this Rule to the Crown or to the Duchy of Lancaster or Cornwall. If payment of the whole or any part of the lump sum death benefit would result in the payment's falling to the Crown or to the Duchy of Lancaster or Cornwall as *bona vacantia*, the benefit, or that part of the benefit, will be retained by the Trustee in the Plan.

### **5.2 Payment of pensions**

Pensions are payable in advance at intervals determined by the Trustee. The Trustee may pay small pensions less frequently. No part repayment is necessary on the pensioner's death.

## **6 Ceasing to be eligible**

A Member will cease to be eligible if:

- (a) his or her contract of service is varied so that he or she is no longer eligible for membership; or
- (b) the Member becomes a “qualifying person” for the purposes of the Occupational Pension Schemes (Cross-border Activities) Regulations 2005 and, if the Trustee were to accept contributions in respect of the Member, the Trustee would be in breach of Section 287 of the Pensions Act 2004 (occupational pension scheme receiving contributions for European employees).

The Member will be treated as if he or she had left Service immediately on ceasing to be eligible except that no pension or lump sum will be paid to the Member until the Member actually leaves Service (or reaches age 75, if earlier) unless the Principal Employer agrees.

If the Member’s pension starts after Normal Retiring Date, it will be increased on a basis determined by the Trustee from time to time after considering actuarial advice.

## **7 Opting out**

A Member may at any time opt out of the Plan by giving 1 month's notice to the Employer and the Trustee. The Member will be treated as if he or she had left Service on the day the notice expires except that:

- (a) the Member will still be included in the Plan for lump sum death in Service benefits under General Rule 2.2 (Employees entitled to death in Service benefits only) (unless the Principal Employer notifies the Employee otherwise) except that the benefit under General Rule 2.2 will be reduced by the amount of any benefit payable under Special Rule 6.4 of Appendix 1 or 2 (as appropriate) (Member dies with a preserved pension that has not started);
- (b) no pension or lump sum will be paid to the Member until the Member actually leaves Service (or reaches age 75, if earlier) unless the Principal Employer agrees otherwise.

If the Member's pension starts after Normal Retiring Date, it will be increased on a basis determined by the Trustee from time to time after considering actuarial advice.

A Member who opts out of the Plan may rejoin only with the specific permission of the Employer, who may require satisfactory evidence of good health. A Member who is allowed to rejoin will be entitled to benefits in respect of Pensionable Service on or after rejoining the Plan as described in the Special Rules set out in Appendix 1 unless the Principal Employer decides otherwise even if he or she was entitled to benefits under the Special Rules set out in Appendix 2 immediately before opting out. A Member who is allowed to rejoin will not be able to rejoin as a 175 Member (as defined in Appendix 1) even if he or she was a 175 Member immediately before opting out. Special Rule 2.1 (initial choice of category) of Appendix 1 will apply.

## **8 General Rules about benefits**

### **8.1 Deduction of tax and other charges**

The Trustee may deduct from any payment under the Plan any tax for which it may be liable in respect of it.

The Trustee may reduce any benefit in respect of which a lifetime allowance charge arises, so as fully to reflect the amount of tax payable in respect of it under Section 215 of the Finance Act 2004 (amount of charge). The Trustee will decide the amount of the reduction after considering actuarial advice, and its decision will be final.

### **8.2 Benefits not assignable**

Benefits under the Scheme are subject to restrictions imposed by Sections 91 to 93 of the Pensions Act 1995 (assignment and forfeiture, etc). These restrictions are intended generally to ensure that benefits are paid only to the person entitled under these Rules, rather than to any other person. The restrictions prevent benefits from being assigned, commuted, surrendered, charged, or forfeited, except in specified circumstances.

However, there are exceptions to the restrictions imposed by Sections 91 to 93. To the extent permitted by those exceptions:

- 8.2.1** an Employer may require the Trustee to reduce or forfeit a person's benefits if the person owes money to the Employer and the debt arises from a criminal, negligent or fraudulent act or omission (in which case the Trustee will pay the Employer an amount equal to the debt or, if less, the value of the person's benefits);
- 8.2.2** the Trustee may reduce or forfeit a person's benefits if the person owes money to the Plan;
- 8.2.3** the Trustee may forfeit any benefits that are payable in respect of a Member to a person who is convicted of the Member's murder or manslaughter, or any other offence of which unlawful killing of the Member is an element (including aiding, abetting, counselling or procuring the Member's death);
- 8.2.4** a benefit will cease to be payable if the person entitled to it under these Rules tries to assign or charge it; or if any other event occurs by which all or part of the benefit would, if it belonged to that person absolutely, become payable to some other person. If this happens, the Trustee may (but need not) pay an equivalent or smaller discretionary benefit to, or for the benefit of, one or more of:
  - (i) the person who was entitled to the original benefit;
  - (ii) that person's spouse, civil partner or Dependants.

If the Trustee decides to pay a discretionary benefit to more than one person, it will pay it in such shares as it decides; and
- 8.2.5** the Trustee may forfeit any benefit if the person entitled to the benefit does not claim it within 6 years of the date on which it becomes due.

The Trustee may also reduce or forfeit a person's benefits in any other circumstances that the exceptions allow.

However, General Rules 8.2.1 and 8.2.4 do not apply to GMPs, and General Rule 8.2.4 does not apply to any lump sum or instalment of pension that falls due for payment before the benefit ceases to be payable.

### **8.3 Beneficiary who is incapable**

If the Trustee considers that a Beneficiary cannot look after his or her affairs (by reason of illness, mental disorder, minority or otherwise) it may use any amounts due to the Beneficiary for his or her benefit or may pay them to some other person or persons to do so. The Trustee may also make for the Beneficiary any choice which the Beneficiary has under the Plan.

### **8.4 Tax status**

The Plan is a "registered pension scheme" for the purposes of Part 4 of the Finance Act 2004.

If (without this Rule) the Trustee would be required to make a payment under the Scheme that would be "unauthorised" by virtue of Section 160 of that Act (payments by registered pension schemes), the payment will be treated as discretionary and will not be made unless the Trustee and the Principal Employer agree otherwise (which they need not do).

Before 6 April 2006, the Plan was approved under Chapter I of Part XIV of the Income and Corporation Taxes Act 1988 (retirement benefit schemes). As a condition of this approval, the Plan was subject to various requirements including limits on the benefits and contributions that would be paid. In spite of the changes made by the Finance Act 2004, the limits that previously applied to benefits and contributions under the Plan will continue to apply, except where these Rules specifically say otherwise or the Principal Employer and the Trustee agree otherwise. The details of these limits are contained in previous legislation, and in IR12(2001) "Practice Notes on the Approval of Occupational Pension Schemes".

With effect from 6 April 2006, the modifications to the Scheme made by the Pension Schemes (Modification of Rules of Existing Schemes) Regulations 2006 no longer apply.

### **8.5 Evidence of health**

Benefits payable on a Member's death will be subject to any restrictions imposed by any insurance company with which they are reinsured. This means that these benefits may not be paid if the Trustee cannot obtain insurance for particular Members. The Trustee may decide that these benefits will also be reduced for any Member who is unable to complete a medical questionnaire to the Trustee's or the insurer's satisfaction or whose death results from a cause specified in a notice to Members.

### **8.6 Payment to Beneficiaries**

It may be that a payment of £5,000 or less becomes due under the Plan to the estate of a Member or other person. If so, the Trustee may, with the consent of the Principal Employer,



pay the benefit instead to that person's widow, widower, surviving civil partner or other next of kin.

## **9 Pension sharing on divorce**

### **9.1 Compliance with pension sharing orders**

It may be that an order or other provision under Section 28(1) of the Welfare Reform and Pensions Act 1999 or equivalent Northern Ireland laws (activation of pension sharing) requires all or part of a Member's benefits to be transferred to the Member's former spouse. If this happens, the Trustee will discharge its liability to the former spouse or civil partner in accordance with the requirements of that Act and "HM Revenue and Customs". However, the Trustee may provide benefits for the former spouse or civil partner under the Plan only if the Principal Employer agrees. The Trustee may impose charges as permitted by that Act.

In discharging their liability to a former spouse or civil partner, the Trustee will treat as safeguarded rights only the safeguarded percentage of the person's rights, as allowed by Part IIIA of the Pension Schemes Act 1993 (safeguarded rights).

### **9.2 Benefits under the Plan**

If the Trustee provides benefits for the former spouse or civil partner under the Plan, the benefits will comply with the laws on safeguarded rights in Part IIIA of the Pension Schemes Act 1993 and will be provided separately from any other benefits to which the former spouse or civil partner may be entitled under the Plan. The Trustee will provide the former spouse or civil partner with written details of the benefits that will be provided.

### **9.3 Death of former spouse before a transfer payment is made**

It may be that the Trustee intends to discharge its liability to the former spouse or civil partner by making a transfer payment to another pension arrangement, but the former spouse or civil partner dies before the payment is made. If this happens, the Trustee may (but need not) use the intended transfer payment to provide benefits in respect of the former spouse or civil partner in any of the ways allowed by the Welfare Reform and Pensions Act 1999. Any part of the intended transfer payment that is not used in this way will be retained by the Trustee as part of the general assets of the Plan.

## **10 Discretionary benefits**

### **10.1 Serious ill-health lump sums**

It may be that the Trustee receives evidence from a registered medical practitioner that a Member is expected to live for less than 1 year. If this happens before the Member starts to receive benefits from the Plan, and if the Contracting-out Laws allow, the Trustee may allow the Member to give up all of his or her benefits under the Plan (including death benefits) in return for a lump sum. However, this will be allowed only if payment of a "serious ill-health lump sum" is permitted under Part 4 of the Finance Act 2004.

The Trustee will calculate the lump sum on a basis agreed certified as reasonable by an actuary.

**Note:** The Finance Act permits payment of a "serious ill-health lump sum" only if any benefits payable on the Member's death are first moved to a new arrangement within the Plan. The Trustee will record the creation of this new arrangement as it thinks fit.

### **10.2 Commutation: triviality**

It may be that a Member or other person entitled to a pension would be allowed by the Contracting-out Laws and the Finance Act 2004 to give up all of his or her benefits under the Plan (including death benefits) in return for a lump sum. If so, the Trustee may allow the Member or other person to do this.

The Trustee will calculate the lump sum on a basis certified as reasonable by an actuary.

### **10.3 Discretionary benefits**

If the Principal Employer so requests and the Employers pay any additional contributions that the Trustee considers appropriate (for which purpose the Trustee will consider actuarial advice), the Trustee will provide:

**10.3.1** increased or additional benefits in respect of any Member or Members;

**10.3.2** benefits in respect of any Member or Members different, or on different terms (including as to time of payment), from those set out elsewhere in the Rules; or

**10.3.3** benefits in respect of any Employee or former Employee or any spouse or civil partner or Dependant of a former Employee.

Any benefits provided under this Rule must be consistent with the Contracting-out, Preservation, Revaluation and Transfer Value Laws. However, so long as payment is authorised for the purposes of Part 4 of the Finance Act 2004, benefits may be provided under this Rule even if the total benefits payable in respect of any person exceed the limits that previously applied to the Plan as a condition of approval under Chapter I of Part XIV of the Income and Corporation Taxes Act 1988, and even if all or part of the benefits are in a form that would have been inconsistent with that approval.

## **11 Transfers**

### **11.1 Transfers-in**

The Trustee must if required by the Principal Employer accept a transfer of assets in respect of a person from another occupational pension scheme or a personal pension scheme, or the surrender value of a “buy-out” policy or retirement annuity contract bought in the person’s name, and will provide such benefits as it arranges with the trustees of the other scheme after considering actuarial advice. The benefits will comply with the Contracting-out, Preservation, Revaluation and Transfer Value Laws, and must be consistent with the Scheme’s tax status as a registered pension scheme under Part 4 of the Finance Act 2004.

### **11.2 Transfers out**

Instead of providing benefits under the Plan in respect of a Member, the Trustee may with the approval of the Principal Employer transfer all of the assets of the Plan or such part as the Trustee determines to be just and equitable (after considering actuarial advice) to another pension scheme or arrangement (including any person who is permitted by the Financial Services and Markets Act 2000 to effect or carry out contracts of long-term insurance) so that benefits will be provided under the other scheme in respect of the Member.

The transfer must comply with the Contracting-out and Preservation Laws. It must also be a “recognised transfer” under Section 169 of the Finance Act 2004 (recognised transfers).

If a transfer is made without a Member’s consent, the Trustee must be satisfied (after considering actuarial advice) that the benefits to be provided under the other scheme are at least equal in value to the rights under the Plan.

## **12 Assets of the Plan**

### **12.1 Assets held on trust**

The Trustee will hold all the contributions and other assets which it receives and the property representing them and all the income on trust for the purposes of the Plan.

### **12.2 Management of assets**

For the purposes of the Plan, the Trustee may, in any part of the world, alone or together with others:

- 12.2.1** acquire and dispose of any property (tangible or intangible, movable or immovable), whether or not it produces income;
- 12.2.2** enter into any contract or incur any obligation;
- 12.2.3** lend or borrow money or other property for any purpose (including acquiring assets);
- 12.2.4** grant any mortgage or charge over, or give any right or recourse against, any or all of the assets of the Plan;
- 12.2.5** form and finance any company;
- 12.2.6** carry on and finance any business;
- 12.2.7** insure assets of the Plan for any amount against any risk;
- 12.2.8** keep assets in nominee names;
- 12.2.9** pool assets with other occupational pension schemes in common investment funds; and
- 12.2.10** exercise its powers under Section 34(1) of the Pensions Act 1995 (power of investment and delegation) to make an investment of any other kind as if it was absolutely entitled to the assets of the Plan.

The Trustee will exercise these powers in accordance with Sections 36 and 40 of the Pensions Act 1995 (choosing investments and restriction on employer-related investments).

### **12.3 Participation in common investment funds**

If the Trustee decides to pool assets with other occupational pension schemes in common investment funds, it may exercise its powers under General Rule 13.2 (exercise of powers) to delegate investment functions to the trustee or administrator of the common investment fund. The functions that may be delegated include:

- 12.3.1** the Trustee's powers under General Rule 12.2 (management of assets);
- 12.3.2** any discretion to make any decision about investments;
- 12.3.3** the power to delegate investment functions on behalf of the Trustee to a fund manager in accordance with Section 34 of the Pensions Act 1995 (power of investment and delegation);
- 12.3.4** the duty to be satisfied that the fund manager has appropriate knowledge and experience and is carrying out his or her work competently and in accordance with Section 36 of the Pensions Act 1995 (choosing investments); and
- 12.3.5** the power to appoint any professional advisers under Section 47 of the Pensions Act 1995 (professional advisers).

## **13 Trustees**

### **13.1 Appointment**

The Principal Employer may appoint new or additional trustees or a body corporate as sole trustee. The Principal Employer may also remove trustees.

These powers will be exercised by deed. They may be exercised without giving any reason and without any limit on the number of trustees. However, they may not be exercised in a manner that conflicts with any arrangements made under Sections 241 to 243 of the Pensions Act 2004 (requirements for member-nominated trustees and directors).

The Trustee shall not have the statutory power to assume new trustees, and a remunerated trustee may exercise the statutory power to resign.

### **13.2 Exercise of powers**

Where there is more than one trustee the trustees may act by majority vote. The Trustee may with the consent of the Principal Employer (to the extent consistent with the requirements of the Pensions Act 1995) delegate powers, duties or discretions to any person and on any terms.

### **13.3 Expenses and charges**

The Trustee will pay the expenses of the Plan (including its own expenses; and any liabilities and those of directors of a trustee, incurred through acting as trustee of the Plan or as a trustee director) out of the Plan's assets. However, the Principal Employer and the Trustee may agree that some or all expenses will be paid by the Employers in the same proportions as the amount contributed by them during the Plan year or otherwise as may be agreed by them.

However, no amount may be paid from the Plan's assets to reimburse a trustee, former trustee, trustee director or former trustee director for:

**13.3.1** expenses or liabilities incurred through wilful wrongdoing (or negligence in the case of a remunerated trustee) or which are covered by insurance under General Rule 13.6 (trustee insurance); or

**13.3.2** fines or penalties of the kind mentioned in Section 256 of the Pensions Act 2004 (no indemnification).

A trustee or any of its officers or employees who carries on a profession or business may charge for services rendered on a basis agreed with the Principal Employer, as also may a company or firm in which a trustee is interested.

