

DRAFT DRAFT
PERSONAL PENSION SCHEMES
Including Stakeholder Pension Schemes and Contracted out schemes
INTEGRATED MODEL RULES

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Interpretation: 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

(APPROPRIATE) PERSONAL PENSION SCHEMES Including Stakeholder Pension Schemes INTEGRATED MODEL RULES

1. INTRODUCTION

Tax Approval, contracting out, and stakeholder status

- 1.1 The Scheme is a personal pension scheme designed for approval under Chapter IV of Part XIV of the Act. Its only purpose is to provide income withdrawals, pensions and lump sums as described in the Scheme Documents (including these Rules).

If the scheme is registered with OPRA as a Stakeholder Pension Scheme, this will be shown in the Schedule to the Rules.

If the Scheme has an authority to contract out of the State Earnings Related Pension Scheme, this will be stated in the Schedule to the Rules.

If the Scheme (or part of it) was previously tax approved under Chapter I of Part XIV of the Act i.e. as an occupational pension scheme, this will be shown in the Schedule to the Rules.

Tax approval may be subject to particular conditions imposed by the Inland Revenue. These might not always be stated in these Rules but should be known by the Scheme Administrator.

If the Provider is an employer who has set up the Scheme for its employees or linked employees and wishes to contract out of SERPS it must do so as a Contracting Out Money Purchase Scheme. In such a case, under DSS law the Scheme will be an occupational pension scheme and under Inland Revenue law (Chapter IV of Part XIV of the Act) it will be a personal pension scheme. This will also apply to schemes which are related to a specific employment(s). This paragraph will also apply if the Scheme is a Stakeholder Pension Scheme.

If the Provider is a financial institution and the Scheme is set up for a wider membership than a specific employment(s), any contracting out will be as an Appropriate Personal Pension Scheme. This paragraph will also apply if the Scheme is a Stakeholder Pension Scheme.

Member's Chosen Scheme.

- 1.2 The Scheme is also designed to receive payments from the Inland Revenue where a notice has been given to the Inland Revenue that a Member wishes minimum contributions (as in Rule 5.1(1)) to be made to the Scheme.

Status of Rules.

- 1.2 These Rules set out the requirements for tax approval which override any inconsistent provisions in the

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Scheme Documents.

These Rules do not override the law. If any provision conflicts with the law, the law will apply.

If the Scheme (or part of it) was previously approved under Chapter I of Part XIV of the Act, these Rules replace in their entirety the earlier rules (or the part of it that has converted to Chapter IV approval).

The Rules as they relate to contracting out are subject to their provisions being within the conditions for tax approval.

Contracting Out Requirements

- 1.4 The provision in the Rules relating to the legal requirements for the issue of an appropriate scheme certificate or a certificate as a Contracting Out Money Purchase Scheme by the Inland Revenue must be read in conjunction with the legislative requirements. To the extent that something is not covered by the Rules, or is in contradiction in the Rules, the legislative requirements shall be overriding.

Form of Scheme.

- 1.5 The Scheme may (but depending on the type of provider, need not) be set up under trust. If the Scheme is allowed to take the form of individual irrevocable trusts for each Member, the benefits for each Member under the Scheme will be held under a trust to be established by the Scheme Administrator for the benefit of that Member in a form approved by the Inland Revenue. If the Scheme is to take that form, or if it is to be established under a single irrevocable trust and the Arrangements are not to take the form of insurance contracts, the Member must also enter into a binding agreement by deed with the Scheme Administrator as trustee in a form approved by the Inland Revenue not to require withdrawal of the trust funds, or income from those trust funds to be paid to the Member, otherwise than for the payment of benefits under the Scheme at the time provided by the Rules.

2. DEFINITIONS

In these Integrated Model Rules the following words have the following meanings:-

- 2.1 **Act** means the Income and Corporation Taxes Act 1988.
- 2.2 **Actuary** means a Fellow of the Institute of Actuaries or a Fellow of the Faculty of Actuaries, or a person with other actuarial qualifications who is approved by the Secretary of State for Social Security, at the request of the Scheme Administrator, as being a proper person to act in this capacity.

Age Related Percentage means the percentages set out in section 640 of the Act. These are:

Up to age 35	17.5%
36 to 45	20%
46 to 50	25%
51 to 55	30%
56 to 60	35%
61 to 74	40%

- 2.3 **Appropriate Personal Pension Scheme** means a personal pension scheme which has received an appropriate scheme certificate under the Pension Schemes Act.
- 2.4 **Approved Personal Pension Scheme** means a personal pension scheme approved under Chapter IV of

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Part XIV of the Act.

2.5 **Arrangement** means an arrangement (as described in Rule 3.2) made by a person with the Scheme Administrator to provide benefits under these Rules.

2.6 **Contracted-out** has the same meaning as in the Pension Schemes Act.

Contracted Out Money Purchase Scheme refers to a scheme which has received a certificate to that effect under the Pensions Scheme Act.

2.7 **Dependant** means a person who is financially dependent on the Member, or dependent on the Member because of disability, or was so dependent at the time of the Member's death or retirement. An ex-spouse of the member who was in receipt of payments from the Member up to his or her death in respect of, for example, a financial provision order under the Matrimonial Causes Act 1973, may be regarded as financially dependent on the Member.

An adult relative who is not or was not supported by the Member is not that Member's Dependant. Subject to the following paragraphs, a pension paid to an adult Dependant who qualifies on grounds of financial dependency or disability, may continue indefinitely.

Natural or adopted children of the Member may automatically be regarded as dependent on the Member if at the time of his or her death they were:

- (i) under 18;
- (ii) over 18 but continuing to receive full-time education or vocational training;
- (iii) dependent on the employee because of disability.

Any pension paid by reason of (i) or (ii) should cease when age 18 is reached or full-time education or vocational training ceases, whichever is the later. A pension paid by reason of (iii) may continue indefinitely.

Other children (ie neither natural or adopted children of the Member) may qualify as Dependants only if they were financially dependent on the Member, or dependent on the Member by reason of disability. Any pension paid to such children on grounds of financial dependence should cease when age 18 is reached or full-time education or vocational training ceases, whichever is the later. This ensures parity of treatment between offspring and other minor Dependants.

A pension paid because of dependency by reason of disability may continue indefinitely. It is not necessary to show financial dependency for a person dependent on the Member because of disability.

An unmarried partner, whether of the same or opposite sex, can qualify as a Survivor only if he or she was financially dependent on the Member. Financial interdependence of the Member and his or her partner would be an acceptable criterion, for example where the partner relied upon a second income to maintain a standard of living which had depended on joint income prior to the Member's death.

Employee Share Scheme means

an approved profit-sharing scheme under section 186 of the Act

a employee share ownership plan under Schedule 14 Finance Act 2000.

a savings-related share option scheme under Schedule 9 Finance Act 2000

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2.8 **Employer** means the current Employer of a Member.

2.9 **Fund Manager** means the person who holds the investments or deposits for the purpose of the Scheme.

2.10 **Guaranteed Minimum Pension** has the same meaning as in the Pension Schemes Act 1993.

Higher Contribution Limit means the figure obtained by multiplying Net Relevant Earnings by the Age Related Percentage.

2.11 **Insurer** means an insurance company, an EC company or a friendly society as described in regulation 11 of the Personal and Occupational Pension Schemes (Protected Rights) Regulations 1996 (SI 1996/1537), and in Section 659B of the Act.

2.12 **Member** means an individual who has made arrangements under the Scheme for the provision of benefits.

2.13 **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 and any transfer payment accepted by the Scheme in respect of the Member and any Pension Credit Rights accepted by the Scheme in respect of the Member. It excludes-

- (a) the value of any contract or part of a contract to which contributions have been applied under the provisions of Rules 4.5 or 4.6; and
- (b) any administrative expenses of the Scheme and any payments of commission.
- (c) any Pension Debit arising as a result of a Pension Sharing Order.

2.14 **Money Purchase Benefits** means benefits calculated by reference to payments made by, or in respect of, a Member. It does not include benefits calculated by reference to the Member's final or average salary.

Net Relevant Earnings are defined in section 646 of the Act.

2.15 **Non-Protected Rights Fund** is defined in Rule 5.3.

2.16 **Pension Credit Rights** means rights to benefits arising from a credit under Section 29(1)(b) Welfare Reform and Pensions Act 1999.

Pension Date is the date when an annuity starts or income withdrawals start.

Pension Debit means a debit under Section 29(1)(a) Welfare Reform and Pensions Act 1999.

2.16 **Pension Schemes Act** means the Pension Schemes Act 1993.

2.17 **Pensionable Age** has the meaning given in Schedule 4 of the Pensions Act 1995

2.18 **Pension Sharing Order** means any order or provision mentioned in Section 28(1) Welfare Reform and Pensions Act 1999 or Article 26 of the Welfare Reform and Pensions (Northern Ireland) Order 1999

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- 2.18 **Protected Pension, Protected Rights and Protected Rights Fund** are defined in Rule 5.4.
- 2.19 **Protected Widow or Widower** means a widow or widower of the Member who, when the Member dies, is aged 45 or over, or is entitled to child benefit for a Qualifying Child under age 18, or is living with a Qualifying Child under age 16. There will however be no protected widow or widower insofar as the rate of the pension or annuity paid to the member, has, in accordance with regulation 4(2)(b)(iii) of the Personal and Occupational Pension Schemes (Protected Rights) Regulations 1996, been determined by reference to his or her life only.
- 2.20 **Provider** means the person who established the Scheme or his successor in business.
- 2.21 **Qualifying Child** means a child of the Member and the Member's widow or widower. It also includes any other child for whom the Member was entitled to child benefit immediately before the Member died (or would have been if the child had been in United Kingdom). If the Member and the widow or widower were living together at the time the Member died, it also includes any child for whom the widow or widower was then entitled to child benefit (or would have been if the child had been in United Kingdom).
- Regulation** is a reference to a regulation of a Statutory Instrument.
- Relevant Earnings** means earnings as defined in section 644 of the Act. It includes earnings from employment (for any time when the Member is not accruing rights under an occupational pension scheme) and self-employment. As Relevant Earnings means a type of job, it is possible to have Relevant Earnings but no Net Relevant Earnings (because of some tax allowances being set against earnings) but not possible to have Net Relevant Earnings with no Relevant Earnings.
- Resident in the UK** means resident and ordinarily resident in the United Kingdom for tax purposes.
- 2.22 **Rule** (followed by a number) means the Rule (with that number) in this document. " This document" being the "Integrated Model Rules"
- 2.23 **Schedule to the Rules** is the Schedule to these Rules.
- 2.23 **Scheme** means this personal pension scheme.
- 2.24 **Scheme Administrator** means the person appointed under Rule 16.2 who is responsible for the management of the Scheme. On specific requirements from the Welfare Reform and Pensions Act 1999 or the Pensions Scheme Act the references in the Rules may relate to the trustees of the Scheme. The trustees may be different to the Scheme Administrator.
- 2.25 **Scheme Documents** means the documents which govern the Scheme (including these Rules).
- SHP Regulations** means the Stakeholder Pension Schemes Regulations 2000(SI 2000/)
- 2.26 **Section 9(2B) Rights** are defined in regulation 1 of The Protected Rights (Transfer Payment) regulations 1996.
- Simple Contribution Limit** is £3,600 (before deducting basic rate income tax) each Tax Year or a different figure set by Government regulation for the purpose.
- 2.27 **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 Occupational Pensions Regulatory Authority (OPRA) under section 2 of the Welfare Reform and Pensions Act 1999.

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2.28

2.28 **Survivor** means a Dependant or widow or widower of a Member who has died.

2.29 **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.

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

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

3. MEMBERS AND ARRANGEMENTS

Becoming a Member.

3.1 A person who wants to become a Member (or the legal guardian acting for a person under the age of 18 who is to be a Member) must complete an application form required by the Scheme Administrator. The form must include the following undertakings:-

- (1) the Member agrees to be bound by these Rules;
- (2) the Scheme Administrator agrees, on behalf of the Provider, to administer the Scheme as required by these Rules.

