

DATED 24<sup>th</sup> April 1997

---

IBM UNITED KINGDOM HOLDINGS LIMITED

and

IBM UNITED KINGDOM PENSIONS TRUST LIMITED

---

IBM PENSION PLAN

1997 DEFINITIVE TRUST DEED

---

**Consolidated as at 26 August 2016**

Nabarro LLP  
Lacon House  
Theobald's Road  
London WC1X 8RW

Tel: 020 7524 6000

## **Consolidation Notes**

All keyhole amendments are made in the document below. However, the following over-arching amendments apply.

### **Finance Act Interim Deed (5 May 2006)**

- Deeds to be read alongside 5 May 2006 Deed (Nabarro standard A-day deed). Equivalent provisions to HMRC Modification Regs 2006 3-8 are incorporated into scheme rules and then the Regulations are disapplied.

### **Rectification Order for C Plan (6 February 2013)**

- IBM Pensions Trust, for Rule 2(1) of Schedule D to MPs, must allow early retirement of an active Member of M Plan who has attained 60, and is a C Plan Member (Clause 2 of front end of order).
- Active members of C Plan may retire at 60 on unreduced pension without Company consent (Clause 1, Schedule 1).
- Deferred Retirees do not have this right – their benefits are calculated in accordance with Trust Deed and Rules (Clause 2, Schedule 1 – also confirms 1997 deed provisions on this point).
- Active Members of M Plan do not require Company consent to payment of M Plan benefits where they have right to immediate payment of C Plan pension (Clause 3, Schedule 1).
- Categories of 'Active Member' are defined more precisely. Further, "Hybrid Deferred Member" and "Fixed Protection Deferred Member" are defined.

### **Deed of Amendment 26 August 2016 (re interim period for Project Waltz Proceedings)**

- Clause 3: Trustee confirms exercise of discretion to under M Plan Rules, to permit Members and Postponed Retirees to resume membership.
- Clause 4: parties agree to implement Court's directions at end of proceedings if it rules Principal Employer's Directions are invalid/unlawful.
- Clause 6: during Interim Period (defined at Clause 5) 1997 Deed, DB and M Plan Rules, and Relevant Benefit Provisions are amended to give effect to Appendix 1 re.:
  - benefits for Hybrid Deferred Members;
  - benefits for Hybrid M Plan Members;
  - Benefit Crystallisation Events during interim period; and
  - securing an Employer's affected member liability through the Fund.
- Clause 7: Principal Employer's covenant not to bring action against Trustee for overpayments made during Interim Period.
- Clause 8: parties' undertaking to adjust payments during Interim Period to give effect to Final Orders.
- Clause 9: Principal Employer's undertaking that, in contemplation of Project Waltz proposals being invalid, it will permit Trustee to seek Member's contributions only in accordance with M Plan Rules, and invest Member's contributions in line with Rule 6, Schedule C of M Plan Rules and not SIP.
- Clause 12: agreement that relaxations in Agreement to Exercise Power pursuant to A-Day Deed continue to apply, and that any further relaxations are made to give effect to this deed.