#### **13.4 Limit of liability and conflicts**

The Trustee shall be entitled to all the indemnities conferred on a trustee by law. The Trustee (except a remunerated trustee) will not be liable for any negligence, default, breach of duty or breach of trust other than wilful wrongdoing.

No decision or exercise of a power, duty or discretion will be invalidated on the ground that a trustee had a direct or other personal interest.

#### **13.5 Indemnity and protection from loss**

The Employers will jointly and severally indemnify each trustee and former trustee against any expenses and liabilities which are incurred through acting as a trustee of the Scheme but which cannot, for any reason, be met from the Scheme's assets. However, this does not apply to expenses and liabilities which are incurred through wilful wrongdoing or covered by insurance under General Rule 13.6 (trustee insurance).

#### **13.6 Trustee insurance**

The Trustee may insure the Plan against any loss caused by it. The Trustee may also insure itself against liability for negligence, default, breach of duty or breach of trust not involving wilful wrongdoing. The premiums may be paid from the Plan's assets except:

13.6.1 in the case of a remunerated trustee; or

13.6.2 if the insurance covers fines or penalties of a kind mentioned in Section 256 of the Pensions Act 2004 (no indemnification).

If the Trustee is insured and receives payment under that insurance, it will waive the protection of General Rule 13.4 (limit of liability and conflicts).

#### **13.7 Corporate trustee**

Where there is a corporate trustee,

13.7.1 the officers and employees of the corporate trustee will not be liable for any negligence, default, breach of duty or breach of trust except (i) knowing and deliberate wrongdoing and (ii) any liability in relation to the corporate trustee itself that, under company law, cannot be excluded;

13.7.2 the Employers will jointly and severally indemnify the officers and employees of the corporate trustee under General Rule 13.5 (indemnity and protection from loss), to the same extent as if they were individual trustees;

13.7.3 the Employers will also jointly and severally indemnify those officers and employees against any expenses and liabilities incurred in relation to the corporate trustee itself and in connection with its activities as a trustee of the Plan, except for:

- (i) expenses or liabilities which are incurred through knowing and deliberate wrongdoing or covered by insurance under General Rule 13.6 (trustee insurance); and



- (ii) liabilities of the kind mentioned in Section 235(3) of the Companies Act 2006, which cannot be covered by a qualifying pension scheme indemnity;  
and

**13.7.4** the Trustee may insure the Plan against any loss caused by those officers and employees and pay the premiums from the Plan's assets.

This Rule does not apply, however, where the corporate trustee is a remunerated trustee.

## **14 Accounts and actuarial valuations**

The Trustee will prepare accounts of the Plan and have them audited.

The Trustee will obtain actuarial valuations of the Plan at intervals of not more than 3 years, and (if so required by the Pensions Act 2004) an actuarial report for any year in which they do not obtain a valuation. The valuations and reports must comply with any applicable requirements of Section 224 of the Pensions Act 2004 (actuarial valuations and reports).

## **15 New Principal Employer**

A corporation, company or firm which on any amalgamation, reconstruction or otherwise of the Principal Employer agrees with the Trustee to become the new principal employer will do so.

## **16 Associated Employers**

### **16.1 Inclusion in the Plan**

Any employer may agree with the Principal Employer and the Trustee to participate in the Plan. Each employer wishing to participate in the Plan must enter into a deed with the Principal Employer and the Trustee agreeing to comply with the Rules.

### **16.2 Suspension of contributions**

An Employer may by giving written notice to the Trustee suspend its contributions and may by giving notice to the Trustee resume contributions on a date determined by the Trustee. Each notice must specify the persons to whom it relates.

On suspension of contributions the Trustee must, having regard to actuarial advice and the Contracting-out Laws, decide the amount of any death benefit which may become payable during or after suspension and the amount, if any, by which any other benefit in respect of those persons will be adjusted.

If the contributions of an Employer are suspended for more than 2 years, the Trustee may treat the suspension as:

**16.2.1** in the case of an Employer other than the Principal Employer, a cessation of participation, under General Rule 16.3 (ceasing to participate); or

**16.2.2** in the case of the Principal Employer, termination of the Plan under General Rule 17 (termination of the Plan).

### **16.3 Ceasing to participate**

An Employer may cease to participate in the Plan at any time by written notice to the Trustee, and will cease to participate if required to do so by the Principal Employer.

When an Employer ceases to participate in the Plan, any Members who are then in employment with that Employer will become entitled to benefits as if they had then left Service except that all such Members will be entitled to a preserved pension regardless of the length of their Qualifying Service.

#### **16.4 Apportionment of Employer debt**

Any debt payable by an Employer or former employer to the Plan under Section 75 or 75A of the Pensions Act 1995 will be calculated on the following basis except where the Trustee and the Principal Employer agree otherwise:

- 16.4.1** any liabilities transferred into the Plan will be treated as liabilities attributable to employment with the Employer by which the Member was first employed on joining the Plan or, if the Member was first included in the Plan as a pensioner or deferred pensioner, as liabilities attributable to employment with the Principal Employer;
- 16.4.2** where the Member has been employed by more than one Employer, all liabilities in respect of that Member will be treated as liabilities of the Employer by whom the Member was last employed; and
- 16.4.3** any other liabilities which would not otherwise have been treated as liabilities attributable to employment with an Employer are treated as attributable to employment with the Principal Employer.

## **17 Termination of the Plan**

### **17.1 Time of termination**

If all other Employers have ceased to participate or given notice of cessation under General Rule 16.3 (ceasing to participate) the Principal Employer may terminate the Plan by written notice to the Trustee. The Trustee will terminate the Plan if the Principal Employer for the time being is dissolved (unless another person becomes the Principal Employer under General Rule 15 (new Principal Employer)).

### **17.2 Benefits for Members in Service at termination**

Any Members who are in Service when the Plan terminates will be treated as if they left Service with a preserved pension on the day the Plan terminates, regardless of the length of their Qualifying Service.

### **17.3 Reopening the Plan**

At any time before the Trustee decides to wind up the Plan, the Trustee and the Principal Employer (or any new principal employer) may agree to reopen the Plan, so that Employees can again start qualifying for benefits.

## **18 Winding up the Plan**

### **18.1 Time of winding up**

When the Plan terminates, the Trustee will continue to provide benefits in accordance with the Rules (but the amount of the benefits may be appropriately reduced by the Trustee) unless the Trustee decides to wind up the Plan as described in the remainder of this General Rule 18.

### **18.2 Use of assets**

When the Trustee winds up the Plan, it will pay all sums due before the winding up started, including lump sums in respect of Members who have died within 2 years before the winding up started. It will then set aside sufficient assets to pay the expenses of the winding up to the extent the Trustee is unable to recover them from the Employers. It will then use the rest of the Plan assets as described below.

### **18.3 Securing benefits with insurance policies and annuity contracts**

The Trustee will buy an insurance policy or annuity contract from an insurance company in the name of each person entitled to benefits under the Plan, except those for whom it provides benefits under General Rules 18.4 (winding-up lump sums) or 11.2 (transfers out). If the Trustee has bought suitable policies or contracts before the winding-up starts, it may transfer them into the names of people entitled to benefits.

The policies and contracts will comply with the Contracting-out, Preservation and Revaluation Laws and must be consistent with the Plan's tax status as a registered pension scheme under Part 4 of the Finance Act 2004. They will provide benefits that are, as nearly as practicable, the same as the benefits that would otherwise have been provided under the Plan for, and in respect of, the people for whom they are bought. However, a policy or contract may provide different benefits (including money purchase benefits), if the Trustee decides that this would be in the best interests of the people entitled to benefits.

If any assets remain, the Trustee shall increase all or any of the benefits or provide additional benefits.

If the assets are insufficient to provide all benefits in full, the assets will be used first in accordance with Section 73 of the Pensions Act 1995 (preferential liabilities on winding up).

However, Section 73 does not apply to assets that represent the value of any rights in respect of money purchase benefits under the Plan. Any assets representing the value of money purchase benefits (including AVCs) will be used to provide those benefits.

Any assets then remaining will be used to satisfy the remaining liabilities of the Plan in the following order of priority (1) benefits other than prospective death benefits in respect of pensioners and of Members who reached Normal Retiring Date before the winding-up started, (2) equivalent pension benefits for periods of non-participating employment under the National Insurance Act 1965, (3) GMPs not yet payable and state scheme premiums, (4) benefits in respect of Members whose pensions had not become payable before the winding-up started and of Members in Service who before the winding-up started had not reached Normal Retiring Date, and (5) prospective death benefits of Members in respect of whom (1) applies and benefits provided under General Rule 10.3 (discretionary benefits). If the assets are sufficient to provide part but not all of the benefits under any of the priority categories numbered (1), (2), (3), (4) or (5), the benefits in that priority category will be provided pro rata provided that:

**18.3.1** the Trustee may determine that the benefits under (3) may be provided in full so far as assets permit in respect of such persons as the Trustee determines;

**18.3.2** benefits under (4) may be provided in such order and to such extent as the Trustee determines having regard to actuarial advice to the intent that equality is so far as possible achieved after taking into account equivalent pension benefits under (2) and GMPs under (3).

For the purpose of calculating any debts payable to the Plan under Section 75 or 75A of the Pensions Act 1995, General Rule 16.4 (apportionment of Employer debt) will apply.

#### **18.4 Winding-up lump sums**

When winding up the Plan, the Trustee may pay an immediate lump sum instead of providing other benefits, if payment of a “winding-up lump sum” is permitted under Part 4 of the Finance Act 2004. The Trustee will pay the lump sum to the person in whose name they would otherwise have bought an insurance policy or annuity contract.

#### **18.5 Trustee’s right to make transfer payments**

When winding up the Plan, the Trustee may make transfer payments in accordance with General Rule 11.2 (transfers out) in respect of all or any of the people entitled to benefits under the Plan, instead of buying insurance policies or annuity contracts. A transfer of benefits in respect of contracted-out employment must be approved by HM Revenue and Customs in accordance with Section 50 of the Pension Schemes Act 1993 (powers of Board to approve arrangements for schemes ceasing to be certified).

## **19 Alterations to the Plan**

### **19.1 Members who joined the Plan before 6 April 2003**

The Principal Employer and the Trustee may together, by deed, alter or modify the Rules as they apply to a Member who joined the Plan before 6 April 2003 (and may do so retrospectively).

Nothing in these Rules shall authorise nor shall the Rules be altered or modified so as to authorise the transfer or payment of any part of the assets of the Plan in any circumstances to an Employer.

No alteration or modification shall operate to effect a change in the main purpose of the Plan from that of providing pensions and benefits as set out in the recital to the interim trust deed.

No alteration or modification shall be made which in the opinion of a Fellow of the Institute of Actuaries or Faculty of Actuaries appointed to advise the Trustee shall operate:

- 19.1.1** substantially to prejudice the pension payable to any Member or other person who is at the effective date of such alteration or modification entitled to a pension under the Plan or the pension contingently payable to any person on the death in the lifetime of such person of a Member who at the effective date of such alteration or modification is entitled to a pension under the Plan;
- 19.1.2** substantially to prejudice the interests under the Plan of any Member not being at the effective date of such alteration or modification entitled to a pension under the Plan in respect of contributions received by the Trustee except with the consent of the majority of the Members certified by the actuary to be affected by such alteration or modification;
- 19.1.3** to reduce the aggregate value of the retirement benefits payable under the Plan to any Member not being at the effective date of such alteration or modification entitled to a pension under the Plan in respect of contributions already received by the Trustee except with the consent of any Member affected by such alteration or modification;
- 19.1.4** substantially to prejudice such of the benefits under the Plan in respect of a Member who immediately before 1 December 1961 was a member of The Newcastle Breweries Limited Pension Fund and who joined the Plan on 1 December 1961 as are determinable by reference to that fund.

The Trustee will write and tell beneficiaries about any changes affecting their benefits.

### **19.2 Members who joined the Plan on or after 6 April 2003**

The Principal Employer may at any time, by deed, alter or modify the Rules as they apply to a Member who joined the Plan on or after 6 April 2003 (and (subject to Section 67 of the Pensions Act 1995) may do so retrospectively).

The Principal Employer will tell the Trustee about any changes. However, no change will invalidate any action of the Trustee taken before any change is notified to the Trustee.



## 20 Governing law

Scottish law governs the Plan and its administration.

The common seal of  
**SCOTTISH & NEWCASTLE PLC**  
was put on this Deed on  
in Edinburgh in the presence of:

}

Director

Secretary

The common seal of  
**SCOTTISH & NEWCASTLE PENSION  
PLAN TRUSTEES LIMITED**  
was put on this Deed on  
in Edinburgh in the presence of:

}

Director

Secretary

## **Appendix 1**

### **PensionBuilder**

The Special Rules set out in this Appendix 1 are the Rules of PensionBuilder.

#### **1 Meaning of words used**

**"100 Member"** means a Member who:

- (a) opts to become a 100 Member when he or she joins the Plan; or
- (b) has changed his or her category of membership as described in Special Rule 2.2 (changing category) to become a 100 Member; or
- (c) is a Non-consenting Transferring Member and so becomes a 100 Member on 6 April 2006.

**"125 Member"** means a Member who opts to become a 125 Member when he or she joins the Plan or has changed his or her category of membership as described in Special Rule 2.2 (changing category) to become a 125 Member.

**"150 Member"** means a Member who opts to become a 150 Member when he or she joins the Plan or has changed his or her category of membership as described in Special Rule 2.2 (changing category) to become a 150 Member.

**"175 Member"** means a Member who is a Consenting Transferring Member and who opts to become a 175 Member with effect from 6 April 2006 (such an option to be made before a date determined by the Principal Employer).

**"Basic Pension"** is defined in Special Rule 4.1 (Normal Retiring Date).

**"Beneficiaries"** is defined in General Rule 5.1 (payment of lump sum death benefits).

**"Bonus Pension"** is defined in Special Rule 4.1 (Normal Retiring Date).

**"Disability"** means such partial or total incapacity arising out of accident or mental or physical disability or impairment as the Principal Employer may determine and which the Principal Employer reasonably expects to be permanent.

**"Normal Retiring Date"** means a Member's 65th birthday.

**"Partial Incapacity"** means Disability which in the opinion of a medical practitioner appointed by the Principal Employer is such as to prevent the Member from carrying out his or her normal occupation.

**"Pensionable Pay"** means the Member's gross earnings from the Employers, excluding any benefits in kind and excluding any amounts designated by the Employers as non-pensionable.

However, Pensionable Pay cannot exceed the Earnings Cap at the date of the Member's death.

**"Pensionable Service"** means the Member's Service after joining the Plan.

**“Scheme Earnings”** means the Member’s gross earnings from the Employers during Pensionable Service, excluding any benefits in kind and excluding any amounts designated by the Employers as not pensionable.

**“Service”** means employment with an Employer.

**“Special Bonus Percentage”** is defined in Special Rule 4.1 (Normal Retiring Date)

**“State Pensionable Age”** has the meaning given by the rules in paragraph 1 of Part I of Schedule 4 of the Pensions Act 1995 (which is age 65 for men and women born after 6 April 1955; age 60 for women born before 6 April 1950, and an age between 60 and 65 for women born between 6 April 1950 and 6 April 1955).

**“Total Incapacity”** means Disability which, in the opinion of a medical practitioner appointed by the Principal Employer is sufficiently serious to prevent a Member from following his normal occupation or any other.

## **2 Choosing a category of membership**

### **2.1 Initial choice of category**

When an Employee joins the Plan, he or she will be included as a 100 Member unless he or she has notified the Employer in writing before becoming eligible to join the Plan that he or she wishes to join as a 125 Member or a 150 Member. A Member who is not a Consenting Transferring Member cannot become a 175 Member on joining the Plan.

### **2.2 Changing category**

A Member can only change the category of membership which he or she chose on joining the Plan on any 6 April after the Member first joined the Plan. However:

- 2.2.1** a Member who does not become a 175 Member on 6 April 2006 cannot later choose to become a 175 Member;
- 2.2.2** a Member who is not a Consenting Transferring Member cannot be a 175 Member; and
- 2.2.3** a Member who does become a 175 Member on 6 April 2006 but subsequently ceases to be a 175 Member cannot later become a 175 Member again.