A person can become a Member only if he or she is under age 75 and if the Scheme Administrator agrees.

Where a legal guardian is representing a potential member under the age of 18, an undertaking that the legal guardian understands that any payments to the Scheme can only be used to provide benefits to the member under the rules of the Scheme, and will not be repaid in any other circumstances.

Subject to the agreement of the Scheme Administrator an ex-spouse who has Pension Credit Rights may become a member of the Scheme.

Making Arrangements.

3.2 A Member may make a single Arrangement with the Scheme Administrator in which case these Rules will apply to that Arrangement.

If the Scheme Administrator permits, a Member may make more than one Arrangement with the Scheme Administrator. If the Member does so, these Rules, except for those relating to the Protected Rights Fund, will apply to each Arrangement separately, but the limits described in Rules 4.3 to 4.5 will apply to all the Arrangements together. Where the Protected Rights Fund is spread over more than one Arrangement the Rules governing the Protected Rights Fund must be applied to those Arrangements together.

A separate application under Rule 3.1 must be made for each Arrangement but, if more than one Arrangement is being made at the same time, and if the application form so provides, only one application need be made for those Arrangements.

An Arrangement may include rights to benefits which arose when the scheme was formerly approved under Chapter I of Part XIV of the Act, if applicable. Such rights become subject to the Rules as they stand as approved under Chapter IV of Part XIV.

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An Arrangement may later be divided into separate Arrangements if the Member chooses for only part of the Member's Fund is to be used for ongoing benefits. The remaining part of the Member's Fund for which the Member has not yet asked to be applied for benefits will be treated as an Arrangement which has not reached Pension Date.

Different Arrangements (whether different at the time of being created or whether originating from a single Arrangement) may produce separate annuities, income withdrawals or lump sums payable under the Rules.

The form of Arrangements used in the Scheme is described in the Schedule to the Rules

If the Scheme is a Stakeholder Pension Scheme, whether established under trust or not, the Arrangements will be the contract between the Scheme and the Member, or the legal guardian acting for a person under the age of 18 where that person is regarded as the Member.

Nothing in the terms of an Arrangement may conflict with the establishing document of the Scheme or these Rules unless specifically permitted by the Inland Revenue. This may happen when a change is permitted by the Inland Revenue and a period is allowed before the Rules are amended to show the change.

If the Scheme is a Stakeholder Pension Scheme, membership must not be refused on any test of finances except for a minimum and maximum level of contribution as shown at Rule 4.3.

If the Scheme is a Stakeholder Pension Scheme set up under trust the membership may be limited to employees of a particular employer(s), or to individuals in a particular trade or organisation. If the Scheme is set up other than by trust then membership may not be restricted other than in accordance with the Rules.

4. CONTRIBUTIONS

Eligibility to make Contributions

4.0

A Member is eligible to make contributions in a particular Tax Year if, for any part of the Tax Year, there are Net Relevant Earnings. This must be actual earnings, and not assumed earnings under Rule 4.3.

If a Member does not have Net Relevant Earnings, eligibility may still arise if at any time in a Tax Year the Member was not in an employer's retirement benefits scheme approved under Chapter I of Part XIV of the Act and one or more of the following applies:

The Member is Resident in the UK at some time in the Tax Year.

The Member has at some time in the 5 Tax Years before the Tax Year now being looked at been Resident in the UK and was so when first making the Arrangement

The Member has at some time in a Tax Year performed Crown duties abroad or is the spouse of an individual who performed such Crown duties abroad. These duties are defined in section 132(4)(a) of the Act.

Membership of this Scheme and an employer's scheme at the same time

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If a Member is a member of an employer's retirement benefits scheme under Chapter I of Part XIV of the Act and section 645 applies for the whole of a Tax Year, the Member or the employer of the Member may still be eligible to pay contributions for the same Tax Year in relation to the same employment if the following applies:

The Member is resident in the UK at some time in the Tax Year

The Member has at some time in the 5 Tax Years before the Tax Year now being looked at been Resident in the UK and was so when first making the Arrangement

The Member has at some time in a Tax Year performed Crown duties abroad or is the spouse of an individual who performed such Crown duties abroad. These duties are defined in section 132(4)(a) of the Act.

The Member has not been a controlling director of a company in any of the preceding 5 Tax Years. A controlling director is defined in section 632B ((3) of the Act.

The earnings of the Member from all employments held on 5 April in any of the 5 preceding Tax Years do not exceed an amount equivalent to the basic rate limit for income tax. Earnings for part Tax Years will be grossed up under Government Regulations.

If this sub-Rule is to apply, contributions by the Member or the employer of the Member to the Scheme and other personal pension schemes must not exceed the Simple Contribution Limit.

Permitted Contributions.

4.1 The Scheme may accept only the following contributions:-

- (1) contributions by Members; including contributions for members paid by someone else, other than the employer of the Member. In particular, if the Scheme Administrator permits, a legal guardian acting for a person under the age of 18 may pay contributions for that person. Such contributions are regarded in these Rules as contributions paid by that person as Member.

If the Scheme Administrator permits, contributions may be made by someone other than the Member if:

The Member confirms in writing that the payments are from their own resources, or

The contributions are being made on behalf of the Member and the Member (or if the Member is under age 18, the person who set up the Arrangement) is aware of the payment.

- (2) contributions by the Member's Employer(s) in respect of Members;
- (3) minimum contributions if the Member is contracted out within an Appropriate Personal Pension Scheme, together with basic rate tax relief and incentive payments as described in Rule 5.1 where the Scheme is the Member's chosen scheme.
- (4) minimum payments if the Member is in contracted out employment within a Contracted Out Money Purchase Scheme. These minimum payments are the contracted out rebate percentage of the member's

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earnings from the employer between the lower and upper earnings limits for National insurance purposes. (for this purpose rebate percentage means the appropriate flat rate percentage for the purposes of section 42A(2) of the Pension Schemes Act). They include any amounts deducted from the Member's earnings and paid by the employer to the Scheme as described in Rule 5.1.

Contributions under (1) and (2) above may only be made at a time when the Member is eligible to make contributions under Rule 4.0

When a Member's benefit under any Arrangement becomes payable no further contributions may be paid to that Arrangement :

unless the Arrangement has become divided into separate Arrangements under Rule 3.2,

except that, as long as the Member is under Pensionable Age and has not given effect to his Protected Rights Fund, minimum contributions together with basic rate tax relief and incentive payments as described in Rule 5.1 may continue to be paid.

Contributions under (1) above may only be paid
in money form (cash, cheque, standing order or direct debit payments) or

as shares from an Employee Share Scheme.

Contributions from an Employee Share Scheme are made by taking the market value of the shares at the date of payment. Market value will be arrived at using section 272 of the Taxation of Chargeable Gains Act 1992.

Contributions from an Employee Share Scheme must be made within 90 days of
The Member opting to receive the shares

The Member directing the trustees of the Employee Share Scheme to transfer ownership to the Member or, if earlier, the release date of the relevant shares

Use of Contributions.

4.2 The contributions and their proceeds under the Scheme must be used to provide benefits in accordance with these Rules, except so far as they are used to meet administrative expenses of the Scheme and to pay commission.

If the Scheme is a Stakeholder Pension Scheme, all payments received as contributions or investment returns or Pension Credit rights must be used to provide benefits. The exceptions to this Rule are as described in Regulations 12 and 13 of the SHP Regulations 2000. This allows up to 1% of the Member's Fund to be deducted as an annual charge.

If the Scheme is a Stakeholder Pension Scheme, it must not provide services within the Scheme other than running the Scheme as set out in the establishing document and Rules. If it does, it must do so free of charge.

Limit on Contributions.

If the Scheme is a Stakeholder Pension Scheme, it must accept as valid any contributions, from a Member eligible to pay contributions, being £20 or higher. This figure is the net amount as described in the

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method of payment of contributions Rule below. Other conditions in Regulation 16 of the SHP regulations 2000 must be satisfied.

4.3 For Tax Years up to and including the year ended 5 April 2001, a Member and the Employer may only pay contributions in a Tax Year for which the Member has "Net Relevant Earnings" (as defined in section 646 of the Act). The only exception to this Rule is for 'carry back' as described below

Earnings from an employment where an individual is a member of an employer's scheme as described at section 645 of the Act do not count as Net Relevant Earnings.

From 6 April 2001, a Member eligible to pay contributions under Rule 4.0 may pay contributions up to the Simple Contribution Limit without the need to have "Net Relevant Earnings". There is therefore no need for the Scheme Administrator to see evidence of earnings from the Member for such amounts.

But the Simple Contribution Limit applies to contributions by the Member and the employer of the Member to all pension schemes or contracts approved under Chapter IV or Chapter III of Part X of the Act. If the proposed contribution in any Tax Year to this Scheme will cause the contributions overall to exceed the Simple Contribution Limit, then evidence of earnings must be produced by the Member or the employer of the Member to justify the contribution.

Where evidence of earnings are produced by the Member or the employer of the member to the satisfaction of the Scheme Administrator, the amount of Net Relevant Earnings which results will be used to calculate the Higher Contribution Limit.

Evidence of earnings of a particular Tax Year will be acceptable for contributions up to the Higher Contribution Limit for that same Tax Year. The same evidence will also be acceptable to justify contributions up to the Higher Contribution Limit for the 5 Tax Years after that. This is so, despite the evidence not being for those later Tax Years.

Fresh evidence of earnings of a particular Tax Year may be used to justify contributions up to the Higher Contribution Limit for the same Tax Year and the 5 Tax Years after that. If the fresh evidence results in an amount of Net Relevant Earnings less than the amount from earlier evidence, the earlier evidence may still be used for the 5 Tax Years after the Tax Year of the earlier evidence. But once that period has ended, any further contributions in excess of the Simple Contribution Limit must be based on the Net Relevant Earnings calculated from the fresh evidence.

Evidence of earnings can be produced for an earlier Tax Year. Such evidence can then be used, if acceptable to the Scheme Administrator, to justify future contributions in the period within 5 Tax Years after the Tax Year of the evidence. Or used to justify 'carry back' i.e. where the evidence is for a Tax Year to which the contribution is to be carried back.

The evidence of earnings must be in the form allowed by Inland Revenue regulations and satisfy the conditions of those regulations. The Scheme Administrator must retain the records as required.

Continuation of contributions after ceasing to have Relevant Earnings

Where a Member is contributing up to the Simple Contribution Limit only, and who has not produced evidence of earnings to justify higher contributions, any continuation of contributions after ceasing to have Relevant Earnings will be up to the Simple Contribution Limit only. They or their employer may continue to pay contributions so long as they continue to be eligible to pay contributions under Rule 4.0.

But where a Member is able to pay up to the Higher Contribution Limit because they or their employer have produced evidence of earnings, they may continue to pay contributions up to the Higher Contribution Limit.

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The Member or the employer of the Member may continue to pay contributions for up to 5 Tax Years after the Tax Year in which the Member's Relevant Earnings stopped. Contributions up to the Higher Contribution Limit may continue for this period, and at the same level earlier justified, despite the Member having no Relevant Earnings.

The Higher Contribution Limit used for the continuation will be calculated from earlier Net Relevant Earnings as evidenced. So fresh evidence to replace earlier evidence (but still for a Tax Year before relevant earnings stopped) may be produced to justify an increased contribution within the Higher Contribution Limit.

It may be that evidence of earnings has been produced for more than one Tax Year in the 5 year period ending with the Tax Year in which the Member's Relevant Earnings stopped. If so, the Member may tell the Scheme Administrator in writing which year of evidence will apply for the later Tax Years.

To qualify to pay contributions up to the Higher Contribution Limit after relevant earnings have stopped, it is only necessary to have been entitled to pay up to the Higher Contribution Limit in one only (or more) of the 5 years ending with the Tax Year in which the Member's Relevant Earnings stopped.

