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Date 19/10/18

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME

RULES EFFECTIVE FROM 3 OCTOBER 2018

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These Rules of The College of Law Pension and Assurance Scheme were made as a Deed on 3 October 2018 **between**:

(1) **The Legal Education Foundation**; and

(2) **Derek Scott Sloan, Alan Stuart Humphreys, Richard Jones**, and **Christopher Beanland** (being the present trustees of the Scheme),

to amend and replace the existing Deeds and Rules of the Scheme with effect from 3 October 2018 (except where another date is specified).

The Scheme started on 1 August 1962.

1 Meaning of Words used

"Adjusted Salary" means the Member's Salary immediately before 1 August 2009 plus any subsequent increase in Salary but excluding any increase in Salary in a Reference Period which exceeds the Maximum Increase. However, for the purposes of calculating any lump sum benefit payable under Rule 7.1 (Member dies in Service) or Rule 2.2 (Benefits for Non-Members), Salary increases in excess of the Maximum Increase will be included in "Adjusted Salary".

It may be that in any Reference Period the increase in Salary exceeds the Maximum Increase, so that part of the Salary increase will not be included in Adjusted Salary. Even if this is the case, the excess will not be taken into account for the purposes of calculating the increase in Adjusted Salary in any subsequent Reference Period.

However, in the case of a Member whose Pensionable Earnings reduce on or after 1 August 2009, "Adjusted Salary" will mean such amount as the Principal Employer determines to be fair and reasonable.

"**Civil Partner**" means the same as in the Civil Partnership Act 2004.

"**Contracting-out Laws**" means the contracting-out laws of the Social Security Acts and the Pension Schemes Act 1993 (including anti-franking) that apply to schemes that were contracted-out before 6 April 2016 and similar expressions have a corresponding meaning.

"**Dependant**" means in respect of a Member who is in Pensionable Service on or after 1 August 2004 and dies after 7 December 2004 anyone who is financially dependent on the Member or other person concerned, or was so dependent at the time of the 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 adversely affected by the loss of that person's contribution or support. The Trustees' decision as to whether someone is another person's Dependant will be final.

"**Earnings Cap**" means the amount that the Trustees and the Principal Employer agree would have been the "permitted maximum" under Section 590C of the Income and Corporation Taxes Act 1988 (Earnings cap) if that Section had not been repealed.

"**Employee**" means any employee or director of an Employer.

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

"**Final Pensionable Earnings**" means the greater of (i) the average of the Member's Pensionable Earnings in each of the last three years before he leaves Pensionable Service or dies, whichever occurs first, and (ii) his Pensionable Earnings as at 1 August in the last year before he reaches Normal Retirement Date, leaves Pensionable Service or dies, whichever occurs first.

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

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

"**Incapacity**" means physical or mental impairment that prevents (and will continue to prevent) the Member from carrying on his or her occupation. Before deciding whether a Member is suffering from Incapacity, the Trustees must obtain evidence from a registered medical practitioner to that effect. The Trustees' decision as to whether a Member is suffering from Incapacity will then be final.

"**Insurance Company**" means an insurance company to which Part II of the Insurance Companies Act 1982 applies, and which is authorised by Section 3 or 4 of that Act to carry on ordinary long-term insurance business as defined in that Act.

"Maximum Increase" in respect of a Reference Period means the Member's Pensionable Earnings immediately before the start date of the Reference Period multiplied by 2.5%.

"**Member**" means a person who has joined the Scheme.

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

"Pension Salary Sacrifice Arrangement" means an arrangement under which a member agrees to a reduction in pay in exchange for non-contributory membership of the Scheme.

"**Pensionable Children**" are children born of or legitimated by a marriage of the Member, children legally adopted by the Member, and any other children (including the Member's stepchildren) who, in the Trustees' opinion, were dependent on the Member at the time of his death. But if the marriage took place after the Member started to receive a pension and within six months of the Member's death, the Trustees need not treat any child born of or legitimated by or a stepchild of such a marriage as a Pensionable Child.

"**Pensionable Earnings**" means

(a) for the purpose of any calculation as at a date before 1 August 2009, the Member's Salary; and

(b) for the purposes of any calculation as at a date on or after 1 August 2009, the Member's Adjusted Salary.

Note: Special provisions apply to a Member who participates in a Salary Sacrifice Arrangement. See Rule 17.4 (Members who participate in a Salary Sacrifice Arrangement).

"**Pensionable Service**" means:

(a) the Member's last or only period of continuous Service after joining the Scheme; and

(b) in the case of a Member who joined the Scheme for full benefits at the first opportunity before 6 April 1988 any period of continuous Service completed up to the date on which he became a Member other than (i) any part of such Service before the 24th birthday and (ii) any period of probationary service as the Trustees shall decide.

"**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 The Legal Education Foundation.

"Reference Period" means a period of 12 months commencing on a 1 August and ending on the next 31 July.

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

"Salary" means the yearly rate of the Member's basic earnings (including any part of the Member's basic earnings which has been exchanged for an alternative benefit under any Salary Sacrifice Arrangement offered by the Principal Employer but excluding location weighting, allowances, bonuses, overtime and other similar payments) from the Employers as at the previous 1 August before the relevant calculation date.

For the purposes of calculating the Salary of a Member paid on an hourly basis, earnings in respect of any hours of work in excess of the Employer's standard working week for the time being in operation which is appropriate to the nature of the Member's employment will be ignored and the yearly rate of his basic earnings will be 52 times the weekly rate of earnings (including any part of the Member's basic earnings which has been exchanged for an alternative benefit under any Salary Sacrifice Arrangement offered by the Principal Employer but excluding location weighting, allowances, bonuses, overtime and other similar payments).

"Salary Sacrifice Arrangement" means any arrangement, designated as a Salary Sacrifice Arrangement by the Principal Employer and approved by its Remuneration Committee, under which a Member agrees to a reduction in pensionable annual pay in exchange for the provision of an alternative benefit or alternative benefits.

"**Scheme**" means The College of Law Pension and Assurance Scheme.

"**Service**" means employment with an Employer.

"**Spouse**" has its normal meaning of legally recognised husband or wife including both an opposite sex or a same sex husband or wife and includes a Civil Partner.

"**Transfer Value Laws**" means the laws as to transfer values set out in Part 4ZA of Part IV of the Pension Schemes Act 1993.

"**Trustees**" means the trustees for the time being of the Scheme.

2 Joining the Scheme

2.1 Closure of Scheme to New Members

The Scheme is closed to new Members with effect from 5 February 2003. However an Employee invited to join the Scheme under a contract of employment entered into before 5 February 2003 (other than an Employee who had joined the Scheme previously) can join the Scheme in accordance with the terms of that invitation. The provisions of Rule 2 as they applied before 5 February 2003 will apply to that Employee.

