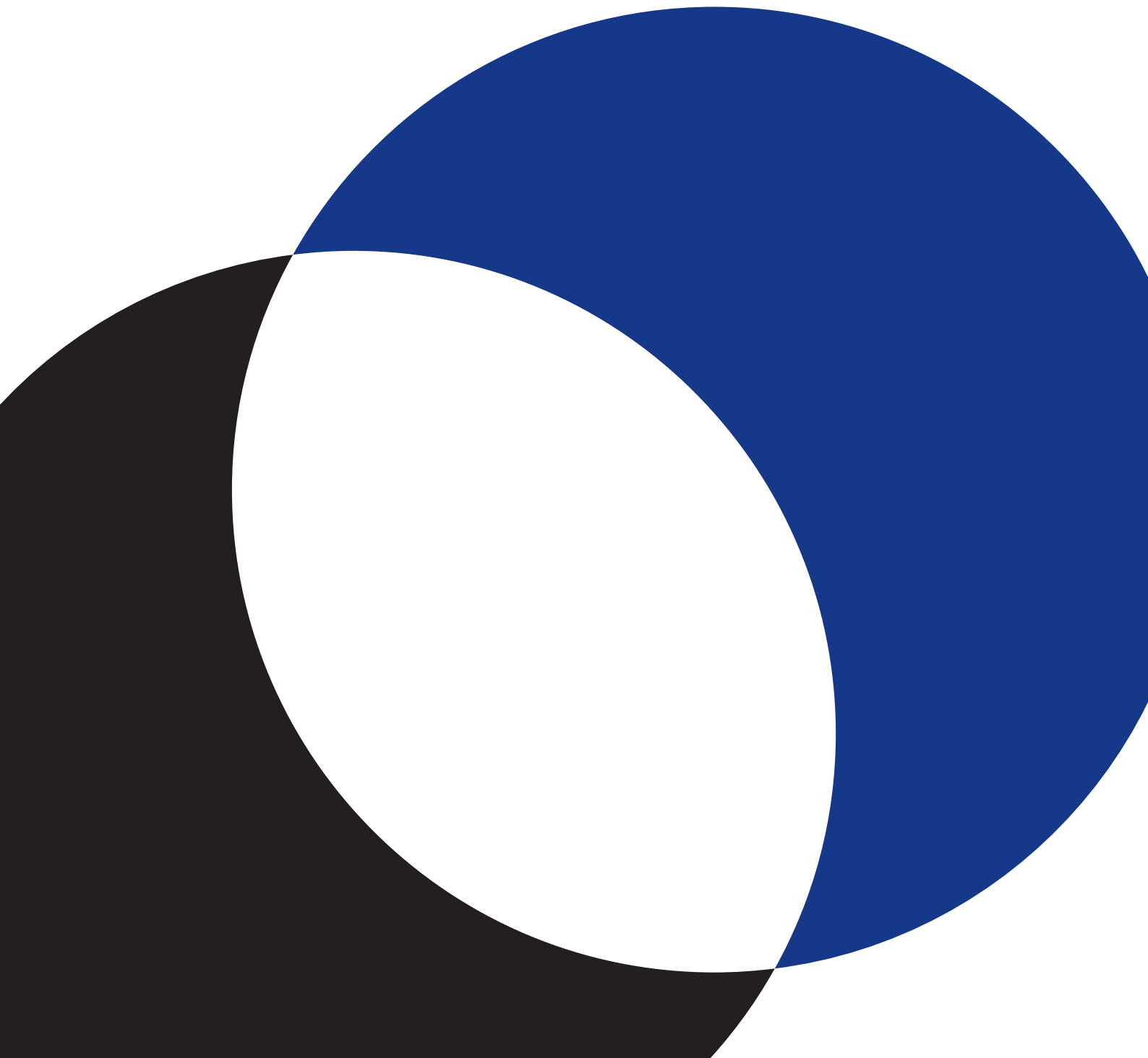


Alliance Trusts' Pension Plan ("the Scheme")

These are the Rules adopted by the Scheme to facilitate contracting out of the State Second Pension by deed dated 30 November 2009



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1. Introduction

1.1 Registration, Contracting Out and Stakeholder Status

The *scheme* is a personal pension scheme registered under Chapter 2 of Part 4 of Finance Act 2004. Its only purpose is to provide income withdrawals, annuities and lump sums as described in the *scheme documents*.

The *scheme*:

- is not a *stakeholder pension scheme*.
- has authority to *contract-out* of the *state second pension* as an *appropriate personal pension scheme*.

1.2 Member's Chosen Scheme

The *scheme* may only receive payments from HMRC where a notice has been given to HMRC that a *member* wishes *minimum contributions* to be made to the *scheme* if the *contract* permits.

1.3 Status of the Rules

The *rules* set out the requirements for registration under *the Act* and *contracting-out* of the *state second pension* as an *appropriate personal pension scheme* adopted by the *scheme* which override any inconsistent provisions in the other *scheme documents*.

The *rules* do not override the law. If any provision conflicts with the law, the law will apply. To the extent that something is not covered by the *rules*, or is in contradiction to the *rules*, the legislative requirements shall be overriding.

References to any legislation or any provision includes references to any previous legislation or provision relating to the same subject matter and to any modification or re-enactment for the time being in force applicable on the date that the *rules* are to be interpreted.

1.4 Contracting Out Requirements

The provisions in the *rules* relating to the legal requirements for the issue of an appropriate scheme certificate by HMRC

shall be subject to the relevant legislative requirements.

1.5 Form of Scheme

The *scheme* is set up under trust.

1.6 Member's Rights

A *member's* rights under the *scheme* and the rights of those persons who have an entitlement through a *member* will be determined by the *contract* entered into by the *member*; the *rules* and the *trust deed*.

1.7 Protected Rights

The provisions of the *rules*, insofar as they implement or refer to legislative requirements relating to *protected rights*, shall apply only for as long as those legislative requirements are in force. If those legislative requirements are no longer in force, the provisions of the *rules* relating to *protected rights* will cease to apply and *protected rights* will be treated in the same manner in all respects as *non-protected rights*.

2. Definitions

In the *rules* the following words have the following meanings:

“**Act**” means the Finance Act 2004.

“**Account**” means those *arrangements* constituting a product administered by the *scheme administrator* under the *scheme* regulated by the *contract* entered into by the *member*, the *rules* and the *trust deed*.

“**Actuary**” means a Fellow of the Institute of Actuaries, a Fellow of the Faculty of Actuaries, or a person with other actuarial qualifications who is approved by the Secretary of State for Work and Pensions, at the request of the *scheme administrator*, as being a proper person to act in that capacity.

“**Alternatively Secured Pension**” means the facility to provide income withdrawal to those *members* or other persons entitled through the *scheme* who have reached their 75th birthday as more fully described paragraph 7 of Schedule 28 to the Act.

“**Appropriate Personal Pension Scheme**” means a *personal pension scheme* that has received an appropriate scheme certificate under the *Pension Schemes Act*.

“**Arrangement**” means an arrangement (as described in *rules* 3.6 to 3.12) made by a person with the *scheme administrator* to provide benefits under the *rules*.

“**Authorised Payment**” has the same meaning as in section 164 or 175 to 180 of the Act.

“**BCE**” means an event which is a benefit crystallisation event as described in the table set out in section 216(1) of the Act.

“**Civil Partner**” means the person who has entered into a civil partnership (as defined in section 1 of the Civil Partnership Act 2004) with a *member* which has not been dissolved or annulled.

“**Connected**” has the same meaning as in section 839 of *ICTA*.

“**Contract**” means those contractual terms accepted by the *member*, as amended from time to time, that determine the rights of the *member* under the *rules*, and the use of

arrangements within the *account*.

“**Contracted-Out**” has the same meaning as in the *Pension Schemes Act*.

“**Contracted-Out Money Purchase Scheme**” means a scheme for which there is a contracting-out certificate to the effect that it is such a scheme under the *Pension Schemes Act*.

“**Contribution**” means those payments to a scheme by or in respect of a *member* made in accordance with *rule* 4.

“**Dependant**” means a dependant as defined in paragraph 15 of Schedule 28 to the Act.

“**Dependent Child**” means a child (or children) for whom the *member* was entitled to child benefit immediately before the *member* died (or would have been if the child or children had been in the United Kingdom).

“**DWP**” means the Department for Work and Pensions.

“**Employee Share Scheme**” means:

- a share incentive plan being an employee share ownership plan under section 488 of the income Tax (Earnings and Pensions) Act 2003, or
- a savings-related share option scheme under section 516 of the income Tax (Earnings and Pensions) Act 2003.

“**Employer**” means the current employer or employers of a *member*.

“**Ex-spouse**” means an individual to whom *pension credit rights* have been or are to be allocated following a *pension sharing order*, agreement or equivalent provision.

“**Guaranteed Minimum Pension**” has the same meaning as in the *Pension Schemes Act*.

“**HMRC**” means Her Majesty’s Revenue and Customs

“**ICTA**” means the Income and Corporation Taxes Act 1988.

“**Income Withdrawal**” means the withdrawal of income from an *arrangement* by a *member* or a person entitled through a *member* who, in either case, has not

reached the age of 75 as described in paragraph 7 of Schedule 20 to the Act.

“**Insurer**” means an insurance company, an EEA firm or a friendly society as described in *regulation* 11 of the Personal and Occupational Pension Schemes (Protected Rights) Regulations 1996 (SI 1996/IS37) and in section 275 of the Act .

“**Lifetime Allowance**” means the lifetime allowance described in section 218 of the Act that is appropriate to a *member*.

“**Member**” means an individual who has made one or more *arrangements* under the *scheme* for the provision of benefits. It also includes an individual who:

- at the time the *arrangement* was made was under the age of 16 (or, in England and Wales and Northern Ireland, under the age of 18 if not in employment) and whose legal guardian made the *arrangement* on the individual’s behalf under the scheme; or
- has had one or more *arrangements* made on the *member’s* behalf following the winding-up of another scheme.

“**Member’s Fund**” means the aggregate, under an *arrangement*, of the accumulated values of:

- the contributions paid to the *scheme* by or in respect of the *member* to an *account*;
- any transfer payment accepted by the *scheme* in respect of the *member* applied to an *account*;
- any *pension credit rights* accepted by the *scheme* in respect of the *member* applied to an *account*; and
- any income or capital gain arising from the investment of such amounts in an *account*.

“**Minimum Contributions**” means:

- payment of age-related payments by *HMRC* to the *scheme administrator*; and
- tax relief paid to the *scheme administrator* by *HMRC* in respect of the employee’s share of the age-related rebate.

“Minimum Payments” has the same meaning as in section 8(2) of the *Pension Schemes Act*.

“Money Purchase Benefits” means benefits calculated by reference to payments made by, or in respect of, a *member* as that expression is more particularly defined in section 181 of the *Pension Schemes Act*. It does not include benefits calculated by reference to the *member’s* final or average salary.

“Non-Protected Rights” means the part of a *member’s fund* under an *arrangement* that is not *protected rights*.

“Non-Protected Rights Fund” means that part of the *member’s fund* identified by the *scheme administrator* as representing rights of a *member* that are not *protected rights*.

“Normal Minimum Pension Age” has the same meaning as in section 279(1) of the *Act*.

“Occupational Pension Scheme” means a scheme as defined in section 1 of the *Pension Schemes Act*, or section 176 of The Pension Schemes (Northern Ireland) Act 1993.

“Pensionable Age” has the meaning given in Schedule 4 to the Pensions Act 1995.

“Pension Commencement Lump Sum” has the same meaning as in paragraph 1 of Schedule 29 to the *Act*.

“Pension Credit Rights” means rights to benefits arising from a credit as defined in section 101P of the *Pension Schemes Act* or under corresponding Northern Ireland legislation and includes *safeguarded rights*.