This Rule can only be used to justify continued contributions up to the Tax Year:

Which is 5 years after the Tax Year in which the Member's Relevant Earnings stopped.

Preceding a Tax Year when the Member has Relevant Earnings

Preceding the Tax Year throughout which the Member was accruing rights under an occupational pension scheme

Whichever comes first. After this happens, normal conditions of membership apply i.e. Rule 4.0 is applicable.

Carry Back of Contributions

Section 641 of the Act allows "carry back" of contributions. No contributions paid on or after 6 April 2001 may be carried back under section 641, but they may be carried back under section 641A. Under section 641A, a Member who pays a contribution by 31 January in a Tax Year, may opt to have the contribution treated as if paid in the preceding Tax Year. The Member must elect to the Scheme Administrator no later than the date of the contribution. The Member may, if the Scheme Administrator agrees, carry back a whole contribution or part of a contribution. Once actioned, an election cannot be withdrawn.

'Carry back' does not apply to contributions paid by the employer of the Member.

Total Contributions Limit

The total contributions paid in a Tax Year by a Member and by the Member's Employer(s) in respect of the Member to all Approved Personal Pension Schemes and to all retirement annuity contracts and schemes approved under Chapter III of Part XIV of the Act must be within the limit set by the Act. This limit is, for Tax Years from 6 April, 2001, the Simple Contribution Limit or, if greater, any Higher Contribution Limit justified by the Member having produced evidence of earnings to the satisfaction of the Scheme Administrator and within Inland Revenue regulations. Evidence from the Member's employer is also acceptable.

For contributions paid by the Member on or before 5 April 2001, the limit set by the Act includes unused relief carried forward from earlier Tax Years (up to six). For contributions paid by the Member on or after 6 April 2001, the limit does not include unused relief.

Contributions by the employer of the Member cannot include unused relief.

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Method of Payment of Contributions

From 6 April 2001, a Member paying a contribution will do so as if it had been taxed at basic rate. The Member will pay the net amount, not the full contribution. The Scheme Administrator will then recover the difference from the Inland Revenue within Inland Revenue regulations.

This Rule does not apply to contributions paid by the employer of the Member. Such contributions must be the full contribution.

The Scheme Administrator may make claims for the recovery of amounts deducted from gross contributions representing basic rate income tax. These claims may be made monthly as interim claims within 6 months after the tax month it relates to, and must be made as an annual claim within 6 years after the end of the Tax Year it relates to.

The Scheme Administrator must send an annual return of information giving a list of Members by 5 October in the Tax Year immediately following the Tax Year the information relates to. The information will be in the form required by the Inland Revenue.

Repayment of Contributions which Exceed Limit.

4.4 [Where all the contributions paid by a Member to the Scheme in a Tax Year have been paid after deduction of tax at the basic rate], the Scheme Administrator must be satisfied that the total contributions paid by the Member and by any Employer(s) in respect of the Member in that Tax Year are within the limit described in Rule 4.3. If the Scheme Administrator discovers that the limit has been exceeded (or if in any case the Inland Revenue tell the Scheme Administrator that the limit has been exceeded) the Scheme Administrator must arrange for the contributions which exceed the limit to be repaid to the Member and, if applicable, the Member's Employer(s) as follows:-

(1) the contributions which exceed the limit will be repaid from the Scheme unless the Member proves to the Scheme Administrator that they have been repaid from another scheme or schemes;

BUT

(2) if the Employer has contributed, the Employer's contributions will not be repaid unless the Member's contributions paid to all personal pension schemes in that Tax Year have been repaid and there are still contributions which exceed the limit remaining.

If the contributions paid by the Member were paid after deduction of tax at the basic rate (which would be the case for all contributions paid by the Member after 5 April, 2001), the amount repayable will be the gross contribution before deduction of tax from which the Scheme Administrator will deduct tax at the same rate as was deducted from the contributions when paid, or deemed to be paid for contributions carried back under section 641 of the Act.

The Scheme Administrator may use 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.

This Rule will also apply to contributions which are paid under the sub-Rule of 4.0 if excess contributions are paid when a Member is also in an employer's retirement benefits scheme where section 645 of the Act applies.

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Using Contributions to Buy Life Insurance.

- 4.5 A Member may, if allowed to do so under the Scheme, choose for all (subject to the remainder of this Rule) or part of the contributions in respect of him or her (excluding Protected Payments as defined in Rule 5.1) to be used by the Scheme Administrator as premiums on a life insurance contract with an Insurer. The contract must provide a lump sum to be paid only if the Member dies before a specified age (not later than age 75). This lump sum shall be payable in accordance with Rule 10, provided that rights to benefits under such a life insurance contract may not be assigned, and Rule 10(3) shall not apply unless this proviso is expressly deleted in the contract documentation in respect of specific Arrangements or parts of Arrangements.

The total contributions to all Approved Personal Pension Schemes and to all contracts and schemes approved under Chapter III of Part XIV of the Act used in this way in any Tax Year must be within the limit set by the Act.

For Arrangements made on or before 5 April 2001, the limit is 5% of 'Net Relevant Earnings'. For Arrangements made on or after 6 April 2001, the limit is 10% of the total contributions for annuities or income withdrawals i.e. other than for life insurance. Total contributions relate to all schemes as described above in any Tax Year. Within this overall limit, it will be possible, if the Scheme Administrator is willing and able, for contributions to this Scheme to be for life insurance only.

Waiver of Contributions.

- 4.6 For contracts made for the purpose on or before 5 April, 2001, a Member may, if allowed to do so under the Scheme, choose for not more than 25% (one quarter) of the contributions in any Tax Year in respect of him or her under the Scheme (excluding Protected Payments as defined in Rule 5.1) to be paid as premiums to an insurance contract:-
- (1) which, if the Member becomes unable to follow his or her occupation by reason of incapacity, will enable the contributions that would otherwise have been paid by the Member and the Employer to be waived, and for the Member's Fund to be increased as if the contributions had been paid (and, where appropriate, will allow any insurance contract bought under Rule 4.5 to be similarly continued); and/or
 - (2) which provides that, if the Member's incapacity causes the benefit to start earlier than would otherwise be the case (under Rules 6.2 or 6.3), the benefit may be enhanced in a manner and to an extent acceptable to the Inland Revenue. This facility is paid for by risk insurance as part of the contributions.

Arrangements made on or after 6 April 2001 must not contain the provisions described above in Rule 4.6 (1) .

The facility available in the Scheme is as described in the Schedule to the Rules.

Investment of Contributions.

- 4.7 A Member may, if allowed to do so under the Scheme, choose how contributions, and any transfer payment accepted by the Scheme in respect of the Member, should be invested. This facility must, however, be restricted to investments in:-
- (a) stocks and shares listed on a recognised stock exchange in a member state of the EU, including securities traded on the Alternative Investment Market

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- (b) stocks and shares traded on an overseas stock exchange recognised by the Inland Revenue;
- (c) unit trusts and investment trusts;
- (d) managed funds and unit-linked funds of an Insurer;
- (e) deposit accounts;
- (f) commercial property;
- (g) open ended investment companies.

The Scheme Administrator must not permit any type of investment under this Rule which would change, or conflict with, the form the Scheme has taken for the purposes of its appropriate scheme certificate.

Stakeholder Pension Scheme

If the Scheme is a Stakeholder Pension Scheme, the Member will not be obliged to choose a particular investment as against another investment. The Scheme Administrator may set and use particular types of investment so long as no further choice is necessary from the Member. But, if the Scheme Administrator permits, the Member will be allowed to make choices.

The return on investments must be used to provide benefits except as allowed for expenses and other items under Regulation 12 of the SHP Regulations 2000.

If the Stakeholder Pension Scheme is not set up under trust, the Scheme Administrator must produce a written statement which describes the principles used by the Scheme when deciding what to invest in. The statement should also cover its strategy on what proportions of different types of investment will be used. It should also indicate the intentions on the degree of risk, expected returns, and the selling of assets. Its stance on 'ethical' investments and the extent to which it will actively use voting rights for shareholdings should be given. The conditions of Regulation 8 of the SHP Regulations 2000 must be met.

If the Scheme is a Stakeholder Pension Scheme set up under trust, it must comply with section 35 of the Pensions Act 1995.

If the Stakeholder Pension Scheme is not set up under trust, the Scheme Administrator must ensure that there is a reasonable spread of different investments and that investments are generally suitable given the purpose of the Scheme. The Scheme Administrator is responsible for ensuring that proper advice from someone authorised as regulated by the Financial Services Authority or otherwise fit within the particular context. This will not apply if the Scheme Administrator is so authorised.

The Scheme must comply with other conditions of Regulation 9 of the SHP Regulations 2000.

Appropriate Schemes

4.8 Personal Pension schemes may be appropriate schemes where they are:

- (a) an arrangement for the issue of insurance policies or annuity contracts; **or**
- (b) a unit trust scheme that is

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an authorised securities scheme;

a feeder fund, but only if the scheme which is the object of its investment is an authorised securities scheme, investment company with variable capital, a money market fund, or a fund of funds as defined below;

a fund of funds, but only if the schemes which are the object of its investment are authorised securities schemes, investment companies with variable capital, or money market fund;

a money market fund; **or**

- (c) a deposit account, as long as the scheme rules provide that, at least, payments arising from Protected Rights are invested in the account.

5. PROTECTED PAYMENTS

Protected Payments.

5.1 Special restrictions apply to the following payments to the Scheme in respect of the Member (the "**Protected Payments**") and the benefits resulting from those payments:-

- (1) payment of minimum contributions by the Inland Revenue or minimum payments by the employer in accordance with the Pension Schemes Act. These minimum contributions and minimum payments are the contracted-out rebate percentage of the Member's earnings between the lower and upper earnings limits for National Insurance purposes, and any additional amounts previously specified in section 45(2) of the Pension Schemes Act; and

payments made by the Inland Revenue under section 42A(3) of the Pension Schemes Act.

- (2) payments attributable to tax relief on the Member's share of minimum contributions as described in regulation 3(f) of the Personal and Occupational Pension Schemes (Protected Rights) Regulations 1996; and
- (3) transfer payments received under Rule 13.3 covering Protected Rights, rights secured under Section 9(2B) of the Pension Schemes Act, or Guaranteed Minimum Pensions under other personal or 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 scheme being wound up; and
- (3) incentive payments under paragraph 22 of Schedule 6 of the Pension Schemes Act and regulation 3(10) of the Personal and Occupational Pension Schemes (Incentive Payments) Regulations 1987 (SI 1987/1115); and

The employer will contribute the minimum payments under (1) above. However, if the Rules of the Scheme require a Member to contribute to the Scheme, the amount of that contribution up to the Member's share of minimum payments must be deducted by the employer from that Member's earnings and paid to the Scheme as part of the minimum payments. A Member's share of minimum payments is the amount by which his National Insurance contributions on the Member's earnings from the employer are less than would have been the case if the Member had not contracted out. Other contributions by Members will be paid by deduction

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from earnings or otherwise as described in the Rules of the Scheme.

If the Scheme is a Contracted Out Money Purchase Scheme and to the extent that the Member is contracted out, employee contributions to the Scheme must be used to provide money purchase benefits unless Regulation 30(1)(b) of SI 1996 No. 1172 is deleted by amending regulations. If the Rules provide for compulsory employee contributions, then each employee's contribution up to the contracted out rebate percentage of the member's Primary Class 1 contributions on the earnings between the upper and lower earnings limits for National Insurance purposes count as minimum payments under Rule 4.1 (4). These Protected Payments rules apply to them. Other employee contributions do not count as minimum payments. These Rules on Protected Payments only apply to them if the Rules say the Protected Payments rules apply to all payments to the Scheme in relation to a particular Member.

Allocation of Minimum Contributions.