In its sole discretion, the Principal Employer may allow an Employee to join the Scheme after 5 February 2003, on such terms and with entitlement to such benefits as the Principal Employer may determine.

2.2 Benefits for Non-Members

All Employees (including Employees employed after 5 February 2003) who are not otherwise Members will be included in the Scheme for lump sum death in Service benefits and a Spouse's, children's or Dependant's pension on death in Service if they fulfil the conditions set out below.

If the Employee dies in Service a benefit will be paid under Rule 7.1 (Member dies in Service) (but without the refund of contributions).

If an Employee who was then contributing to the College of Law stakeholder pension scheme at a minimum of 4% of his pensionable salary as defined for the purpose of that scheme left a surviving Spouse or Pensionable Children, an additional lump sum of four times the Employee's latest Pensionable Earnings (up to the Earnings Cap) will be used by the Trustees to buy a pension for the Employee's Spouse or Pensionable Children in such proportions as they think fit. Where the Employee had no Spouse or Pensionable Children the Trustees may (but need not) use the lump sum to buy a pension for a Dependant of the Employee (of either sex) whom the Trustees consider normally resided with and had a close relationship with the Employee. Where no benefit is payable the proceeds of any insurance policy will be retained by the Trustees in the Scheme.

The Trustees may ask any Employee for evidence of good health. If an Employee cannot produce evidence of good health satisfactory to the Trustees, the Trustees may restrict the benefits payable under this Rule.

3 Contributions by Employers and Members

3.1 Contributions by Employers

Each Employer must contribute to the Scheme in respect of Members who are or have been employed by it at such rate as after considering actuarial advice the Trustees determine.

3.2 Contributions by Members

Each Member in Service will contribute at the following rate:

3.2.1 in respect of Pensionable Service before 1 August 2009, at the rate of 6% of his latest Pensionable Earnings;

3.2.2 in respect of Pensionable Service on or after 1 August 2009 and before 1 August 2010, at the rate of 7% of his latest Pensionable Earnings; and

3.2.3 in respect of Pensionable Service on or after 1 August 2010, at the rate of 8% of his latest Pensionable Earnings.

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

For the purposes of this Rule, the Member's Pensionable Earnings in any tax year will not exceed the Earnings Cap for that tax year.

Note: Members who participate in a Pension Salary Sacrifice Arrangement are not required to contribute to the Scheme. See Rule 17.4 (Members who participate in a Salary Sacrifice Arrangement).

4 Additional Voluntary Contributions by Members

A Member in Service may pay additional voluntary contributions on a basis agreed with the Trustees. If the Trustees so require, a Member must give notice of his intention to start, reduce, or stop paying additional voluntary contributions.

Each Member's additional voluntary contributions will be invested separately from all the other assets of the Scheme. The proceeds will be used to provide additional benefits for, or in respect of, the Member.

The additional benefits will be equivalent on a money purchase basis to the additional voluntary contributions paid.

If the Member started paying additional voluntary contributions before 8 April 1987, the proceeds may if the Member so requests be paid as a lump sum, provided that the lump sum and any lump sum payable under Rule 6.1 (Lump Sum) are together no greater than the maximum permitted as a "pension commencement lump sum" under Part 4 of the Finance Act 2004. If the Member started paying additional voluntary contributions on or after 8 April 1987, the proceeds may not be paid as a lump sum.

Unless the Trustees and 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).

Benefits attributable to a Member's additional voluntary contributions will not affect the amount of any other benefit payable under the Scheme.

From 6 April 2006 no Member may start paying additional voluntary contributions.

5 Pensions for Members

5.1 Normal Retirement Date

A Member who leaves Service at Normal Retirement Date will receive a pension for life at a yearly rate of 1/60th of Final Pensionable Earnings for each complete year of Pensionable Service up to a maximum of 40 years, plus an additional 1/720th for each additional complete month.

5.2 Late Retirement

A Member who stays in Service after Normal Retirement Date will receive a pension when he leaves Service. The pension will be calculated as described in Rule 5.1 as if the Member's actual date of retirement were his Normal Retirement Date.

5.3 Early Retirement (not Incapacity)

A Member who leaves Service (not for Incapacity) before Normal Retirement Date but after age 50 (age 55 if the Member leaves on or after 6 April 2010) may choose an immediate pension. The consent of the Trustees and the Principal Employer will be required if the Member leaves Service before age 60. The pension will be calculated as described in Rule 5.1 with the period of Pensionable Service calculated up to the date on which the Member actually leaves Service, but then reduced for early payment before Normal Retirement Date on a basis recommended by an actuary and agreed by the Trustees from time to time in respect of the period between the date on which the pension becomes payable and Normal Retirement Date.

However, where:

5.3.1 a Member first joined the full-time employment of an Employer between 1 August 1982 and 5 June 2001 inclusive; or

5.3.2 a Member who was offered a contract of employment before 6 June 2001 and who joined the Scheme within 12 months of the date on which his employment started,

the part of that Member's pension that is attributable to Pensionable Service before 1 August 2006 will be reduced for early payment only if the pension starts before the Member's 60th birthday (and will then be reduced only for payment before that birthday).

Where a Member:

5.3.3 had a Normal Retirement Date of 65 before 1 August 2006; and

5.3.4 was employed by an Employer and became a Member of the Scheme before 1 August 1982;

the part of that Member's pension that is attributable to Pensionable Service before 1 August 2006 will be reduced for early payment only if the pension starts before the Member's 60th birthday (and will then be reduced only for payment before that birthday).

The Trustees must be reasonably satisfied that the immediate pension is at least equal in actuarial value to the preserved pension (including future increases) to which the Member would otherwise have become entitled on leaving Service (see Rule 9.1 (Preserved Pension)).

5.4 Early Retirement for Incapacity

A Member who leaves Service before Normal Retirement Date because of Incapacity may choose an immediate pension.

If in the opinion of the Trustees the Member is not capable of work, the pension will be calculated as described in Rule 5.1, but reduced to the extent that the Trustees consider appropriate by the amount of any benefits the Member is receiving or is entitled to receive from any health insurance scheme funded by an Employer or any other pension scheme funded by an Employer.

If in the opinion of the Trustees the Member is capable of some work, the pension will be of any amount that the Trustees consider appropriate, though it must not exceed the maximum described in the previous paragraph. Factors which the Trustees may take into account in determining the appropriate amount of pension may include, but will not be limited to, the degree of the Member's Incapacity, the amount of any benefits described in the previous paragraph and the amount of any other earnings or potential earnings of the Member.