### 3 Contributions by Members

#### 3.1 Basic contributions by Members

Members who are 100 Members are not required to contribute to the Plan.

Other Members must contribute at the rates set out in this table below or such other rate as the Employer notifies to the Member and the Trustee.

Category of Member	Rate as % of Pensionable Pay from time to time
125 Member who is a Consenting Transferring Member	0% from 6 April 2006 to 5 April 2009 2% from 6 April 2009 onwards
125 Member who is not a Consenting Transferring Member	2%
150 Member who is a Consenting Transferring Member	2% from 6 April 2006 to 5 April 2009 4% from 6 April 2009 onwards
150 Member which is not a Consenting Transferring Member	4%
175 Member	4% from 6 April 2006 to 5 April 2009 6% from 6 April 2009 onwards

Any rate must remain in force for at least 12 months.

In any tax year, the Member's contributions under this Special Rule must not exceed the specified percentage of the Earnings Cap for that tax year.

The Employer will deduct these contributions from the Member's earnings and pay them to the Trustee.

#### 3.2 Additional voluntary contributions by Members

The Trustee may (but need not) allow a Member in Service to pay additional voluntary contributions ("AVCs") to the Plan. If the Trustee allows a Member to pay AVCs, it may impose any conditions that the Trustee thinks reasonable (including as to the amount payable, the time at which payments can be paid, and the method of payment).

Each Member's AVCs will be invested separately from all the other assets of the Plan. Except where the Principal Employer determines otherwise, expenses incurred will be taken into account. The proceeds will be used to provide money purchase benefits for, or in respect of, the Member. These benefits will be additional to the other benefits described in these Rules, and in a form agreed between the Member and the Trustee. However, unless the Trustee and the Principal Employer agree otherwise, any pension must be secured with an annuity contract (and the Member must be given the opportunity to select the insurance company). The proceeds can be paid as a lump sum benefit, unless the Trustee and the Principal Employer agree otherwise.

Benefits attributable to a Member's AVCs will not affect the amount of any other benefit payable under the Plan, and will be payable in full, even if the total amount payable exceeds the limits that previously applied to the Plan as a condition of approval under Chapter I of Part XIV of the Income and Corporation Taxes Act 1988.

## 4 Pensions for Members

### 4.1 Normal Retiring Date

A Member who leaves Service at Normal Retiring Date will receive a pension for life equal to the total of the Basic Pensions, Bonus Pensions and Special Bonus Percentages (if any) credited to the Member since joining the Plan.

Basic Pensions and Bonus Pensions will be credited to the Member as follows:

- 4.1.1 For each tax year after joining the Plan, the “**Basic Pension**” will be equal to the percentage specified below of Scheme Earnings received in that tax year (but for this purpose Scheme Earnings in any tax year cannot exceed the Earnings Cap in that tax year).

Category of Member	Tax year	Percentage
100 Member who is not a Consenting Transferring Member	Any	1.00%
100 Member who is a Consenting Transferring Member	2006/7. 2007/8 and 2008/2009	1.25%
125 Member	Any	1.25%
150 Member	Any	1.50%
175 Member	Any	1.75%

- 4.1.2 On each 6 April after joining the Plan, the Member will be credited with a “**Bonus Pension**” equal to the total amount of the Basic Pensions and Bonus Pensions credited to the Member for tax years ending more than 12 months before that 6 April multiplied by the lower of:

- (i) the percentage increase in the retail prices index during a 12 month reference period agreed between the Principal Employer and the Trustee; and
- (ii) 5%.

- 4.1.3 The Principal Employer may (but need not) credit additional amounts to the Member (referred to as “**Special Bonus Percentages**”) with the consent of the Trustee (given after considering actuarial advice).

### 4.2 Late retirement

A Member who stays in Service after Normal Retiring Date will receive a pension on leaving. The pension will be calculated as described in Special Rule 4.1 (Normal Retiring Date) based on all the Member’s Pensionable Service up to the date of leaving.

A Member who is still in Service when he or she reaches age 75 will be treated for all the purposes of the Plan as having left Service on reaching that age.

**Note:** If a Member opts out of the Plan on or after Normal Retiring Date and before leaving Service, General Rule 7 (opting out) will apply. The Member's pension will be increased for the period between opting out and the date it starts on a basis determined by the Trustee from time to time after considering actuarial advice.



#### **4.3 Early retirement (not Total Incapacity)**

A Member who leaves Service (not for Total Incapacity) before Normal Retiring Date but either after reaching age 50 (age 55 if the Member leaves Service on or after 6 April 2010) or on account of Partial Incapacity may, with the consent of the Principal Employer, choose an immediate pension. The pension will be calculated as described in Special Rule 4.1 (Normal Retiring Date).

Where the Member leaves Service other than for Partial Incapacity, the pension will be reduced for early payment on a basis determined by the Trustee on account of payment from a date earlier than Normal Retiring Date unless the Principal Employer directs otherwise.

The Trustee must be reasonably satisfied that the benefits (including death benefits) for a Member who retires early under this Rule are at least equal in value to the benefits to which the Member would otherwise have become entitled on leaving Service (see Special Rule 8.1 (preserved pension)).

However, where the Member leaves Service before age 50 (age 55 if the Member leaves Service on or after 6 April 2010), no pension will be paid unless the Trustee obtains evidence from a registered medical practitioner that the Member is (and will continue to be) incapable of carrying on his or her occupation because of physical or mental impairment.

If the Member is leaving because of Total Incapacity, this Rule does not apply. Special Rule 4.4 (early retirement through Total Incapacity) applies instead.

#### **4.4 Early retirement through Total Incapacity**

##### **Eligibility**

A Member who leaves Service before Normal Retiring Date because of Total Incapacity may, with the consent of the Principal Employer, choose an immediate pension.

However, where the Member leaves Service before age 50 (age 55 if the Member leaves Service on or after 6 April 2010), no pension will be paid unless the Trustee obtains evidence from a registered medical practitioner that the Member is (and will continue to be) incapable of carrying on his or her occupation because of physical or mental impairment.

##### **Calculation of pension**

Until Normal Retiring Date, the pension will be equal to 50% of the Member's Pensionable Pay received in the 12 months before the Member left Service. However, in the case of a Member who is also entitled to benefits under Special Rule 10.1 (early pension) of Appendix 2, the pension under this Special Rule 4.4 will be reduced by the pension payable under Special Rule 10.1 of Appendix 2.

From Normal Retiring Date, the pension will be calculated as described in Special Rule 4.1 (Normal Retiring Date), as if the Member had remained in Service until Normal Retiring Date, and had received Scheme Earnings in each tax year from the date when the Member leaves Service until the Member reaches Normal Retiring Date which are the same as in the tax year ending immediately before the Member started to receive a pension under this Rule and on the basis that the Member had become a 150 Member on the 6 April after he or she left Service.

If necessary, the Trustee will adjust benefits payable under this Special Rule so that the benefit will at all times be an “authorised member payment” for the purposes of the Finance Act 2004.

#### **Value of benefits**

The Trustee must be reasonably satisfied that the benefits (including death benefits) for a Member who retires early under this Rule are at least equal in value to the benefits to which the Member would otherwise have become entitled on leaving Service (see Special Rule 8.1 (preserved pension)).

#### **Review of pension**

Until Normal Retiring Date the Trustee may from time to time require evidence of continued Total Incapacity and, if not satisfied, may suspend the pension for any period or periods before Normal Retiring Date or reduce it to not less than would have been paid if Special Rule 4.3 (early retirement (not Total Incapacity)) had applied (but reduced on the advice of an actuary if the Member has given up pension for a lump sum, and disregarding the usual age limit of 50 or 55). Any pensions payable on the Member’s death will be adjusted appropriately on the advice of an actuary.

### **4.5 Drawing benefits while remaining in Service**

A Member who stays in Service beyond Normal Retiring Date may at any time, with the consent of the Principal Employer, choose to start receiving a pension even though he or she is still in Service. On starting to receive a pension, the Member will be treated for all purposes of the Plan as if he or she had left Service on the date immediately before the pension starts except to the extent (if any) that the Principal Employer decides.

## **5 Choices at retirement**

### **5.1 Lump sum**

A Member may give up pension for a lump sum payable when the pension is due to start. The Trustee will convert pension to lump sum on a basis certified as reasonable by an actuary.

The Member can choose a lump sum of any amount up to the maximum permitted as a “pension commencement lump sum” under Part 4 of the Finance Act 2004 inclusive of any lump sum from the Member’s AVCs under Special Rule 3.2 (additional voluntary contributions by Members) subject to any restrictions which the Principal Employer and the Trustee may agree.

### **5.2 Early retirement level pension option**

If the Trustee allows, a Member whose pension from the Plan starts before State Pensionable Age may choose to have the pension increased before that age and reduced after it, so that the pension from the Plan before that age is more nearly level with the Member’s total pension from the Plan and the State after it.

The amount of the Member’s pension and of any pension payable on the Member’s death will be calculated on a basis decided by the Trustee after considering actuarial advice.

### **5.3 Dependant’s pension**

If the Trustee allows, a Member may give up part of his or her own pension:

**5.3.1** in the case of a Member to whom Special Rule 4.4 (early retirement through Total Incapacity) does not apply, before it starts; or

**5.3.2** in the case of a Member to whom Special Rule 4.4 does apply, before reaching Normal Retiring Date,

to provide a pension on his or her death for his or her spouse or civil partner, or if there is no spouse or civil partner, or if the spouse or civil partner is not living with nor dependent on the Member at the date of retirement, one or more of his or her other Dependants. However, the total of all Dependants’ pensions under the Scheme cannot exceed the maximum permitted “dependants’ scheme pension” under Part 4 of the Finance Act 2004.<sup>1</sup>

In the case of a Member to whom Special Rule 4.4 applies, any choice under this Special Rule will not take effect until Normal Retiring Date.

The Trustee will convert Member’s pension to spouse’s or Dependant’s pension on a basis agreed between the Principal Employer and the Trustee.

This choice will take effect only if both the Member and the nominated Dependant survive until the Member’s pension is due to start. If the Dependant subsequently dies before the Member, the reduction in the Member’s pension will continue to take effect.

## **6 Benefits payable on Member's death**

### **6.1 Benefits payable on the Member's death**

A death benefit will be paid if a Member dies:

- 6.1.1 in Service before pension starts;
- 6.1.2 in the 5 years after pension starts;
- 6.1.3 with a preserved pension that has not started; or
- 6.1.4 while receiving an Incapacity pension.

The benefit will be calculated as described in Special Rule 6.2 (Member dies in Service), Special Rule 6.3 (Member dies after pension starts), Special Rule 6.4 (Member dies with a preserved pension that has not started) or Special Rule 6.5 (Member entitled to Incapacity pension) (as appropriate).

However, no lump sum death benefit will be paid if there are no surviving Beneficiaries when the Member dies or if the Member dies after reaching age 75.

### **6.2 Member dies in Service**

If the Member dies in Service, the benefit will be equal to 5 times the Member's highest Pensionable Pay in any tax year in the 13 tax years (or in any tax year during the Member's Service if the Member has been in Service for at least 1 but less than 13 tax years) before the Member dies. If the Member has been in Service for less than 1 tax year, however, the benefit will be equal to 5 times the Member's annualised Pensionable Pay for the tax year in which the Member died.

For this purpose, Pensionable Pay will not exceed the Earnings Cap at the date of the Member's death.

The Trustee will use the benefit to provide a lump sum and/or pension as it decides. Any lump sum will be payable as described in General Rule 5.1 (payment of lump sum death benefits).

Any pension will be payable to the Member's spouse or civil partner or, if the Member does not leave a spouse or civil partner, or if the spouse or civil partner was not living with or dependent on the Member immediately before the Member's death, to such one or more of the Member's other Dependants as the Trustee decides. The pension will be paid as described in Special Rule 7 (payment of survivors' pensions).

**Note:** "Service" includes Service during which the Member was accruing benefits under the Final Salary Section.

### **6.3 Member dies after pension starts**

#### **Lump sum benefit**

If the Member dies within 5 years after starting to receive a pension, the lump sum benefit will be equal to the pension payments which would have been made during the remainder of the 5-year period if the Member had not died (including increases up to the date of death but disregarding any future increases). The benefit will be paid as described in General Rule 5.1 (payment of lump sum death benefits).

#### **Pension**

If the Member chose to give up pension for Dependant's pension on retirement under Special Rule 5.3 (Dependant's pension), the Trustee will provide a Dependant's pension on the basis agreed with the Member when he or she started to receive a pension. The pension will be paid as described in Special Rule 7 (payment of survivors' pensions). If the Member did not opt to give up pension for his or her spouse or civil partner or other Dependant when he or she started to receive a pension, no pension will be payable on the Member's death.

### **6.4 Member dies with a preserved pension that has not started**

If the Member dies after leaving Service but before starting to receive a pension, the lump sum benefit will be 5 times the Member's preserved pension at the date of death (including increases to the date of death). The benefit will be paid as described in General Rule 5.1 (payment of lump sum death benefits).

### **6.5 Member entitled to Incapacity pension**

If a Member who is receiving an early retirement pension because of Total or Partial Incapacity dies before Normal Retiring Date the benefit will be equal to 5 times the Member's highest Pensionable Pay in any tax year in the 13 tax years before the Member left Service.

Any benefit that becomes payable under this Special Rule 6.5 will be reduced by the amount of any lump sum benefit payable under Special Rule 6.3 (Member dies after pension starts).

In the case of a Member to whom Special Rule 4.3 (early retirement (not Total Incapacity)) applies, the total value of the benefits payable under Special Rule 6.3 is more than the benefit described in this Special Rule 6.5, no benefit will be payable under this Special Rule 6.5.

**Note:** Members to whom Special Rule 4.4 (early retirement through Total Incapacity) applies cannot give up pension for Dependant's pension until they reach Normal Retiring Date. Therefore this Special Rule 6.5 will always apply.

## **7 Payment of survivors' pensions**

A pension payable to the Member's spouse, civil partner or other adult Dependant will be payable for life.

A pension payable to a child will be payable for so long as the child remains a Pensionable Child.

**Note:** In these Rules, "**spouse**" has its normal meaning of legally recognised husband or wife; and "**civil partner**" means that same as in the Civil Partnership Act 2004.

## **8 Early leavers**

### **8.1 Preserved pension**

A Member who leaves Service before Normal Retiring Date with at least 2 years' Qualifying Service will receive a pension for life from Normal Retiring Date of an amount calculated as described in Special Rule 4.1 (Normal Retiring Date). However, no Bonus Pension will be credited to the Member after leaving Service.

The pension will be increased by the percentage required by the Revaluation Laws (which is approximately equal to the percentage rise in the cost of living between the date the Member leaves Service and Normal Retiring Date, with a maximum of 5 per cent per year compound).

A Member who leaves Service with less than 2 years' Qualifying Service will also receive a pension under this Rule if a transfer payment in respect of his or her rights under a personal pension scheme has been made to the Plan.

### **8.2 Refund of contributions**

A Member who leaves Service before Normal Retiring Date without becoming entitled to either an immediate pension or a preserved pension, will receive a refund of his or her own contributions to the Plan or, in the case of a Member who participates in a salary sacrifice arrangement designated by the Principal Employer to the Trustee for this purpose, his or her contributions made before 6 April 2008 (if any), less tax at such rate as applies from time to time.

If the Member so chooses, or has made no contributions, the Trustee will provide a cash transfer sum in accordance with Chapter 5 of Part IV of the Pension Schemes Act 1993 (early leavers: cash transfer sums and contribution refunds), instead of a refund of the Member's own contributions. If the Principal Employer agrees, the Member may choose a cash transfer even if he or she does not have a right to do so under these provisions.

## **9 Right to transfer or “buy-out”**

A Member who leaves Service with a preserved pension at least a year before Normal Retiring Date can require the Trustee to use the cash equivalent of his or her benefits (including death benefits) to buy one or more annuities, or to acquire rights under another occupational pension scheme or a personal pension scheme, in accordance with the Transfer Value Laws.