- 5.2 The Scheme Administrator shall ensure that all minimum contributions, as described in Rule 5.1(1), which are received by the Scheme are allocated to the Protected Rights Fund of each Member in respect of whom such minimum contributions relate within three months of the date on which payment of such minimum contributions is made by the Secretary of State for Social Security and applied with effect from the date of payment.

Allocation of Minimum Payments

The Scheme Administrator will ensure that minimum payments are invested on behalf of the Member within a month of the end of the income tax month to which they relate. And age related payments made by the Inland Revenue under section 42A(3) of the Pension Schemes Act must be invested on behalf of the Member within a month of the payment by the Inland Revenue.

Non-Protected Payments.

- 5.3 Any payments other than those specified in Rule 5.1 (and the benefits resulting from such payments) are not subject to the restrictions referred to in Rule 5.1 unless the Scheme Documents specifically state otherwise. The Scheme assets representing non-protected payments are referred to in these Rules as the **Non-Protected Rights Fund**.

Use of Protected Rights

- 5.4 The protected payments under Rule 5.1 and their proceeds under the Scheme must be used to provide the Member with Money Purchase Benefits, except so far as they are used to meet administrative expenses of the Scheme and to pay commission.

The Member's rights to these benefits are called "**Protected Rights**". The Scheme assets representing these Protected Rights are referred to in these Rules as the "**Protected Rights Fund**". The pension bought with a Member's Protected Rights Fund is referred to as the "**Protected Pension**".

Calculation of Protected Rights Fund.

- 5.5 The value of the Member's Protected Rights Fund must be calculated in a way approved by the Scheme Administrator. It must be at least as favourable as the way in which any other Money Purchase Benefits of the Member in the Scheme are calculated. It must also be consistent with the requirements set out in the rest of these Rules.

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Where the valuation of the Protected Rights Fund involves making estimates of the value of benefits, then 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 and with "Retirement Benefit Schemes - Transfer Values (GN11)" published jointly by the Institute of Actuaries and the Faculty of Actuaries and current when the calculation is being made. 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.

5. DATE MEMBER'S BENEFIT STARTS

Where the Member has made more than one Arrangement, Rule 6, applies to each Arrangement separately. This means that benefits may start separately

Where the Member has a single Arrangement which is to become divided into separate Arrangements because part only of the Member's Fund to be applied for ongoing benefits, Rule 6 will apply separately to each Arrangement. This means that benefits (lump sums, annuities or pensions paid by income withdrawals) may start at different times from each Arrangement. Any remaining portion of the Member's Fund which has not been set aside for benefits will not be regarded as having started.

Protected Rights Fund

6.1 Payment of benefit derived from the Protected Rights Fund commences on such a date as has been agreed by the Member, and is not earlier than his 60th birthday nor later than his 75th birthday.

If the Member is contracted out through a Contracted Out Money Purchase Scheme, the pension becomes payable at the Commencement Date specified in the Schedule to the Rules. The Scheme Administrator may (but need not) allow the Member to choose a later Commencement Date in which case the Member must tell the Scheme Administrator the date chosen in writing at least a month before the original Commencement Date.

Non-Protected Rights Fund

6.2 Subject to Rules 6.3 and 6.4, payment of benefit derived from the Non-Protected Rights Fund commences on such a date as has been agreed by the Member, and is not earlier than his 50th birthday nor later than his 75th birthday.

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Incapacity below Age 50.

- 6.3 A Member's benefit (except for benefits from the Protected Rights Fund) may start earlier than age 50 if the Member becomes incapable through infirmity of body or mind of carrying on his or her own occupation or any occupation of a similar nature for which he or she is trained or fitted.

The Scheme Administrator must consider suitable medical evidence and must be satisfied that this Rule applies. If the Inland Revenue ask to see the medical evidence, the Scheme Administrator must produce it for them.

Pension Credit Rights of an ex-spouse may be handled in accordance with this Rule if the ex-spouse satisfies the incapacity test by reference to an occupation.

Occupations with a low Retiring Age.

- 6.4 There are certain occupations for which the Inland Revenue recognise an age lower than 50 as being the age at which people in that particular occupation retire. A Member in one of these occupations may start to receive benefit (except for benefits from his or her Protected Rights Fund) at any time after he or she reaches the accepted age. But the following conditions apply:-

- (1) the occupation and the age must either be acceptable to the Inland Revenue in accordance with the list published by them for this purpose, or be specifically approved by them;
- (2) contributions made to the Scheme by reference to the Member's "Net Relevant Earnings" (as defined in section 646 of the Act) from the occupation in question, and the benefits provided by those contributions, will be treated as a separate Arrangement from any other contributions to the Scheme.

If a Member to whom this Rule applies stops being in the relevant occupation before the benefit becomes payable, he or she must immediately tell the Scheme Administrator.

This Rule does not apply to a member in respect of Pension Credit Rights.

7. BENEFIT FOR MEMBER

Member's Choice of Lump Sum.

Where the Member has made more than one Arrangement, Rule 7.1 applies to each Arrangement separately.

Where the Member has an Arrangement which may be divided into separate Arrangements because only part of the Member's Fund is to be applied for ongoing benefits, Rule 7.1 will apply separately for each tranche of benefits. This means separate lump sums may be taken for each annuity or each pension paid by income withdrawals except for the Member's Protected Rights Fund.

- 7.1 The Member may choose to receive a lump sum on the day the benefit starts. If the Member has chosen to receive the benefit from the Protected Rights Fund before other benefits, the Member will not be able to receive a lump sum from an Arrangement which includes any part of the Protected Rights Fund. The following conditions apply:-

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if the Arrangement was made on or after 6 April 2001, and the Arrangement arises from a single Arrangement which is to become divided into separate Arrangements because part only of the Member's Fund is to be applied for ongoing benefits, the lump sum must not exceed 25% of the portion of the Member's Fund being set aside to provide the lump sum and annuity, or lump sum and pension by income withdrawals. But any Protected rights within that portion of the Member's Fund must not be included in calculating the 25% figure..

(1) if the Arrangement was made before 27 July 1989:-

- (a) the lump sum cannot (subject to Rule 7.1(3)) be more than 25% (one quarter) of the amount, at the time the lump sum is paid, of the Member's Fund being used to provide benefits for the Member under Rule 7 (ie excluding any part of the Member's Fund being used to provide a Survivor's pension under Rule 8);
 - (b) none of the Member's Protected Rights Fund may be paid as a lump sum, but the part of the Protected Rights Fund under the Arrangement from which the lump sum is to be paid and being used to provide pension for the Member under Rule 7 (ie excluding, if the benefits from the Protected Rights Fund are being paid at the same time as other benefits, any part of the Protected Rights Fund being used to provide a pension for a Protected Widow or Widower under Rule 8) may be included for the purpose of calculating the 25%;
- (2) if the Arrangement was made on or after 27 July 1989 the lump sum cannot (subject to Rule 7.1(3)) be more than 25% (one quarter) of the amount, at the time the lump sum is paid, by which the Member's Fund exceeds any part of the Member's Protected Rights Fund which is within that Arrangement;
- (3) for the purposes of Rules 7.1(1) and 7.1(2), there shall be excluded from the Member's Fund the accumulated value of that part of any transfer payment accepted in respect of a Member and which had its origins in a source described in Rules 13.1(2), (3), (5) and (6), unless no certificate as described in Rule 7.1(4) is relevant in respect of that part of any such transfer payment;
- (4) the Member may also receive as a lump sum so much of any transfer payment accepted in respect of the Member from a source described in Rules 13.1(2), (3), (5) and (6) as has been certified as payable in that form. If the total amount of such a transfer is certified as non-commutable then no lump sum may be paid. This amount may be enhanced in line with the increase in the retail prices index between the date of transfer from that source to the date that benefits are paid from the Member's Fund. In no circumstances, however, may the lump sum paid under Rule 7 exceed the limit set under section 635 of the Act.

Member's Pension.

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Where the Member has more than one Arrangement, Rule 7 will apply separately to each Arrangement except for the Protected Rights Fund.

A pension must be payable for life by at least annual amounts.

Where the Member has a single Arrangement which is to become divided into separate Arrangements because part only of the Member's Fund to be applied for ongoing benefits, Rule 7 will apply separately for any annuities taken by the Member except for the Protected Rights Fund.

- 7.2 Except for any lump sum paid as described in Rule 7.1, and subject to Rule 7.9, the Member's fund will be used to buy a pension for life from an Insurer starting on the date appropriate under Rule 6.

The pension bought with a Member's Protected Rights Fund which relates to tax years before 6 April 1997, must be one offered without regard to the sex or marital status of the Member either in making the offer or in calculating the amount of the pension. Protected Rights accrued from that date can be used to purchase a single life annuity provided that the Member is unmarried at the time Protected Rights are effected.

Member Taking Early Benefit - Protected Rights Fund.

- 7.3 If the Member's pension starts before age 60, the Protected Rights Fund will not be used immediately. It will be used at or after age 60 to buy extra pension. In this case the rest of Rule 7 will apply separately to the Protected Rights Fund. But, if the Member dies between the date the pension starts and the date the Protected Rights Fund is used Rule 11 will apply.

Member's Right to Choose Insurer.

- 7.4 The Member has the right to choose any Insurer to provide the pension. Once the Member has chosen the Insurer, he or she must write to tell the Scheme Administrator which Insurer he or she has chosen.

If the Member has chosen the Insurer to provide a pension from the Protected Rights, he or she must notify the Scheme Administrator at least one month, but not more than 6 months, before the date the pension is due to start. If the Member agrees to the benefit starting at a later date than age 60, the time during which he or she can write to tell the Scheme Administrator of the choice of Insurer is different. In this case it is any time from the date on which he or she agrees to a later date up to one month before that later date. If there is less than one month between the two dates, then he or she can only choose an Insurer by telling the Scheme Administrator so in writing on the same day as he or she agrees to the later date. The Scheme Administrator may allow any Member a longer period in which to make his or her choice and may apply different time limits for Non-Protected Rights.

Scheme Administrator's Choice.

- 7.5 If the Member does not choose an Insurer by writing to tell the Scheme Administrator by the latest date permitted under Rule 7.4 or Rule 7.9, the Scheme Administrator will choose an Insurer.

Form of Pension.

- 7.6 Rules 7.6 to 7.8 and also Rule 8 set out benefits which may, if available under the Scheme, (or in the case of a Member with a Protected Rights Fund must in some circumstances) be paid on the Members death. Where these Rules allow alternatives, a Member who chooses an Insurer may at the same time choose which alternatives apply. If the Scheme Administrator chooses an Insurer, the Scheme Administrator may allow the Member to choose the alternatives or the Scheme Administrator may choose the alternatives.

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Any Survivor's pension bought 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.

Any other Survivor's pension will be bought at the same time as the Member's pension bought with the Member's Non-Protected Rights Fund. It will be bought from the Insurer from whom the Member's pension is bought, unless the Scheme Administrator permits otherwise. If the Scheme Administrator permits, the Survivor's pension may be bought from a different Insurer chosen either by the Member or by the wife or husband or Dependant for whom the Survivor's pension is bought.

Minimum Payment Guarantee.

7.7 Subject to Rule 7.8, the Member's pension may (but need not) be on terms that it will in any event be paid for a guarantee period not exceeding 10 years. If the Member dies during the guarantee period, it may be paid for the rest of the 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).

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

Minimum Payment Guarantee - Protected Rights Fund.

7.8 The following special restrictions apply to any guarantee on the Protected Pension:-

- (1) the guarantee period may be only for up to 5 years;
- (2) if there is a pension for the Protected Widow or Widower, or a Survivor, included with the Protected Pension (as described in Rule 8.2) which becomes payable on the Member's death, the guarantee may only take effect by increasing that pension up to the amount of the Member's Protected Pension for any part of the guarantee period. If the pension stops during the guarantee period on the death of the person entitled to it under Rule 8.2, or because the last Dependent Child entitled to it under (2) of that Rule dies or reaches age 18, the payments for the rest of that period may be made 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).

Pension Deferral.