In either of the situations described in the previous two paragraphs, the Trustees may require evidence of any matters which they consider relevant to enable them to make their decision.

The pension must in any event be at least equal to the amount described in Rule 5.3.

Until Normal Retirement Date the Trustees may from time to time require evidence of continued Incapacity or the degree of Incapacity, or of any other benefits or earnings of a nature described previously in this Rule. In addition the Member may put forward evidence of any of those matters to the Trustees. In the light of such evidence, or of any failure by the Member to produce such evidence after having been required to do so by the Trustees, the Trustees may suspend the pension for any period or periods before Normal Retirement Date, may increase it, or (unless this would constitute an unauthorised payment under Section 160 of the Finance Act 2004) pay a reduced pension or a smaller pension instead of the original pension, which will be not less than would have been paid if Rule 5.3 had applied (but reduced on the advice of an actuary if the Member has given up some part of the pension for a lump sum or Dependant's pension, and disregarding the usual minimum age for payment). Any pensions payable on the Member's death will be adjusted appropriately on the advice of an actuary.

5.5 Flexible Retirement

A Member who has not yet left Service may choose an immediate pension under this Rule 5.5. The consent of the Principal Employer and the Trustees will be required if the Member is below age 60. However, a Member will not be able to choose a pension under this Rule before reaching age 50 (age 55 if the Member leaves on or after 6 April 2010).

The pension will be calculated as in Rule 5.1 (Normal Retirement Date), Rule 5.2 (Late Retirement) or Rule 5.3 (Early Retirement (not Incapacity)), as appropriate, as if the Member had left Service on the date the pension starts.

A Member who retires under this Rule will not be permitted to accrue further benefits.

6 Choices at Retirement

6.1 Lump Sum

A Member may give up pension for a lump sum payable when the pension is due to start. 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.

The Trustees will convert the Member's pension to lump sum on a basis certified as reasonable by an actuary.

6.2 Dependant's Pension

If the Trustees allow, a Member may give up pension to provide a pension on his death for one or more of his Spouse and Dependants (additional to any pension under Rule 8 (Pensions for Spouses and Children)). But the Member must keep a pension at least equal to his GMP and he may not give up so much pension as to provide Dependants' or Spouse's pensions under this Rule greater in total than the pension he has kept for himself (including any pension given up for a lump sum).

The Trustees will convert Member's pension to Dependant's pension or Spouse's pension in accordance with actuarial advice.

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

6.3 Commutation of benefits in excess of lifetime allowance

A Member may give up any benefits whose value exceeds the Member's available lifetime allowance, for the purposes of the Finance Act 2004, (including the corresponding part of any pensions payable contingently on the Member's death) in return for a lump sum payable when the pension is due to start. The Trustees will convert the benefits given up to lump sum on a basis certified as reasonable by an actuary.

7 Lump Sum payable on Member's Death

A lump sum benefit will be payable on the death of a Member (or person referred to in Rule 2.2 (Benefits for Non-Members) where Rule 2.2 applies) in the following cases:

7.1 Member dies in Service

The benefit will be equal to four times the Member's latest Pensionable Earnings. If the Member's pension has not already started, an additional benefit equal to the Member's total contributions will also be paid.

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

7.2 Member dies in the five years after Pension starts

The benefit will be equal to the pension payments which would have been made during the remainder of the five-year period if the Member had not died (but disregarding any future increases). If the Member is still in Service, the benefit will be paid in addition to the benefit payable under Rule 7.1.

7.3 Member not in Service dies on or after Normal Retirement Date and before Pension starts

The benefit will be equal to (a) the maximum lump sum that the Member could have chosen without the consent of the Trustees under Rule 6.1 (Lump Sum), plus (b) five years' payments of the pension (disregarding increases) that would have been payable if the Member had retired immediately before his death and lived for five years after retirement and on the assumption that he had taken the maximum lump sum.

7.4 Member with Preserved Pension dies before Normal Retirement Date

If a Member with a preserved pension dies before Normal Retirement Date after having left Service and before the pension starts, the benefit will be equal to the total contributions paid by the Member.

7.5 Payment of Lump Sum

Refunds of contributions payable under Rule 7 and any benefit under Rule 7.2 or 7.3 will be paid to the member's estate.

The remaining provisions of this Rule will apply with the effect from the date of these Rules.

The lump sum death benefit under Rule 7.1 (other than the refund of contributions) will be paid to one or more of the Beneficiaries or used for their benefit in such shares as the Trustees in their absolute discretion decide.

The "**Beneficiaries**" are the Member's Spouse or Civil Partner, the Member's children, the Member's Dependants, any individual person or persons in their personal capacity nominated by the Member in writing to the Trustees, the Member's grandparents and their descendants and the Spouses or Civil Partners of those descendants and any individual person or persons in their personal capacity with an interest in the Member's estate.

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

7.5.1 direct that all or part of the lump sum will be held by themselves or other trustees on such trusts (including discretionary trusts) and with such powers and provisions (including powers of selection and variation) as the Trustees see fit; or

7.5.2 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 payments 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 Trustees in the Scheme.

8 Pensions for Spouses and Children

8.1 Spouse's Pension

If a Member dies leaving a surviving Spouse, the Spouse will receive a pension for life.

If there is no surviving Spouse and the Member dies after 7 December 2004, the Trustees will treat a person of either sex who they consider was in a relationship closely resembling marriage with the Member and who was a Dependant of the Member as the Member's surviving Spouse for all the purposes of this Rule. The Trustees' decision as to whether any person was in such a relationship with the Member will be final and they will not be liable in respect of any failure to identify the fact that someone was in such a relationship.

If there is more than one surviving Spouse, the Spouse's pension will be paid to one or more of them in such shares as the Trustees decide. The pension allocated to any Spouse will be paid to any Pensionable Children under Rule 8.2 after that Spouse'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.

8.2 Children's Pension

If a Member dies leaving Pensionable Children and either no Spouse's pension is payable or any Spouse's pension stops while there are still Pensionable Children, a children's pension will be paid.

These children remain Pensionable Children for so long as they are under age 18.

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 Trustees decide 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.

8.3 Member dies in Service before Normal Retirement Date

Subject to Rule 8.7, the Spouse's or children's pension will be one-half of the pension the Member would have received if he had stayed in Pensionable Service until Normal Retirement Date, based on Final Pensionable Earnings at the date of the Member's death.

8.4 Member dies after Pension starts

Subject to Rule 8.7, the Spouse's or children's pension will be one-half of the pension payable to the Member at his death, or which would have been payable if the Member had not given up any pension for a lump sum or Dependant's pension, as appropriate.