## **10 Other choices for early leavers**

### **10.1 Early pension**

If the Trustee agrees, a Member who leaves Service with a preserved pension may choose a pension starting earlier than Normal Retiring Date (but not earlier than age 50 (age 55 if the Member leaves Service on or after 6 April 2010), unless the Member is suffering from Total Incapacity). However, except where the Member is suffering from Total Incapacity, the pension will be reduced for early payment on a basis decided by the Trustee after considering actuarial advice.

However, where the Member leaves Service before age 50 (age 55 if the Member leaves Service on or after 6 April 2010), no pension will be paid unless the Trustee obtains evidence from a registered medical practitioner that the Member is (and will continue to be) incapable of carrying on his or her occupation because of physical or mental impairment.

The Trustee must be reasonably satisfied that the benefits (including death benefits) for a Member who retires early are at least equal in value to the benefits that would otherwise have been provided for the Member under the Plan.

### **10.2 Late pension**

If the Trustee agrees, a Member who leaves Service with a preserved pension may choose a pension starting later than Normal Retiring Date (but not later than the date the Member leaves all employment and not in any event later than age 75). However, it will be increased on a basis decided by the Trustee after considering actuarial advice.

The Trustee must be reasonably satisfied that the benefits (including death benefits) for a Member who chooses a late pension are at least equal in value to the benefits that would otherwise have been provided for the Member under the Plan.

### **10.3 Choices at retirement**

A Member entitled to a preserved pension may choose to give up pension for a lump sum, to choose an early retirement level pension option or to give up pension for Dependant's pension as described in Special Rule 5 (choices at retirement).



## **11 Early leavers rejoining**

### **11.1 Periods of Service treated separately**

If a Member leaves Service and later returns, the Member will not be treated as in Service for the purposes of the Plan unless he or she rejoins the Plan. If the Member rejoins the Plan, each period of Service will be treated separately, unless the Principal Employer and the Trustee agree otherwise.

If the break in Service is for family leave, however, Special Rule 13 (family leave) will apply.

### **11.2 Qualifying Service**

If a Member leaves Service, returns and rejoins the Plan and then leaves again before Normal Retiring Date, and the break did not exceed 1 month or was due to a trade dispute, the Member's Service before and after the break will be treated as continuous (but excluding the break) for the purpose of calculating whether the Member has at least 2 years' Qualifying Service.

If a Member leaves Service with a preserved pension, returns and rejoins the Plan and then leaves again before Normal Retiring Date, and is still entitled to benefits under the Plan in respect of the period before the break, the Member will be entitled to a preserved pension in respect of the period after the break whether or not the Member has 2 years' Qualifying Service.

## **12 Members away from work**

### **12.1 General principle**

A Member who is away from work will be treated as still in Pensionable Service for so long as he or she receives contractual pay or statutory sick pay.

Special Rule 12.5 (benefits and contributions for Members away from work) will apply when calculating the Member's benefits and contributions. Special Rule 13 (family leave) applies during a period of family leave.

### **12.2 Temporary absence through injury or ill-health**

The Principal Employer and the Trustee may agree to treat any Member who is away from work due to injury or ill-health as still in Pensionable Service, so long as there is a definite expectation that the Member will return to work.

Special Rule 12.5 (benefits and contributions for Members away from work) will apply when calculating the Member's benefits and contributions.

### **12.3 Secondment**

The Principal Employer and the Trustee may agree to treat any Member who is on secondment as still in Pensionable Service for such period as they may agree, so long as there is a definite expectation that the Member will return to Service and the Member does not join another registered pension scheme.

Special Rule 12.5 (benefits and contributions for Members away from work) will apply when calculating the Member's benefits and contributions.

### **12.4 Other reasons for absence**

The Principal Employer and the Trustee may agree to treat a Member who is away from work for a reason other than injury or ill-health or secondment or family leave (see Special Rule 13 (family leave)) as still in Pensionable Service, for so long as they agree.

Special Rule 12.5 (benefits and contributions for Members away from work) will apply when calculating the Member's benefits and contributions.

### **12.5 Benefits and contributions for Members away from work**

If the Member is treated as still in Pensionable Service, the Principal Employer and the Trustee may agree any special provisions to apply to the Member's contributions and benefits in respect of the period of absence.

If the Member is not treated as still in Pensionable Service, the Member will be treated as if he or she had left Service.

## 13 Family leave

In this Special Rule 13, the terms in bold mean the same as in the Employment Rights Act 1996.

### **Statutory family leave**

A Member will be treated as still in Service during any period of “**ordinary maternity leave**”, “**ordinary adoption leave**” or “**paternity leave**”.

Members who receive pay from their Employer for these periods and who are required to contribute to the Plan must pay contributions on the pay received. Members who receive no pay do not have to pay contributions. A Member's benefits for these periods will, in any event, be calculated as if the Member had worked normally and received the normal pay for doing so.

### **Additional paid family leave**

Members will also be treated as still in Service during any other period for which they receive pay from their Employer and which, for the purposes of Schedule 5 to the Social Security Act 1989 (equal treatment for men and women), is a period of maternity leave, adoption leave, paternity leave, or absence from work for other family reasons.

In each case, Members who are required to pay contributions to the Plan must pay contributions on the pay received.

In the case of paid maternity, paternity, and adoption leave, the Member's benefits will be calculated as if he or she had worked normally and received the normal pay for doing so.

In the case of any other period of paid family leave, the Member's benefits will be based on the pay received, unless the Principal Employer and the Trustee agree other terms that are no less favourable to the Member.

### **Additional unpaid family leave**

The Principal Employer and the Trustee may agree to treat a Member as still in Service, for some or all purposes of the Plan, during any period of unpaid additional maternity leave, additional adoption leave or parental leave. If this is agreed, the Principal Employer and the Trustee will also agree terms to apply to the Member's contributions (if any) and benefits for the period.

If a Member is not treated as still in Service during any period of unpaid leave, the Member will be treated as having left Service. However, if the Member returns to work at the end of the period, the Member's Pensionable Service before being treated as having left Service and after returning to work will be treated as continuous (but excluding the break).

## **14 Pension increases**

### **14.1 Dates of increases**

Pensions in payment will increase in each year on a date decided by the Trustee. The intervals between increases will not exceed 12 months.

### **14.2 Rates of increases**

Each pension in payment will increase in each year by the lower of:

**14.2.1** the percentage increase in the retail prices index during a reference period agreed between the Principal Employer and the Trustee; and

**14.2.2** 5 per cent.

A pension that has been in payment for less than a year may be increased by less than the full increase (but will always be increased by at least one-twelfth of the full increase for each complete month since the pension started).

If an interval between increases is less than 12 months, the increase will be an appropriate proportion of the full increase described above.

### **14.3 Pensions to which this Rule does not apply**

Increases under this Rule may not apply to any pension or part of a pension which is derived from additional voluntary contributions or provided under General Rule 10.3 (discretionary benefits) or General Rule 11.1 (transfers-in). Those pensions will increase in accordance with the terms on which they were granted.

### **14.4 Discretionary increases**

Pension may be increased by such further amounts as the Principal Employer decides with the consent of the Trustee (given after considering actuarial advice).

## **15 Contracting out**

The Service of Members who join the Plan on or after 6 April 2003 is not contracted out.

## **16 Special provisions for certain Members**

### **16.1 Members who left Service or reached Normal Retiring Date before 1 April 2008**

The benefits for Members who left Service or reached Normal Retiring Date before 1 April 2008 (and the benefits payable on their deaths) will be as described in the provisions of the Plan in force previously from time to time. The benefits will, however, be paid as described in these Rules, and the General Rules will apply in place of any corresponding previous provisions of the Plan. In particular, General Rule 8.4 (tax status of the Plan) will apply so that, if the Trustee would otherwise be required to make a payment that would be “unauthorised” by virtue of Section 160 of the Finance Act 2004, the payment will be treated as discretionary and will not be made unless the Trustee and the Principal Employer agree otherwise (which they need not do).

### **16.2 TBS PensionBuilder Members**

This Special Rule applies to Members who are Employees of WTBS who were included in PensionBuilder on joining the Plan or who were included in PensionBuilder on 6 April 2003 having previously been Members of the Plan (“**TBS PensionBuilder Members**”).

Contributions by and benefits for and in respect of these Members Pensionable Service under PensionBuilder will be calculated as set out in this Appendix 1 except as described in this Special Rule.

#### **16.2.1 In respect of TBS PensionBuilder Members:**

- (i) all references in the Rules to Plan100 or Plan100 Members are to be read as references to Plan2 or Plan2 Members;
- (ii) all references in the Rules to Plan125 or Plan125 Members are to be read as references to Plan4 or Plan4 Members; and
- (iii) all references in the Rules to Plan150 or Plan150 Members are to be read as references to Plan6 or Plan6 Members.

**16.2.2** Subject to Special Rule 16.2.3, TBS PensionBuilder Members are required to contribute to the Plan as set out below rather than as described in Special Rule 3.1. The required contributions vary depending on the date and whether the Member is a Plan2 Member, a Plan4 Member or a Plan6 Member.

Class of Member	Rate as % of Pensionable Pay			
	6 April 2005 – 5 April 2006	6 April 2006 – 5 April 2007	6 April 2007 – 5 April 2008	6 April 2008 onwards
Plan2 Members	0.5%	1%	1.5%	2%
Plan4 Members	2.5%	3%	3.5%	4%
Plan6 Members	4.5%	5%	5.5%	6%

**16.2.3** However, TBS Employees who became employed by WTBS on or after 1 January 2005 and who had not been Members of the Plan prior to becoming employed by WTBS will always be required to contribute to the Plan at the rate described in the table as applicable from 6 April 2008 onwards, regardless of the date of the actual contribution.

**16.2.4** “WTBS” is the company registered in England under company number 00367326 and known as at the date of these Rules as “WaverleyTBS Limited”.

### **16.3 Members who joined the Plan before 1 October 1991**

This Rule applies to Consenting Transferring Members and Non-consenting Transferring Members who on 5 April 2006 would have been entitled to benefits under Special Rule 15.2 of Appendix 2 if they had died in the circumstances described in that Rule.

If such a Member dies before Normal Retiring Date while in receipt of benefits under Special Rule 4.3 (early retirement (not Total Incapacity)) or 4.4 (early retirement through Total Incapacity) of this Appendix 1, benefits will be payable as described in Special Rule 15.2 of Appendix 2 but the benefit will be 3 times (or 4 times if appropriate) Salary as at 5 April 2006.

### **16.4 Members who on 1 December 1980 opted for old basis death benefits**

This Rule applies to Consenting Transferring Members and Non-consenting Transferring Members to whom Rule 15.4 of Appendix 2 applied on 5 April 2006.

If such a Member dies in Service or while in receipt of an early retirement pension under Special Rule 4.3 or 4.4 of Appendix 1, benefits will be payable as described in Special Rule 15.4 of Appendix 2 but:

**20.1.2** Rule 15.4.1 does not apply;

**20.1.3** for the purposes of Rule 15.4.2, the benefit will be 4.5 x Salary on 6 April 2005.

## **16.5 Members who participate in a salary sacrifice arrangement**

Members who participate in a salary sacrifice arrangement designated by the Principal Employer to the Trustee for this purpose accept a reduction in their earnings in return for non-contributory membership of the Plan. The reduction in each Member's earnings is equal to the basic contributions that the Member would otherwise be required to pay under General Rule 4.2 (contributions by Members). Members who participate in such an arrangement are not required to pay any contributions under General Rule 4.2.

To ensure that a Member's benefits are not affected:

- 16.5.1** "**Pensionable Pay**" for any period while a Member participates in the arrangement will include the amount by which the Member's earnings are reduced under the Employer's arrangement;
- 16.5.2** for the purpose of calculating any benefit based on a Member's contributions to the Plan, Members will be treated as having paid contributions equal to those they would have paid if they had not participated in the arrangement provided that such a benefit is an "authorised member payment" for the purposes of Part 4 of the Finance Act 2004.

## **Appendix 2**

### **Final Salary Section**

The Special Rules set out in this Appendix 2 apply to the Final Salary Section.

#### **1 Meaning of words used**

**"Beneficiaries"** is defined in General Rule 5.1 (payment of lump sum death benefits).

**"Contributions Salary"** means the Member's Salary from time to time less the Pensionable Deduction in force at the time when the relevant contribution is made.

**"Disability"** means such partial or total incapacity arising out of accident or mental or physical disability or impairment as the Principal Employer may determine and which the Principal Employer reasonably expects to be permanent.

**"Final Pensionable Salary"** means:

- (i) in the case of a Member who is not an Hourly Paid Employee, the greater of:
  - (a) Salary in the last 12 months before the Member leaves Service or dies, whichever occurs first; and
  - (b) the highest average yearly rate of Salary over any 3 consecutive years in the last 10 years before the Member leaves Service or dies, whichever occurs first;
- (ii) in the case of an Hourly Paid Member, the greater of:
  - (a) the Member's Pensionable Wage at the date on which the Member leaves Service or dies, whichever occurs first; and
  - (b) for the purpose of calculating benefits:
    - (i) in respect of Pensionable Service completed prior to 1 July 1999 the highest average yearly rate of Pensionable Wage over any 3 consecutive years in the last 10 years before the Member leaves Service or dies, whichever occurs first;
    - (ii) in respect of Pensionable Service completed on and after 1 July 1999 the highest average yearly rate of Pensionable Wage over any 3 consecutive tax years in the last 10 years before the Member leaves Service or dies, whichever occurs first.

For the purpose of calculating Final Pensionable Salary, the Member's Salary or Pensionable Wage (as appropriate) will be reduced by an amount equal to the Pensionable Deduction at the date the Member leaves Service or dies, whichever occurs first.

If the Member was not in Service for 3 whole years (or 3 whole tax years if relevant), the Trustees will calculate Final Pensionable Salary in a way they consider fair and which is consistent with the Contracting-out and Preservation Laws.

Final Pensionable Salary cannot, however, exceed the amount of the Earnings Cap at the date on which the Member leaves Service, reaches Normal Retiring Date or dies,



whichever occurs first except as described in Special Rule 15.3 (Members who joined the Plan before 1 June 1989).

**“Hourly Paid Employee”** means an Employee who is designated by his or her Employer as a “production and distribution hourly paid employee” or who the Employer notifies is to be classified as an Hourly Paid Employee.

**“Hourly Paid Member”** means a Hourly Paid Employee who has joined the Plan.

**“Normal Retiring Date”** means a Member’s 60th birthday except that in the case of Members who are Hourly Paid Employees and joined the 1972 Scheme before 1 July 1999 it means the Member’s 65th birthday.

**“Partial Incapacity”** means Disability which in the opinion of a medical practitioner appointed by the Principal Employer is such as to prevent the Member from carrying out his or her normal occupation.

**“Pensionable Deduction”** means:

- (a) for the purposes of calculating benefits in respect of Pensionable Service prior to 6 April 2004, the average annual rate of lower earnings limit for National Insurance contributions in force in the 12 calendar months before the time in question or such other amount as the Principal Employer and the Trustee agree; and
- (b) for the purposes of calculating benefits in respect of Pensionable Service on or after 6 April 2004, 2.5 times the average annual rate of lower earnings limit for National Insurance contributions in force in the 12 calendar months before the time in question or such other amount as the Principal Employer and the Trustee agree.

**“Pensionable Service”** means the Member’s Service after joining the Plan and for Members who commenced Service before 3 September 1990 and joined the Plan before 2 April 2002 includes all Service before joining the Plan. In the case of an Hourly Paid Member, Pensionable Service is limited to 40 years unless the Member was a member of the Scottish & Newcastle Breweries Limited Brewery Employees Pension Scheme on 30 June 1972.

**Note:** Special provisions apply to certain Members who transferred from other group pension arrangements. See Special Rule 15.6 and Schedule 2 to this Appendix 2.

**“Pensionable Wage”** means:

- (a) for the purpose of calculating benefits in respect of Pensionable Service prior to 1 July 1999, the annual rate of the Member’s basic wage from the Employers; and
- (b) for the purpose of calculating benefits in respect of Pensionable Service on and after 1 July 1999, 85% of the Member’s Gross Pay from the Employers.