“Pension Date” is the effective start date of an annuity or income withdrawals under an *arrangement*. Each separate *arrangement* may have a different *pension date*.

“Pension Debit” means a debit under section 29(1) (a) of the Welfare Reform and Pensions Act 1999 or under corresponding Northern Ireland legislation.

“Pension Schemes Act” means the Pension Schemes Act 1993.

“Pension Sharing Order” means any order or provision as defined in either section 19

or 20 of the Welfare Reform and Pensions Act 1999.

“Personal Pension Scheme” has the same meaning as in section 1(1) of the *Pension Schemes Act*.

“Protected Rights” means those rights referred to in section 10 of the *Pension Schemes Act*.

“Protected Rights Fund” means that part of the *member’s fund* identified by the *scheme administrator* as representing *protected rights*.

“Protected Pension” means the pension bought from a *member’s protected rights fund*.

“Provider” means the person who established the *scheme* or any direct or indirect successor to that person as described in Head 3 in section 272(4) of the *Act*.

“Registered Pension Scheme” means a pension scheme that is registered under Chapter 2 of Part 4 of the *Act*.

“Registered Personal Pension Scheme” means a personal pension scheme that is registered under Chapter 2 of Part 4 of the *Act*.

“Regulation” is a reference to a regulation of a Statutory Instrument.

“Relief at Source Regulations” means the Registered Pension Schemes (Relief at Source) Regulations (SI 2005/3448)

“Rule” is a reference to a *rule* in this document.

“Rules” mean the *rules* of the *scheme* as amended from time to time.

“Safeguarded Rights” means rights as described in section 68A of the *Pension Schemes Act*.

“Scheme” means the Alliance Trusts’ Personal Pension Plan.

“Scheme Administrator” means Alliance Trust Savings Limited or such other person that is appointed under *rule* 16.2 to discharge the obligations set out in section 270 of the *Act*.

“Scheme Documents” means the *trust deed*, the *rules* and the *contract*.

“Section 9(2B) Rights” means rights derived through section 9(2B) of the *Pension Schemes Act*.

“Self-Invested Personal Pension Scheme” means a personal pension scheme that permits a *member* to direct, influence or advise on the manner of investment of any of the sums and assets held for the purposes of an arrangement relating to the *member*.

“Short Term Annuity” has the same meaning as in the *Act*.

“Special Commissioners” means the persons defined in section 4 of the Taxes Management Act 1970.

“Stakeholder Pension Scheme” means a scheme for the time being registered as a stakeholder pension scheme with the *Pensions Regulator* under section 2 of the Welfare Reform and Pensions Act 1999.

“State Second Pension” means the additional state pension. The additional state pension pre-6 April 2002 was commonly known as SERPS (State Earnings-Related Pension Scheme) and since 6 April 2002 has been known as the State Second Pension or S2P.

“Substitute Member” means a *dependant* or *widow* or *widower* of a deceased *member* of another *registered personal pension scheme* who transfers benefits in payment through income withdrawal into the *scheme* in accordance with Part 13.

“Substitute Member’s Fund” means the value from time to time of those funds transferred into an *arrangement* from another *registered personal pension scheme* on behalf of a *substitute member* in accordance with Part 13.

“Survivor” means a *dependant* or *widow* or *widower* of a *member* who has died. For the avoidance of doubt, an individual who makes an *arrangement* under the *scheme* in order to accept a transfer of income withdrawal benefits from another *registered personal pension scheme* in accordance with *rule* 13.8 is a *substitute member* under the

terms of the *rules*, not a *survivor*.

“**Survivor’s Fund**” means the value from time to time of those funds deriving from a *member’s non-protected rights fund* which have been set aside for the purchase of a pension for a particular *survivor*.

“**Tax Year**” means a period beginning on 6 April and ending on the following 5 April.

“**Trust Deed**” means the trust deed establishing the *scheme*, dated 9 June 1997, as amended from time to time.

“**Trustee**” means Alliance Trust Savings Limited or its successor in office.

“**Unauthorised Payment**” has the same meaning as in section 160(5) of the Act.

“**Unsecured Pension**” means payments from an *arrangement* that are either an *income withdrawal* or *alternatively secured pension* but not a *short term annuity*.

“**Widow(er)**” means the surviving spouse or *civil partner* of a *member*.

Any reference to legislation (including *regulations*) includes any amendment or replacement to the legislation.

Where the context admits, the singular includes the plural, and vice versa.

3. Members and Arrangements

3.1 Becoming a Member

A person who wants an *account* must become a *member* (or the legal guardian acting for a person under the age of 16, or in England, Wales and Northern Ireland 18 if not in employment, who is to be a *member*) or *substitute member* and must complete an application form, as required by the *scheme administrator* and the *trustee* and make the declarations required by the *Relief at Source Regulations*.

3.2 Contracting Through a Legal Representative

Where the legal guardian is representing a prospective *member* under the age of 16 (or in England, Wales and Northern Ireland 18 if not in employment), the legal guardian must give an undertaking that the *member* understands

that any payments to the *scheme* can only be used to provide benefits to the *member* under the *rules*, and will not be repaid except as permitted by the *rules*. A person may become a *member* through the actions of an agent in circumstances permitted by *HMRC*.

3.3 Membership Applications from Persons Over 75

Subject to the agreement of the *scheme administrator* a person may become a *member* of the *scheme* after attaining age 75, but must draw benefits from the *arrangement* created in respect of that application immediately.

Making an Arrangement

3.4 Single or Multiple Arrangement(s)

If the *contract* permits, a *member* or *substitute member* may make:

- a single *arrangement* with the *scheme administrator* in which case the *rules* will apply to that *arrangement*; or
- subject to *rule 3.5*, more than one *arrangement* with the *scheme administrator* in which case the *rules* will apply to each *arrangement* separately.

3.5 Protected rights in more than one arrangement

Where the *protected rights fund* is constituted by more than one *arrangement*, the *rules* governing the *protected rights fund* must be applied to those *arrangements* together.

3.6 Splitting of a Single Arrangement

If the *contract* permits, an *arrangement* may later be treated as more than one *arrangement* if the *member* chooses for only part of the *member’s fund* to be applied for a pension and (if relevant) a lump sum. Any part of the *member’s fund* for which the *member* has not yet asked that it be applied for benefits will be treated as an *arrangement* that has not reached *pension date*.

3.7 Separate Benefits from Separate Arrangements

Different *arrangements* (whether different at the time of being created or whether originating from a single *arrangement*) may be used to provide different and separate annuities, *income withdrawal*, *alternatively secured pensions* or lump sums payable under the *rules* from those benefits provided by other *arrangements*.

3.8 Form of Arrangements

The *arrangements* will be constituted by the *contract* between the *scheme administrator*, *trustee* and the *member*, or the legal guardian acting for a person under the age of 16 (or in England, Wales or Northern Ireland 18 if not in employment) where that person is regarded as the *member* or *substitute member* and subject to the *trust deed* and *rules*.

3.9 Trust Deed and Rules Override Terms of Arrangements

Nothing in the terms of an *arrangement* may conflict with the *trust deed* or the *rules* unless specifically permitted by *HMRC*.

4. Contributions

Eligibility to Make Contributions

4.1 Member’s Declarations to continue to be true

A *member* is eligible to make contributions in a particular *tax year* if, for any part of the *tax year*, the declarations made by the *member* in the application remain applicable to the *member*.

4.2 Permitted Contributions

The *scheme* may accept only the following contributions:

- (1) *contributions* by *members*, including *contributions* made on behalf of a *member* paid by another individual (see *rule 4.3*);
- (2) *contributions* by the *member’s employer(s)* in respect of the *member*; and
- (3) *minimum contributions* if the *member*

is *contracted-out*, together with basic tax relief and incentive payments as described in *rule 5.1* where the *scheme* is a *member's* chosen scheme.

An *employer* may only contribute to the *scheme* in a *tax year* when the *member* has been in service with that *employer*.

Minimum contributions will only be accepted subject to the terms of the *contract*.

4.2.1 If the *contract* so permits, payments may be made by an individual, other than the *member*, if the payments are being made on behalf of the *member* and the *member* (or, if relevant, the *member's* legal guardian) is aware of the payment. These payments will be treated as a contribution made by the *member*.

4.2.2 When a payment of benefit under any *arrangement* becomes payable, no further contributions may be paid to that *arrangement* unless the *arrangement* has become more than one *arrangement* under *rule 3.6*.

4.3 Tax Relief

A *member* shall be entitled to tax relief on *contributions* paid to, or in respect of, the *member* if the *member* is entitled to such relief in accordance with the provisions of sections 188 to 190 of the *Act*.

4.3.1 Relief At Source On Contributions

All *contributions* made by a *member* to the *scheme* are treated as amounts net of basic rate income tax.

All *contributions* paid to this *scheme* by an *employer* are treated by the *scheme administrator* as being gross amounts.

4.3.2 The *scheme administrator* shall not make any application for *relief at source* until the *member* has given, within the period specified in the *Relief at Source Regulations*, the particulars and declarations required in accordance with those *Regulations*. The *scheme administrator* will not make a claim for *relief at source* after a *member* has told the *scheme administrator* that the information particulars and declarations are no longer applicable to the *member* to such

an extent that the *member* is no longer entitled to *relief at source*.

If a *member* is not entitled to *relief at source* on a *contribution*, the *member* shall make such declarations to HMRC as are required of the *member* through the *member's* personal tax returns.

4.4 Member Contributions

Contributions (including *minimum contributions*) made by the *member*, or other individual on the *member's* behalf, may only be paid as the *scheme administrator* permits:

- in money form being by cheque, debit card, standing order, direct debit, direct transfer or via BACS payments; or
- as shares from an *employee share scheme*.

The *contract* will set out how *contributions* shall be made.

4.5 Employer Contributions

Contributions made by an *employer* or for a *member* may only be paid, as the *scheme administrator* permits, in money form being by cheque, debit card, standing order, direct debit, direct transfer or via BACS payments.

The *contract* will set out how *contributions* shall be made.

4.6 Employee Share Schemes

Contributions in the form of shares from an *employee share scheme* are applied by reference to the market value of the shares at the date of payment. Market value will be calculated in accordance with section 272 of the Taxation of Chargeable Gains Act 1992.

Contributions from an *employee share scheme* must be made within ninety days of the *member*:

- opting to receive the shares, if from a savings-related share option scheme; or
- directing the trustees of the *employee share scheme* to transfer ownership to the *member* or, if earlier, the release date of the relevant shares if from the share incentive plan.

4.7 Use of Contributions

The *contributions* and their proceeds under the *scheme* must be used to provide benefits in accordance with the *rules* and the *contract* the *member* has applied for, except insofar as they are used to meet administrative expenses of the *scheme* or to pay commission or other remuneration properly payable in accordance with the *contract* or to enable the *scheme* to comply with its obligations set out in *rule 22*.

4.8 Minimum Amount of Contribution

The *contract* will determine if a *contribution* must be of a minimum value.

4.9 Total Contributions Limit

The total *contributions* paid in a *tax year* in respect of a *member* to all registered pension schemes must be within the limit set by the *Act*. The *member* shall be solely responsible for ensuring that this *rule* is adhered to.

4.10 Excess Contributions Lump Sum

If the excess *contribution* condition is met in respect of a *member* for a *tax year* as described in paragraph 6(3) of Schedule 29 to the *Act*, the *scheme administrator* may, at its discretion, pay to the *member* an excess contributions lump sum that does not exceed the available excess contributions allowance for the relevant *tax year* as described in paragraph 6 of Schedule 29 to the *Act*. The *scheme administrator* may exercise its discretion to adjust a repayment of *contributions* to take account of expenses and interest and of any change in the value of the underlying assets during the intervening period provided that the excess contributions lump sum does not exceed the available excess contributions allowance.