Where the Member has more than one Arrangement, the remaining part of Rule 7 will apply separately to each Arrangement except for the Protected Rights Fund.

Where the Member has an Arrangement which is to become divided into separate Arrangements because only part of the Member's Fund to be applied for ongoing benefits, the remainder of Rule 7 will apply separately for different pensions paid by income withdrawals taken by the Member except for the Protected Rights Fund.

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- 7.9 At the scheme administrators discretion, the Member may choose to defer the purchase of the pension specified in Rule 7.2 (other than the pension to be purchased with the Protected Rights Fund) and shall so notify the Scheme Administrator in writing no later than one month before the date benefit is to start. The Member shall also notify the Scheme Administrator in writing when he or she wishes the deferral to end, again providing at least one month's notice. The pension must be purchased before the Member's 75th birthday.

Income Withdrawals.

- 7.10 , The Member may choose to take a pension as income withdrawals each year from the Member's Non-Protected Rights Fund (excluding any lump sum paid under Rule 7.1) in accordance with Rules 7.11 and 7.12. No income withdrawals shall be made after the Member attains the age of 75. Once income withdrawals stop, the pension must continue as an annuity under Rule 7.2.

Income Withdrawal Limits

- 7.11
- 7.12 A .By offering Members an Arrangement which can be divided into two or more Arrangements whenever part only of the Member's Fund is to be used to pay benefits. Such Arrangements shall conform to the requirements of section 638ZA of the Act.
- 7.13
- 7.14 B. By offering Members more than one Arrangement at the time of joining or later. These Arrangements continue independently of each other. The Member may choose options under one Arrangement which do not affect other Arrangements. Each of these may, however, be capable of being divided in the way described in A.
- 7.15
- 7.16 For Arrangements made under B where the Scheme Administrator so provides, the (aggregate) amount of income withdrawal(s) in each of the three successive periods of twelve months beginning with the date benefit starts shall not exceed the amount of pension purchasable on that date calculated by reference to the amount of the Member's Non-Protected Rights Fund (excluding any lump sum paid under Rule 7.1) and the current published tables of annuity rates prepared for this purpose by the Government Actuary. Such income withdrawals shall not be less than 35% of the pension so calculated. This minimum limit shall not apply for the twelve month period during which the pension is payable as an annuity or the Member dies.

Where Arrangements are grouped as described in Rule 7.12, the result may be that a recalculation under that Rule is due in one or more of the Arrangements in the group before the expiry of a period of 12 months for the purpose of this Rule. Where this happens, the same maximum and minimum limits of income withdrawals will still apply to the shortened period as if it had been 12 months.

Where an Arrangement is set up as described at A in Rule 7.11, and the Member later takes a pension by income withdrawals, the member may later still, if the Scheme Administrator permits, choose to take a pension by one or more annuities bought at different times. The aggregate amount of income withdrawals remaining must be not less than 35% and not more than 100% of the annual annuity purchasable by reference to the Member's Fund excluding the value of the bought annuities.

Recalculation of Withdrawal Limits.

- 7.12 The maximum and minimum annual income withdrawals for each period of three years succeeding the first shall be calculated by reference to the amount of the Member's Non-Protected Rights Fund remaining on the first day of each period and the Government Actuary's annuity rate tables current at that date.

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7.13

But if the Scheme Administrator so chooses, the calculation may be made at any time within 60 days ending on the expiry of each 3 year period. But the calculation made will be applied as if it had taken place at the end of the 3 year period. The next recalculation will then be due to take place at the end of the next 3 year period .

If the Scheme Administrator so chooses, Arrangements can be grouped. This is a decision that must be made by the Member at or before the Pension Date. Once opted, this basis cannot be changed. Under this option, instead of a 3 year period as described above in this Rule, the maximum and minimum income withdrawals for Arrangements within the group can be calculated, except for the initial review for each Arrangement on its respective pension date, by reference to the date that income withdrawals first started in the group. This means that the recalculation takes place 3 years after that date (or in the 60 day period mentioned above) and succeeding 3 year points. These dates will continue even if the Arrangement in the group which first provided income withdrawals is later used to pay a pension as an annuity.

8. MEMBER DIES AFTER BENEFIT STARTS

Member's Choice.

8.1 Subject to Rule 8.2 a Member may choose that, in addition to the pension bought for the Member, there will also be bought a pension payable after the Member's death for:-

- (1) the widow or widower; and/or
- (2) one or more Dependants.

Protected Rights Fund - Restrictions.

8.2 The Protected Pension must include a pension payable on the Member's death to any Protected Widow or Widower. It must not include a pension for any other Survivor if there is a Protected Widow or Widower.

The Protected Pension may (but need not) also include a Survivor's pension if there is no Protected Widow or Widower. In this case the Survivor's pension must be payable either:-

- (1) to any one widow, widower or Dependant; or
- (2) for the benefit of any Dependent Child(ren). "**Dependent Child(ren)**" means a child (or children) for whom the Member was entitled to child benefit immediately before he or she died (or would have been if the child had been in United Kingdom). The child(ren)'s pension will be paid only so long as at least one Dependent Child is under age 18.

The restrictions on the Protected Rights Fund under this Rule 8.2 do not affect the Member's choice under Rule 8.1 for the rest of the pension.

When a Survivor has a pension, part of which is covered by this Rule 8.2 and part of which is not, the provisions below about the permissible dates for the pension to start and to stop apply to each part separately.

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Amount of Pension.

- 8.3 Subject to Rule 7.8, the Protected Pension payable to the Protected Widow or Widower will be half the amount, and that payable to any other Survivor will not be more than half the amount, that would have been payable if the Member had survived. Pensions which are not Protected Pensions payable to survivors, can be of any amount so long as the total of all pensions is no more than the Member's pension.

Start of Survivor's Pension.

- 8.4 Subject to Rule 8.10, a Survivor's pension will start as soon as practicable after the Member dies, except as described below:

A widow or widower who is under age 60 when the Member dies may choose a pension to start at any later time up to the 60th birthday (or, if she or he is receiving continued payments of the Member's pension for a guarantee period ending after the 60th birthday, at the end of the guarantee period). A Protected Widow or Widower may not, however, do this with any Survivor's pension included with the Member's pension bought with the Protected Rights Fund (as described in Rule 8.2).

Duration of Child(ren)'s Pension.

- 8.5 A pension provided for a Dependent Child (or Dependent Children) included with the pension bought with the Member's Protected Rights Fund will stop when there is no longer any Dependent Child under age 18. Any other pension payable to a person who is a Dependant solely because that person is under age 18 when the Member dies must also stop when the Dependant reaches age 18, except that it may (but need not) continue after that age for so long as the Dependant stays in full-time educational or vocational training.

Duration of Protected Widow's or Widower's Pension.

- 8.6 The Protected Widow's or Widower's pension included with the pension bought with a Member's Protected Rights Fund will continue for life unless provision is made for it to stop:-

either if the Protected Widow or Widower remarries before reaching Pensionable Age

or if, before the Protected Widow or Widower reaches age 45, the situation changes so that she or he is neither entitled to child benefit for a Qualifying Child under age 18 nor living with a Qualifying Child under age 16.

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Duration of Other Survivor's Pension.

- 8.7 A Survivor's pension which is not covered by Rules 8.5 or 8.6 may be paid for the Survivor's life or may stop if the Survivor marries. If it is payable to a widow or widower it may also stop if, before the widow or widower reaches age 45, there ceases to be any other Survivor under age 18.

Minimum Payment Guarantee - Survivor's Pension.

- 8.8 A Survivor's pension may (but need not) be on terms that it will in any event be paid for a guarantee period not exceeding 10 years. Then, if the pension would have stopped in accordance with Rules 8.5 to 8.7, it may be paid for the rest of the guarantee 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).

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

This Rule 8.8 does not apply, however, to a Survivor's pension included in the pension bought with a Member's Protected Rights Fund. (The Member's pension itself, however, may be guaranteed as described in Rule 7.8.)

Lump Sum Payable Direct by Insurer.

- 8.9 If any lump sum is payable under a life insurance contract as described in Rule 4.5, it will be paid direct by the Insurer to the Scheme Administrator. It will not form part of the Member's Fund, but it will be applied separately by the Scheme Administrator as described in Rule 10.

Death of Member during Pension Deferral Period.

- 8.10 A member may choose that, in the event of his or her death after electing to defer the purchase of his or her pension under Rule 7.9 but before the pension is purchased, the Member's Non-Protected Rights Fund should be applied to or for the benefit of one or more Survivors. If the Member does not choose, the Scheme Administrator may (but need not) choose that the Member's Non-Protected Rights Fund should be applied to or for the benefit of one or more Survivors by:

- (1) purchase of a pension either immediately, or following a period of deferral during which income withdrawals shall be made in accordance with Rules 9.18 and 9.19, or
- (2) payment of the Survivor's Fund as a lump sum.

The total of all Survivors' pensions must not be more than the highest amount of pension which the Member could have purchased the day before he died. Any restriction of a Survivor's pension required by the foregoing will be deemed to have been achieved by a corresponding reduction of the Survivor's Fund in the event that the Survivor chooses (1) above. The option under (1) to defer pension purchase and take income withdrawals shall not be available to any Survivor who chooses under Rule 8.4 to have a pension which starts at a later time up to his or her 60th birthday or who has already attained the age of 75. The pension must be purchased before the earlier of the Member's 75th birthday and the Survivor's 75th birthday unless the Survivor is over age 75, in which case it must be purchased immediately.

Any Survivor making income withdrawals under option (1) may nevertheless choose option (2) at any

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time within the two years following the death of the Member.

No Survivor shall make any income withdrawals after ceasing to be entitled to a pension under Rules 8.5 or 8.7. Subject to the preceding paragraph, any Survivor's Fund remaining at the date of such cessation will be used to meet general administrative expenses of the Scheme.

The provisions of Rule 9.3 will apply on the death of the Member during the pension deferral period.

Where the Member's Non-Protected Rights Fund is not to be applied to or for the benefit of one or more Survivors, it shall be applied in accordance with Rule 9.15.

Where a Single Arrangement is set up as described at A in Rule 7.11, and the Survivor later takes a pension by income withdrawals, the Survivor may later still, if the scheme administrator permits, choose to take a pension by one or more annuities bought at different times. The aggregate amount of income withdrawals remaining must be not less than 35% and not more than 100% of the annual annuity purchasable by reference to the Member's Fund excluding the value of the bought annuities.

- 8.11 If a Survivor who has chosen under Rule 8.10(1) to receive a pension after a period of deferral dies before the pension is purchased, the Survivor's Fund shall be paid as a lump sum in accordance with Rule 9.15. For the purposes of this Rule 8.11, the word 'Member' in Rule 9.15 shall be read as 'Survivor'.

Deduction of Tax.

- 8.12 Payment of a lump sum under Rules 8.10 or 8.11 shall be made after deduction of tax at the rate specified in section 648B(2) of the Act.

9. MEMBER DIES BEFORE BENEFIT STARTS

Member's Choice.

- 9.1 If allowed to do so under the Scheme, and subject to Rules 9.2 and 9.17, a Member may choose that, if he or she dies before the benefit starts, the Member's Fund will be used to buy from an Insurer a Survivor's pension. That is a pension for:

- (1) the widow or widower; and/or
- (2) one or more Dependants.

Alternatively, the Member may choose for the Member's Fund to be used to pay a lump sum under Rule 9.14 and, if applicable, Rule 9.15.

But, if Rule 9.2 applies, any choice made by the Member will have no effect.

Protected Rights Fund - Compulsory.

- 9.2 If a Member with a Protected Rights Fund dies before the pension starts, the Scheme Administrator must take reasonable steps to find out whether the Member is survived by a Protected Widow or Widower.