For Members who joined the Plan before 1 July 1999 the amount described at (b) above will never be less than the amount described at (a) above.

For the purpose of Special Rules 6.2 (Member dies in Service before pension starts), 15.2 (Members who joined the Plan before 1 October 1991) and 15.4 (Members who on 1 December 1980 opted for old basis death benefits) “Pensionable Wage” will be as described at (b) above.

For the purpose of Schedule 2 (special provisions for Members who transferred from other group pension arrangements), **“Pensionable Wage”** will be as described at (a) above.

For the purpose of this definition, "**Gross Pay**" means the total amount earned by the Member by way of basic pay, guaranteed payments and such fluctuating emoluments as the Principal Employer decides in the 12 months prior to the relevant date or such other date as the Trustee selects which falls within the period three months before the relevant date.

"**Salary**" means:

- (a) in the case of a Member who is not an Hourly Paid Member the Member's basic salary from the Employers; and
- (b) in the case of an Hourly Paid Member, the Member's Pensionable Wage.

"**State Pensionable Age**" has the meaning given by the rules in paragraph 1 of Part I of Schedule 4 of the Pensions Act 1995 (which is age 65 for men and women born after 6 April 1955; age 60 for women born before 6 April 1950, and an age between 60 and 65 for women born between 6 April 1950 and 6 April 1955).

"**Total Incapacity**" means Disability which, in the opinion of a medical practitioner appointed by the Principal Employer is sufficiently serious to prevent a Member from following his or her normal occupation or any other.

## **2 Joining the Plan**

Members who join the Plan on or after 6 April 2003 will not be entitled to benefits as described in the Special Rules set out in this Appendix 2. The benefits for those Members are described in the Special Rules set out in Appendix 1.

## **3 Contributions by Members**

### **3.1 Basic contributions by Members**

Members in Service must contribute to the Plan at the rate of 6% of Contributions Salary from time to time. The Employer will deduct these contributions from the Member's earnings and pay them to the Trustee.

### **3.2 Voluntary contributions by Members**

The Trustee may (but need not) allow a Member in Service to pay additional voluntary contributions ("**AVCs**") to the Plan. If the Trustee allows a Member to pay AVCs, they may impose any conditions that the Trustee thinks reasonable (including as to the amount payable, the time at which payments can be paid, and the method of payment).

Each Member's AVCs will be invested separately from all the other assets of the Plan. Except where the Principal Employer determines otherwise, expenses incurred will be taken into account. The proceeds will be used to provide money purchase benefits for, or in respect of, the Member. These benefits will be additional to the other benefits described in these Rules, and in a form agreed between the Member and the Trustee. However, unless the Trustee and the Principal Employer agree otherwise, any pension must be secured with an annuity contract (and the Member must be given the opportunity to select the insurance company). The proceeds can be paid as a lump sum benefit, unless the Trustee and the Principal Employer agree otherwise.

Benefits attributable to a Member's AVCs will not affect the amount of any other benefit payable under the Plan, and will be payable in full, even if the total amount payable exceeds the limits that previously applied to the Plan as a condition of approval under Chapter I of Part XIV of the Income and Corporation Taxes Act 1988.

## **4 Pensions for Members**

### **4.1 Normal Retiring Date**

A Member who leaves Service at Normal Retiring Date will receive a pension for life at a yearly rate of 1/60th of Final Pensionable Salary for each complete year of Pensionable Service, plus an additional 1/720th for each additional complete month, with a maximum 2/3rds of Final Pensionable Salary.

### **4.2 Late retirement**

A Member who stays in Service after Normal Retiring Date will receive a pension on leaving. The pension will be calculated as described in Special Rule 4.1 (Normal Retiring Date) based on all the Member's Pensionable Service up to the date of leaving.

A Member who is still in Service when he or she reaches age 75 will be treated for all the purposes of the Plan as having left Service on reaching that age.

**Note:** If a Member opts out of the Plan on or after Normal Retiring Date and before leaving Service, General Rule 7 (opting out) will apply. The Member's pension will be increased for the period between opting out and the date it starts on a basis determined by the Trustee from time to time after considering actuarial advice.

### **4.3 Early retirement (not Total Incapacity)**

A Member who leaves Service (not for Total Incapacity) before Normal Retiring Date but either after reaching age 50 or on account of Partial Incapacity may, with the consent of the Principal Employer, choose an immediate pension. The pension will be calculated as described in Special Rule 4.1 (Normal Retiring Date).

However, where the Member leaves Service before age 50 (age 55 if the Member leaves Service on or after 6 April 2010), no pension will be paid unless the Trustee obtains evidence from a registered medical practitioner that the Member is (and will continue to be) incapable of carrying on his or her occupation because of physical or mental impairment.

In the case of leaving Service other than for Partial Incapacity the pension will be reduced for early payment on a basis determined by the Trustee on account of payment from a date earlier than Normal Retiring Date.

The Trustee must be reasonably satisfied that the benefits (including death benefits) for a Member who retires early under this Rule are at least equal in value to the benefits to which the Member would otherwise have become entitled on leaving Service (see Special Rule 8 (early leavers)).

#### **4.4 Early retirement through Total Incapacity**

A Member who leaves Service before Normal Retiring Date because of Total Incapacity may, with the consent of the Principal Employer, choose an immediate pension. The pension will be calculated as described in Special Rule 4.1 (Normal Retiring Date) but as if Pensionable Service included the period up to Normal Retiring Date.

However, where the Member leaves Service before age 50 (age 55 if the Member leaves Service on or after 6 April 2010), no pension will be paid unless the Trustee obtains evidence from a registered medical practitioner that the Member is (and will continue to be) incapable of carrying on his or her occupation because of physical or mental impairment.

The Trustee must be reasonably satisfied that the benefits (including death benefits) for a Member who retires early under this Rule are at least equal in value to the benefits to which the Member would otherwise have become entitled on leaving Service (see Special Rule 8.1 (preserved pension)).

Until Normal Retiring Date the Trustee may from time to time require evidence of continued Total Incapacity and, if not satisfied, may suspend the pension for any period or periods before Normal Retiring Date or reduce it to not less than would have been paid if Special Rule 4.3 (early retirement (not Total Incapacity)) had applied (but reduced on the advice of an actuary if the Member has given up pension for a lump sum, and disregarding the usual age limit of 50). Any pensions payable on the Member's death will be adjusted appropriately on the advice of an actuary.

#### **4.5 State scheme supplement**

A Member who leaves Service before State Pensionable Age and is receiving a pension under Special Rule 4 will until State Pensionable Age have his or her pension calculated using Final Pensionable Salary without reducing Salary by an amount equal to the Pensionable Deduction. Any increases made to the Member's pension during that time which are referable to the supplement will not continue to be paid after State Pensionable Age.

#### **4.6 Drawing benefits while remaining in Service**

A Member who stays in Service beyond Normal Retiring Date may at any time, with the consent of the Principal Employer, choose to start receiving a pension even though he or she is still in Service. On starting to receive a pension, the Member will be treated for all purposes of the Plan as if he or she had left Service on the date immediately before the pension starts except to the extent (if any) that the Principal Employer decides.

## **5 Choices at retirement**

### **5.1 Lump sum**

A Member may give up pension for a lump sum payable when the pension is due to start but must keep a pension at least equal to the GMP. The Member may choose a lump sum of any amount up to the maximum permitted as a “pension commencement lump sum” under Part 4 of the Finance Act 2004, inclusive of any lump sum from the Member’s AVCs under Special Rule 3.2 (voluntary contributions by Members), subject to any restrictions which the Principal Employer and the Trustee may agree. The Trustee will convert pension to lump sum on a basis certified as reasonable by an actuary.

### **5.2 Early retirement level pension option**

If the Trustee allows, a Member whose pension from the Plan starts before State Pensionable Age may choose to have the pension increased before that age and reduced after it, so that the pension from the Plan before that age is more nearly level with the Member’s total pension from the Plan and the State after it.

The amount of the Member’s pension and of any pension payable on the Member’s death will be calculated on a basis agreed by an actuary to be reasonable.

## **6 Lump sum payable on Member's death**

### **6.1 Lump sum payable on the Member's death**

A lump sum death benefit will be paid if a Member dies:

- 6.1.1 in Service before pension starts;
- 6.1.2 in the 5 years after pension starts;
- 6.1.3 with a preserved pension that has not started; or
- 6.1.4 while receiving an Incapacity pension.

The benefit will be calculated as described in Special Rule 6.2 (Member dies in Service before pension starts), Special Rule 6.3 (Member dies in the 5 years after pension starts), Special Rule 6.4 (Member dies with a preserved pension that has not started) or Special Rule 6.5 (Member entitled to Incapacity pension) (as appropriate).

The benefit described in Special Rule 6.2 or 6.5 (where the Member left Service because of Total Incapacity) will be paid as described in General Rule 5.1 (payment of lump sum death benefits). The benefit described in Special Rule 6.3 or 6.4 or 6.5 (where the Member left Service other than on grounds of Total Incapacity) will be paid to the Member's widow or widower or, if none, to the Member's personal representatives.

However, no lump sum death benefit will be paid if there are no surviving Beneficiaries when the Member dies or if the Member dies after reaching age 75.

### **6.2 Member dies in Service before pension starts**

If the Member dies in Service before pension starts, the benefit will be equal to 3 times the Member's Salary at the date of death.

For this purpose, Salary will not exceed the Earnings Cap at the date of the Member's death except as described in Special Rule 15.3 (Members who joined the Plan before 1 June 1989).

The lump sum in excess of a sum determined by the Trustee from time to time will be subject to such special conditions and restrictions as the Trustee determines and notifies to the Member.

### **6.3 Member dies in the 5 years after pension starts**

If the Member dies within 5 years after starting to receive a pension, the benefit will be equal to the pension payments which would have been made during the remainder of the 5-year period if the Member had not died (including increases up to the date of death but disregarding any future increases).

**Note:** Special provisions apply to Members who joined the Plan before 1 October 1991. See Special Rule 15.2.

### **6.4 Member dies with a preserved pension that has not started**

If the Member:

- 6.4.1 joined the Plan before 1 October 1991;
- 6.4.2 leaves Service on account of redundancy (which will be determined by the Principal Employer); and
- 6.4.3 dies with a preserved pension that has not started and within 12 months of leaving Service,

the benefit will be equal to the death in Service benefit that would have been paid under Special Rule 6.2 (Member dies in Service before pension starts) if the Member had died on the last day on which he or she was in Service.

However, no benefit will be paid under this Rule if a benefit is paid under Special Rule 6.2 of Appendix 1 (Member dies in Service).

## **6.5 Member entitled to Incapacity pension**

If a Member who is receiving an early retirement pension because of Total or Partial Incapacity dies before Normal Retiring Date, a benefit will be payable as in Special Rule 6.2 (Member dies in Service before pension starts). Any benefit that becomes payable under this Rule will be reduced by the amount of any benefit payable under Special Rule 6.3 (Member dies in the 5 years after pension starts). If the benefit under Special Rule 6.3 is more than the benefit described in this Rule, no benefit will be payable under this Special Rule.



## **7 Pensions for spouses, civil partners and children**

### **7.1 Pension for spouse or civil partner**

If a Member dies leaving a surviving spouse or civil partner, the spouse or civil partner will receive a pension for life.

However, it may be that the spouse or civil partner was neither living with nor dependent upon the Member at the date of the Member's death. If so, and if the normal pension is more than the limited pension described in Special Rule 7.11 (limited pension) (if any) that the Plan is required to provide for the spouse or civil partner under the Contracting-out Laws, the Trustee may reduce the spouse's pension by the amount of the excess.

If the Trustee pays a smaller pension to the spouse or civil partner, it may (but need not) pay the balance of the normal spouse's pension to one or more of the Member's Dependants.

The pension will be calculated as described in Special Rule 7.4 (Member dies in Service before Normal Retiring Date), 7.5 (Member in early retirement dies before Normal Retiring Date), 7.6 (Member dies in Service on or after Normal Retiring Date), 7.7 (Member dies on or after Normal Retiring Date and after starting to receive a pension), 7.8 (Member with preserved pension dies before Normal Retiring Date), or 7.9 (Member with preserved pension dies on or after Normal Retiring Date) as appropriate.

If there is more than one surviving spouse or civil partner, the pension will be paid to one or more of them in such shares as the Trustee decides.

If a children's pension is payable under Special Rule 7.2 (children's pension) the pension allocated to any spouse or civil partner will be paid to any Pensionable Children under Special Rule 7.2 after that spouse's or civil partner's death except for any amount which has to be paid to another spouse to make up any GMP to which the other spouse is entitled.

**Note:** In these Rules, "**spouse**" has its normal meaning of legally recognised husband or wife; and "**civil partner**" means that same as in the Civil Partnership Act 2004.

### **7.2 Children's pension**

If a Member dies before Normal Retiring Date either in Service or where a benefit is payable under Special Rule 4.3 (early retirement (not Total Incapacity)) or 4.4 (early retirement through Total Incapacity), leaving Pensionable Children, a children's pension will be paid.

The children's pension will be paid to one or more of the Pensionable Children, or used for their benefit, in such shares as the Trustee decides from time to time, and may be paid to some person or persons or fixed or discretionary trust for the benefit of any or all of them. It will stop when there is no remaining Pensionable Child.

### **7.3 Other Dependant's pension**

If a Member dies and no pension is payable to a spouse, civil partner or child, the Trustee may (but need not) pay a pension to one or more of the Member's Dependants. This

pension may be calculated as a spouse's pension. But the Trustee may pay a pension of a smaller amount and reduce or stop any pension in payment as it sees fit.

#### **7.4 Member dies in Service before Normal Retiring Date**

If the Member dies in Service before Normal Retiring Date, the spouse's pension will be one-half of the pension the Member would have received if he or she had stayed in Pensionable Service until Normal Retiring Date, based on Final Pensionable Salary at the date of the Member's death.

Subject to Special Rule 7.10 (orphans), the children's pension will be one-quarter of a spouse's pension as described above, multiplied by the number of Pensionable Children up to a maximum of four.

#### **7.5 Member in early retirement dies before Normal Retiring Date**

If a Member who has started to receive a pension under Special Rule 4.3 (early retirement (not Total Incapacity)) or 4.4 (early retirement through Total Incapacity) dies, the spouse's pension payable will be one-half of the pension payable to the Member at his or her death (ignoring the state scheme supplement described in Special Rule 4.5 (state scheme supplement)), or if the Member gave up pension for lump sum on retirement under Special Rule 5.1 (lump sum) the pension which would have been payable if the Member had not done so.

Subject to Special Rule 7.10 (orphans), the children's pension will be one-quarter of a spouse's pension as described above, multiplied by the number of Pensionable Children up to a maximum of 4.

#### **7.6 Member dies in Service on or after Normal Retiring Date**

If a Member dies in Service on or after Normal Retiring Date, the spouse's pension will be one-half of the pension the Member would have received if the Member had retired immediately before his or her death without giving up any pension for a lump sum under Special Rule 5.1 (lump sum).

#### **7.7 Member dies on or after Normal Retiring Date and after starting to receive a pension**

If the Member dies on or after Normal Retiring Date and after starting to receive a pension, the spouse's pension will be one-half of the pension the Member would have received at Normal Retiring Date or, in the case of a Member in respect of whom a pension is payable under Special Rule 4.3 (early retirement (not Total Incapacity)) or 4.4 (early retirement through Total Incapacity), the date of leaving Service. For this purpose, the pension will be calculated as if the Member had not given up any pension for a lump sum under Special Rule 5.1 (lump sum) and will include any increases on the pension the Member would have received without giving up any pension since Normal Retiring Date (or leaving Service if earlier).

### **7.8 Member with preserved pension dies before Normal Retiring Date**

If a Member who is entitled to a pension under Special Rule 8 (early leavers) dies before Normal Retiring Date and before pension starts, the pension for a spouse or civil partner will be one-half of the Member's preserved pension including increases as if the Revaluation Laws applied to the period from when the Member left Service to the date of the Member's death.