4.11 If the *scheme administrator* agrees on receipt of a request by that *member*, it may make payment of a lump sum as an *authorised payment* in respect of a *member* who is potentially liable to the special annual allowance charge being a contributions refund lump sum, after the deduction of associated charges due to be paid by the *scheme administrator*.

The amount to be paid as a contributions refund lump sum shall not exceed the amount then permitted under legislation or the HMRC.

The amount to be paid under this rule as a contributions refund lump sum shall only be payable if

- (a) it is paid to or in respect of the individual by the *scheme administrator* in respect of *contributions* received,
- (b) it is not a lump sum of any of the descriptions listed in section 166(1) of the Act,
- (c) it is paid during the period of one year beginning immediately after the end of the tax year to which liability to the special annual allowance charge arose,
- (d) its amount does not exceed the adjusted contributions amount for that tax year, and
- (e) the individual is a high-income individual for the related tax year as prescribed under the Finance Act 2009.

5. Protected Rights

5.1 Protected Rights Payments

Special restrictions apply to the following *protected rights* payments to the *scheme*, in respect of the *member* and the benefits resulting from those payments:

5.1.1 Where the scheme is an *appropriate personal pension scheme*, payment of *minimum contributions* by HMRC.

5.1.2 Transfer payments received under rule 13.5.2 including *protected rights*, *section 9(2B) rights* or *guaranteed minimum pensions* under *defined benefit occupational pension schemes* or under insurance policies or annuity contracts of the type described in section 19 of the *Pension Schemes Act*, payments secured under section 32A of the *Pension Schemes Act* arising from the *protected rights* of a *member* of an *occupational pension scheme* being wound up; and

5.1.3 Incentive payments under paragraph 22 of Schedule 6 to the *Pension Schemes*

Act and regulation 3(10) of the Personal and Occupational Pension Schemes (Incentive Payments) Regulations 1987 (SI 1987/1115).

5.2 Allocation of Minimum Contributions

The *scheme administrator* shall ensure that all *minimum contributions* received by the *scheme* are applied and allocated to the *protected rights fund* of those *members* to whom such *minimum contributions* relate, within three months of the date on which payment of such *minimum contributions* is made by HMRC.

5.2.1 The *scheme administrator* will ensure that any *minimum payments* received in connection with a transfer payment received under rule 13.5.2 are invested on behalf of the *member* within a month of the end of the income tax month to which they relate.

5.2.2 Any age-related payments made by HMRC under section 42A(3) of the *Pension Schemes Act* for a *contracted-out money purchase scheme* received in connection with a transfer payment received under rule 13.5.2 must be invested on behalf of the *member* within a month of the payment by HMRC.

5.3 Use of Protected Rights

The *protected rights fund* must be used to provide the *member* with *money purchase benefits*, as required by the *rules*, except so far as they are used to meet administrative expenses of the *scheme* or to pay commission.

5.4 Safeguarded Rights

The *scheme administrator* shall make provision for the identification of *safeguarded rights* where required to do so by law.

5.5 Safeguarded Rights and Protected Rights

Any reference to *protected rights fund* in the *rules* includes any *scheme* assets representing *safeguarded rights*, unless specifically excluded. Any pension paid

from a *member's fund* representing *safeguarded rights* will, where required by law, be applied in the same way as any *protected pension* under the *rules*, unless otherwise stated.

5.6 Calculation of Protected Rights Fund

The value of a *member's protected rights fund* must be calculated as approved by the *scheme administrator*. It must be calculated at least as favourably as any other *money purchase benefits* under the *scheme*. It must also be consistent with the requirements set out in the rest of the *rules*.

5.6.1 When the valuation of the *protected rights fund* involves making estimates of the value of benefits, the manner of calculation must be approved by an *actuary*. The methods and assumptions used must be either determined by the *scheme administrator* or notified to the *scheme administrator* by an *actuary*, and must in either case be certified by an *actuary* to be consistent with the requirements of the *Pension Schemes Act*. The *scheme administrator* must keep such records as will enable the amount of the *member's protected rights fund* to be calculated at any time.

6. Date Member's Benefit Starts

6.1 Multiple Arrangements

Where the *member* has made more than one *arrangement*, rules 6.3 to 6.11 apply to each *arrangement* separately, except in relation to *protected rights* as explained in rule 3.5. This means that benefits may start separately from each *arrangement*.

6.2 Split Arrangements

Where the *member* has an *arrangement* that is to be split into two *arrangements* in accordance with rule 3.6 because only part of the *member's fund* is then to be applied to provide benefits, rules 6.3 to 6.11 will apply separately to each *arrangement* created by that split. This means that benefits (lump sums, annuities or pensions paid by *income*

withdrawal or alternatively secured pension) from each arrangement may start at different times.

6.3 Protected Rights Fund

Payment of benefit derived from the *protected rights fund* commences on such a date as has been agreed by the *member*, but cannot be earlier than the *member's normal minimum pension age* nor later than the *member's 65th birthday* unless agreed otherwise by the *member* and, in any event, not later than the *member's 75th birthday* or otherwise as specified in legislation.

6.4 Non-Protected Rights Fund

Subject to *rules 6.6 to 6.11*, payment of benefit derived from the *non-protected rights fund* commences on such a date as chosen by the *member*, but cannot be earlier than the *member's normal minimum pension age* nor later than the *member's 75th birthday*.

6.5 Pension Credit Rights

Pension credit rights must come into payment in accordance with *rule 6.4* unless:

- the *scheme* is an *occupational pension scheme*, in which case benefits cannot be drawn by the *member* till the *member's 65th birthday*; or
- an *ex-spouse* with *pension credit rights* becomes a *member* of the *scheme* in accordance with *rule 3.3* after the *member's 75th birthday*, in which case benefits must be drawn immediately.

6.6 Incapacity Below Age 50

A *member's* benefit (except for benefits from the *protected rights fund*) may start earlier than *normal minimum pension age* if the ill health condition described in paragraph 1 of Schedule 28 to the *Act* is met by the *member*, as determined by the *scheme administrator*.

6.6.1 The *scheme administrator* must consider suitable medical evidence and must be satisfied that *rule 6.6* applies.

6.6.2 *Pension credit rights* of an *ex-spouse* may not be paid early in accordance with *rules 6.6* and *6.7*

6.7 Occupations with a Low Retiring Age

A *member* may take benefits before the *member's normal minimum pension age* but not before the *member's protected pension age* if the *member* has taken such steps to ensure that the requirements set out in paragraphs 21 to 23A of Schedule 36 to the *Act* have been met by the *scheme* and the *member* as appropriate

6.7.1 If neither a *member* to whom *rule 6.9* applies nor the *scheme* are able to fulfil the requirements of paragraphs 21 to 23A of Schedule 36 to the *Act*, the *scheme administrator* shall take such steps as are appropriate to ensure compliance with the *Act*.

6.7.2 *Rules 6.9* to *6.10* do not apply to a *member* in respect of *pension credit rights*.

7. Benefits for Member

7.1 Object of Arrangements

7.1.1 The object of the *scheme* is to provide benefits to or in respect of a *member* on reaching a certain age, on death, on the onset of serious ill health or incapacity or in any of those circumstances where a benefit paid from the *scheme* would constitute an *authorised payment* for the purposes of the *Act*. Provided always that a payment from or by the *scheme* shall not be a breach of the object set out in this *rule* even though it is an *unauthorised payment* provided that it is a payment that could be an *authorised payment* had it not breached a limit or other condition stipulated by the *Act*, but in any event the liabilities to pay charges and sanctions in relation to the *unauthorised payment* shall not be varied by this provision. The object shall not be implemented so as to breach the requirements relating to a *member's protected rights fund* under the *rules*.

7.1.2 Multiple Arrangements

Where the *member* has made more than one *arrangement* under the *scheme* in accordance with the *member's contract* or *rule 3.5*, or more than one *contract*, the rest of Part 7 of the *rules* applies to each

arrangement separately except in relation to *protected rights*, unless otherwise stated.

The *rules* set out the benefits which may be provided under a *contract*.

7.1.3 The *contract* with the *member* shall stipulate the date, form, and method of payment of benefits from those *arrangements* subject to that *contract* and the terms of payment that are available to the *member* under that *contract*. Consequently the *member* may have different rights under the *rules* to different benefits depending on the *contract* the *member* selects. No *member* will have an entitlement to any *unauthorised payment*.

7.1.4 The *Scheme* shall not provide a *scheme pension* as that expression is defined in section 165 of the *Act* under *pension rules 4* and *6*.

7.2 Split Arrangements

Where the *member* has an *arrangement* that is split into two *arrangements* in accordance with *rule 3.6* because only part of the *member's fund* is to be applied to provide benefits under the *rules*, the rest of Part 7 of the *rules* applies to each of those *arrangements* separately.

7.3 Protected Rights Fund

Where the *member's protected rights fund* is held in more than one *arrangement*, those funds will be treated as if they are in one *arrangement* for the purposes of this Part 7.

Where the *member's protected rights fund* is held in more than one *arrangement*, the obligations on the *scheme administrator* to apply the *member's protected rights fund* to provide certain benefits required by law will apply to each arrangement.

7.4 Member's Choice of Lump Sum

The *member* may choose to receive a lump sum on *pension date* of an amount that does not exceed the *pension commencement lump sum* as that expression is defined in the *Act*

7.5 Pension Sharing Order

Where a *pension sharing order* is made

against a *member*, the *scheme administrator* shall re-calculate the entitlement to benefits under the *scheme* of the *member* accordingly.

7.6 Member's Pension

Except where used to provide any lump sum paid as described in *rule* 7.4 or any *unsecured pension*, the *member's fund* will be used to secure a pension for the life of the *member* or a *short term annuity* through the purchase of an annuity from an *insurer*. That pension must start on the *pension date* chosen in accordance with (or required by) Part 6 of the *rules*.

If the *contract* permits, the purchase of such an annuity may be deferred in accordance with *rules* 7.15 to 7.20.

As determined by the *contract*, the *member* should choose the *insurer* from which an annuity is to be purchased and instruct the *scheme administrator* to arrange the purchase of the selected annuity. The annuity shall be effected in the name of the *trustee*. The *member* must notify the *scheme administrator* at least one month, but not more than six months, before the date the pension is due to start.

7.7 The annuity must pay an income for the life of the *member* unless it is a *short term annuity* and make payments not less frequently than annually and must conform with the requirements laid down under the *Act*. The annuity *contract* may also provide benefits to any *survivor* on the death of the *member* in accordance with *rule* 8.1 and must conform with the requirements of the *Act*.

7.8 Protected Rights Fund

The following *rules* 7.8.1 to 7.8.3 shall apply where the *member* has a *protected rights fund*:

7.8.1 A lump sum:

7.8.1.1 may be paid out of that *protected rights fund* only if, and to the extent, permitted by the Personal and Occupational Pensions Schemes (Protected Rights) Regulations 1996 (SI 1996/1537) or other legislation;

7.8.1.2 commutation of the *member's protected rights fund* in the event of triviality shall be permitted where the *member* has a *non-protected rights fund* within the *scheme*, only where the *non-protected rights fund* is also commuted.

7.8.2 The pension bought with a *member's protected rights fund* must be one offered without regard to the sex of the *member* either in making the offer or in calculating the amount of the pension. *Protected rights* can be used to purchase a single life annuity provided that the *member* is unmarried or does not have a *civil partner* at the time a *protected pension* is purchased.

7.8.3 If the *member's* pension starts before age 50, the *protected rights fund* will not be used immediately, it will be used at or after age 50. In that case, the appropriate parts of this *rule* will apply separately to the *protected rights fund*. If the *member* dies between the date the pension starts and the date the *protected rights fund* is used, the appropriate parts of this *rule* will apply separately to the *protected rights fund*.

7.8.4 If the *unsecured pension* is to give effect both to a *non-protected rights fund* and a *protected rights fund*, the *scheme administrator* shall ensure that the terms of sections 28A(3) and 28A(3A) of the *Pension Schemes Act* are complied with.