If the Scheme Administrator discovers that the Member is survived by a Protected Widow or Widower, then, as soon as practicable, the Member's Protected Rights Fund must be used to buy the Protected Widow or Widower a pension unless the Scheme Administrator decides to pay a lump sum under Rule 9.7. The rest of the Member's Fund (if any in that Arrangement) must be used, either to buy further pension for the Protected Widow or Widower or to buy a pension for another widow, widower, or

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Dependant(s) of the Member. If the Member has not chosen the recipient or recipients, the Scheme Administrator may do so.

When a Survivor has a pension, part of which is bought by the Member's Protected Rights Fund and part of which is not, the provisions below about the permissible dates for the pension to start and to stop apply to each part separately.

Member's or Survivor's Choice of Insurer.

- 9.3 If the Provider is not an Insurer and the Member has notified the Scheme Administrator that he or she wishes the pension to be bought from a particular Insurer, then (except in the case of a pension payable to a Protected Widow or Widower) the Scheme Administrator must buy the pension from that Insurer.

In any other case (including cases of a Protected Widow or Widower) where the Provider is not an Insurer, the Scheme Administrator must write and tell the Survivor that she or he has the right to choose an Insurer. The Survivor then has three months to write back and tell the Scheme Administrator which Insurer she or he has chosen. If the Survivor chooses an Insurer, she or he may at the same time decide whether any of the options in Rules 9.8 to 9.13 will apply to the pension.

Where the Provider is an Insurer, the Provider may either provide the pension or permit the Member or Survivor to choose an Insurer as described above. Where the Provider provides the pension, the Scheme Administrator may allow the Member or the Survivor to choose whether any of the options in Rules 9.8 to 9.13 will apply to the pension or the Scheme Administrator may make the choice.

Scheme Administrator's Choice.

- 9.4 Subject to Rule 9.17, if a Member or Survivor who is allowed to choose an Insurer does not do so by writing to tell the Scheme Administrator by the latest date permitted under Rule 9.3, the Scheme Administrator will choose the Insurer and will decide which of the alternatives in Rules 9.8 to 9.13 will apply to the pension.

Maximum Amount of Pension.

- 9.5 The total of all Survivors' pensions under Rule 9 must not be more than the highest amount of pension which the Member could have purchased the day before he died (assuming that he or she would not have taken any lump sum under Rule 7.1). Any restriction of a Survivor's pension required by the foregoing will be deemed to have been achieved by a corresponding reduction of the Survivor's Fund in the event that the Survivor chooses option (1) under Rule 8.10. 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. Where a member has a Pension Debit and the Scheme Administrator has not discharged that order by the date of the Member's death, the annuities payable under this Rule must not exceed the amount of annuity that could have been paid to the Member after deducting the Pension Debit.

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Start of Survivor's Pension.

- 9.6 A Survivor's pension, unless subject to Rule 9.17, will start as soon as practicable after the Member dies, except as described below.

A widow or widower who is under age 60 when the Member dies may choose a pension to start at any later time up to the 60th birthday (or, if she or he is receiving continued payments of the Member's pension for a guarantee period ending after the 60th birthday, at the end of the guarantee period). A Protected Widow or Widower may not, however, do this with any Survivor's pension bought with the Member's Protected Rights Fund (as described in Rule 9.2).

Lump Sum instead of Small Pension.

- 9.7 If there is a surviving Protected Widow or Widower and the pension from the Member's fund (including the Protected Rights) would not be more than £260 per annum (or such greater amount as may be prescribed by regulations made under sections 28 and 28A of the Pension Schemes Act and is permitted by the Inland Revenue) the Scheme Administrator may pay the cash value of the fund as a lump sum instead. The Scheme Administrator may not do so if the Member had other rights under the Scheme (ie from all Arrangements) when the Member died which are not being satisfied by a lump sum.

Duration of Child's Pension.

- 9.8 A pension payable to a person who is a Dependant solely because that person is under age 18 when the Member dies must stop when the Dependant reaches age 18, except that it may (but need not) continue after that age for so long as the Dependant stays in full-time educational or vocational training.

Duration of Protected Widow's or Widower's Pension.

- 9.9 The pension bought with a Member's Protected Rights Fund will continue until the death of the Protected Widow or Widower unless provision is made for it to stop:-

either if the Protected Widow or Widower remarries before Pensionable Age

or if, before the Protected Widow or Widower reaches age 45, the situation changes so that she or he is neither entitled to child benefit for a Qualifying Child under age 18 nor living with a Qualifying Child under age 16.

Duration of Other Survivor's Pension.

- 9.10 A Survivor's pension which is not covered by Rules 9.8 or 9.9 must be paid for the Survivor's life or may stop if the Survivor marries. If it is payable to a widow or widower it may also stop if, before the widow or widower reaches age 45, there ceases to be any other Survivor under age 18.

Widow's or Widower's Pension Continuing to a Child.

- 9.11 A Survivor's pension bought with a Member's Protected Rights Fund for a Protected Widow or Widower may (but need not) be on terms that, if the widow or widower is still receiving a pension when she or he dies and leaves a Dependent Child (or Dependent Children), the pension will continue for the benefit of that child or those children. "**Dependent Child(ren)**" means a child for whom the widow or widower was entitled to child benefit immediately before she or he died (or

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would have been if the child had been in United Kingdom). The amount paid as pension for the child(ren) will not be more than the widow's or widower's pension would have been if she or he had survived. It will continue to be paid only so long as at least one Dependent Child is under age 18.

Minimum Payment Guarantee - Non-Protected Rights Fund.

- 9.12 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 guarantee period not exceeding 10 years. Then, if the pension would have stopped in accordance with Rules 9.8 or 9.10, it will be paid for the rest of the guarantee 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).

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

Minimum Payment Guarantee - Protected Rights Fund.

- 9.13 The pension bought with a Member's Protected Rights Fund may (but need not) be on terms that it will be paid for a guarantee period up to 5 years from its commencement. Then if, within that guarantee period, the Protected Widow or Widower dies or the pension would have stopped in accordance with Rule 9.11, the pension will be paid for the rest of the guarantee 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).

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

Protected Rights Fund - No Protected Widow or Widower.

- 9.14 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 Protected Widow or Widower; or
- (2) the Protected Widow or Widower dies before the pension is bought

then, and provided that no pension has become payable to another Survivor, the Scheme Administrator must, either as soon as practicable and subject to Rule 9.16, 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 any pension is paid 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 10 years.

Non-Protected Rights Fund - Lump Sum.

- 9.15 Subject to Rule 13.5, if a Member dies and no Survivor's pension has become payable under Rules 9.1 or 9.2, then the Scheme Administrator may, as soon as practicable and subject to Rule 9.16, pay out the Member's Fund (other than any Protected Rights Fund) as a lump sum:-

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- (1) in accordance with any specific provision regarding payment of such sums under the contract(s) applying to the Arrangements in question; or
- (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 persons (including trustees) 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, children and remoter issue;
 - (c) the Member's Dependants;
 - (d) the individuals entitled under the Member's will to any interest in the Member's estate;
 - (e) the Member's legal personal representatives.

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

Lump Sum Payable by Scheme Administrator - Time Limit.

- 9.16 The Scheme Administrator will pay any lump sum within 2 years of the Member's death. If this is not practicable then, at the end of 2 years, it will be transferred to a separate account outside the Scheme until it can be paid.

Pension Deferral.

- 9.17 The purchase of any Survivor's pension under Rules 9.1 or 9.2 (other than from the Protected Rights Fund) may be deferred at the written option of the Survivor unless he or she has attained the age of 75 or has made an election under Rule 9.6. Subject to Rules 9.8 and 9.10, the Survivor shall notify the Scheme Administrator in writing when he or she wishes the deferral to end, providing at least one month's notice. The pension must be purchased before the earlier of the Member's 75th birthday and the Survivor's 75th birthday.

Income Withdrawal.

- 9.18 Whilst any pension is deferred under Rule 9.17, the Survivor shall make income withdrawals from the Survivor's Fund in accordance with this Rule and Rule 9.19. Income withdrawals must be made before the earlier of the Member's 75th birthday and the Survivor's 75th birthday. The Survivor must not make any income withdrawals after ceasing to be entitled to a pension under Rules 9.8 or 9.10 (any Survivor's Fund remaining at the date of such cessation will be used to meet general administrative expenses of the Scheme).

Income Withdrawal Limits.

- 9.19 Pensions payable to Survivors which are not Protected Pensions can be of any amount so long as the

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total of all pensions is not more than the highest amount of pension which the Member could have purchased the day before he died. The (aggregate) amount of income withdrawal(s) in each of the three successive periods of twelve months beginning with the date of the Member's death shall not exceed the amount of pension purchasable on that date calculated by reference to the amount of the Survivor's Fund and the current published tables of annuity rates prepared for this purpose by the Government Actuary. Thereafter Rule 7.12 shall apply. Such income withdrawals shall not be less than 35% of the pension so calculated. This minimum limit shall not apply for the twelve month period during which the pension is purchased or the Survivor dies, or ceases to be entitled to a pension under Rules 9.8 or 9.10.

7.14

But if the Scheme Administrator so chooses, the calculation may be made at any time within 60 days ending on the expiry of each 3 year period. This calculation will then be applied at the end of the 3 year period. The next recalculation will then be due to take place at the end of the next 3 year period.

Where an Arrangement is set up as described at A in Rule 7.11, and the Survivor later takes a pension by income withdrawals, the Survivor may later still, if the scheme administrator permits, choose to take a pension by one or more annuities bought at different times. The aggregate amount of income withdrawals remaining must be not less than 35% and not more than 100% of the annual annuity purchasable by reference to the Survivor's Fund excluding the value of the bought annuities.

Death of Survivor during Pension Deferral Period.

9.20 If a Survivor dies after electing to defer his or her pension under Rule 9.17, but before the pension is purchased, the Survivor's Fund shall be paid as a lump sum in accordance with Rule 9.15. For the purposes of this Rule 9.20, the word 'Member' in Rule 9.15 shall be read as 'Survivor'.

10. MEMBER DIES BEFORE PENSION STARTS - LIFE INSURANCE

Lump Sum Payable under Life Insurance Contract.

10.1 If some of the contributions in respect of a Member have been used to pay premiums under a life insurance contract as described in Rule 4.5, the Scheme Administrator will, as soon as practicable and subject to Rule 9.16, pay the lump sum benefit from the contract:-

- (1) in accordance with any specific provision regarding payment of such sums under the contract; or
- (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) subject to the proviso to Rule 4.5, 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 persons (including trustees) whose names the Member has notified to the

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Scheme Administrator in writing prior to the date of the Member's death;

- (b) the Member's surviving spouse, children and remoter issue;
- (c) the Member's Dependants;
- (d) the individuals entitled under the Member's will to any interest in the Member's estate;
- (e) the Member's legal personal representatives.

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

11. MEMBER WITH PROTECTED RIGHTS FUND DIES AFTER PENSION STARTS BUT BEFORE EFFECT HAS BEEN GIVEN TO PROTECTED RIGHTS

Member Dies before Effect Given to Protected Rights

11.1 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, then the benefit on the Member's death will be as follows:-

- (1) Rule 9 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 9.14 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;
- (2) any other benefits will be as described in Rule 8.

12. TRANSFER OUT OF THE SCHEME

Member's Right to a Cash Equivalent.

12.1 A Member has a right to a cash equivalent under the provisions of Part IV Chapter IV of the Pension Schemes Act.

If a Member elects to apply for a cash equivalent, then all the Member's accrued rights in all Arrangements under the Scheme must be transferred, subject to special conditions for Protected Rights.

Transfer Payments.

12.2 In the absence of an election to apply for a statutory right to transfer a cash equivalent 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 scheme of which he or she has become a member. Where Protected Rights are to be transferred, the whole of the Member's Protected Rights Fund under the Scheme must be transferred subject to the special conditions for Protected Rights set out in Rules 12.5 and 12.7. If Protected Rights are to be transferred from an Arrangement which also contains Non-Protected Rights, then the latter must also be transferred.