### **7.9 Member with preserved pension dies on or after Normal Retiring Date**

If a Member who is entitled to a pension under Special Rule 8 (early leavers) dies on or after Normal Retiring Date but before starting to receive a pension, the pension for a spouse or civil partner will be equal to one half of the pension the Member would have received if he or she had retired immediately before his or her death without giving up any pension for a lump sum.

### **7.10 Orphans**

If the Member died before Normal Retiring Date either in Service or while in receipt of a pension under Special Rule 4.3 (early retirement (not Total Incapacity)) or 4.4 (early retirement through Total Incapacity), and no pension is payable to a spouse or civil partner, the children's pension will be increased by the amount of the spouse's or civil partner's pension.

### **7.11 Limited pension**

#### **Amount of limited pension**

The limited pension referred to in Special Rule 7.1 (pension for spouse or civil partner) is a pension equal to the total of:

- 7.11.1 any GMP that the Plan is required to provide for the spouse or civil partner under the Contracting-out Laws; and
- 7.11.2 1/160th of the Member's Average Qualifying Earnings for each complete year of the Member's contracted-out Pensionable Service on and after 6 April 1997, plus an additional proportion for each additional complete month.

#### **Meaning of "Average Qualifying Earnings"**

For the purpose of Special Rule 7.11.2, "**Average Qualifying Earnings**" means qualifying earnings averaged over the last 3 complete tax years before the Member leaves Service, reaches Normal Retiring Date or dies, whichever occurs first; and "**qualifying earnings**" means the same as for the purposes of Section 12B of the Pension Schemes Act 1993 (reference scheme).

A Member's qualifying earnings for any tax year are broadly equal to 90% of the Member's earnings between the yearly rate of the lower and upper earnings limits for National Insurance contributions for that tax year.

If the Member was not in Pensionable Service for 3 complete tax years, Average Qualifying Earnings means qualifying earnings averaged over the whole of the Member's Pensionable Service.

### **Revaluation of part of pension**

If the Member dies more than 12 months after leaving Service and before Normal Retiring Date, the amount described in Special Rule 7.11.2 will be increased before payment as if the Revaluation Laws applied to it for the period between the Member's leaving Service and the Member's death.

If the Member dies on or after Normal Retiring Date, the amount described in Special Rule 7.11.2 will be increased before payment as if:

- (a) the Revaluation Laws applied to it for any period between the Member's leaving Service and Normal Retiring Date; and
- (b) Special Rule 14 (pension increases) had applied to it during any period between the Member's Normal Retiring Date or leaving Service (whichever was later) and the Member's death.

This amount will also be increased under Special Rule 14 (pension increases) after the Member's death.

### **Restriction of limited pension**

The amount described in Special Rule 7.11.2 will not be included in the limited pension at all if:

- (a) the marriage took place or the civil partnership was registered after the Member started to receive a pension; or
- (b) the spouse or civil partner is living together with a person to whom he or she is not married and has not entered into a civil partnership.

### **Effect of limited pension on other pensions**

This Special Rule does not affect the amount of any pension payable to a child or any other Dependant.

## 8 Early leavers

A Member who leaves Service before Normal Retiring Date with at least 2 years' Qualifying Service will receive a pension for life from Normal Retiring Date of an amount calculated as described in Special Rule 4.1 (Normal Retiring Date).

The pension will be increased before payment as follows:

- (a) the pension in excess of GMP will be increased by the percentage required by the Revaluation Laws (which is approximately equal to the percentage rise in the cost of living between the date the Member leaves Service and Normal Retiring Date, with a maximum of 5 per cent per year compound); and
- (b) the GMP will be increased as required by the Contracting-out Laws.

A Member who leaves Service with less than 2 years' Qualifying Service will also receive a pension under this Special Rule if a transfer payment in respect of his or her rights under a personal pension scheme has been made to the Plan.

If a Member starts to receive a pension before State Pensionable Age Special Rule 4.5 will apply.

**Note:** As at the date of these Rules, all Members entitled to benefits under this Appendix 2 have completed at least 2 years' Qualifying Service.

## **9 Right to transfer or “buy-out”**

A Member who leaves Service with a preserved pension at least a year before Normal Retiring Date can require the Trustee to use the cash equivalent of his or her benefits (including death benefits) to buy one or more annuities, or to acquire rights under another occupational pension scheme or a personal pension scheme, in accordance with the Transfer Value Laws.

## **10 Other choices for early leavers**

### **10.1 Early pension**

If the Trustee agrees, a Member who leaves Service with a preserved pension may choose a pension starting earlier than Normal Retiring Date (but not earlier than age 50 (age 55 if the Member leaves Service on or after 6 April 2010), unless the Member is suffering from Total Incapacity). However, except where the Member is suffering from Total Incapacity, the pension will be reduced for early payment on a basis certified as reasonable by an actuary.

However, where the Member leaves Service before age 50 (age 55 if the Member leaves Service on or after 6 April 2010), no pension will be paid unless the Trustee obtains evidence from a registered medical practitioner that the Member is (and will continue to be) incapable of carrying on his or her occupation because of physical or mental impairment.

The Trustee must be reasonably satisfied that the benefits (including death benefits) for a Member who retires early are at least equal in value to the benefits that would otherwise have been provided for the Member under the Plan.

### **10.2 Late pension**

If the Trustee agrees, a Member who leaves Service with a full preserved pension may choose a pension starting later than Normal Retiring Date (but not later than the date the Member leaves all employment and not in any event later than age 75). The pension will be increased on a basis certified as reasonable by an actuary (which, in the case of the GMP, will not be less than that required by the Contracting-out Laws).

The Trustee must be reasonably satisfied that the benefits (including death benefits) for a Member who chooses a late pension are at least equal in value to the benefits that would otherwise have been provided for the Member under the Plan.

### **10.3 Choices at retirement**

A Member entitled to a full preserved pension may choose to give up pension for a lump sum or to choose an early retirement level pension option, as described in Special Rule 5 (choices at retirement).

## **11 Early leavers rejoining**

### **11.1 Periods of Service treated separately**

If a Member leaves Service and later returns, the Member will not be treated as in Service for the purpose of the Plan unless he or she rejoins the Plan. If the Member rejoins the Plan, each period of Service will be treated separately, unless the Principal Employer and the Trustee agree otherwise.

If the break in Service is for family leave, however, Special Rule 13 (family leave) will apply.

### **11.2 Qualifying Service**

If a Member leaves Service, returns and rejoins the Plan and then leaves again before Normal Retiring Date, and the break did not exceed one month or was due to a trade dispute, the Member's Service before and after the break will be treated as continuous (but excluding the break) for the purpose of calculating whether the Member has at least 2 years' Qualifying Service.

If a Member leaves Service with a preserved pension, returns and rejoins the Plan and then leaves again before Normal Retiring Date, and is still entitled to benefits under the Plan in respect of the period before the break, the Member will be entitled to a full preserved pension in respect of the period after the break whether or not the Member has 2 years' Qualifying Service.



## **12 Members away from work**

### **12.1 General principle**

A Member who is away from work will be treated as still in Pensionable Service for so long as he or she receives contractual pay or statutory sick pay.

Special Rule 12.5 (benefits for Members away from work) will apply when calculating the Member's benefits. Special Rule 13 (family leave) applies during a period of family leave.

### **12.2 Temporary absence through injury or ill-health**

The Principal Employer and the Trustee may agree to treat any Member who is away from work due to injury or ill-health as still in Pensionable Service, so long as there is a definite expectation that the Member will return to work.

Special Rule 12.5 (benefits for Members away from work) will apply when calculating the Member's benefits.

### **12.3 Secondment**

The Principal Employer and the Trustee may agree to treat any Member who is on secondment as still in Pensionable Service for such period as they may agree, years so long as there is a definite expectation that the Member will return to Service and the Member does not join another registered scheme.

Special Rule 12.5 (benefits for Members away from work) will apply when calculating the Member's benefits.

### **12.4 Other reasons for absence**

The Principal Employer and the Trustee may agree to treat a Member who is away from work for a reason other than injury or ill-health, secondment or family leave (see Special Rule 13 (family leave)) as still in Pensionable Service, for so long as they agree.

Special Rule 12.5 (benefits for Members away from work) will apply when calculating the Member's benefits.

## **12.5 Benefits for Members away from work**

If the Member is treated as still in Pensionable Service, the Principal Employer and the Trustee may agree any special provisions (consistent with the Contracting-out Laws) to apply to the Member's benefits in respect of the period of absence.

If the Member is not treated as still in Pensionable Service, the Member will be treated as if he or she had left Service.

## 13 Family leave

In this Special Rule 13, the terms in bold mean the same as in the Employment Rights Act 1996.

### **Statutory family leave**

A Member will be treated as still in Service during any period of “**ordinary maternity leave**”, “**ordinary adoption leave**” or “**paternity leave**”.

Members who receive pay from their Employer for these periods and who are required to contribute to the Plan must pay contributions on the pay received. Members who receive no pay do not have to pay contributions. A Member's benefits for these periods will, in any event, be calculated as if the Member had worked normally and received the normal pay for doing so.

### **Additional paid family leave**

Members will also be treated as still in Service during any other period for which they receive pay from their Employer and which, for the purposes of Schedule 5 to the Social Security Act 1989 (equal treatment for men and women), is a period of maternity leave, adoption leave, paternity leave, or absence from work for other family reasons.

In each case, Members who are required to pay contributions to the Plan must pay contributions on the pay received.

In the case of paid maternity, paternity, and adoption leave, the Member's benefits will be calculated as if he or she had worked normally and received the normal pay for doing so.

In the case of any other period of paid family leave, the Member's benefits will be based on the pay received, unless the Principal Employer and the Trustee agree other terms that are no less favourable to the Member.

### **Additional unpaid family leave**

The Principal Employer and the Trustee may agree to treat a Member as still in Service, for some or all purposes of the Plan, during any period of unpaid additional maternity leave, additional adoption leave or parental leave. If this is agreed, the Principal Employer and the Trustee will also agree terms to apply to the Member's contributions (if any) and benefits for the period.

If a Member is not treated as still in Service during any period of unpaid leave, the Member will be treated as having left Service. However, if the Member returns to work at the end of the period, the Member's Pensionable Service before being treated as having left Service and after returning to work will be treated as continuous (but excluding the break).

## **14 Pension increases**

### **14.1 Dates of increases**

Pensions in payment will increase in each year on a date decided by the Trustee. The intervals between increases will not exceed 12 months.

### **14.2 Rates of increases**

Any part of a pension in payment that is attributable to Pensionable Service on or after 6 April 1997 will increase in each year by the lower of:

**14.2.1** the percentage increase in the retail prices index during a reference period agreed between the Principal Employer and the Trustee; and

**14.2.2** 5%.

The remainder of the pension will not increase, except as described below.

A pension that has been in payment for less than a year may be increased by less than the full increase (but will always be increased by at least one-twelfth of the full increase for each complete month since the pension started).

If an interval between increases is less than 12 months, the increase will be an appropriate proportion of the full increase described above.

### **14.3 Incapacity retirement pensions and death-in-service pensions**

In the case of a Member who joined the Plan before 6 April 1997, any Member's pension under Special Rule 4.4 (early retirement through Total Incapacity) and any pensions payable on a Member's death in Service will be treated as attributable to Pensionable Service on and after 6 April 1997, except to the extent that they are attributable to actual Pensionable Service before that date.

### **14.4 GMPs in payment**

Where GMP is payable, the part of the GMP that is attributable to earnings for the tax years from 1988-89 to 1996-97 will increase in each year by the percentage specified in any order made by the Secretary of State under Section 109 of the Pension Schemes Act 1993 (which is approximately equal to the percentage rise in the cost of living in each year, with a maximum of 3% a year). The remainder of the GMP will not increase.

### **14.5 Pensions to which this Rule does not apply**

Increases under this Rule may not apply to any pension or part of a pension which is derived from additional voluntary contributions or provided under General Rule 10.3 (discretionary benefits) or 11.1 (transfers in). Those pensions will increase in accordance with the terms on which they were granted.

### **14.6 Discretionary increases**

Pension may be increased by such further amounts as the Principal Employer decides with the consent of the Trustee (given after considering actuarial advice).

## **15 Special provisions for certain Members**

### **15.1 Special benefits for senior Employees**

The Principal Employer has designated certain Members who joined the Plan before 1 October 2002 as “senior managers”, “senior executives”, “executives” or “main board directors”. The benefits for these Members are different to those set out elsewhere in these Rules and are set out in Schedule 1 to this Appendix 2.

Special provisions also apply to Members who joined the Plan before 1 October 2002 and also were included in the S&N Flexible Benefits Plan before that date. These are also set out in Schedule 1 to this Appendix 2.

### **15.2 Members who joined the Plan before 1 October 1991**

If a Member who joined the Plan before 1 October 1991 and who is entitled to benefits under Special Rule 4.3 (early retirement (not Total Incapacity)) or 4.4 (early retirement through Total Incapacity) dies before Normal Retiring Date, a lump sum death benefit will be payable equal to 3 times Salary at the date of leaving Service. However, if at the time of leaving Service the Member is classified by the Principal Employer as an executive or senior executive, the benefit payable will be 4 times Salary at the date of leaving Service.

The benefit will be paid as described in General Rule 5.1 (payment of lump sum death benefits).

For the purpose of this Rule, Salary will not exceed the Earnings Cap at the date of leaving Service except as described in Special Rule 15.3 (Members who joined the Plan before 1 June 1989).

Any benefit that becomes payable under this Rule will be reduced by the amount of any benefit payable under Special Rule 6.3 (Member dies in the five years after pension starts). If the benefit under Special Rule 6.3 is more than the benefit described in this Rule, no benefit will be payable under this Rule.

The lump sum in excess of a sum determined by the Trustee from time to time will be subject to such special conditions and restrictions as the Trustee determines and notifies to the Member.

### **15.3 Members who joined the Plan before 1 June 1989**

In the case of Members who joined the Plan before 1 June 1989:

**15.3.1** the references to the Earnings Cap do not apply;

**15.3.2** a Member who stays in Service after Normal Retiring Date may with the consent of the Principal Employer and the Trustee choose a pension under Special Rule 4.2 (late retirement) at any time from Normal Retiring Date up to leaving Service (but unless the Member consents to the pension being further deferred, the pension will commence on the fifth anniversary of Normal Retiring Date) and may choose a lump sum under Special Rule 5.1 (lump sum) at any time from Normal Retiring Date up to when pension starts (but cannot take a lump sum more than once) provided in either case that the lump sum or pension is an “authorised member payment” for the purposes of the Finance Act 2004.

If a Member who stays in Service after Normal Retiring Date takes a lump sum under Special Rule 5.1 (lump sum) and then dies before pension starts, any lump sum payable on the Member’s death will be adjusted by the amount of the lump sum paid under Special Rule 5.1.

The Principal Employer may require the Trustee to treat a Member who joined the Plan on or after 1 June 1989 as if he or she had joined before that date. In particular, Members who joined the Courage Employees’ Fund, the Courage Staff Fund or the 1972 Scheme before 1 June 1989 will be treated as having joined the Plan before that date (except that the provisions of Special Rules 15.3.1 and 15.3.2 will not apply except to the extent that corresponding provisions are applied under the Courage Employees’ Fund, the Courage Staff Fund or the 1972 Scheme, as appropriate).

#### 15.4 Members who on 1 December 1980 opted for old basis death benefits

A Member who was a Member on 30 November 1980 and who entered Service before 1 October 1980 and who elected by notice in writing to the Trustee to have the benefits payable in respect of him or her under the Plan on death in Service or before Normal Retiring Date and whilst in receipt of an early retirement pension under the equivalent of Special Rule 4.3 (early retirement (not Total Incapacity)) or 4.4 (early retirement through Total Incapacity), determined on the basis of the rules of the Scottish & Newcastle Breweries Staff Life Assurance Scheme in force on 30 November 1980, will have his or her benefits modified as follows:

- 15.4.1 no benefit will be payable under Special Rule 6.2 (Member dies in Service before pension starts) but a lump sum on death in Service will be payable equal to 15 per cent of Salary on the date of death for each year of Ranking Service (which has the meaning given to it under the rules annexed to the third supplemental deed dated 29 April 1982) and 1.25 per cent for each complete month less the aggregate lump sum, if any, which becomes payable under Other Schemes (ignoring any refund of contributions);
- 15.4.2 no benefit will be payable under Special Rule 6.3 (Member dies in the five years after pension starts) but if the Member is entitled to a benefit under Special Rule 4.3 or 4.4 and dies a lump sum will be payable equal to  $\frac{3}{4}$  of the lump sum calculated as described in Special Rule 15.4.1 above using Salary as at the date of leaving Service less the aggregate lump sum which becomes payable under Other Schemes (ignoring any refund of contributions);
- 15.4.3 no benefit will be payable under Special Rule 7.4 (Member dies in Service before Normal Retiring Date) and the spouse's pension on death in Service will equal 1/160th of Final Pensionable Salary for each year of contracted-out Service completed after 6 April 1978 and 1/1920th for each complete month;
- 15.4.4 no children's pension will be payable and no other Dependant's pension will be payable under Special Rule 7.3 (other Dependant's pension).