But if the marriage took place after the Member started to receive a pension and within six months of the Member's death, the Trustees may (but need not) limit the Spouse's pension to the Spouse's GMP.

8.5 Member dies on or after Normal Retirement Date before Pension starts

Subject to Rule 8.7, the Spouse's or children's pension will be one-half of the pension the Member would have received if he had retired immediately before his death without giving up any pension for a lump sum or Dependant's pension.

8.6 Member with Preserved Pension

Subject to Rule 8.7, if a Member dies before Normal Retirement Date with a preserved pension that has not started the Spouse's pension will be the sum of:

(a) any GMP that the Scheme is required to provide for the Spouse under the Contracting-out Laws or, if greater, an amount equal to $1/160^{th}$ of the Member's Final Pensionable Earnings for each complete year of the Member's contracted-out Pensionable Service before 6 April 1997 plus an additional proportion for each additional complete month; and

(b) $1/160^{th}$ of the Member's Final Pensionable 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.

Any pension payable to a Spouse in accordance with paragraph (a) will not increase as set out in Rule 18.2 (Pension Increases).

8.7 Young Spouse

If the Spouse was more than 10 years younger than the Member, the Spouse's pension may be reduced by such amount (if any) as the Trustees think appropriate after taking actuarial advice but not exceeding 2½% for each year of age difference greater than 10. But it will not be reduced to less than the Spouse's GMP.

8.8 Conversion of pension

A Spouse or Dependant eligible for a pension under Rule 8.1 may, subject to the Contracting-out Laws, elect to give up part of his or her pension in return for a lump sum. The Trustees will convert pension to lump sum on a basis certified as reasonable by an actuary.

9 Early Leavers

9.1 Preserved Pension

A Member who leaves Service before Normal Retirement Date with at least two years' Qualifying Service (see Rule 9.3) will receive a pension for life (a "**preserved pension**") from Normal Retirement Date of an amount calculated as described in Rule 5.1 (Normal Retirement Date).

The pension will be increased before payment as follows:

9.1.1 the pension in excess of GMP will be increased by the percentage required by the Revaluation Laws from time to time; and

9.1.2 the GMP will be increased as required by the Contracting-out Laws (see Rule 16 (Contracting-Out - GMPs)).

Note: At the date of these Rules, the Revaluation Laws require the Scheme to provide increases broadly in line with the rise in the cost of living for complete years (ending on a 31 December) between the Member's leaving Service and Normal Retirement Date. However, these increases are limited to a maximum of 5% a year compound for pension that is attributable to Pensionable Service before 6 April 2009 and 2.5% a year compound for pension that is attributable to Pensionable Service on and after that date.

The pension will not in any event be less than the amount that an actuary recommends is necessary to ensure that the benefits payable to the Member and on the Member's death compare reasonably with the Member's contributions.

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

9.2 Refund of Contributions

A Member who leaves Service before Normal Retirement Date without becoming entitled to a preserved pension under Rule 9.1 will receive a refund of his contributions, less tax at 20% or such other rate as applied from time to time.

If the Member's Service was Contracted-out under the Scheme, the Member (and the Member's Spouse, if any) will remain entitled to GMP unless this is extinguished by a contributions equivalent premium ("**CEP**") under the Pension Schemes Act 1993. The refund of contributions will be reduced if a CEP is paid by the amount recoverable under Section 61 of that Act, and otherwise by the amount that the Trustees estimate would have been recoverable if a CEP had been paid.

If the Member so chooses, the Trustees will provide a cash transfer sum in accordance with Part 4ZA of the Pension Schemes Act 1993 (early leavers: cash transfer sums and contribution refunds), instead of a refund of the Member's own contributions.

9.3 Qualifying Service

"**Qualifying Service**" means Pensionable Service and employment which qualified the Member for retirement benefit under any occupational pension scheme from which a transfer payment has been made in respect of the Member either to the Scheme, or to a "buy-out" policy and subsequently to the Scheme.

Rule 11.2 (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 Rule 9.1 or a refund of contributions under Rule 9.2. Where the Member is entitled to a preserved pension, the amount of the pension is based on Pensionable Service. This Rule 9.3 does not affect the calculation of Pensionable Service.)

10 Choices for Early Leavers

10.1 Right to transfer or buy-out

A Member who leaves Service with a preserved pension at least a year before Normal Retirement Date can require the Trustees 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.

10.2 Early Pension

If the Trustees agree, a Member entitled to a preserved pension may choose a pension starting earlier than Normal Retirement Date (but not earlier than age 50 (age 55 if the pension starts on or after 6 April 2010), unless the Member is suffering from Incapacity), in which case it will be reduced for early payment before Normal Retirement Date on a basis recommended by an actuary and agreed by the Trustees from time to time.

Where:

10.2.1 a Member first joined the full-time employment of an Employer between 1 August 1982 and 5 June 2001 inclusive; or

10.2.2 a Member who was offered a contract of employment before 6 June 2001 and who joined the Scheme within 12 months of the date on which his employment started,

the consent of the Trustees to an early pension is not required if the pension starts after the Member reaches age 60, and in any event the part of that Member's pension that is attributable to Pensionable Service before 1 August 2006 will be reduced for early payment only if the pension starts before the Member's 60th birthday (and will then be reduced only for payment before that birthday).

Where a Member:

10.2.3 had a Normal Retirement Date of 65 before 1 August 2006; and

10.2.4 was employed by an Employer and became a Member of the Scheme before 1 August 1982,

the part of that Member's pension that is attributable to Pensionable Service before 1 August 2006 will be reduced for early payment only if the pension starts before the Member's 60th birthday (and will then be reduced only for payment before that birthday).

The Trustees must be reasonably satisfied that the reduced pension is at least equal in value to the preserved pension (including future increases) that would otherwise have been provided under Rule 9.1 (Preserved Pension).

10.3 Late Pension

If the Trustees agree, a Member entitled to a preserved pension may choose a pension starting later than Normal Retirement Date, in which case it will be increased on a basis certified as reasonable by an actuary (which, in the case of the GMP portion, will not be less than that required by the Contracting-out Laws).

The Trustees must be reasonably satisfied that the increased pension is at least equal in value to the preserved pension that would otherwise have been provided under Rule 9.1 (Preserved Pension).

10.4 Choices at Retirement

A Member entitled to a preserved pension may choose to give up pension for a lump sum or to provide a pension for a nominated Dependant or Spouse (as described in Rule 6 (Choices at Retirement)).

11 Early Leavers Rejoining

11.1 Periods of Service treated separately

If a Member leaves Service and later returns and rejoins the Scheme, each period of Service will be treated separately, unless the Principal Employer and the Trustees agree otherwise.