7.9 Safeguarded Rights

Safeguarded rights arising from benefits accrued in pre-6 April 1997 *tax years* will be treated as post-5 April 1997 rights for determining the type of pension that must be purchased where this is required by law.

7.10 Scheme Administrator's Choice

If the *member* does not choose an *insurer* as required by *rule* 7.6 before the *member* has reached the *member's* 75th birthday, the *scheme administrator* as permitted by the *contract* will determine whether an *alternatively secured pension* will be provided or an annuity is to be purchased.

The benefit to be provided must conform to the *contract*, the *Act* or, and if appropriate, the *Pension Schemes Act*.

7.10.1 Any *survivor's* pension secured through annuity purchase with a *member's protected rights fund* must be bought, together with the *member's* pension from the *protected rights fund*, as a single *contract* with one *insurer*.

7.10.2 Any other *survivor's* pension will be secured through an annuity at the same time as the *member's* pension bought with the *member's non-protected rights fund*. If the *contract* permits, the *survivor's* pension may be secured from a different *insurer* than the one providing the *member's* annuity, chosen either by the *member* or by the *survivor* for whom pension is being bought.

7.11 Minimum Payment Guarantee

If the *contract* permits, the annuity may be guaranteed for such period as permitted by the *Act* or the *Pension Schemes Act*.

7.12 Responsibility of the Scheme Administrator

It is the responsibility of the *scheme administrator* to ensure that any annuity purchased by the *scheme* conforms with the *rules* and the requirements laid down by the *Act* and the *Pension Schemes Act*.

7.13 Unsecured Pension

If permitted by the *contract*, the *member* or *substitute member* may choose, under an *arrangement*, to defer securing the *member's* pension benefit through the purchase of an annuity and draw the *member's* or *substitute member's* pension direct from the *member's fund* at *pension date* in accordance with *rules* 7.17 to 7.19. If the *member* or *substitute member* chooses this option before the *member* reaches the *member's* 75th birthday, the *member* will receive *income withdrawal* benefits and, if after that birthday, *alternatively secured pension* benefits.

If the *member* or *substitute member* chooses this option the *member* must notify the *scheme administrator* in writing no later than one month before the date benefit is to start. The *member* or *substitute member* shall also notify the *scheme administrator*

in writing when the *member* wishes the deferral to end and an annuity to be purchased by providing at least one month's notice.

If the *unsecured pension* is to give effect to a *non-protected rights fund* and a *protected rights fund*, the *scheme administrator* shall ensure that the terms of sections 28A(3) and 28A(3A) of the *Pension Schemes Act* will be complied with.

7.13.1 Where a *member* or *substitute member* chooses to defer annuity purchase in accordance with *rule 7.15* after the *member* reaches the *member's 75th birthday*, the *member* shall not elect to receive a *pension commencement lump sum*.

7.14 Requirements For Unsecured Pension

When a *member* or *substitute member* chooses to defer annuity purchase from the *member's fund* under *rule 7.15*, the *member* must draw from the *member's fund* (excluding any lump sum paid under *rule 7.4*) a yearly pension in accordance with *rule 7.18*.

7.15 Unsecured Pension Limits

The *scheme administrator* shall ensure that the amount of an *unsecured pension* to be paid shall be within the limits under the *Act* or, if appropriate, the *Pension Schemes Act*.

The *scheme administrator* shall ensure that the amount of *unsecured pension* to be paid from the *member's protected rights fund* shall be within the limits under the *Act* and the *Pension Schemes Act*.

The *scheme administrator* shall vary the level of *unsecured pension* to be paid either as required by the *Act* or as determined by the *contract* and at the request of the *member*.

7.16 Pension Credit Rights

Where a *member* is in receipt of income withdrawals from an *arrangement* and a *pension sharing order* is subsequently made against the *member*, the *scheme administrator* must prepare and sign a certificate in respect of any *pension credit* arising from the *arrangement* in question

showing the benefit entitlements that can be paid.

7.17 Deduction from Payments

Payment of any entitlements under this Part 7 shall be made after deduction of tax or any charge specified under the *Act* and, where appropriate, income tax.

8. Member Dies After Benefit Starts

8.1 Member's Choice

Subject to *rules 8.2* to *8.10* a *member*, as provided for in the *contract*, may elect when an annuity is purchased that, in addition to the pension being provided for the *member*, the annuity *contract* or a contemporaneous annuity *contract* to be purchased in the name of the trustee will also provide for a pension after the *member's* death for:

- the *widow* or *widower*; and / or
 - one or more *dependants*
- as permitted under the *Act*.

8.2 Protected Rights Fund - Restrictions

The *protected pension* must include a pension payable on the *member's* death to such a person or entities as the *Pension Schemes Act* requires an *appropriate personal pension scheme* to provide.

The restrictions on the *protected pension* under this *rule* do not:

- affect the *member's* choice under *rule 8.1* for the rest of the *member's* pension, or
- apply to any pension purchased with any *safeguarded rights*.

A pension need not be provided for a *widow* or *widower* if the *member* is single at the time that an annuity is bought.

When a *survivor* is entitled to a pension derived from both the *member's protected pension* and *non-protected rights fund*, the provisions of the *rules* as to the commencement and ceasing of those pensions shall apply to each pension separately.

8.3 Amount of Protected Pension

The *protected pension* payable to a *widow* or *widower* will be of an amount as the *Pension Schemes Act* requires an *appropriate personal pension scheme* to provide. Pensions which are not *protected pensions* can be of any amount so long as the pension to be paid conforms to the requirements of the pension death benefit rules set out under the *Act* applicable to an *appropriate personal pension scheme*, after deducting any *pension debit* (where relevant).

8.4 Start of Survivor's Pension

Subject to *rule 8.13*, a *survivor's* annuity will start as soon as practicable after the *member* dies and shall, conform with the pension death benefits *rule* set out in the *Act* and, if appropriate, the *Pension Schemes Act*.

8.5 Duration of Widow's or Widower's Pension

The *widow* or *widower's* pension included with the annuity bought with a *member's protected rights fund* will continue for life unless provision is made for it to stop if the *widow* or *widower* remarries or enters into a civil partnership or if the surviving *civil partner* enters into a civil partnership or marries before reaching *pensionable age*.

8.6 Duration of Non Protected Rights Survivor's Pension

A *survivor's* annuity that derives from a *non-protected rights fund* may be paid for the *survivor's* life or may stop if the *survivor* remarries, or enters into a civil partnership or if the surviving *civil partner* enters into a civil partnership as determined by the particular annuity contract.

8.7 Minimum Payment Guarantee - Survivor's Pension

A *survivor's* annuity may (but need not) be on terms that it will in any event be paid for a guaranteed period not exceeding the period permitted by the *Act* or, as appropriate, the *Pension Schemes Act*. If the death of the annuitant occurs in the guaranteed period, the annuity may be paid as permitted by the *Act* or, as appropriate,

the *Pension Schemes Act* as determined by the annuity contract.

8.8 Lump Sum Payable Direct By Insurer

If any lump sum is payable under a life insurance contract, it will be paid directly by the *insurer* to the *scheme administrator*. It will not form part of the *member's fund*, but will be applied separately by the *scheme administrator* as described in Part 10 of the *rules*.

8.9 Death of Member During Payment of Unsecured Pension

A *member* may, as permitted by the *contract*, choose that, in the event of the *member's* death after electing to defer the purchase of the *member's* annuity under *rule 7.15* but before all the *member's fund* has been used to buy an annuity, the *member's fund* shall be applied to, or for the benefit of, one or more *survivors*.

The *scheme administrator* shall determine what benefits are available under the *contract* and arrange for payment to the recipient as appropriate. The benefits to be paid on death may be different depending on:

- the *member's* age at the date payment of entitlement commenced and at the date of death; or
- if the *arrangement* from which the *unsecured pension* is paid is constituted by a *protected rights fund* or *non-protected rights fund*, or both.

The *contract* shall specify such benefits as may be paid from the *scheme* in each set of circumstances

8.10 The total of all *survivors'* benefits paid immediately through an annuity must not be more than the amount that would constitute an *authorised payment* or, if applicable, such lower limit as is set out in the *Pension Schemes Act* for *appropriate personal pension schemes* to observe.

Any part of the *member's fund* that cannot be used under this *rule* will be used by the *scheme administrator* to meet general administration expenses of the *scheme*.

8.11 Survivors Choice

Where the *survivor's fund* is to be used to purchase an annuity, as determined by the *contract*, the *survivor* may choose the *insurer* from which the annuity is to be purchased or receive an *unsecured pension*.

8.12 Lump Sum

Where the *member's non-protected rights fund* is not to be applied to, or for the benefit of, one or more *survivors* in accordance with *rule 8.9*, it shall be paid as a lump sum in accordance with the appropriate *rule* in Part 9.

8.13 Death of Survivor During Annuity Deferral Period

If a *survivor* who has chosen to draw an *unsecured pension* dies before an annuity is purchased, the *survivor's fund* held in the *arrangement* shall be paid as a lump sum in accordance the appropriate *rule* in Part 9.

8.14 Deduction Of Tax

Payment of any entitlements under this Part 8 shall be made after deduction of tax or any charge set out in Part 22 of the *rules*, and as appropriate, income tax.

9. Member Dies Before Benefit Starts

9.1 Member's Choice

9.1.1 If the *contract* permits, a *member* may choose that, if the *member* dies before *pension date*, the *member's fund* will be used to secure a *survivor's* pension through the purchase of an annuity from an *insurer* (that is a pension for the *widow* or *widower*, and / or one or more *dependants*) or provide an *unsecured pension*.

If the *member* does not make a choice under this *rule* and there is a *survivor*, the *scheme administrator* may decide how the *member's fund* should be paid as a lump sum in accordance with *rule 9.24*.

9.1.2 Annuity payments under *rule 9.1.1* should come into payment as soon as possible following the *member's* death.

Annuity payments should be backdated to the date of death of the *member*.

9.1.3 Alternatively, the *scheme administrator* may allow any *survivor* to defer any annuity purchase as detailed in *rule 9.1* and draw a pension from their *survivor's fund* through an *unsecured pension*, as specified in *rules 9.20* to *9.21*. *Unsecured pension* payments must start with effect from the date of death of the *member*. Any decision to defer annuity purchase and draw *unsecured pension* under this *rule* must therefore be taken within such period as specified under the *Act* or, as appropriate, the *Pension Schemes Act*.

9.2 If the *member* holds a *protected rights fund* in the *scheme*, *rules 9.3* to *9.5* override any choice made by the *member* under *rule 9.1*.

9.3 Protected Rights Fund - Compulsory

If a *member* with a *protected rights fund* dies before *pension date*, the *scheme administrator* must take reasonable steps to find out whether the *member* is survived by a *widow* or *widower*. If the *member* is not survived by a *widow* or *widower*, benefits should be paid in accordance with *rule 9.16*. This *rule* does not apply to *safeguarded rights*. Benefits can be paid from *safeguarded rights* in accordance with *rule 9.16* whether the *member* is survived by a *widow* or *widower* or not.

9.3.1 If the *scheme administrator* discovers that the *member* is survived by a *widow* or *widower*, as soon as practicable, the *member's protected rights fund* must be used to buy the *widow* or *widower*, a pension through an annuity contract unless a trivial commutation lump sum or trivial commutation lump sum death benefit is paid in accordance with paragraphs 7 or 20 of Schedule 29 to the *Act*.

The rest of the *member's fund* (if any, in any *arrangement*) must be used either to buy further pension for the *widow* or *widower* or to buy a pension for another *survivor* of the *member*. If the *member* has not chosen the recipient, the *scheme administrator* may do so.

9.4 Safeguarded Rights

Safeguarded rights may be used to buy a *survivor's* pension, but there is no requirement to do so.