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The Member's Fund may be transferred to:-

- (1) another Approved Personal Pension Scheme;
- (2) an occupational pension scheme approved under Chapter I of Part XIV of the Act or a Free-standing Additional Voluntary Scheme;
- (3) a relevant statutory scheme as described in section 611A of the Act;
- (4) any other scheme approved for the purpose of this Rule by the Inland Revenue.

The transfer must be made by a direct payment between the Scheme Administrator and the administrator or trustee of the other scheme, or through a financial intermediary, being a person acceptable to both parties.

In the event of Pension Credit Rights arising, these may be implemented by a transfer to a new Arrangement for the ex-spouse within the Scheme to which the Member belongs.

The Scheme Administrator must comply generally with all Inland Revenue requirements including satisfying conditions of assigning policies

Member Withdrawing a Request.

- 12.3 The Member may withdraw a request by giving the Scheme Administrator notice in writing to that effect but may not withdraw a request after 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.

Time of Transfer.

- 12.4 The transfer must be completed before any benefit from the Member's Fund becomes payable or would have become payable but for an election to defer the purchase of the pension under Rule 7.9. A Member with a Protected Rights Fund whose pension has started but who has not given effect to his Protected Rights Fund may, however, arrange for the Protected Rights Fund to be transferred under this Rule, so long as the transfer is completed before the Member gives effect to Protected Rights.

Protected Rights Fund - Additional Conditions.

- 12.5 The transfer of a Member's Protected Rights Fund will be subject to the following additional conditions, according to the type of scheme to which a transfer is being made.

- (1) **All Schemes**

The Member must consent to the transfer.

The receiving scheme must be an appropriate personal pension scheme; a Contracted-out occupational pension scheme; or an overseas occupational pension scheme as defined in regulation 1(2) of the Protected Rights (Transfer Payment) Regulations 1996 (SI 1996/1461);

The transfer payment (or that part which gives effect to Protected Rights) must be of an

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amount at least equal to the Member's Protected Rights Fund.

(2) **Appropriate personal pension schemes and Contracted-out money purchase occupational pension schemes**

The transfer payment must be applied by the receiving scheme in providing Money Purchase Benefits for and in respect of the Member.

(3) **All occupational pension schemes (except overseas schemes)**

The Member must have entered employment with an Employer which is a contributor to the receiving scheme, or be a former member of the receiving scheme.

(4) **Salary related Contracted-out occupational pension schemes.**

In respect of the 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 Guaranteed Minimum Pensions equal to those to which they would have been treated as entitled by reason of the Member's membership of the Scheme if the transfer payment had not been made.

In respect of the Protected Rights Fund which relates to tax years 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.

(5) **Overseas occupational pension schemes**

The Scheme Administrator must take reasonable steps to satisfy himself that the Member has emigrated permanently and has entered employment to which the receiving scheme applies.

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 Protected Rights.

The Member must acknowledge in writing that he accepts that the receiving scheme may not be regulated under UK law, and consequently that there can be no obligation under UK law on the receiving scheme to provide any particular value or benefit in return for the transfer payment;

The Scheme Administrator must take reasonable steps to satisfy himself that the Member has received a statement from the receiving scheme showing the benefits to be awarded in respect of the transfer payment and any conditions on which these could be withheld or forfeited.

Discharge of Rights.

- 12.6 Entitlement to benefit under the Scheme for or in respect of the Member will cease in respect of any rights transferred in accordance with this Rule and the Provider and the Scheme Administrator will be discharged from any obligation to provide benefits in respect of those rights.

Multiple Transfers.

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12.7 A Member may elect under this Rule for different parts of the Member's Fund(s) to be transferred as described above to different schemes.

13. TRANSFER INTO THE SCHEME

Transferring Scheme.

13.1 The Scheme Administrator may, at the written request of a Member, accept a transfer payment representing the value of the Member's rights under:-

- (1) another Approved Personal Pension Scheme including one established for the purpose of accepting;
- (2) an occupational pension scheme approved, or being considered for approval, under Chapter I of Part XIV of the Act;
- (3) a deferred annuity contract providing benefits arising out of previous membership of an occupational pension scheme as described above (ie a "buy-out policy" or "section 32 policy" as described in section 591(2)(g) of the Act, or a policy assigned to the Member in the terms of section 431(4)(b) of the Act), or rights attributable under Section 32A of the Pension Schemes Act;
- (4) a retirement annuity contract or trust scheme approved under Chapter III of Part XIV of the Act;
- (5) a relevant statutory scheme as described in section 611A of the Act;
- (6) any other source permitted by the Inland Revenue.

If the Scheme is a Stakeholder Pension Scheme, the Scheme Administrator must accept transfer payments under (1) to (5) above. This will, however, be subject to the Scheme keeping within any conditions for tax approval and the conditions of the SHP Regulations 2000.

General Conditions.

13.2 The transfer must be made by a direct payment between the administrator or trustee of the other scheme and the Scheme Administrator (or, in the case of a transfer of the type described in Rules 13.1(3) or (4), between the insurance company or friendly society concerned and the Scheme Administrator). Alternatively the transfer may be made through a financial intermediary, being a person acceptable to both parties.

A transfer payment is not a contribution for the purpose of section 639(1) of the Act (tax relief). It may not be used for the purpose of Rule 4.5 (buying life insurance) or Rule 4.6 (waiver of contributions). Before accepting a transfer payment from another personal pension scheme, the Scheme Administrator must find out from the administrator of the transferring scheme how much of the transfer payment (if any) is derived from funds which have been held for the provision of benefits for the Member by a scheme or schemes of the kind described in Rules 13.1(2),(3),(5) or (6). This amount must be subject to the restriction in Rule 13.5.

If a transfer payment is later made from the Scheme to another Approved Personal Pension Scheme, the Scheme Administrator must give the administrator of the receiving scheme any information requested as to any part of the transfer payment which is subject to the restriction in Rule 13.5.

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The Scheme Administrator must comply generally with all Inland Revenue requirements concerning accepting transfer payments and providing benefits from transfer payments including that stated in Rule 7.1(4).

Protected Rights.

13.3 A transfer payment under Rule 13.1 may include:

- (a) Protected Rights for the Member from another 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;
- (b) the Member's accrued rights to Guaranteed Minimum Pensions under a 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; or
- (c) Rights attributable under Section 9(2B) of the Pension Schemes Act.

If such a transfer is received, then the Scheme Administrator must use that part of the transfer payment representing Protected Rights, accrued rights to Guaranteed Minimum Pensions 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 say that these Rules apply to all payments to the Scheme.

Time of Transfer.

13.4 The transfer must be completed before the Member's pension from the Member's Fund is due to start. There is however an exception to this that applies in respect of an ex-spouse who has Pension Credit Rights. This will apply where the rights were acquired after the date on which the benefits for the Member with the Pension Debit and who was receiving income withdrawals had commenced payment. A Member with a Protected Rights Fund whose pension has started but who has not given effect to his Protected Rights, however, may arrange for a transfer payment representing the Protected Rights, Guaranteed Minimum Pension, or Section 9(2B) rights to be made to the Scheme under this Rule, so long as the transfer is completed before the Member gives effect to his Protected Rights.

Lump Sum Restriction on Death.

13.5 If the Member dies before the benefit starts the Scheme Administrator must use any part of the Member's Fund which derives from a transfer payment from a source of the sort described in Rules 13.1(2),(3),(5) or (6) either:-

- (a) by using it wholly to buy Survivors' pensions as described in Rule 9; or
- (b) by paying up to 25% (one quarter) of it as a lump sum in the way described in Rule 9.15, and by using the rest of it to buy Survivors' pensions as described in Rule 9. If there is no surviving widow or widower and the member had not chosen under Rule 9.1 that a Dependant's pension be paid, the whole may be paid as a lump sum. But Rule 9.14 overrides this Rule 13.5. In any case where Rule 9.14 applies, the Protected Rights Fund must always be used in the way described in Rule 9.14.

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14. GENERAL PROVISIONS ABOUT BENEFITS

Rights Under the Scheme.

- 14.1 A person's rights under the Scheme are only those given under the Scheme Documents or by any insurance or pension contract bought with the Member's Fund.

Whether or not the Scheme is a Stakeholder Pension Scheme, it must provide money purchase benefits within section 181 of the Pension Schemes Act.

Assignment.

- 14.2 Rights to a lump sum retirement benefit under the Scheme may not be assigned or surrendered, except to the extent necessary to give effect to comply with a Pension Sharing Order

No pension secured with a Member's Fund may be assigned or surrendered except in the following circumstances

(1) The only exception is that a pension which continues to a person's estate after his or her death may be assigned by his or her will, or by his or her personal representatives in distributing his or her estate, for any of the following reasons:-

- () to give effect to his or her will; or
 - () to give effect to the rights of those entitled on his or her 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.

Furthermore, by statute, every assignment of Protected Rights or payments giving effect to them is void. So is any charge on them, and also any agreement to assign or charge them.

Information to Members

The Scheme, whether or not it is a Stakeholder Pension Scheme, must produce an annual statement to Members under section 113 of the Pension Schemes Act.

If the Scheme is a Stakeholder Pension Scheme, the Scheme Administrator must produce an annual statement to each Member complying with Regulation 17 of the SHP Regulations 2000. The statement must be produced within 3 months of an annual period set by the Scheme Administrator.

The annual statement must include details of:

- The value of the Member's pension rights at the start of the year
- The value at the end of the year
- That the Scheme is approved under Chapter IV of Part XIV of the Act.
- The effect of investment gains or losses
- Amounts of net contributions made by the Member
- Amounts of gross contributions made by the employer of the Member
- Amounts of tax relief given by the Inland Revenue
- Amounts of minimum contributions, minimum payments and other payments for contracting out

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Transfer payments received
Pension Credit Rights or Pension Debits from a divorce
Payments of income withdrawals
Charges and other deductions
Underlying assumptions used to calculate any 'with profits' investments

If the Stakeholder Pension Scheme changes its practice on the charges or deductions on contributions or pension rights, it must inform affected Members within 1 month of the change and otherwise comply with Regulation 17.

Beneficiary unable to Act.

- 14.3 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 Dependents. 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 Provider and the Scheme Administrator from any obligation to provide the benefits to which it relates.

Prison.

- 14.4 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 Dependents.

Whereabouts Unknown.

- 14.5 The Scheme Administrator may use discretion to 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 6 years have passed from the date the payment became due and the address of the person is not known to the Scheme Administrator. The Scheme Administrator must, however, first take all reasonable steps to ascertain the address.

Evidence.

- 14.6 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 the Member or the other person does not produce the evidence or information, the Scheme Administrator may withhold payment of any benefit to which it is relevant until it is produced.

Notice to Scheme Administrator.

- 14.7 Where these 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, so long as these do not conflict with any requirements specified in these Rules.

15 GENERAL PROVISIONS ABOUT PENSIONS

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Payment Intervals.

- 15.1 The pension bought from a Member's Fund may be paid in advance or arrear. It must be paid at least once a year.

If a pension bought with a Member's Protected Rights Fund is payable in advance, it must be paid at least once a year. If it is payable in arrear, it must be paid at least monthly unless the recipient agrees in writing that it can be paid less often. It must be paid at least once a year.

Increase in Payment.

- 15.2 A pension under the Scheme may be of a level amount, a variable amount or may increase in payment.

But in the case of a pension bought with a Member's Protected Rights Fund, the following special conditions 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 which 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. Further increases must be made on each anniversary of the first increase.

Enforceability.

- 15.3 The Scheme Administrator may only buy 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:-

- (a) under a trust; or
- (b) under a deed poll; or
- (c) under Scottish law.

16. PROVIDER AND SCHEME ADMINISTRATOR

Provider.

- 16.1 The name of the Provider is set out in the Schedule to the Rules at the end of these Rules. The Provider is a person permitted by section 632 of the Act to establish a personal pension scheme. If the Provider ceases to be such a person, the Scheme Administrator must immediately inform the Inland Revenue.

Scheme Administrator.