If the break in Service is for maternity, however, Rule 13 (Family Leave) will apply.

11.2 Qualifying Service

If a Member leaves Service, returns and rejoins the Scheme and then leaves again before Normal Retirement 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 two years' Qualifying Service after the break.

If a Member leaves Service with a preserved pension, returns and rejoins the Scheme and then leaves again before Normal Retirement Date, and is still entitled to benefits under the Scheme 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 he has two 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 receives contractual pay or statutory sick pay.

Rule 12.5 will apply when calculating the Member's benefits.

12.2 Temporary Absence through Injury or Ill-health

The Principal Employer and the Trustees 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.

Rule 12.5 will apply when calculating the Member's benefits.

12.3 Secondment

The Principal Employer and the Trustees may agree to treat any Member who is on secondment as still in Pensionable Service for up to three years (or longer if HM Revenue and Customs permits), so long as there is a definite expectation that the Member will return to Service and he does not join another occupational pension scheme or a personal pension scheme.

Rule 12.5 will apply when calculating the Member's benefits.

12.4 Other Reasons for Absence

The Principal Employer and the Trustees may agree to treat a Member who is away from work for a reason other than injury or ill-health, secondment or maternity (see Rule 13 (Family Leave)) as still in Pensionable Service, for so long as is consistent with the Scheme's status as a registered pension scheme under Part 4 of the Finance Act 2004.

Rule 12.5 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 Trustees may agree any special provisions (consistent with the Contracting-out Laws) 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 had left Service.

13 Family leave

In this 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 must pay contributions on the pay received unless those Members participate in a Pension Salary Sacrifice Arrangement under Rule 17.4 (Members who participate in a Salary Sacrifice Arrangement). 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, the Member must pay contributions on the pay received unless he or she participates in a Pension Salary Sacrifice Arrangement under Rule 17.4 (Members who participate in a Salary Sacrifice Arrangement).

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, up to the Member's Pensionable Earnings during the relevant period, unless the Principal Employer and the Trustees agree other terms that are no less favourable to the Member.

Additional unpaid family leave

The Principal Employer and the Trustees may agree to treat a Member as still in Service, for some or all purposes of the Scheme, during any period of unpaid additional maternity leave, additional adoption leave or parental leave. If this is agreed, the Principal Employer and the Trustees 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 Ceasing to be Eligible

A member will cease to be eligible if his contract of service is varied so that he is no longer eligible for membership. The Member will be treated as if he had left Service on the day he ceased to be eligible.

15 Opting Out

15.1 Opting out

A Member may at any time opt out of the Scheme by giving at least one month's notice to the Employer and the Trustees. The Member will be treated as if he had left Service on the day the notice expires, except that the Member will still be included in the Scheme for death in service benefits under Rule 7.1 (Member dies in Service) (but the benefit under Rule 7.1 will be reduced by the amount of any benefit payable under Rule 7.4 (Member with Preserved Pension dies before Normal Retirement Date)). However, the terms that will apply to a Member who elects for enhanced protection under Rule 15.2 will instead be as described in Rule 16.2 (GMPs), and the requirement for the notice to be at least one month will not apply.

15.2 Enhanced Protection

If the Principal Employer requests and the Employer pays any additional contributions that the Trustees consider appropriate (for which purpose the Trustees will consider advice from an actuary), the Trustees will provide a Member who opts out of the Scheme before 6 April 2006 and elects for enhanced protection under paragraph 12 of Schedule 36 of the Finance Act 2004 with benefits of any amount up to the maximum permitted as relevant benefit accrual under that Schedule. The benefits will be as notified by the Principal Employer to the Member.

16 Contracting-Out – GMPs

The Scheme was a salary-related contracted-out scheme before 6 April 2016 (the date from which contracting-out for salary-related schemes was abolished).

16.1 Overrides other Rules

If any Member's Service becomes Contracted-out by reference to the Scheme under Part III of the Pension Schemes Act 1993 (the "**Act**"), this Rule will override any inconsistent Rules except Rule 19.2 (Commutation: triviality).

16.2 GMPs

If a Member has a guaranteed minimum in relation to the pension provided for the Member under the Scheme in accordance with Sections 14 to 16 of the Act:

16.2.1 the weekly rate of the Member's pension (excluding pension provided by additional voluntary contributions) from age 65 if a man or 60 if a woman ("**State Pension Age**") will not be less than the guaranteed minimum except that payment may be postponed for up to five years if the Member remains in Service (even if the Member has opted out of the Scheme), or for any period if the Member consents;

16.2.2 if the Member is a man and dies leaving a widow, the weekly rate of her pension (excluding pension provided by additional voluntary contributions) will not be less than half the Member's guaranteed minimum;

16.2.3 if the Member is a woman and dies leaving a widower, or if a Member of either sex dies leaving a Civil Partner or a person of the same sex to whom they were married, the weekly rate of the survivor's pension (excluding pension provided by additional voluntary contributions) will not be less than half the part of the Member's guaranteed minimum that is attributable to earnings for the tax year 1988-89 and subsequent tax years.

16.3 Late Retirement

If a Member's pension starts after State Pension Age and the period of postponement is at least seven weeks, the Member's GMP will be increased from State Pension Age as follows:

16.3.1 the part of the GMP attributable to earnings for the tax year 1988-89 and subsequent tax years will be increased by the percentage specified in any orders made by the Secretary of State under Section 109 of the Act during the period of postponement;

16.3.2 the whole GMP (including the increase described in 16.3.1) will be increased by 1/7th% for each complete seven days of postponement.

16.4 Early Leavers

If a Member leaves Contracted-out Service under the Scheme before State Pension Age, the Member's GMP accrued up to leaving will be increased as required by the Contracting-out Laws.

In any case where the Contracting-out Laws allow, the Trustees may discharge their liability to provide GMPs by paying state scheme premiums under the Act.

If a Member returns to Contracted-out Service under the Scheme within six months after leaving, the two periods of Contracted-out Service will be treated as continuous, unless the first period is covered by (a) a state scheme premium under the Act, or (b) a transfer to another occupational pension scheme or to a personal pension scheme, or (c) the GMP being preserved in the Scheme, or bought out under a "buy-out" policy, using limited or fixed rate revaluation.

16.5 Anti-Franking

No pension payable under the Scheme will be less than is necessary to comply with the anti-franking requirements of the Contracting-out Laws.

16.6 Transferred GMPs

Where a GMP has been transferred from another occupational pension scheme or a "buy-out" policy, the Scheme will increase this GMP for each complete tax year after the date on which the Member left Contracted-out employment under the scheme in which the transferred GMP accrued up to State Pension Age (or earlier death).