9.4.1 When a *survivor* has an annuity, part of which is bought using the *member's protected rights fund* and part of which is not, the provisions in this Part 9 as to the permissible dates for the pension to start and to stop apply to each part separately.

9.5 Member's or Survivor's Choice of Insurer

If the *member* has notified the *scheme administrator* that the *member* wishes the pension to be secured from a particular *insurer*, then (except in the case of a pension payable to a *widow* or *widower* from the *member's protected rights fund*) the *scheme administrator* must buy the annuity from that *insurer*.

9.6 Scheme Administrator's Choice

Subject to *rule 9.17*, if a *member* or *survivor* does not choose which insurer the annuity is to be purchased from by writing to tell the *scheme administrator* by the latest date permitted under this Part 9, the *scheme administrator* will choose the *insurer* and will decide which of the options in this Part 9 will apply to the pension.

9.7 Maximum Amount Of Pension

The total of all *survivors'* pensions under Part 9 of the *rules* must not be more than the highest amount of pension that can be paid as an authorised payment under the *Act*. Any restriction of a *survivor's* pension required by the *Act* will be applied by the *scheme administrator*.

Subject to *rules 9.16* and *9.17*, any part of the *member's fund* that cannot be used to buy *survivors'* pensions will be used by the *scheme administrator* to meet general administration expenses of the *scheme*.

9.8 Start of Survivor's Pension

The purchase of a *survivor's* annuity must occur as soon as practicable after the *member* dies, unless the *survivor* is:

- deferring annuity purchase under *rule 9.20*, or
- a *widow* or *widower* chooses to defer the annuity as permitted by *rule 9.20*.

As explained in *rule 9.1.2*, where the *survivor's* annuity is not being deferred, the annuity payments should be backdated to the date of death of the *member*.

9.8.1 When the *member* dies the *widow* or *widower* may choose to defer all pension benefits to any later time. The option in this *rule* to defer annuity purchase does not apply to any *widow* or *widower's* pension bought with the *member's protected rights fund* (as described in *rules 9.5* to *9.7*).

9.9 Survivors Pension as a Lump Sum Instead of Small Pension

If the trivial commutation lump sum death benefit, as that expression is defined under the *Act*, can be utilised then the *scheme administrator* may pay the cash value of the *member's fund* up to the amount specified in the *Act*.

9.10 Duration of Widow's or Widower's Pension

The pension bought with a *member's protected rights fund* will continue until the death of the *widow* or *widower* unless provision is made for it to stop if the *widow* or *widower* remarries or enters into a *civil partnership* before *pensionable age*.

9.11 Duration of Other Survivor's Pension

A *survivor's* pension that is not provided under *rules 9.3* or *9.5* must be paid for the *survivor's* life, although it may stop if the *survivor* marries or enters into a *civil partnership*.

9.12 Widow's or Widower's Pension Continuing To A Child

A *survivor's* pension bought with a *member's protected rights fund* for a *widow* or *widower* may (but need not) be on terms that, if the *widow* or *widower* is still receiving a pension when the *widow* or *widower* dies and leaves a *dependent child*, the pension will continue

for the benefit of that child. The amount paid as pension for the child will not be more than the *widow's* or *widower's* pension would have been if the *member* had survived. It will continue to be paid only so long as at least one *dependent child* is under age 18.

Minimum Payment Guarantee

9.16.1 Non-Protected Rights Fund

A *survivor's* pension bought with a *member's non-protected rights fund* may (but need not) be on terms that it will in any event be paid for a guaranteed period not exceeding ten years. Then, if the pension would have stopped in accordance with *rules 9.1* or *9.6*, it will be paid for the rest of the guaranteed period to another individual, or to the estate of the *member* or of another individual who dies after the *member* (and the recipient may vary from time to time) as determined by the annuity contract.

9.16.2 Where the pension continues and is payable to another individual, it may either continue to be payable for the full guaranteed period in any event, or be arranged so as to stop if at any time the individual to whom it is being paid marries or enters into a *civil partnership*, reaches age 18 or leaves full-time educational or vocational training after reaching age 18.

9.16.3 Protected Rights Fund

The annuity bought with a *member's protected rights fund* may (but need not) be on terms that it will be paid for a guaranteed period up to the longest period and for the maximum amount permitted under the *Pension Schemes Act* and, if death occurs within the guaranteed period, payments will be dealt with in accordance with the annuity contract.

9.17 Protected Rights Fund – Lump Sum

If a *member* with a *protected rights fund* dies and either:

(1) the *scheme administrator* decides after making reasonable enquiries that the *member* died without leaving a *widow* or *widower*; or

(2) the *widow* or *widower* dies before the pension is bought

provided that no pension has become payable to another *survivor*, the *scheme administrator* may, either as soon as practicable, or in any event subject to *rule 9.25*, pay the value of the *member's protected rights fund* in accordance with any direction given by the *member* in writing or to the *member's* estate.

If a pension has become payable under *rule 9.1*, the *member's protected rights fund* must be used to buy *survivors'* pensions. Such pensions may (but need not) be on terms that they will be paid for any period not exceeding ten years. *Safeguarded rights* may be paid under this *rule* without (1) or (2) being satisfied.

9.18 Non-Protected Rights Fund - Lump Sum

If a *member* dies before reaching the *member's* 75th birthday and no *survivor's* pension has become payable under *rules 9.1* or *9.2*, the *scheme administrator* may, as soon as practicable and subject to *rule 9.19*, pay out the *member's fund* (other than any *protected rights fund*) as a lump sum:

(1) in accordance with any specific provision regarding payment of such sums under the *contract(s)* applying to the *arrangements* in question;

(2) if (1) is not applicable and at the time of the *member's* death the *scheme administrator* is satisfied that the *contract* is subject to a valid trust under which no beneficial interest in a benefit can be payable to the *member*, the *member's* estate or the *member's* legal personal representatives, to the trustees of the trust; or

(3) if (1) and (2) are not applicable, at the discretion of the *scheme administrator*, to or for the benefit of any one or more of the following in such proportions as the *scheme administrator* decides :

(a) any person, charity, association, club, society or other body (including trustees of any trust whether discretionary or

otherwise) whose names the *member* has notified to the *scheme administrator* in writing prior to the date of the *member's* death;

(b) the *member's* surviving spouse;

(c) the parents and grandparents of the *member* or the *member's* surviving spouse and any children and remoter issue of any of them;

(d) the *member's dependants*;

(e) any person, charity, association, club, society or other body entitled under the *member's* will to any interest in the *member's* estate;

(f) the *member's* legal personal representatives.

For this purpose a relationship acquired by legal adoption is as valid as a blood relationship.

9.19 Lump Sum Payable by Scheme Administrator - Time Limit

The *scheme administrator* will pay any lump sum within the period of two years beginning with the earlier of the day on which the *scheme administrator* first knew of the *member's* death and the day on which the *scheme administrator* could first reasonably be expected to have known of it. If this is not practicable then, at the end of the two year period, it will be transferred outside the *scheme* until it can be paid.

9.20 Survivor Selecting Income Withdrawal

The *survivor* shall notify the *scheme administrator* in writing giving at least one month's notice when the *survivor* wishes to defer annuity purchase and for the deferral to end and an annuity to be purchased.

9.21 Where a *survivor* ceases to be eligible for a pension in accordance with *rules 9.13* or *9.14*, income withdrawals must cease. If the *survivor* dies in this period *rule 8.9* shall be applied as if the *survivor* were the *member*, failing which any *survivor's fund* remaining in the *arrangement* at the date of such cessation will be used to meet general administrative expenses of the *scheme*.

9.22 Annuity Purchase

If the *contract* permits, the *survivor* may, whilst taking *income withdrawal* from an *arrangement* in accordance with *rule 9.1.3*, use part of the *survivor's fund* held in the *arrangement* to secure a pension through annuity purchase, whilst continuing to take *income withdrawal* from the remainder of the *survivor's fund* in the *arrangement* in accordance with *rule 9.20*.

9.23 Where an annuity is being purchased for a *survivor* in accordance with this Part 9, the *survivor* has the option of choosing which *insurer* the annuity is purchased from.

9.24 Income Withdrawal Limits

Any payment under *rule 9.19* shall be within the limits prescribed under the *Act* and may be varied by the *scheme administrator* in accordance with the *Act* or, at the request of the *survivor*, in accordance with the *Act*

If a *survivor* dies after electing to defer pension under *rule 9.1.3*, but before the whole of the *survivor's fund* has been used to purchase an annuity, the *survivor's fund* held in the *arrangement* shall be paid as a lump sum in accordance with *rule 8.9*. For the purposes of this *rule*, the word '*member*' in *rule 8.9* shall be read as '*survivor*'.

9.25 Deduction from Payments

Payment of any entitlement under this Part 9 shall be made after deduction of tax or any charge set out in Part 22 of the *rules*, and as specified under the *Act*, and, as appropriate, income tax.

10. Member Dies Before Pension Starts - Life Insurance

10.1 Lump Sum Payable Under Life Insurance Contract

If some of the contributions in respect of a *member* have been used to pay premiums under a life insurance *contract*, the *scheme administrator* will, as soon as practicable and subject to *rule 9.19*, pay the lump sum benefit from the *contract*:

(1) in accordance with any specific provision regarding payment of such sums under the *contract*;

(2) if (1) is not applicable and at the time of the *member's* death the *scheme administrator* is satisfied that the *contract* is subject to a valid trust under which no beneficial interest in a benefit can be payable to the *member*, the *member's* estate or the *member's* legal personal representatives, to the trustees of the trust;

(3) if (1) and (2) are not applicable and at the time of the *member's* death the *contract* is vested in an assignee, other than the *member's* estate or the *member's* legal personal representatives, to the assignee; or

(4) if (1), (2) and (3) are not applicable, at the discretion of the *scheme administrator*, to or for the benefit of any one or more of the following in such proportions as the *scheme administrator* decides:

(a) any person, charity, association, club, society or other body (including trustees of any trust whether discretionary or otherwise) whose names the *member* has notified to the *scheme administrator* in writing prior to the date of the *member's* death;

(b) the *member's* surviving spouse;

(c) the parents and grandparents of the *member* or the *member's* surviving spouse and any children and remoter issue of any of them;

(d) the *member's dependants*;

(e) any person, charity, association, club, society or other body entitled under the *member's* will to any interest in the *member's* estate;

(f) the *member's* legal personal representatives.

For this purpose a relationship acquired by legal adoption is as valid as a blood relationship.

10.2 Deduction from Payments

Payment of any entitlements under this Part 10 shall be made after deduction of tax or any charge set out in Part 22 of the

rules and as specified under the *Act*, and, as appropriate, income tax.

11. Member with Protected Rights Fund dies after Pension starts but before Effect has been given to Protected Rights

11.1 Member dies before Effect given to Protected Rights

If a *member* has a *protected rights fund*, and dies after any other benefit starts but before effect has been given to the *protected rights*, the benefit on the *member's* death will be as follows:

(1) Part 9 of the *rules* will apply to the *protected rights fund* as if the *member* had died before the benefit had started. Consequently, where the conditions described in *rule* 9.17 apply and no part of the *member's* fund containing *protected rights* is to be used to pay a *survivor's* pension, the *member's protected rights fund* must be paid as a lump sum, as dictated by regulation 12 of the Personal and Occupational Pension Schemes (Protected Rights) Regulations 1996 (SI 1996/IS37).

(2) any other benefits will be as described in Part 8 of the *rules*.

11.2 Deductions from Payments

Payment of any entitlement under this Part 11 shall be made after deduction of tax or any charge set out in Part 22 and as specified under the *Act*, and, as appropriate, income tax.

12. Transfer Out of the Scheme

12.1 Member's Right to a Cash Equivalent

A *member* has a right to transfer the cash equivalent of the *member's* entitlement under the scheme under the provisions of Part IV or Part IVA of Chapter IV of the *Pension Schemes Act*.