In this Rule, "**Other Schemes**" means in relation to a Member any retirement benefit scheme of an Employer or to which an Employer has contributed.

#### 15.5 Members who joined the Plan before 1 December 1970

A male Member who joined the Plan before 1 December 1970 and in respect of whom Special Rule 15.6 (Members who transferred from other group pension arrangements) does not apply, will have the following added to his Pensionable Service:

$$60 \text{ months} \quad \times \quad \frac{\text{actual Pensionable Service since 1 December 1970}}{\text{Prospective Pensionable Service}}$$

where "**Prospective Pensionable Service**" is Pensionable Service since 1 December 1970 which the Member could have completed up to Normal Retiring Date.

#### 15.6 Members who transferred from other group pension arrangements

Special provisions apply to certain Members in respect of whom a transfer of assets and liabilities was made to the Plan from another pension arrangement operated by the group

of companies of which the Principal Employer is part. These are set out in Schedule 2 to this Appendix 2.

### **15.7 Special AVC Members**

A Special AVC Member in Service may pay voluntary contributions at the rates notified to him by the Trustee from time to time.

The proceeds of these voluntary contributions will be used to provide additional Final Pensionable Salary benefits for or in respect of the Special AVC Member on a basis notified to him or her. The value of these additional benefits will be reasonable having regard to the value of other benefits under the Plan.

A Special AVC Member must, if the Trustee so requires, give notice of his or her intention to start, reduce, increase or stop voluntary contributions under this Special Rule 15.7.

#### **Notes:**

- (i) Additional benefits cannot be paid as a lump sum except on the Member's death or if the Trustee agrees.
- (ii) a Special AVC Member who is a Consenting Transferring Member or a Non-Consenting Transferring Member on 6 April 2006 will be treated as having left Service on that date. Rule 15.10.2(a) will then apply to the Special AVC Member's additional benefits in the same way as to the Member's other benefits under the Plan.

For the purpose of this Special Rule 15.7 "**Special AVC Member**" means a Member who was in Pensionable Service on 1 July 1999.

### **15.8 Members who have worked part-time**

It may be that, during the same period of continuous Pensionable Service, a Member has been in full-time employment and part-time employment, or the basic number of hours a week worked by a Member in part-time employment has varied from time to time. If this happens, the benefits relating to part-time employment will be notified to the Member. The Trustee will calculate these benefits in a way it considers fair after taking account of the number of hours a week worked by the Member from time to time.

### **15.9 Members who left Service or reached Normal Retiring Date before 1 April 2008**

The benefits for Members who left Service or reached Normal Retiring Date before 1 April 2008 (and the benefits payable on their deaths) will be as described in the provisions of the Plan in force previously from time to time. The benefits will, however, be paid as described in these Rules, and the General Rules will apply in place of any corresponding previous provisions of the Plan. In particular, General Rule 8.4 (tax status of the Plan) will apply so that, if the Trustee would otherwise be required to make a payment that would be "unauthorised" by virtue of Section 160 of the Finance Act 2004, the payment will be treated as discretionary and will not be made unless the Trustee and the Principal Employer agree otherwise (which they need not do).



## **15.10 Members who become Consenting Transferring Members or Non-Consenting Transferring Members**

This Rule modifies the benefits described in this Appendix 2 in respect of Members who became Consenting Transferring Members or Non-Consenting Transferring Members on 6 April 2006.

**15.10.1** Such Members will be treated as leaving Service for all purposes of this Appendix 2 on 5 April 2006 but subject to General Rule 3.3 (changing sections).

**15.10.2** Benefits in respect of Pensionable Service before 6 April 2006 will be calculated as described in this Appendix 2 except as follows:

- (a) the pension will be increased before payment as described in Special Rule 8. In addition, on 6 April 2009 and every third anniversary thereafter, the preserved pension will increase by a further 3% where the Member remains in Service under PensionBuilder on that date (pro-rated for Members who left Service since the date of the last such increase but calculated by reference to completed months only). When the Member reaches State Pensionable Age, the Trustee will, if necessary, increase the pension to ensure that the total pension is at least equal to that required under the Contracting-out Laws.
- (b) if the Member dies and benefits are payable under Special Rule 7.8 (Member with preserved pension dies before Normal Retiring Date), and if the Member was immediately before his or her death, in Service under PensionBuilder and leaves Pensionable Children, a children's pension will be paid. The children's pension will be one quarter of the spouse's pension described in Special Rule 7.8 multiplied by the number of Pensionable Children up to a maximum of 4. The children's pension will be payable as described in Special Rule 7.2 (children's pension).

## **15.11 WTBS Members**

### **WTBS Final Salary Members**

This Special Rule applies to Members who became employed by WTBS on 1 January 2005 and who were notified that their benefits would continue to be calculated on or after 6 April 2005 on the basis applicable to them prior to that date ("**WTBS Final Salary Members**"). The contributions payable by and benefits payable for and in respect of WTBS Members will be calculated as described in this Appendix 2 except as modified by this Rule.

**15.11.1** Normal Retiring Date will be the WTBS Final Salary Member's 65th birthday.

**15.11.2** However, in the case of a WTBS Final Salary Member who leaves Service before Normal Retiring Date, the following will apply:

- (a) the WTBS Final Salary Member may choose to start receiving his or her pension at any time from his or her 60th birthday without the consent of the Principal Employer;
- (b) the part of the WTBS Final Salary Member's pension that is attributable to Pensionable Service before 6 April 2005 will be reduced for early payment

only if the pension starts before the WTBS Final Salary Member's 60<sup>th</sup> birthday, and will then be reduced only for early payment before that birthday;

- (c) if the WTBS Final Salary Member leaves Service after reaching age 60 but before Normal Retiring Date, or on or after Normal Retiring Date the part of the pension that is attributable to Pensionable Service before 6 April 2005 will be the greater of
  - (i) a pension calculated as described in Special Rule 15.11.2(a) above as if the Member had left on his or her 60th birthday (i.e. by reference to the Member's Final Pensionable Salary on that date, unless S&N notifies the Trustee that a different date will apply for the purposes of Special Rule 15.11.2(a), and increased for late payment on a basis determined by the Trustee after considering actuarial advice; and
  - (ii) a pension calculated as described in Special Rule 15.11.2(a) above by reference to the Member's Final Pensionable Salary on actually leaving Service unless S&N notifies the Trustee that a different date will apply for the purposes of Special Rule 15.2.2(a).
- (d) the Trustee must be reasonably satisfied that, regardless of when the WTBS Final Salary Member's pension starts, the WTBS Final Salary Member's total benefits in respect of Pensionable Service before 6 April 2005 (including death benefits) are at least equal in value to the benefits that would have been provided if the WTBS Final Salary Member had chosen a pension starting on his or her 60th birthday (or immediately on leaving Service, if later).

**15.11.3** For the purposes of Special Rule 4.4 of Appendix 2 (early retirement through Total Incapacity), the references to benefits being calculated as if Pensionable Service included the period up to Normal Retiring Date will be read as references to the period up to the Member's 60<sup>th</sup> birthday except that in the case of a Member who remains in Pensionable Service beyond age 60, it will be read as a reference to the Member's 65<sup>th</sup> birthday.

**15.11.4** Benefits payable on death in Service before Normal Retiring Date will be calculated as described below and not as in Special Rules 6.2, 7.4, 7.6 or 7.7 of Appendix 2:

- (a) If the Member dies in Service before his or her 60th birthday:
  - (i) a lump sum will be payable as described in Special Rule 6.2 of Appendix 2 (unless pension has started in which case a lump sum will be payable as described in Special Rule 6.3 of Appendix 2);
  - (ii) a spouse's pension will be payable as described in Special Rule 7.4 of Appendix 2 (Member dies in Service before Normal Retiring Date). However, the reference in that Rule to benefits being calculated as if Pensionable Service included the period up to Normal Retiring Date will be read as references to the period up to the Member's 60<sup>th</sup> birthday.

- (b) If the Member dies in Service on or after his or her 60<sup>th</sup> birthday but before Normal Retiring Date:
  - (i) a lump sum will be payable as described in Special Rule 6.2 of Appendix 2 (unless pension has started in which case a lump sum will be payable as described in Special Rule 6.3 of Appendix 2);
  - (ii) if pension has not started, the spouse's pension will be one half of the pension the Member would have received if the Member had retired immediately before his or her death without giving up any pension for lump sum under Special 5.1 of Appendix 2;
  - (iii) if pension has started, the pension will be calculated as described in Special Rule 7.7 of Appendix 2 (Member dies on or after Normal Retiring Date and after starting to receive a pension) but so that references in that Rule to Normal Retiring Date will be read as references to the Member's 60<sup>th</sup> birthday.

### **Other WTBS Members**

Certain Members became employed by WTBS on 1 January 2005 and were Members of the Plan prior to that date. Except in the case of WTBS Final Salary Members, these Members were included in PensionBuilder on 6 April 2005. The benefits for and in respect of these Members in respect of Pensionable Service prior to 6 April 2005 will be calculated as set out in this Appendix 2 as modified by this Special Rule.

**15.11.5** Benefits for and in respect of Pensionable Service before 6 April 2005 will be calculated as if the Member had left Service on 5 April 2005 (or on the date when the Member actually leaves Service, reaches Normal Retiring Date or dies, if earlier). However, they will be calculated by reference to the Member's Final Pensionable Salary on 5 April 2006.

**15.11.6** Normal Retiring Date will be the Member's 65th birthday.

**15.11.7** However, in the case of a Member who leaves Service before Normal Retiring Date, the following will apply:

- (a) the Member may choose to start receiving his or her pension at any time from his or her 60<sup>th</sup> birthday without the consent of the Principal Employer;
- (b) the part of the Member's pension that is attributable to Pensionable Service before 6 April 2005 will be reduced for early payment only if the pension starts before the Member's 60<sup>th</sup> birthday, and will then be reduced only for early payment before that birthday;
- (c) if the Member leaves Service after reaching age 60 but before Normal Retiring Date, or on or after Normal Retiring Date the part of the pension that is attributable to Pensionable Service before 6 April 2005 will be calculated as described in Special Rule 15.11.7(a) above by reference to the Member's Final Pensionable Salary on 5 April 2006;
- (d) the Trustee must be reasonably satisfied that, regardless of when the Member's pension starts, the Member's total benefits in respect of Pensionable Service before 6 April 2005 (including death benefits) are at

least equal in value to the benefits that would have been provided if the Member had chosen a pension starting on his or her 60th birthday (or immediately on leaving Service, if later).

### **Meaning of WTBS**

“WTBS” is the company registered in England under company number 00367326 and known as at the date of these Rules as “WaverleyTBS Limited”.

#### **15.12 Members who participate in a salary sacrifice arrangement**

Members who participate in a salary sacrifice arrangement designated by the Principal Employer to the Trustee for this purpose accept a reduction in their earnings in return for non-contributory membership of the Plan. The reduction in each Member’s earnings is equal to the basic contributions that the Member would otherwise be required to pay under General Rule 4.2 (contributions by Members). Members who participate in such an arrangement are not required to pay any contributions under General Rule 4.2.

To ensure that a Member’s benefits are not affected:

- 15.12.1** Pensionable Pay for any period while a Member participates in the arrangement will include the amount by which the Member’s earnings are reduced under the Employer’s arrangement;
- 15.12.2** for the purpose of calculating any benefit based on a Member’s contributions to the Plan, Members will be treated as having paid contributions equal to those they would have paid if they had not participated in the arrangement provided that such a benefit is an “authorised member payment” for the purposes of Part 4 of the Finance Act 2004.

## **16 Contracting-out**

Prior to 6 April 2004, the Plan was contracted-out in relation to certain Member's Service on a salary related basis. With effect from 6 April 2004, the Plan will cease to be contracted-out in relation to Members' Service. The Trustee will operate the Plan in accordance with the Contracting-out Laws that apply to salary related contracted-out schemes insofar as the Plan relates to:

- (a) Members who joined the Plan before 6 April 2003; and
- (b) their Pensionable Service prior to 6 April 2004.

These Rules will be treated as including Rules to the same effect as any rule that must be included for the Plan to be contracted-out in relation to a Member's Service. In particular, if a Member has a guaranteed minimum under Section 14 of the Pension Schemes Act 1993 (earner's guaranteed minimum) in relation to a pension provided by the Plan:

- 16.1.1** the weekly rate of the Member's pension under the Plan at age 65 if a man or 60 if a woman in respect of service before 6 April 1997 will not be less than that guaranteed minimum;
- 16.1.2** the weekly rate of pension payable to any widow of the Member under the Plan in respect of the Member's service before 6 April 1997 (excluding pension provided by additional voluntary contributions) will not be less than half the Member's guaranteed minimum;
- 16.1.3** the weekly rate of pension payable to any widower of the Member under the Plan in respect of the Member's service before 6 April 1997 (excluding pension provided by additional voluntary contributions) will not be less than half the part of the Member's guaranteed minimum which is attributable to earnings factors for the tax year 1988-89 and subsequent tax years up to and including the tax year 1996-97.

This Rule overrides all other provisions of the Plan, except those that are in accordance with the Pension Schemes Act 1993. However, it does not require any pension to be paid to any person in any circumstances where the Plan is not required to provide a pension for that person under the Contracting-out Laws.

In spite of Special Rules 4.4 (early retirement through Total Incapacity) and 10.1 (early pension), a Member cannot choose a pension that starts before Normal Retiring Date unless the Trustee is satisfied that the pension will satisfy the requirements of this Rule without any additional cost to the Plan.

## Schedule 1

### Special benefits for senior Employees (Special Rule 15.1)

#### 1 Members who are senior managers

Subject to paragraph 6, a Member who was classified by the Principal Employer for pensions purposes as a senior manager before 1 October 2002 will have his or her benefits modified as follows:

- 1.1** Subject to paragraphs 1.2 and 1.3 below the pension payable at Normal Retiring Date under Special Rule 4.1 (Normal Retiring Date) will be a pension for life at a yearly rate of 1/45th of Final Pensionable Salary for each complete year of Pensionable Service after being classified as a senior manager for pensions purposes, plus an additional 1/540th for each such additional complete month, with a maximum of 2/3rds of Final Pensionable Salary.
- 1.2** Where the Member was classified as a senior manager for pensions purposes on or before 10 August 1998 the pension payable at Normal Retiring Date under Special Rule 4.1 will be a pension for life at a yearly rate of 1/45th of Final Pensionable Salary for each complete year of Pensionable Service plus an additional 1/540th for each additional complete month with a maximum of 2/3rds of Final Pensionable Salary.
- 1.3** Where the Member was classified as a senior manager for pensions purposes by the Principal Employer on or before 3 October 1988 the pension payable at Normal Retiring Date under Special Rule 4.1 will be the greater of the pension calculated under paragraph 1.2 above and the pension calculated according to the following table:

<b>Pensionable Service at Normal Retiring Date (complete years)</b>	<b>Yearly rate of pension as a fraction of Final Pensionable Salary</b>
1-8	1/60th for each year
9	10/60ths
10	12/60ths
11	14/60ths
12	16/60ths
13	18/60ths
14	21/60ths
15	24/60ths
16	27/60ths
17-30	30/60ths
31-40	1/60th for each year
41 and over	2/3rds

The fraction will be increased appropriately for additional complete months up to a maximum of 2/3rds.