If the transfer is from another scheme, the GMP will normally be increased by the appropriate percentage specified in the last order made under Section 148 of the Social Security Administration Act 1992 to come into force before the tax year in which the Member reaches State Pension Age (or dies, if earlier). Where the Contracting-out Laws allow, however, the Trustees may, for all or any of those tax years, increase all or part of the transferred GMP by (a) the method described in Rule 16.4 for the Scheme's early leavers, or (b) the method by which the GMP was being increased in the transferring scheme.

If the transfer is from a "buy-out" policy, the GMP will be increased by the same method as was in use under the policy or by the appropriate percentage specified in the last order made under Section 148 of the Social Security Administration Act 1992 to come into force before the tax year in which the Member reaches State Pension Age (or dies, if earlier).

16.7 Other Contracting-out Requirements

These Rules have been drafted to meet the contracting-out requirements of the Pension Schemes Act 1993 (including those relating to Civil Partners). But in the event of any conflict, the Trustees will operate the Scheme in conformity with those requirements regardless of any other provisions of the Scheme.

17 Special Provisions for Certain Members

17.1 Part-Time Employment

If, 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 the Member shall be entitled to benefits calculated as under Rule 5 (Pensions for Members) but modified as follows:

17.1.1 his Pensionable Service shall be the total of:

(i) his Pensionable Service while in full-time Service; and

(ii) the period calculated by multiplying his Pensionable Service while in part-time Service by the fraction P/F where P is the number of contracted hours of part-time Service per week and F is the number of contracted hours of the Employer's standard working week for full-time Employees at the relevant time, separate calculations being made in respect of each separate period if during such part-time Service there has been a variation in the amount of either or both of P and F;

and

17.1.2 if at the date of ceasing to be in Pensionable Service he is in part-time Service, his Final Pensionable Earnings shall be increased to the equivalent amount for a full-time Employee by multiplying his actual Final Pensionable Earnings by the fraction F/P where F and P are as defined in 17.1.1(ii) above. If during the period over which Final Pensionable Earnings are determined the Member has periods of full-time and part-time Service, each year's Pensionable Earnings relating to part-time Service should be converted to its full-time equivalent before the Final Pensionable Earnings calculation is carried out.

17.2 Members who left Service or reached Normal Retirement Date before 3 October 2018

The benefits for Members who left Service or reached Normal Retirement Date before 3 October 2018 (and the benefits payable on their deaths) will be as described in the Rules in force previously from time to time. The benefits will, however, be paid as described in these Rules, and Rules 10 to 27 of these Rules (except for Rule 18.2 (Pension Increases)) will apply in place of any corresponding provisions of the previous Rules.

17.3 Members who joined the Scheme before 1 June 1989

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

17.3.1 the references to the Earnings Cap do not apply; and

17.3.2 if a Member stays in Service after Normal Retirement Date and his pension has not started the part of his pension which relates to Pensionable Service before 1 December 2006 will, instead of being calculated as described in Rule 5.1 (Normal Retirement Date), be increased by such amount as the Trustees determine on the advice of an actuary having regard to the period after Normal Retirement Date for which payment of the pension has been postponed, if that would produce a greater amount.

The Principal Employer may require the Trustees to treat a Member who joined the Scheme on or after 1 June 1989 as if he had joined before that date.

17.4 Members who participate in a Salary Sacrifice Arrangement

Members who participate in a Salary Sacrifice Arrangement accept a reduction in their pay in return for an alternative benefit or benefits.

Members who participate in a Pension Salary Sacrifice Arrangement accept a reduction in their pay in return for non-contributory membership of the Scheme. The reduction in each Member's pay is equal to the contributions that the Member would otherwise be required to pay under Rule 3.2 (contributions by Members).

For any period during which a Member participates in a Salary Sacrifice Arrangement, the following modifications to these Rules apply:

17.4.1 Members who participate in a Pension Salary Sacrifice Arrangement are not required to pay any contributions to the Scheme under Rule 3.2 (contributions by Members) or for the purposes of Rule 13 (family leave);

17.4.2 to ensure that a Member's benefits are not affected:

(i) **"Pensionable Earnings"** at any date and for any period while a Member participates in a Salary Sacrifice Arrangement will include the amount by which the Member's pay is reduced under the Salary Sacrifice Arrangement;

(ii) for the purposes of Rules 7.1 (Member dies in Service) and 7.4 (Member with Preserved Pension dies before Normal Retirement Date), **"total contributions"** at any time and for any period while a Member participates in a Pension Salary Sacrifice Arrangement will include the amount by which the Member's pay is reduced under the Pension Salary Sacrifice Arrangement.

18 General Rules about Benefits

18.1 Payment of Pensions

Pensions are payable monthly, except that the Trustees may pay small pensions less frequently. No part repayment is necessary on the pensioner's death.

18.2 Pension Increases

The part of each pension in payment, except for any GMP which is payable:

18.2.1 that is attributable to Pensionable Service before 6 April 1997 will increase by 4% each year, on a date decided by the Trustees;

18.2.2 that is attributable to Pensionable Service on and after 6 April 1997 but before 1 August 2006 will increase by 5% each year, on the same date; and

18.2.3 that is attributable to Pensionable Service on and after 1 August 2006 will increase by 2.5% each year on the same date.

However, no part of any pension that is attributable to Pensionable Service on or after 6 April 1997 will be increased in any year by more than the increase in the Retail Prices Index (or its successor) during a 12 month reference period agreed between the Principal Employer and the Trustees. Pensions paid for less than a year may be increased by a smaller amount.

Where GMP is payable, the part of the GMP that is attributable to earnings for the tax year 1988-89 and subsequent tax years will increase 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 index in each year, with a maximum of 3% per year compound). The remainder of the GMP will not increase.

18.3 Deduction of Tax

The Trustees may deduct from any payment under the Scheme any tax for which they may be liable in respect of it.

The Trustees 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 Trustees will decide the amount of the reduction after considering actuarial advice, and their decision will be final.

18.4 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.

18.5 Beneficiary who is incapable

If the Trustees consider that a beneficiary cannot look after his affairs (by reason of illness, mental disorder, minority or otherwise) they may use any amounts due to the beneficiary for his benefit or the benefit of his Spouse and issue or may pay them to some other person or persons to do so. The Trustees may also make for the beneficiary any choice which the beneficiary has under the Scheme.

18.6 Off-set for Crime, Fraud or Negligence

If a Member has a monetary obligation to his Employer arising out of his criminal, fraudulent or negligent act or omission, the Employer may require the benefits in respect of the Member (other than GMPs and benefits arising out of a transfer payment) to be reduced by an amount that the Trustees determine on actuarial advice to be equivalent to the obligation. If the obligation is greater than the value of the benefits which may be reduced, the benefits will cease to be payable.