The *member* may exercise this right as set out in the *contract*.

12.2 Transfer Payments

In the absence of an election to apply for a statutory right to transfer under *rule* 12.1, the *scheme administrator* may, nevertheless, at the written request of a *member*, transfer the *member's* fund, or that part of it which excludes *protected rights* to another receiving scheme described in *rule* 12.4 of which the *member* has become a *member*.

The *member* may exercise this right as set out in the *contract*.

12.3 Protected Rights Fund

When *protected rights* are to be transferred, the whole of the *member's protected rights fund* under the scheme must be transferred subject to the rest of this *rule* and the conditions set out in *rules* 12.14.1 to 12.14.6 and 12.17.

If, however, the *member* also holds *safeguarded rights* in the scheme, these rights do not have to be transferred with the *member's protected rights*, provided they are not held in the same *arrangement*

Funds representing a *member's safeguarded rights* may be transferred in isolation from the rest of the *member's protected rights fund* or *non-protected rights fund* if they are held in a separate *arrangement*.

Where a *member's safeguarded rights* are to be transferred, the whole of those *member's safeguarded rights* held in the scheme must be transferred. Any such transfer is subject to the conditions set out in this Part 12.

If, however, *protected rights* are to be transferred from an *arrangement* that also contains *safeguarded rights* and/or *non-protected rights*, those *safeguarded rights* and *non-protected rights* must also be transferred. Similarly, where *safeguarded rights* are to be transferred from an *arrangement*, any *protected rights* or *non-protected rights* held in the same *arrangement* must also be transferred.

12.4 Receiving Scheme

The *member's arrangement* may be transferred to a *registered pension scheme* or other entity approved for the purpose of this *rule* by HMRC.

12.5 The transfer must be made by a direct payment between the *scheme administrator* and the administrator, manager, or trustee of the receiving scheme. The transfer may not be paid or passed through a financial intermediary or broker.

12.6 The *scheme administrator* will comply generally with the *Act* and all *HMRC* and *DWP* requirements.

12.7 Pension Credit Rights

In the event of *pension credit rights* arising, these must be implemented by a transfer to a *registered pension scheme* or other entity approved by *HMRC* or, where the *scheme administrator* permits, to a new *arrangement* for the *ex-spouse* within the scheme.

12.8 Transfer to an Overseas Pension Scheme

If the *contract* permits, a *member's non-protected rights fund* held within an *arrangement* may be transferred to an overseas pension scheme, provided that:

- all conditions for such transfers as laid down by *HMRC* and, as appropriate, the *DWP* are satisfied; and
- the prior consent of *HMRC* has been obtained, where necessary.

12.9 Member Withdrawing a Transfer Request

The *member* may withdraw a request by giving the *scheme administrator* notice in writing to that effect before the *scheme administrator* has entered into a binding agreement with a third party to make the transfer to the other scheme. A *member* who has withdrawn a request may make another.

12.10 Time of Transfer

When benefits are not in payment, the transfer must be completed before *pension date* otherwise it may be completed by a different date.

12.11 Transfer of Member's Benefits whilst in Income Withdrawal

Where the *member* is taking *income*

withdrawal or alternatively secured pension from an *arrangement* in accordance with Part 7, if the *contract* and *scheme administrator* so permits, a transfer may be made to another *registered pension scheme* provided that:

- the payment consists of the whole of the *member's fund* under the transferring *arrangement*; and
- the receiving *registered pension scheme* conforms with the requirements of the *Act* and, as necessary, the *Pension Schemes Act*.

The *contract* will specify whether the *member* has the option detailed in this *rule*.

12.12 Transfer of Survivor's or Substitute Member's Benefits whilst in Income Withdrawal

Where a *survivor* or *substitute member* is taking *unsecured pension* from an *arrangement*, and has not yet purchased an annuity, if the *contract* so permits, a transfer may be made to another *registered pension scheme* provided that:

- the payment consists of the whole of the *survivor's fund* or *substitute member's fund* under the *arrangement* in question;
- the *substitute member's fund* was not the subject of an earlier transfer into the scheme under *rule* 13.8 that occurred in the twelve month period immediately preceding the date the transfer payment is to be made; and
- the receiving *registered pension scheme* conforms with the requirements of the *Act* and, as necessary, the *Pension Schemes Act*.

12.13 Pension Credit Rights

Where a *pension sharing order* is made before the *member's pension date* under an *arrangement*, but is not implemented by that date, a transfer of *pension credit rights* may still be made subject to the requirements of the *Act* and, as appropriate, the *Pension Schemes Act* or the *Welfare Reform and Pensions Act 1999*.

12.14 Transfer of Protected Rights Fund and Safeguarded Rights - Additional Conditions

In addition to the general requirements of this Part 12, a transfer of a *member's protected rights fund* will be subject to the additional conditions set out in this *rule* according to the type of scheme to which a transfer is being made.

All schemes

12.14.1 the *member* must consent to the transfer unless Part 17 of the *rules* permits otherwise.

12.14.2 the receiving scheme must be an *appropriate personal pension scheme*, a *contracted-out occupational pension scheme* or an overseas *occupational pension scheme* or *arrangement* as permitted by regulation 5 of the *Protected Rights (Transfer Payment) Regulations 1996* (SI 1996/1461).

12.14.3 the transfer payment (or that part which gives effect to *protected rights*) must be of an amount at least equal to the cash equivalent of the *member's protected rights fund* as determined in accordance with the provisions of the *Pension Schemes Act*.

12.14.4 Appropriate Personal Pension Schemes and Contracted-Out Money Purchase Occupational Schemes

If the receiving scheme is an *appropriate personal pension scheme*, the *scheme administrator* must require that the transfer payment must be applied by the receiving scheme in providing *money purchase benefits* for, and in respect of, the *member*.

12.14.5 All Occupational Pension Schemes (Except Overseas Schemes)

The *member* must have entered employment with an *employer* who is a contributor to the receiving scheme or be a former *member* of the receiving scheme.

12.14.6 Salary Related Contracted-Out Occupational Pension Schemes

In respect of a *protected rights fund* which relates to *tax years*:

- prior to 6 April 1997, the receiving scheme must provide the *member* or the *member's widow* or *widower* with a *guaranteed minimum pension* equal to that to which the *member* would have been treated as entitled by reason of the *member's* membership of the scheme, if the transfer payment had not been made;
- after 6 April 1997, the receiving scheme must provide the *member* or the *member's widow* or *widower* with benefits in accordance with *regulation 4(e)* of the Protected Rights (Transfer Payment) Regulations 1996 (SI 1996/1461).

12.14.7 Receiving Scheme an Overseas Scheme or Arrangement

The *scheme administrator* must take reasonable steps to satisfy itself that the requirements prescribed under the *Act* or the *Pension Schemes Act* are satisfied.

12.14.8 Safeguarded Rights

Safeguarded rights may only be transferred to a *scheme* or *arrangement* as permitted by law.

12.15 Discharge of Rights Under the Scheme

Neither the *scheme administrator* nor the *trustee* will be under any obligation to complete an instruction to transfer an entitlement under the *scheme* until the *member* has discharged either or both of their obligations under the *scheme* in respect of the *member*. Entitlement to benefit under the *scheme* for or in respect of the *member* or *survivor* will automatically cease in respect of any rights transferred in accordance with this Part 12 and the *scheme* will be discharged from any obligation to provide benefits in respect of those rights on completion of the transfer.

12.16 Exclusion of Liability on Loss of Protection

Neither the *scheme administrator* nor the *provider* shall be liable for any loss of rights or transitional protection under Schedule 36 to the *Act* that a *member* or

any other person may suffer as a result of implementing a transfer under this Part 12.

12.17 Multiple Transfers

Except where the transfer is in accordance with *rule 12.11* and provided the *contract* so permits, a *member* may elect under this *rule* for different parts of the *member's* fund to be transferred as described above to different schemes, provided all the *member's* fund is being transferred from the *arrangement*. The *member's protected rights fund* must, however, be transferred to the same scheme, except that any rights attributable to tax years ending before 6 April 1997 may be transferred to a different scheme to those attributable to tax years commencing after 5 April 1997. This exception will never be relevant for *safeguarded rights*.

Where a *member* or a *member's widow*, *widower* or *dependant* has an entitlement to a pension or income under the scheme or to an annuity issued to secure a pension purchased under the scheme, a transfer under this *rule* must be made to one *registered pension scheme* or insurer only.

13. Transfer Into the Scheme

13.1 Transferring Scheme

The *scheme administrator* may, at the written request of a *member*, accept a transfer payment representing the value of the *member's* rights (including any *pension credit rights*) under any *registered pension scheme* or other entity permitted by HMRC but only if the person legally responsible for the transferring scheme completes such assurances and gives such undertakings as the *scheme administrator* requires.

The *scheme administrator* may, but is not under any obligation to, accept a proposed transfer without the *member's* written request where the transfer originates from a scheme which is being wound-up and the *rules* of that scheme do not require the *member's* consent to that transfer.

The *scheme administrator* is not under any obligation to accept any transfer payment from a transferring scheme. Receipt of

payments in respect of a transfer request to the scheme does not constitute acceptance of that transfer request.

13.2 Transfer In With Pension Debit

When the *scheme administrator* accepts a transfer payment into the *scheme* and is informed by the transferring scheme of a *pension debit* relating to the transfer payment, the *scheme administrator* must retain details of this *pension debit*. If those benefits are transferred from the *scheme* in accordance with Part 12 of the *rules*, the *scheme administrator* must give full details of the *pension debit* to the receiving scheme's administrator.

13.3 General Conditions

The transfer must be made by a direct payment between the administrator, manager or trustee of the other scheme and the *scheme administrator*. The transfer may not be paid or passed through a financial intermediary or broker.

13.4 A transfer payment is not a *contribution* for the purpose of the *Act*.

13.5 Protected Rights Fund

13.5.1 A transfer payment under *rule 13.1* may, if the scheme is *contracted-out* (or, in the case of (4) below, was *contracted-out* at some time), include:

- (1) *protected rights* for the *member* from another *registered pension scheme* which is, or was, an *appropriate personal pension scheme* or an *occupational pension scheme contracted-out* by the money purchase test, or *protected rights* under an appropriate policy of insurance of the type described under section 32A of the *Pension Schemes Act*
- (2) the *member's* accrued rights to a *guaranteed minimum pension* under a *registered pension scheme* which is, or was, a salary related *contracted-out* scheme, or an insurance policy or annuity *contract* of the type described in section 19 of the *Pension Schemes Act*
- (3) section 9(2B) rights; or
- (4) any *safeguarded rights* attributable to the *member*.

13.5.2 If such a transfer is received, then the *scheme administrator* must use that part of the transfer payment representing *protected rights*, accrued rights to a *guaranteed minimum pension* or accrued section 9(2B) rights to provide the *member* with *protected rights* under the scheme. The rest of the transfer payment will only be used to provide *protected rights* if the *scheme documents* state that the *rules* apply to all payments to the scheme.

13.6 Time Of Transfer

The transfer must normally be completed by the *scheme administrator* before the *member's pension* from the *member's fund* is due to start, and if it is likely that this may not happen, the *scheme administrator* may refuse to complete the transfer and will return to the transferring scheme all monies received.

13.7 Acceptance of Transfers of Unsecured Pension Benefits

If the *contract* so permits, and all the conditions under the *Act* or the *Pension Schemes Act* are met, a person who is, or is to become, a *member* may transfer into the scheme benefits from a *registered pension scheme* where the *pension date* has been reached and benefits are in payment through an *unsecured pension*.

13.8 Benefits in payment through an *unsecured pension* under another *registered pension scheme* in respect of a *substitute member* may also be transferred to the scheme if the *contract* so permits, and all the conditions in *rule 13.9* are met.