- 1.4** The lump sum payable under Special Rule 5.1 (lump sum) will be calculated according to the following table:

<b>Pensionable Service at Normal Retiring Date (complete years)</b>	<b>1/80ths of Final Pensionable Salary</b>
1	3/80
2	6/80
3	9/80
4	12/80
5	15/80
6	18/80
7	21/80
8	24/80
9	28/80
10	32/80
11	36/80
12	40/80
13	44/80
14	49/80
15	54/80
16	59/80
17	64/80
18	69/80
19	74/80
20	80/80
21	84/80
22	88/80
23	92/80
24	96/80
25	100/80
26	104/80
27	108/80
28	112/80
29	116/80
30 and over	120/80

The fraction will be increased appropriately for additional complete months up to a maximum of 120/80ths. However, the lump sum cannot exceed the maximum “pension commencement lump sum” for the purposes of the Finance Act 2004, inclusive of any lump sum from the Member’s AVCs under Special Rule 3.2.

- 1.5** Where the Member was classified as a senior manager for pensions purposes by the Principal Employer on or before 3 October 1988 the lump sum payable under Special Rule 5.1 will be the greater of the lump sum calculated in accordance with paragraph 1.4 and the lump sum calculated according to the following table:

<b>Pensionable Service at Normal Retiring Date (complete years)</b>	<b>1/80ths of Final Pensionable Salary</b>
1-8 years	3/80ths for each year
9 years	30/80ths
10 years	36/80ths
11 years	42/80ths
12 years	48/80ths
13 years	54/80ths
14 years	63/80ths
15 years	72/80ths
16 years	81/80ths
17-30 years	90/80ths
30 years or more (up to a maximum of 40 years)	3/80ths for each year

The fraction will be increased appropriately for additional complete months up to a maximum of 120/80ths. However, the lump sum cannot exceed the maximum “pension commencement lump sum” for the purposes of the Finance Act 2004, inclusive of any lump sum from the Member’s AVCs under Special Rule 3.2.

- 1.6** Subject to paragraph 1.7, the benefit payable under Special Rule 6.2 (Member dies in Service before pension starts) will equal 3 times Salary at the date of death but unless Rule 15.3 (Members who joined the Plan before 1 June 1989) applies will be subject to the 2nd and 3rd paragraphs of Special Rule 6.2.
- 1.7** The benefit payable under Special Rule 7.2 on death in Service before pension starts for a Member who was classified by the Principal Employer as a senior manager for pensions purposes on or before 1 December 1980 and who opted on that date to remain on the previous basis for life assurance will be five times salary at 1 December preceding the date of death.
- 1.8** A Member who ceases to be classified as a senior manager will in respect of Pensionable Service as a senior manager still have benefits payable under Special Rule 4.1 modified as described above unless otherwise provided in paragraph 1, 2 or 3 of this Schedule.
- 1.9** In addition, a Member who ceases to be classified as a senior manager will in respect of Pensionable Service as a senior manager still have benefits payable under Special Rule



5.1 modified as set out above unless otherwise provided in paragraph 1, 2 or 3 of this Schedule 1.

## **2 Members who are senior executives**

Subject to paragraph 6, a Member who was classified by the Principal Employer as a senior executive for pensions purposes before 1 October 2002 will have his or her benefits modified as follows:

- 2.1** Subject to paragraph 2.2 the benefit payable at Normal Retiring Date under Special Rule 4.1 (Normal Retiring Date) will be a pension for life at a yearly rate of 1/30th of Final Pensionable Salary for each complete year of Pensionable Service after being classified as a senior executive plus an additional 1/360th for each such additional complete month with a maximum of 2/3rds of Final Pensionable Salary.
- 2.2** Where the Member was classified as a senior executive for pensions purposes on or before 10 August 1998 the pension payable at Normal Retiring Date under Special Rule 4.1 will be a pension for life at a yearly rate of 1/30th of Final Pensionable Salary for each complete year of Pensionable Service plus an additional 1/360th for each additional complete month with a maximum of 2/3rds of Final Pensionable Salary.
- 2.3** The benefit payable under Special Rule 6.2 (Member dies in Service before pension starts) will equal 4 times Salary at the date of death but, unless Special Rule 15.3 (Members who joined the Plan before 1 June 1989) applies, will be subject to the second and third paragraphs of Special Rule 6.2.
- 2.4** Where the Member was classified by the Principal Employer as a senior executive for pensions purposes on or before 3 October 1988 the lump sum under Special Rule 5.1 (lump sum) will be calculated according to the following table:

<b>Years of Service at Normal Retiring Date (complete years)</b>	<b>1/80ths of Final Pensionable Salary</b>
1-8 years	3 for each year
9	30
10	36
11	42
12	48
13	54
14	63
15	72
16	81
17	90
18	99
19	108
20 or more years	120

The fraction will be increased for additional complete months up to a maximum of 120/80ths. However, the lump sum cannot exceed the maximum "pension commencement lump sum" for the purposes of the Finance Act 2004, inclusive of any lump sum from the Member's AVCs under Special Rule 3.2.

- 2.5** The benefit payable under Special Rule 6.2 on death in Service before pension starts for a Member who was classified by the Principal Employer as a senior executive for pensions purposes on or before 1 December 1980 and who opted to remain on the previous basis for life assurance will be 6 times Salary at 1 December preceding the date of death.
- 2.6** A Member who ceases to be classified as a senior executive will in respect of Pensionable Service as a senior executive still have his or her benefits payable under Special Rule 4.1 modified as described above unless otherwise provided in paragraph 1, 2 or 3 of this Schedule 1.

### **3 Members who are executives**

Subject to paragraph 6, a Member who was classified by the Principal Employer as an executive for pensions purposes before 1 October 2002 will have his or her benefits modified as follows:

- 3.1** Subject to paragraph 3.2 below the pension payable at Normal Retiring Date under Special Rule 4.1 (Normal Retiring Date) will be a pension for life at a yearly rate of 1/40th of Final Pensionable Salary for each complete year of Pensionable Service after being classified as an executive plus an additional 1/480th for each additional complete month with a maximum of 2/3rds Final Pensionable Salary.
- 3.2** Where the Member was classified as an executive on or before 10 August 1998 the pension payable at Normal Retiring Date under Special Rule 4.1 will be a pension for life at a yearly rate of 1/40th of Final Pensionable Salary for each complete year of Pensionable Service plus an additional 1/480th for each additional complete month with maximum of 2/3rds Final Pensionable Salary.
- 3.3** In addition to the above, benefits will be modified as described at sub-paragraphs 2.3 to 2.5 of this Schedule 1 but as if references to "senior executives" were to "executives".
- 3.4** A Member who ceases to be classified as an executive will, in respect of Pensionable Service as an executive still have his or her benefits payable under Special Rule 4.1 modified as described above unless otherwise provided in paragraph 1, 2 or 3 of this Schedule 1.
- 3.5** For Members who on or before 10 August 1998 were classified as executives a special guarantee applies. Benefits in respect of such Members will be modified as described in this paragraph 3 or in accordance with the terms of the corresponding Rules of the Plan as they applied immediately before 10 August 1998 (whichever is the more favourable).

#### **4 Members who are main board directors**

A Member who was classified by the Principal Employer for pensions purposes as a main board director before 1 October 2002 will have his or her benefits modified as follows (in addition to any modifications applicable under other provisions of this Schedule 1). A Member who was classified for pensions purposes as a main board director before 1 October 2002 was also classified for pensions purposes as a senior executive before that date unless the Member's contract of employment states otherwise.

A Member who is a main board director and who leaves Service (not for Total Incapacity) before Normal Retiring Date but either after reaching age 50 or on account of Partial Incapacity, may with the consent of the Principal Employer choose an immediate pension. The pension will be calculated as described in Special Rule 4.1 (Normal Retiring Date) (as modified by the other provisions of this Schedule 1 if appropriate). In the case of leaving Service other than for Partial Incapacity, the pension will be reduced for early payment on a basis determined by the Trustee to take account of the period (if any) by which leaving Service precedes age 58.

However, if the Member leaves Service:

- (a) for Partial Incapacity; or
- (b) on or after reaching age 58,

the pension will not be reduced for early payment.

The Trustee must be reasonably satisfied that the immediate pension is at least equal in value to the preserved pension (including future increases) to which the Member would otherwise have become entitled on leaving Service.

#### **5 Members who are included in the S&N Flexible Benefits Plan**

It may be that a Member who joined the Plan before 1 October 2002 selects under the provisions of the S&N Flexible Benefits Plan a benefit payable on his retirement and/or death in Service at a different level from that set out in the Rules. If so, his or her benefits will, if the Principal Employer so decides, be modified in a manner notified in writing to the Member.

#### **6 Modifications applicable to Pensionable Service on or after 6 April 2006**

Paragraphs 1, 2 and 3 will only apply for the purposes of calculating benefits in respect of Pensionable Service prior to 6 April 2006.

Where the Member becomes a Consenting Transferring Member or a Non-Consenting Transferring Member on 6 April 2006, benefits in respect of Pensionable Service on or after that date will be calculated as described in Appendix 1.

Otherwise, benefits in respect of Pensionable Service on or after 6 April 2006 will be calculated as 1/60th of Final Pensionable Salary in respect of each such year of Pensionable Service with an additional proportion for each additional completed month. However:

- (a) total pension in respect of all Pensionable Service cannot exceed 2/3 of the Member's Final Pensionable Salary; and
- (b) the Principal Employer and the Trustee may agree that a Member may continue to accrue benefits in respect of Pensionable Service on or after 6 April 2006 on the basis described in paragraph 1, 2 or 3 (whichever was applicable to the Member immediately prior to 6 April 2006). The Trustee and the Principal Employer may agree special terms to apply to the Member including in particular that the Member must contribute to the Plan at a higher rate than applies under Special Rule 3.1 (basic contributions by Members).

**Schedule 2**  
**Members who transferred from**  
**other group pension arrangements (Special Rule 15.6)**

**1 Former Harp Lager Scheme Members**

- 1.1** A male Member who was a member of the Scottish & Newcastle Breweries Limited (Ex-Harp Lager Breweries (Northern) Limited) Pension Scheme immediately before joining this Plan and who entered Service with Harp Lager Breweries (Northern) Limited on or before 1 December 1971 will have added to his Pensionable Service:

$$60 \text{ months} \quad \times \quad \frac{\text{actual Pensionable Service since 1 December 1971}}{\text{Prospective Pensionable Service}}$$

where “**Prospective Pensionable Service**” is Pensionable Service since 1 December 1971 which the Member could have completed up to Normal Retiring Date.

- 1.2** A male Member who was a member of the Scottish & Newcastle Breweries Limited (Ex-Harp Lager Breweries (Northern) Limited) Pension Scheme immediately before joining this Plan and who entered Service with Harp Lager Breweries (Northern) Limited on or after 1 January 1980 will have added to his Pensionable Service:

$$24 \text{ months} \quad \times \quad \frac{\text{actual Pensionable Service since 1 January 1980}}{\text{prospective Pensionable Service}}$$

where “**Prospective Pensionable Service**” is Pensionable Service since 1 January 1980 which the Member could have completed up to Normal Retiring Date.

**2 Former H&R80 Members**

A Member who entered Service on 15 December 1980 and who immediately prior to 15 December 1980 either was a member of the EMI Group Scheme and for whom the Trustee accepted a transfer payment from the EMI Group Scheme or who was in service of an employer then participating in that scheme and who applied for membership of the Hotels & Restaurants (1980) Section of the Plan will have his or her benefits modified as follows:

- (a) service prior to 1 December 1988 counts as Pensionable Service only to the extent which the Trustee notified the Member in writing;
- (b) if the Member is male, the following will be added to his Pensionable Service:

$$60 \text{ months} \quad \times \quad \frac{\text{actual Pensionable Service since 1 December 1988}}{\text{Prospective Pensionable Service}}$$

where “**Prospective Pensionable Service**” is Pensionable Service since 1 December 1988 which the Member could have completed up to Normal Retiring Date.

### 3 Former Matthew Brown or Theakston Scheme Members

A Member who was a member of either the Matthew Brown & Company Limited Pension and Life Assurance Scheme (1973) or the T&R Theakston Limited Retirement Benefits Scheme (each a “**Former Scheme**”) immediately before joining this Plan and for whom the Trustee accepted a transfer payment from the Former Scheme will have his or her benefits modified as follows:

- (a) service prior to 3 October 1988 counts as Pensionable Service only to the extent which the Trustee notified the Member in writing;
- (b) if the Member is male, the following will be added to his Pensionable Service:

$$60 \text{ months} \quad \times \quad \frac{\text{actual Pensionable Service since his Effective Date}}{\text{Prospective Pensionable Service}}$$

where “**Prospective Pensionable Service**” is Pensionable Service since his Effective Date which the Member could have completed up to Normal Retiring Date, and “**Effective Date**” means the date appearing opposite his job description (which shall be determined by the Principal Employer):

managers of managed houses	1 May 1988
staff/management employees	3 October 1988
T&R Theakston employees	1 October 1989

### 4 Former Home Brewery Scheme Members

A Member who was a member of the Home Brewery Pension Scheme (“**HB Scheme**”) immediately before joining this Plan and for whom the Trustee accepted a transfer payment from the HB Scheme will have his or her benefits modified as follows:

- (a) service prior to his or her Effective Date counts as Pensionable Service only to the extent which the Trustee notified the Member in writing;
- (b) if the Member is male (other than pub managers), the following will be added to his Pensionable Service:

$$60 \text{ months} \quad \times \quad \frac{\text{actual Pensionable Service since his Effective Date}}{\text{Prospective Pensionable Service}}$$

where “**Prospective Pensionable Service**” is Pensionable Service since his Effective Date which the Member could have completed up to Normal Retiring Date, and “Effective Date” means the date appearing opposite his job description (which shall be determined by the Principal Employer):

staff employee	4 January 1988
security officer	4 April 1988
pub manager	1 June 1988

- (c) for the purpose of calculating the lump sum benefit payable under Special Rule 5.1 (lump sum) Pensionable Service will be the greater of:
  - (iv) total Pensionable Service for the purpose of this Plan (including any amounts described in (a) and (b) above); and
  - (v) Pensionable Service for the purpose of this Plan (but excluding any amounts described in (a) above) plus all service which was pensionable under the HB Scheme.

## 5 Former Peter Thomson (Perth) Scheme Members

A Member who was a member of the Peter Thomson (Perth) Limited Pension and Assurance Scheme immediately before joining the Plan and for whom the Trustee accepted a transfer payment from that scheme will have his or her benefits modified as follows:

- (a) service prior to 1 July 1987 counts as Pensionable Service only to the extent which the Trustee notified the Member in writing;
- (b) if the Member is male, the following will be added to his Pensionable Service:

$$60 \text{ months} \quad \times \quad \frac{\text{actual Pensionable Service since 1 July 1987}}{\text{Prospective Pensionable Service}}$$

where “**Prospective Pensionable Service**” is Pensionable Service since 1 July 1987 which the Member could have completed up to Normal Retiring Date.

## 6 C&B Members

A C&B Member is a Member who either (a) was employed by The Chef & Brewer Group Limited on 1 November 1993 and immediately before that date was a member of the Grand/Met Group Pension Fund and who has consented to a transfer of assets in respect of him from the Grand/Met Group Pension Fund to the Plan or (b) is admitted by the Principal Employer and the Trustee into the Plan as a C&B Member. With effect from 1 November 1993, the benefits for and in respect of a C&B Member shall be as described in the deed dated 11 January 1994 (and the attached announcements).

## 7 Former Members of the Courage Staff Fund, the Courage Employees’ Fund or the 1972 Scheme

In the case of a Member who was a Member of any of the Courage Staff Fund, the Courage Employees’ Fund or the 1972 Scheme (each a “**Former Fund**”) immediately before joining the Plan and joined the Plan on 2 April 2002:

- (a) service which was pensionable under the Former Fund counts as Pensionable Service; and
- (b) contributions to the Former Fund are treated as contributions to the Plan; and
- (c) benefits in respect of Service before 2 April 2002 will be calculated as set out in the rules of the relevant Former Fund in force immediately before that date.



However the General Rules will apply instead of any corresponding provisions of the relevant Former Fund.