The Member will be given a certificate specifying the amount of the obligation and of the reduction in benefits. If the amount of the obligation is disputed, no reduction in benefits will be made until the obligation has become enforceable under the order of a court or arbitrator.

If the Employer requests, the Trustees will pay to the Employer the amount of the obligation or if less the value of the reduction in benefits.

18.7 Tax status of the Scheme

The Scheme is a "registered pension scheme" for the purposes of Part 4 of the Finance Act 2004. If (without this Rule) the Trustees 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 Trustees and the Principal Employer agree otherwise (which they need not do).

Before 6 April 2006, the Scheme 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 Scheme was subject to various requirements including limits on the benefits and contributions that would be paid. Notwithstanding the changes made by the Finance Act 2004, the limits that previously applied to benefits and contributions under the Scheme will continue to apply, except where these Rules specifically say otherwise or the Principal Employer and the Trustees 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". (However, provisos (iii) and (vi) of the definition of Final Remuneration in the Practice Notes, which respectively require the three year averaging of emoluments to be used for Members whose Remuneration has exceeded £100,000, and restrict Final Remuneration to £100,000 for the purpose of calculating the maximum lump sum retirement benefit for certain members, will not apply.)

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

18.8 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. The Trustees may decide that these benefits will also be reduced for any Member who is unable to complete a medical questionnaire to the Trustees' satisfaction or whose death results from a cause specified in a notice from the Trustees and the Principal Employer to Members.

18.9 Pension sharing on divorce

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 (the "**1999 Act**") 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 or Civil Partner. If this happens, the Trustees will discharge their liability to the former Spouse or Civil Partner by transferring the benefits to a qualifying arrangement in accordance with the requirements of the 1999 Act. The Trustees may recover charges in respect of pension sharing costs, as allowed by the 1999 Act.

Death of former Spouse or Civil Partner before a transfer payment is made

It may be that the Trustees intend to discharge their 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 Trustees 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 1999 Act. Any part of the intended transfer payment that is not used in this way will be retained by the Trustees as part of the Scheme's general assets.

19 Discretions of Trustees

19.1 Commutation: serious ill-health

It may be that the Trustees receive evidence from a registered medical practitioner that a Member is expected to live for less than one year. If this happens before the Member starts to receive benefits from the Scheme, and if the Contracting-out Laws allow, the Trustees may allow the Member to give up all of his or her benefits under the Scheme (including lump sum 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. This choice will not affect any pensions payable on the Member's death.

The Trustees will convert benefits to lump sum on a basis certified as reasonable by an actuary.

19.2 Commutation: triviality

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

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

19.3 Discretionary Benefits

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

19.3.1 increased or additional benefits in respect of any Member or Members;

19.3.2 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

19.3.3 benefits in respect of any Employee or former Employee or any Spouse or Dependant of a former Employee (or for any other person for whom an Employer wishes to provide benefits).

Any benefits provided under this Rule will 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 Scheme 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.

19.4 Transfers from other pension schemes and arrangements

The Trustees may with the consent of the Principal Employer accept a transfer of assets or surrender value in respect of any person from another pension scheme or arrangement.

The Trustees will use the assets or surrender value to provide such benefits in respect of the person concerned as they decide are appropriate 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.

19.5 Transfers to other pension schemes and arrangements

Instead of providing benefits under the Scheme in respect of any person, the Trustees may transfer assets 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 or arrangement in respect of the person concerned. The Trustees may transfer assets in respect of part only of a person's benefits under the Scheme.

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).

The amount of the transfer payment will be equal to the value of the benefits that would otherwise have been provided in respect of the Member under the Scheme.

20 Assets of the Scheme

20.1 Assets held on Trust

The Trustees will hold all the contributions and other assets which they receive and the property representing them and all the income on trust to pay the benefits under the Scheme.

20.2 Use of Assets

For the purposes of the Scheme, the Trustees may in any part of the world alone or together with others acquire and dispose of any property (tangible or intangible, movable or immovable), whether or not it produces income, enter into any contract or incur any obligation, lend or borrow money or other property for any purpose (including acquiring assets), grant any mortgage or charge over or give any right of recourse against any or all of the assets of the Scheme, form and finance any company, carry on and finance any business, insure assets of the Scheme for any amount against any risk and keep assets in nominee names.

The Trustees will exercise these powers in accordance with Sections 35, 36 and 36A of the Pensions Act 1995 (investment principles and choosing investments).

The Trustees will maintain a statement of investment principles and consult the Principal Employer before making any change to the statement of investment principles.

21 Trustees

21.1 Appointment

The Principal Employer may appoint new or additional trustees or a body corporate as sole trustee. The Principal Employer may also remove any trustees. The Principal Employer may only remove a trustee who is a member-nominated trustee either at the end of their term in office and where that trustee has not been re-elected as a member-nominated trustee, or if the member-nominated trustee has resigned from office.

These powers will be exercised by deed. They may be exercised without giving any reason and without any limit on the number of trustees, but there will always be at least three Trustees or a body corporate as the sole trustee. However, they may not be exercised in any way that conflicts with any arrangements made under Sections 16 to 21 of the Pensions Act 1995 or Sections 241 to 243 of the Pensions Act 2004 (requirement for member-nominated trustees and directors).

Any Trustee may resign by giving at least one month's written notice to the Principal Employer.

21.2 Quorum, Majority and Delegation

The quorum for a Trustees' meeting will be more than half the number of Trustees.

However, unless from time to time the Principal Employer determines otherwise, a majority of those Trustees who are present must be:

21.2.1 Trustees who are not member-nominated trustees or directors (as defined in Sections 16 and 18 of the Pensions Act 1995); or

21.2.2 if alternative arrangements are made for the selection of Trustees in accordance with Sections 17 and 19 of the Pensions Act 1995, Trustees who are not designated as member-nominated pursuant to those arrangements.

At any meeting the Trustees may act by majority vote. The Trustees may delegate powers, duties or discretions to any person and on any terms.

21.3 Expenses and Charges

The Trustees will pay the expenses of the Scheme (including their own expenses, and any liabilities, incurred through acting as trustees of the Scheme) out of the Scheme's assets. If the Trustees so require, the Employers, in such proportions as the Trustees decide, will reimburse the Scheme for the amount of any or all of these expenses.

A trustee 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.

21.4 Indemnity

The Employers will jointly and severally indemnify each of the Trustees against any expenses and liabilities which are incurred through acting as a trustee of the Scheme but which cannot, for any reason, be met out of the Scheme's assets. But this does not apply to expenses and liabilities which are incurred through wilful wrongdoing or covered by insurance under Rule 21.6.