13.9 The conditions that must be met in *rule 13.8* are that:

(1) the receiving *arrangement* within the *scheme* must prohibit the acceptance of:

- *contributions* under Part 4 of the *rules*, and
- further transfer payments which do not fall within *rule 13.7* and any subsequent transfers must be treated as a new *arrangement* entering *income withdrawal*;

(2) *member* and *substitute member's* benefits may not be transferred into the same

arrangement, even if the *member* and the *substitute member* are the same person;

(3) the *member* or *substitute member* must have elected, as part of the process of setting up the new *arrangement*, to defer the purchase of an annuity and commence *income withdrawals* with effect from the date of transfer in accordance with *rule 7.15*.

13.10 Bulk Transfers

This Rule applies when a trustee, establisher or scheme administrator of a registered pension scheme (“the Transferring Scheme”) or a promoter of a contract under the Transferring Scheme wishes to transfer more than one member’s accrued rights under the Transferring Scheme to this *Scheme* but the consent of the member cannot be obtained.

13.1 The *Trustee* may decide to make such person a member of this *Scheme* and accept assets in respect of that person’s participation in the Transferring Scheme to be held under the *scheme* subject to the following conditions being completed to the satisfaction of the *Trustee*:

13.1.1 The Transferring Scheme only provides benefits (other than GMP and lump sum death payments) to members of the Transferring Scheme (and persons entitled through those members) that are money purchase benefits as defined in Pension Schemes Act 1993.

13.1.2 The rights of members of the Transferring Scheme are to be transferred from the Transferring Scheme to the *scheme* because -

(a) the Transferring Scheme is being or is to be wound up in whole or in part and the members are in the part of the Transferring Scheme that is being or is to be wound up,

(b) one or more of the contracts determining member entitlements under the Transferring Scheme are to be terminated or cancelled,

(c) the trustee and scheme administrator of the Transferring Scheme or promoter of a particular contract under the Transferring Scheme, as appropriate, have resolved that

- the *trustee* and *scheme administrator*, as appropriate, assume responsibility under the *scheme* for those assets held under the Transferring Scheme for the members of the relevant part of the Transferring Scheme who have not exercised their rights to a cash equivalent (as defined under the Pension Schemes Act 1993) and
- the whole rights and entitlements of the trustee and scheme administrator of the Transferring Scheme in respect of those members of the relevant part of the Transferring Scheme to those assets or contracts are as appropriate transferred, assigned or novated to or the cash value of those assets or contracts paid to the *trustee* or *scheme administrator*.

13.1.3 The trustee or scheme administrator of the Transferring Scheme demonstrates to the trustee’s satisfaction that

- the Transferring Scheme is a registered pension scheme providing money purchase benefits only;
- the assets held in respect of members of the Transferring Scheme in respect of whom a transfer payment is to be made to the *scheme* can be held under the *scheme*;
- The trustee or scheme administrator of the Transferring Scheme has the right to transfer members to a registered pension scheme in the circumstances giving rise to the transfer;
- The trustee of the Transferring Scheme has made all reasonable attempts to contact the members of the Transferring Scheme (as agreed with the Trustee) telling those members of the Transferring Scheme of the intention to transfer their accrued rights to a registered pension scheme of the member’s choosing or in the absence of the member exercising their rights, this Scheme;
- a reasonable number, as determined by the *trustee*, of members of the Transferring Scheme have responded to those communications;
- the transfer payment to be made from the Transferring Scheme is to be of an amount at least equal to the cash

equivalent of the member's rights under the scheme, as calculated and verified in a manner consistent with regulations made under section 97 of the 1993 Act (calculation of cash equivalents); and

- that no entitlement to be transferred is an entitlement subject to certification under Part III of the Pension Schemes Act 1993 (contracted out entitlements) unless the Transferring Scheme has discharged all obligations under that Act to properly and effectively complete a transfer of those entitlements to the Receiving Scheme.

13.1.4 The trustee or *scheme administrator* of the Transferring Scheme is able to provide to the scheme administrator true accurate and complete information

- for each member of the Transferring Scheme and their entitlement in respect of whom a transfer payment is to be made to the *scheme*;
- that establishes the members' entitlement to be a member of the Transferring Scheme,
- the results of anti money laundering and related procedures; and
- the details of the contributions paid, and rights accrued to the member under the Transferring Scheme sufficient for the *trustee* and *scheme administrator* to discharge all obligations in relation to a recognised transfer under the Finance Act 2004 (other than obtaining consent to becoming a *member* of the *scheme* or the transfer of accrued rights to the *Scheme*).

13.1.5 The *trustee*, at the expense of the Transferring Scheme, is able to ascertain that the transfer credits to be acquired for each member under the Scheme are, broadly, no less favourable than the rights to be transferred.

13.1.6 The *trustee* and *scheme administrator* complete such commercial agreements as they require and consider appropriate with the trustee or scheme administrator of the Transferring Scheme to give effect to the proposed transfer payments and, as appropriate the person promoting the contracts setting out the member's entitlements.

13.1.7 The *trustee*, if it so decides it is appropriate, has intimated to the Financial Services Authority and Her Majesties Revenue and Custom the terms of the proposed transfer and has received a response the Trustee determines does not preclude the transfer proceeding as proposed.

14. General Provisions About Benefits

14.1 Rights Under The Scheme

A person's rights under the *scheme* are only those given under the *scheme documents* or by any insurance or pension contract bought by the trustee on the *scheme administrator's* instructions with the *member's fund* (or *substitute member's fund*, where relevant).

The *scheme* must provide *money purchase benefits* within section 181 of the *Pension Schemes Act*.

Before giving effect to any person's rights under the *scheme*, the *scheme administrator* shall make such deductions of any payments that become due to be paid by it because of its responsibility for the discharge of the functions conferred or imposed on the *scheme administrator* under the *Act*.

14.2 Assignment or Surrender

Rights to a lump sum retirement benefit, *protected rights* or payments giving effect to them under the *scheme* may not be assigned or surrendered, except to the extent necessary to comply with a *pension sharing order*.

14.3 No pension secured with a *member's fund* (or *substitute member's fund*, where relevant) may be assigned or surrendered except in the following circumstances:

(1) a pension which continues under a guarantee to a person's estate after the *member's* death may be assigned by the *member's* will, or by the *member's* personal representatives in distributing the *member's* estate, for any of the following reasons:

- to give effect to the *member's* will; or
- to give effect to the rights of those entitled on the *member's* intestacy; or

- to appropriate it to a legacy or to a share or interest in the estate;

(2) to the extent necessary to comply with a *pension sharing order*;

(3) as permitted by sections 342A to 342C of the Insolvency Act 1986 and sections 36A to 36C of the Bankruptcy (Scotland) Act 1985, as amended by sections 15 to 16 of the Welfare Reform and Pensions Act 1999; or

(4) as permitted by sections 273 to 278 of the Proceeds of Crime Act 2002.

Furthermore, by statute, every assignment of *protected rights* or payments giving effect to them is void as is any charge on them and any agreement to assign or charge them.

14.4 Information To Members

The *scheme administrator* will issue an annual statement to *members* and others as required under section 113 of the *Pension Schemes Act*.

14.7 Beneficiary Unable to Act

If the *scheme administrator* believes that a person entitled to payments is unable to act for any reason, the *scheme administrator* may arrange that payments, instead of being made to that person, will be made for the maintenance of that person and / or any of that person's *dependants*. If any payments are not so made, they (and any proceeds) must be held for the person concerned until that person is again able to act. If that person dies without becoming able to act, payment must be made to that person's estate. Any payment made in accordance with this provision will discharge the *scheme* from any obligation to provide the benefits to which it relates.

14.8 Prison

If a person entitled to benefit is serving a period of imprisonment or detention in legal custody, payments which are or become due to that person from a *member's protected rights fund* or payments of a benefit secured with that fund may be suspended. The value of the suspended payments must then be used for the

maintenance of one or more of that person's dependants.

14.9 Whereabouts Unknown

The *scheme administrator* may decide that any person who is entitled to a payment under the *scheme* shall cease to have any claim to the payment if at least six years have passed from the date the payment became due and the person cannot be found by the *scheme administrator*, after taking all reasonable steps.

14.10 Evidence

The *scheme administrator* may require any *member* or any other person to whom a pension or lump sum is payable under the *scheme* to produce any evidence or information which the *scheme administrator* may from time to time reasonably require. If they do not produce the evidence or information, the *scheme administrator* may withhold payment of any benefit to which it is relevant until it is produced.

14.11 Notice to Scheme Administrator

Where the *rules* give a *member* or other person any choice, the *scheme administrator* may impose any requirements as to the period or form of the notice to be given by the *member* or other person which shall be set out in the *contract*, so long as these do not conflict with any requirements specified in the *rules*.

15. General Provisions About Pensions

15.1 Payment Intervals

Any pension paid as an annuity from a *member's fund* (or *substitute member's fund*, where relevant) may be paid in advance or arrears. It must be paid at least once a year.

15.2 If a pension bought with a *member's protected rights fund* is payable in arrears, it may be paid at least monthly unless the recipient agrees in writing that it can be paid less often.

15.3 Increase In Payment

Subject to *rule* 15.4, a pension or other income payable under the *scheme* may be of a level amount, a variable amount or may increase in payment. Where the pension came into payment before 6 April 2005 it must be increased as required by law.

15.4 In the case of a pension bought with a *member's protected rights fund*, the following special conditions shall apply:

(1) the pension, attributable to contributions which relate to *tax years* ending before 6 April 1997, must increase each year by the same percentage as a *guaranteed minimum pension* accruing between 5 April 1988 and 5 April 1997. These increases are governed by orders under section 109 of the *Pension Schemes Act* and reflect increases in the general level of prices up to a maximum of 3%; the pension may (but need not) be on terms that it will increase by a greater amount, but not by more than 3% in any year;

(2) the pension, attributable to contributions that relate to *tax years* commencing after 5 April 1997, must be increased in accordance with section 162 of the *Pensions Act 1995*.

(3) the first increase must be made not later than the first anniversary of the pension starting and further increases must be made on each anniversary of the first increase.

Safeguarded rights that fall within (1) are treated in the same way as described in (2), as stated in *rule* 7.9.

15.5 ENFORCEABILITY

The *scheme administrator* may only arrange for the purchase of a pension from an *insurer* with a *member's protected rights fund* if the *scheme administrator* is satisfied that any person who is, or may be, entitled to payment of that pension may enforce that entitlement:

- under a trust;
- under a deed poll; or
- under Scottish law.

16. Scheme Administrator

The *scheme administrator* is the person named in the *trust deed*. The *trustee* may by notice remove the *scheme administrator* provided that, at the same time, it appoints another. The *scheme administrator* shall comply with its obligations under section 270 of the *Act*.

The *scheme administrator* is responsible for discharging the duties imposed by the *rules* and by the *Act*.

17. Closing or Winding-Up the Scheme

17.1 Closing The Scheme

The *trustee* may at any time:

(1) stop admitting new *members* (or *substitute members* where relevant) to the *scheme* or any part of it, but continue to accept contributions from, and in respect of, existing *members*; or

(2) stop admitting new *members* (or *substitute members* where relevant) to the *scheme* or any part of it and stop accepting contributions from, and in respect of, existing *members*.

(3) stop accepting contributions from, and in respect of, all, or any class or any one existing *members*.

The *scheme administrator* may:

1) stop admitting new *members* (or *substitute members* where relevant) to an *account*, but continue to accept contributions from, and in respect of, existing *members* in that *account*; or

(2) stop admitting new *members* (or *substitute members* where relevant) to an *account* and stop accepting contributions from, and in respect of, existing *members* in that *account*.

(3) stop accepting *contributions* from, and in respect of, all, or any class of, or any one existing *member* in that *account*.