- 16.2 The Provider has appointed as first Scheme Administrator the person named in the Schedule to the Rules at the end of these Rules. The Provider may by notice remove the Scheme Administrator

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provided that at the same time it appoints another.

The Scheme Administrator is responsible for discharging the duties imposed by these Rules and by the Act. The Scheme Administrator must be a person resident in the United Kingdom. If the Provider is resident in the United Kingdom, the Provider may be appointed as the Scheme Administrator.

Trustees

If the Scheme is a Stakeholder Pension Scheme, any Trustees of the Scheme will be subject to any prohibition orders or civil penalties under section 3 and 10 of the Pensions Act 1995.

Stakeholder Pension Scheme

If the Scheme is a Stakeholder Pension Scheme is not set up under trust, the Scheme Administrator shall appoint an accountant to act for the Scheme. The conditions of the appointment must comply with Regulation 10 of the SHP Regulations 2000. The accountant will provide a statement as within the relevant part of Regulation 11.

If the Scheme is a Stakeholder Pension Scheme, the Scheme Administrator must produce an annual declaration. This statement must cover the information described in Regulation 11 of the SHP Regulations 2000. Items of information should cover charges, record-keeping (including accounts), that Member's pension rights are accurately valued, that any assets sold have been sold at a proper market price.

The declaration above will be made available to Members and beneficiaries under the Scheme on request.

If the Scheme is a Stakeholder Pension Scheme, the Scheme Administrator must appoint an auditor to audit the Scheme's accounts and to carry out other duties as described in the SHP Regulations 2000.

17. CLOSING OR WINDING-UP THE SCHEME

Closing the Scheme.

17.1 The Provider may at any time:-

- (1) stop admitting new members to the Scheme, but continue to accept contributions from, and in respect of, existing Members; or
- (2) stop admitting new members to the Scheme and stop accepting contributions from, and in respect of, existing Members.

If the Scheme is closed, the Scheme Administrator must continue to operate the Scheme under the Scheme Documents, unless the Provider is winding-up the Scheme. Where (2) above applies, the Scheme Administrator must notify each Member of his or her rights and options under the Personal Pension Schemes (Disclosure of Information) Regulations 1987 (SI 1987/1110).

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Winding-up the Scheme.

- 17.2 The Provider may wind-up the Scheme by giving notice to the Scheme Administrator. The Scheme Administrator must then notify each Member of his or her rights and options under the Personal Pension Schemes (Disclosure of Information) Regulations 1987. This notification must include notice of the Member's rights to a transfer under Rule 12.

When a Member does not make a choice under Rule 12, the Scheme Administrator must transfer the Member's Fund, excluding the Protected Rights Fund, to another Approved 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, Rule 19 also applies.

Stakeholder Pension Scheme

If the Scheme is a Stakeholder Pension Scheme and later ceases to be registered with OPRA as a Stakeholder Pension Scheme, the Scheme Administrator must begin winding up. This must be done under SHP Regulations 2000 once the Scheme is told by OPRA the Scheme is no longer registered.

Within 2 weeks after starting winding up, the Scheme Administrator must tell employers who use the Scheme for access to their employees that winding up has started. The employers must also be told why the Scheme is being wound up and, if it is the case, why the Scheme has ceased to be registered as a Stakeholder Pension Scheme.

The Scheme Administrator must ensure that all pension rights under the Scheme are secured within a year of the start of winding up. But a longer time may be possible if unavoidable to secure pension rights by means of a transfer to another Stakeholder Pension Scheme or, if requested by the Member, another scheme. The transfer payments must be at least the value of the cash equivalent. Any Protected Rights secured must be within section 28 of the Pensions Scheme Act.

If the Scheme fails to comply with the preceding paragraph, the Scheme Administrator must tell OPRA straightaway giving a full reason why. This should be repeated at 6 monthly intervals if necessary.

Within 4 months of the start of winding up, the Scheme Administrator must tell each Member that it is proposed to transfer pension rights to another Stakeholder Pension Scheme and the value of those rights. The Member must also be given a further 4 months to opt for a transfer to a scheme of the member's choice. If no option is received, the Scheme Administrator may then transfer to the Stakeholder Pension Scheme as earlier proposed. If the Member opts for a transfer to a scheme of the Member's choice, then the Scheme Administrator will carry out the Member's wishes provided such action is within the conditions for tax approval or contracting out.

The conditions and procedures on transfers must also be within SHP Regulations 2000.

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18. WITHDRAWAL OF REVENUE APPROVAL

Withdrawal of Approval of Scheme.

- 18.1 If the Inland Revenue withdraw approval of the Scheme under the Act, the Scheme Administrator will inform the Members within 3 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 within 3 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 Rule 17.2.

Withdrawal of Approval of a Member's Arrangement.

- 18.2 If the Inland Revenue inform the Scheme Administrator that they are withdrawing approval of an Arrangement made for a Member under the Scheme, the Scheme Administrator will inform the Member within 3 months of the date on which the notice of withdrawal is issued by the Inland Revenue unless the Scheme Administrator appeals. If an appeal is made, the Scheme Administrator will inform the Member within 3 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. When the Scheme Administrator informs the Member of the withdrawal of approval, the Scheme Administrator will also inform the Member of his or her rights to a transfer under Rule 12.

19. SCHEME CEASES TO BE AN APPROPRIATE PERSONAL PENSION SCHEME OR CONTRACTING OUT MONEY PURCHASE SCHEME

Requirements under the Personal Pension Schemes (Disclosure of Information) Regulations 1987

If the Scheme ceases to be an Appropriate Personal Pension Scheme or Contracted Our Money Purchase Scheme, the Scheme Administrator will inform Members of their rights and options in accordance with the Personal Pension Schemes (Disclosure of Information) Regulations

If the Scheme is a Stakeholder Pension Scheme, it will be subject to the provision on prohibition orders and civil penalties provision from section 3 and 10 respectively of the Pensions Scheme Act.

20. INVESTMENTS OR DEPOSITS HELD FOR THE PURPOSE OF THE SCHEME

The Scheme Administrator must not permit any type of investment under this Rule which would change, or conflict with, the form the Scheme has taken for the purpose of its appropriate scheme certificate.

Loans.

- 20.1 The Scheme Administrator shall not use directly or indirectly any of the investments or deposits held for the purpose of the Scheme to lend money to a Member or any person connected with a Member. The Scheme Administrator shall also ensure that no loan from any source made to a Member shall in any way affect the return on the investments representing that Member's interest in the Scheme.

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Other Investments.

20.2 The Scheme Administrator shall not, subject to Rule 20.3, enter into any investment transactions with a Member or any person connected with a Member. For the purposes of this Rule 20.2, investment transactions shall include the acquisitions by the scheme Administrator of a Member's commercial property or stocks or shares, and the subsequent acquisition by the Member of any of the investments or deposits held for the purpose of the Scheme. All transactions in quoted United Kingdom or overseas securities shall take place through a recognised stock exchange, unless otherwise permitted by the Inland Revenue.

Further Conditions.

20.3 The scheme Administrator shall not hold directly, as an investment, residential property or land connected with such a property, or personal chattels capable in any way of private use. This provision shall not, subject to Rule 20.2, apply to commercial land and property. The Scheme Administrator may lease any commercial property to any business or partnership connected with a Member but the Scheme Administrator must ensure that the lease, including the rent payable, is on commercial terms as determined by a professional valuation.

Connected Transactions.

20.4 For the purposes of Rules 20.1 to 20.3, a person is connected with a Member if that person falls within the definition of "connected persons" in section 839 of the Act. The Scheme Administrator shall ensure that any transaction falling within the provisions of these Rules is not one with a connected person, save where permitted by Rule 20.3. Also, a transaction need not be regarded as being with a Member or a connected person if it relates wholly to pooled funds which are genuinely open to any member of the public, which are clearly described in the Provider's literature and disclosure documents as being standard funds open to all, where the investment management is undertaken by the Provider with no direction or influence by members and where a common value is applied across the membership with no segregation or linking of particular assets to particular members.

If the Scheme is a Contracted Out Money Purchase Scheme, the Scheme must comply with the restrictions on investment in the employer on section 40 of the Pensions Act 1995.

21. ALTERATIONS TO THESE RULES

Inland Revenue Consent.

21.1 No alteration may be made to any of these Rules which concern the Act, or any other Rule concerning tax, without the consent of the Inland Revenue. This applies whether the alteration is made under Rule 21.2 or under any other power of alteration in the Scheme Documents.

Power to Alter these Rules.

21.2 The Scheme Administrator may at any time in writing make any alteration to these Rules including any alteration necessary to ensure that the Scheme retains its appropriate scheme certificate. This power of alteration may be exercised by the Scheme Administrator alone. and without any conditions except Rule 21.1 and 21.3. It is additional to, and independent of, any other power of alteration in relation to the Scheme.

If the Scheme is a Stakeholder Pension Scheme, it will not be possible to alter the Rules to modify the requirements of the SHP Regulations 2000 unless specifically agreed with OPRA.

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Alteration of an Arrangement.

- 21.3 No Arrangement may be amended in a way which could prejudice the Inland Revenue approval of the Scheme or of the Arrangement.

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SCHEDULE TO THE RULES

The Provider is:

The Scheme Administrator is:

Rule 1.1

The Scheme is tax approved under Chapter IV Part XIV of the Act.

The Scheme is/is not a Stakeholder Pension Scheme.

The Scheme is contracted out of SERPS

As an Appropriate Personal Pension Scheme y/n

As an employer sponsored Contracted Out Money Purchase Scheme y/n

The Scheme was previously tax approved as an occupational pension scheme under Chapter I Part XIV of the Act y/n.

-wholly y/n

-partly y/n

Rule 3.1

The Scheme will /will not admit transfer rights being Pension Credit Rights after pension sharing on divorce, or will be at the discretion of the Scheme Administrator in an individual case (y/n).

Rule 3.2

Arrangements set up on or after 6April 2001

are as a single Arrangement. Y/n

are as more than one Arrangement y/n.

Any Protected Rights are set up as a separate single Arrangement. Y/n.

The Scheme admits/does not admit adults to make Arrangements for minors as Members.

The Scheme is a Stakeholder Pension Scheme which limits membership to:

Rule 4.1

The Scheme will permit contributions paid in the form of shares. Y/n

If contracted out, minimum contributions/minimum payments are made.

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Contributions using direct debit/debit cards are/not accepted.

Rule 4.2

If the Scheme is a Stakeholder Pension Scheme, the annual charge will be % of the Member's Fund each year.

If the scheme is a Stakeholder Pension Scheme, the other services provided (free of charge) are:

Rule 4.5

The Scheme offers/ does not offer life insurance. If it does, the terms will be described in the Member's Arrangement.

Rule 4.6

The Scheme offers/does not offer a waiver of contribution facility for Arrangements made on or before 5 April 2001.

The Scheme offers/does not offer an enhanced annuity on incapacity through risk insurance for Arrangements made on or before 5 April 2001.

Rule 4.7

The Scheme offers/does not offer a SIPP facility.

SIPP investments are in the form of insurance contracts/directly held assets/mixture.

Rule 4.8

The Scheme is/is not an Appropriate personal pension scheme.

Rule 6.1

The APP/COMPs basis applies/does not apply.

Rule 7.11

Basis A/Basis B applies to the form of Arrangements.

Rule 7.13

Arrangements may/may not be grouped.

Recalculation will/will not be permitted within the 60 day period.

Rule 9.3

The Provider is/is not an Insurer.

Rule 9.15

Distribution of any death benefit will be subject to the terms of the Member's Arrangement.

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Rule 10.1

Life insurance is/is not offered by the Scheme.

Rule 13.1

The Scheme is/is not a Stakeholder Pension Scheme.

Rule 17

The Scheme does not admit new Members after .

The Scheme does not admit new Members or accept contributions from any Members after .

The Scheme began to wind up from .

Rule 18

The Scheme has not had approval withdrawn.