21.5 Limit of Liability

None of the Trustees will be liable for any breach of trust other than wilful wrongdoing.

21.6 Trustee Insurance

The Trustees may insure the Scheme against any loss caused by them. The Trustees may also insure themselves against liability for breach of trust not involving wilful wrongdoing. The premiums may be paid from the assets of the Scheme.

To the extent to which the Trustees obtain insurance, they will waive the protection of Rule 21.5.

21.7 Corporate Trustee

Where there is a corporate trustee, none of the officers and employees of the corporate trustee will be liable for any breach of trust other than wilful wrongdoing and the Trustees may insure the Scheme against any loss caused by those officers and employees and pay the premiums from the Scheme's assets.

22 Accounts, Actuarial Valuations and Annual Reports

22.1 Accounts

The Trustees will prepare annual accounts of the Scheme and have them audited. The auditor must be a person who is qualified by law to act as auditor of a company but may not be a Member, Employer or Trustee of the Scheme or an employee or director of an Employer or Trustee of the Scheme.

The audited accounts will be prepared within 12 months after the end of the year to which they relate and will comply with the laws as to disclosure of information introduced by the Social Security Act 1985 (the "**Disclosure Laws**").

22.2 Actuarial Valuations and Statements

The Trustees will obtain actuarial valuations of the Scheme at intervals of not more than 3 years. The actuary must be a Fellow of the Institute or Faculty of Actuaries. The Trustees will also obtain from the same actuary an actuarial statement. The actuarial valuations and statements will comply with the Disclosure Laws.

22.3 Annual Reports

The Trustees will prepare annual reports which will contain:

22.3.1 a copy of the audited accounts;

22.3.2 a copy of the latest actuarial statement; and

22.3.3 further information as required by the Disclosure Laws.

The annual reports will be prepared within 12 months after the end of the year to which they relate.

23 New Principal Employer

An Employer or holding company may agree with the Trustees to become the Principal Employer. The consent of the previous Principal Employer will be necessary unless it has been dissolved.

24 Associated Employers

24.1 Inclusion in the Scheme

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

24.2 Ceasing to Participate

An Employer (other than the Principal Employer) may cease to participate in the Scheme by written notice to the Trustees. Each Member in employment with the Employer concerned will be treated as if he had left Service on the day the Employer ceased to participate.

The Trustees will apportion such assets and will provide such benefits under the Scheme in respect of Members who are, or were, employed by the Employer concerned as they consider appropriate, unless they decide, in respect of all or any of the Members concerned, to make transfer payments as described in Rule 19.5 (Transfers to other pension schemes and arrangements).

25 Termination of the Scheme

25.1 Time of Termination

The Principal Employer may terminate the Scheme by written notice to the Trustees. The Trustees will terminate the Scheme if the Principal Employer for the time being is dissolved (unless another person becomes the Principal Employer under Rule 23 (New Principal Employer)) or if they receive actuarial advice that the contributions being paid by the Employers and reasonably expected from them in the future are so low as to prejudice seriously the long term financial position of the Scheme.

25.2 Benefits for Members in service at Termination

Each Member will be treated as if he had left Service with a preserved pension on the day the Scheme terminates, regardless of the length of his Qualifying Service (see Rule 9 (Early Leavers)).

25.3 Winding up the Scheme

When the Scheme terminates, the Trustees will wind it up as described in the remainder of this Rule. They may, however, defer winding up the Scheme and continue to provide benefits in accordance with the Rules.

When the Trustees wind up the Scheme they will set aside sufficient assets to pay the expenses of the winding up. They will then pay all sums due before the winding up started, including lump sums in respect of Members who have died within two years before the winding up started. They will then use the rest of the Scheme assets as described below.

25.4 Securing benefits with insurance policies and annuity contracts

The Trustees will buy an insurance policy or annuity contract in the name of each person entitled to benefits under the Scheme, except those for whom they pay a lump sum under Rule 25.5 or make a transfer under Rule 25.6. If the Trustees have bought suitable policies or contracts before the winding-up starts, they 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 Scheme'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 Scheme for, and in respect of, the people for whom they are bought.

25.5 Winding-up lump sums

When winding up the Scheme, the Trustees 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 Trustees will pay the lump sum to the person in whose name they would otherwise have bought an insurance policy or annuity contract.

25.6 Transfers to other pension schemes and arrangements

When winding up the Scheme, the Trustees may make transfer payments in accordance with Rule 19.5 (Transfers to other pension schemes and arrangements) in respect of all or any of the people entitled to benefits under the Scheme, instead of buying insurance policies or annuity contracts.

25.7 Surplus assets

If any assets remain after all benefits have been provided in full, the Trustees may increase all or any of the benefits or provide additional benefits to any extent that they consider appropriate. The consent of the Principal Employer will be required for the provision of any increased or additional benefits to the extent that the total benefits payable in respect of any person would exceed the limits that previously applied to the Scheme as a condition of approval under Chapter I of Part XIV of the Income and Corporation Taxes Act 1988.

Any assets then remaining will be paid to the Employers in such proportions as the Trustees consider appropriate. The requirements of Section 76 of the Pensions Act 1995 (excess assets on winding up) must be satisfied before any payment is made to the Employers.

25.8 Insufficient assets

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

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

26 Alterations to the Scheme

The Principal Employer may from time to time without the concurrence of the Members authorise the Trustees in writing to alter or add to these Rules. The Trustees shall forthwith declare such alteration of addition under their hands and seals and such alteration or addition shall take effect from the date of such declaration.

No alteration may be made which would:

(i) operate so as to affect in any way prejudicially (a) any pension already being paid in accordance with the Rules at the date such alteration or addition takes effect, or (b) any rights or interest which shall have accrued to each prospective beneficiary in respect of pension or other retirement benefits secured under the Scheme up to the date on which such alteration or addition takes effect; or

(ii) cause the main purpose of the Scheme to be other than the provision of pensions for employees of the College of Law on their retirement at a specified age; or

(iii) affect in any way the duration of the Trust Period, namely a period commencing on 1 August 1962 and ending at the expiration of 21 years from the death of the last survivor of those descendants of his late Majesty King George the Fifth living at such date, except to extend it to such other period (whether limited or unlimited) as may from the time being be allowed by law; or

(iv) result in termination of the liability of the College of Law under the Scheme (but only if and to the extent that this restriction contained in the deed of 23 July 1962 had and still needs to have effect).

The Trustees will write and tell Members about any changes affecting their benefits.

27 Governing Law

English law governs the Scheme and its administration.