17.2 If the *scheme* or an *account* is closed, the *scheme administrator* will continue to operate the *scheme* or *account* under the *scheme documents*, unless the *provider*

is winding-up the *scheme*. The *Scheme Administrator* arranges to secure the entitlements under an *arrangement* with another pension provider or another *contract* within the *Scheme*, or other *scheme* operated by the *Scheme Administrator* after satisfying itself on the appropriateness of such a decision. Where the *scheme* is an *appropriate personal pension scheme*, the *scheme administrator* must notify each *member* or other beneficiary of the *member's* or beneficiary's rights and options under the Personal Pension Schemes (Disclosure of Information) Regulations 1987 (SI 1987/1110), or the *Pension Schemes Act* or *Pensions Act 1995* (where relevant).

17.3 Winding-Up The Scheme

The *trustee* may wind-up the *scheme* or any part of it by giving notice to the *scheme administrator*. The *scheme administrator* will then notify each *member* of the *member's* rights and options under the Personal Pension Schemes (Disclosure of Information) Regulations 1987 (SI 1987/1110). This notification will include notice of the *member's* rights to a transfer under Part 12 of the *rules*.

17.4 If a *member* does not make a choice under Part 12 of the *rules*, the *scheme administrator* will transfer the *member's fund*, excluding the *protected rights fund*, to another *registered personal pension scheme* of the *scheme administrator's* choice. The *member's* consent will not be necessary. When the *member* has a *protected rights fund*, Part 19 of the *rules* also applies.

18. Deregistration

18.1 Deregistration Of Scheme

If *HMRC* withdraws registration of the *scheme* by operation of section 157 the *Act*, the *scheme administrator* will inform the *members* (and other beneficiaries, as appropriate) within three months of the date of receipt of the notice of withdrawal unless the *scheme administrator* appeals. If an appeal is made, the *scheme administrator* will inform the *members* and other beneficiaries within three months of the

date of receipt of the notice that the *special commissioners* have dismissed the appeal or have ruled that the decision is to have effect from a different date. The *scheme administrator* will then wind-up the *scheme* as described in Part 17 of the *rules*.

18.2 Withdrawal of Approval of a Member's Arrangement

If *HMRC* informs the *scheme administrator* that it is withdrawing the tax approval of an *arrangement* made for a *member* under the *scheme* through operation of the *Act*, *HMRC* will inform the *scheme administrator* and *member* within three months of the date on which the notice of withdrawal is issued by *HMRC* unless the *scheme administrator* or the *member* appeals. If an appeal is made, the *scheme administrator* will inform the *member* within three months of the date of receipt of any notice that the special commissioners have dismissed the appeal or have ruled that the decision is to have effect from a different date. For the purpose of this *rule*, '*member*' includes a *survivor* or *substitute member*, where relevant.

19. Scheme Ceases to be an Appropriate Personal Pension Scheme or Contracted-Out Money Purchase Scheme

19.1 Requirements Under The Personal Pension Schemes (Disclosure Of Information) Regulations 1987 (Si 1987/1110)

If the *scheme* ceases to be an *appropriate personal pension scheme*, the *scheme administrator* will inform each *member* of the *member's* rights and options in accordance with The Personal Pension Schemes (Disclosure of Information) Regulations 1987 (SI 1987/1110).

20. Investments or Deposits Held For the Purpose of the Scheme

20.1 Appropriate Personal Pension Schemes

The *scheme administrator* must not permit any type of investment under this Part 20 which would change, or conflict with, the form the *scheme* has taken for the purpose of its appropriate *scheme* certificate, if relevant.

20.2 The decision of a *member* to direct, influence or advise on the manner of investment of any of the sums and assets held for the purposes of an *arrangement* relating to the *member* is subject to the restrictions and requirements of the *contract*.

20.3 Self-Invested Personal Pension Schemes

When the *contract* specifies that the product is a self-invested personal pension scheme, the *scheme administrator* permits *members* to choose or direct how contributions and any transfer payments accepted by the *scheme administrator* and the sums and assets representing those in an *arrangement* in respect of the *member* should be invested subject to the restrictions and requirements of the *contract* held by the *member* and this *rule*.

The *scheme administrator* shall not accept any direction from a *member* if that direction:

- is inconsistent with registration of the *scheme* under the *Act*;
- creates any risk of liability to any person or under any legislation for the trustee or *scheme administrator*;
- creates obligations under the Consumer Credit Act 1974 that the trustee and the *scheme administrator* are unwilling to assume;
- is inconsistent with the structure of the *scheme* under trust as recognised under the laws of England, Wales, Scotland or Northern Ireland and the intention to

ensure that the sums and assets held under an *arrangement* are to benefit from the tax treatment applicable to a *registered pension scheme*

all as determined, at its discretion, by the *scheme administrator*.

In addition, before any direction is given effect to, the *member* must:

- arrange for all fees, levies and professional costs incurred in assessing the appropriateness of the direction to be paid; and
- undertake to implement any obligations, confirm any statement and give any indemnity required of the *member* by the *scheme administrator* in relation to implementation of that direction.

The *scheme administrator* shall arrange for the sums and assets of an *arrangement* to be held by it, or the *trustee* or custodian appointed by it, depending on its assessment of the nature of these sums and assets.

20.4 Borrowing

A *member* may request the *scheme administrator* to give effect to a request to borrow money provided that borrowing is consistent with the *Act* and the debtor has completed all documentation required by the *scheme administrator*, and the *member*:

- arranges for all fees, levies and professional costs incurred in assessing the appropriateness of the direction to be paid; and
- undertakes to implement any obligations, confirm any statement and give any indemnity required of the *member* by the *scheme administrator* in relation to implementation of that direction.

The *scheme administrator* shall not accept any direction from a *member* if that direction:

- is inconsistent with registration of the *scheme* under the *Act*;
- creates any risk of liability to any person or under any legislation for the trustee or *scheme administrator*;

- creates any liability risk for the trustee or *scheme administrator* that exceeds the value or potential value of the *member's* fund;
- creates obligations under the Consumer Credit Act 1974 that the trustee and the *scheme administrator* are unwilling to assume;
- is inconsistent with the structure of the *scheme* under trust as recognised under the laws of England, Wales, Scotland or Northern Ireland and the intention to ensure that the sums and assets held under an *arrangement* are to benefit from the tax treatment applicable to a *registered pension scheme*

all as determined, at its discretion by the *scheme administrator*.

20.5 Connected Transactions

The *scheme administrator* shall not (except at the request of the *member* and at its absolute discretion) enter into any transaction or activity or fail to exercise any power, right or option if to do so would give rise to an *unauthorised payment* or enter directly or indirectly into any investment transactions with a *member* or any person connected with that *member* as defined in the *Act*, except as allowed by the *Act*.

20.6 A transaction entered into as part of the normal investment management by the *scheme* is not regarded as giving rise to a connection between the *member* or a connected person if it relates to a collective investment *scheme*.

21. Alterations to The Rules

21.1 Power to Alter the Rules

The Trustee with consent of the *scheme administrator* may at any time, in writing, make any alteration to the *rules* including any alteration necessary to ensure that the *scheme* retains its appropriate *scheme* certificate. This power of alteration may be exercised without any conditions except those set out in *rule* 21.2. It is additional to, and independent of, any other power of

alteration in relation to the *scheme*.

21.2 Alteration of an Arrangement

No *arrangement* may be amended in a way that could prejudice registration of the *scheme* or of an *arrangement*.

22. Tax and Information Requirements

Tax Requirements

22.1 If the *scheme administrator* is liable (whether or not jointly with any other person) to HMRC for payment of income tax (including income tax payable under Chapter 5 of Part 4 of the *Act*) on any contributions refunded to a *member* or on any other payments made under the *scheme*, it shall have power in its discretion to make a deduction from such refund or payment not exceeding the amount (including any interest or penalties) for which they are liable to account to HMRC.

22.2 If a *lifetime allowance* charge is or may be payable by the *scheme administrator* in accordance with sections 214 to 219 of the *Act* the *scheme administrator* may deduct the tax from the *member's* fund or any other lump sum payable to or in respect of the *member* and the benefits payable to or in respect of the *member* shall be adjusted accordingly.

22.3 If having made a payment to HMRC as a *lifetime allowance* charge it transpires that no tax was payable or that the actual tax payable was of a lower amount than that paid the *scheme administrator* may in accordance with Regulations laid down by HMRC, pay to the *member* the lump sum or the balance of the lump sum that would otherwise have been payable had the *scheme administrator* not assumed that a chargeable amount had crystallised in accordance with section 216 of the *Act* or had overestimated the size of that amount.

22.4 If the *scheme administrator* becomes liable to pay a *scheme* sanction charge in accordance with sections 239 to 241 of the *Act* which has arisen in whole or part because of an *unauthorised payment* made under the *scheme* to or in respect of

a *member*, the *scheme administrator* may deduct the *scheme* sanction charge, or such part of it as the *scheme administrator* determines relates to the *unauthorised payment* to or in respect of the *member*, from the *member's fund* or any other lump sum payable to, or in respect of, the *member* and, if it does so, the benefits payable to or in respect of the *member* shall be adjusted accordingly.

Information Requirements

22.5 The *scheme administrator* may lay down and implement procedures for identifying whether a *lifetime allowance* charge is payable on a *BCE* and may implement those procedures which may include:

(1) requiring information from the *member* in respect of whom a *BCE* will or may occur as to whether the whole or a proportion of the *member's lifetime allowance* is available and, if only a proportion, the percentage of the *member's lifetime allowance* that has been used up together with such supporting evidence as the *scheme administrator* may require;

(2) requiring details of any *BCE* that may occur under any other pension *scheme* before the *BCE* will or may occur under the *scheme* with such details as the *scheme administrator* may require as to the amount to be crystallised by that earlier *BCE* and the proportion of the *member's lifetime allowance* to be used up by the first *BCE*;

(3) a declaration from the *member* as to whether the *member* intends there to be any other *BCE* on the same date as the *BCE* under the *scheme* and, if so, details of the amounts to be crystallised by those other *BCEs* and a declaration by the *member* as to order in time which the *member* wishes those other *BCEs* and the *BCE* under the *scheme* to be deemed to take place;

(4) a declaration from the *member* as to whether the *member* intends to rely upon enhanced *lifetime allowance* or enhanced protection under Schedule 36 to the *Act* and, if so, such evidence of the *member's* entitlement as the *scheme administrator* may require, the reference number issued

by *HMRC* evidencing such entitlement, if enhanced *lifetime allowance* is claimed the amount or proportion by which the standard *lifetime allowance* is increased and confirmations that the enhanced *lifetime allowance* or enhanced protection is still effective and that any certificate issued by *HMRC* has not been revoked;

(5) a requirement for details of any actual rights to payment of one or more existing relevant pensions for the purposes of paragraph 20 of Schedule 36 to the *Act* including the proportion of the *lifetime allowance* deemed to have been used up by the deemed *BCE* under that paragraph.

22.6 If the *member* fails to provide information requested by the *scheme administrator* in accordance with the procedures laid down under *rule* 22.5 or fails to provide that information in full, the *scheme administrator* may either:

(1) defer paying the relevant benefit to the *member*; or

(2) assume that the *member* has no standard lifetime allowance available or that the *member* has no entitlement to enhanced lifetime allowance or enhanced protection (as appropriate) and pay tax to *HMRC* accordingly.

22.7 If the *scheme administrator* exercises its powers under (1) or (2) of *rule* 22.6 it shall not be liable to the *member* for any loss to him from it doing so and, if it exercises its power to defer *rule* 22.6(1), such deferment shall not give the *member* or any other person the right to any interest on the amount deferred and, if it exercises its power under *rule* 22.6(2), the benefits payable in excess of the *lifetime allowance* shall be paid in the form of a pension or annuity.



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Alliance Trust Savings Limited PO Box 164, 8 West Marketgait, Dundee DD1 9YP

Tel +44 (0)1382 321000 **Fax** +44 (0)1382 321183 **Email** contact@alliancetrust.co.uk **www.alliancetrust.co.uk/alliancetrustsavings**

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