## CONTENTS

Clause	Subject matter	Page
	<b>PART I INTERPRETATION</b> .....	3
	<b>PART II GENERAL</b> .....	20
1.	Power of Amendment .....	20
2.	Augmentation and Provision of Further Benefits .....	21
3.	Participation of Further Employers .....	21
4.	Options and Notices.....	21
5.	Notification of Place of Residence .....	22
6.	Expenses .....	22
7.	Payment of Pensions.....	22
8.	Evidence of Entitlement.....	22
9.	Effects of Misinformation.....	23
10.	Actuarial Investigations .....	23
11.	Actuarial Assumptions.....	23
12.	Employers' Assistance .....	23
13.	Incapacity to Manage Affairs.....	23
14.	Claims Only under Formal Plan Documentation .....	23
15.	Employers' Lien .....	23
16.	Extension of Time Limits.....	24
17.	Appointments.....	24
18.	Accounts and Audits .....	25
19.	Securing Employer's Liabilities through Fund .....	25
20.	Reduction of Surplus .....	25
21.	Termination of Claims and Responsibility .....	25
22.	Unclaimed Monies.....	26
23.	Trustee's Powers of Determination .....	26
24.	Arbitration .....	26
25.	Liability of Employers.....	26
	<b>PART III TRUSTEE</b> .....	27
1.	Removal and Appointment of Trustees .....	27
2.	Administration and Management .....	27
3.	Investment and Application of Assets .....	27
4.	Employment of Agents .....	29
5.	Raising or Borrowing Money.....	29
6.	Trustee's Remuneration .....	30
7.	Indemnities .....	30
8.	Acting on Advice .....	30
9.	Deduction of Tax .....	30
10.	Purchase of Annuity.....	30
11.	Power to Insure .....	31
12.	Nominee to Hold Land.....	31
13.	Undertakings.....	31
14.	Trustee May Benefit.....	31
15.	Donations and Bequests.....	31
16.	Exercising Trustee's Powers.....	32
17.	Entering into Agreements.....	32
	<b>PART IV PLAN RULES</b> .....	33
1.	Adoption of Rules .....	33
2.	Contents of Rules.....	33
3.	Rules Binding .....	33

PART V	MEMBERSHIP .....	34
1.	Evidence of Age and Circumstances .....	34
2.	Notification on Cessation of Membership .....	34
3.	Employer's Statement as to Eligibility .....	34
4.	Exclusion by Principal Employer from Membership .....	34
5.	Part-Time Employees .....	34
6.	Closure to New Entrants .....	34
PART VI	TRANSFERS .....	37
1.	Transfers Into Fund .....	37
2.	Group Transfers Out of Fund .....	37
3.	Receipt of Individual Transfers .....	38
4.	Receipt of Individual Transfers from other arrangements of the Principal Employer .....	39
5.	The Cash Equivalent .....	40
PART VII	REORGANISATION OF PLAN .....	41
1.	Replacement of Principal Employer .....	41
2.	Continuation of Plan where No Principal Employer .....	41
3.	Withdrawal of an Employer .....	41
PART VIII	TERMINATION OF PLAN .....	43
1.	Termination .....	43
2.	Distribution of Assets on Termination .....	43
PART IX	PROVISION OF INFORMATION .....	46
1.	Formal Plan Documentation .....	46
2.	Basic Plan Information .....	46
3.	Individual Benefit Statements .....	46
4.	Actuarial Valuations .....	47
5.	Annual Reports .....	47
6.	Fee for Provision of Documentation .....	47
7.	Registration of the Plan and Provision of Information .....	47
PART X	INLAND REVENUE LIMITS .....	48
1.	Normal Retirement and Incapacity .....	48
2.	Postponed Retirement .....	50
3.	Withdrawal from Pensionable Service and Early Retirement .....	51
4.	Death .....	53
5.	Retained Benefits .....	54
6.	Augmentation of Benefits by the Trustee .....	55
7.	Benefits not Assignable .....	56
8.	Commutation of Benefits and of Pensions in Exceptional Circumstances of Serious Ill-Health .....	56
9.	Special Director or Controlling Director .....	57
10.	Aggregation with Other Benefits .....	58
11.	Contributions .....	58
12.	Special Conditions .....	58
13.	Increases to Pensions in Payment .....	58
PART XI	CONTRACTED-OUT EMPLOYMENT .....	60
1.	Application of this Part .....	60
2.	Reference to 1993 Act .....	60
3.	Guaranteed Minimum Pension .....	60
4.	Increases in Guaranteed Minimum Pension .....	60
5.	Revaluation of Guaranteed Minimum Pension .....	61
6.	Cessation of Contracted-Out Employment .....	61
7.	Reimbursement of State Scheme Premiums .....	62
8.	Post 6th April 1997 Contracted-Out Employment .....	62

SCHEDULE OF DEEDS.....	63
INDEX.....	65
TRUST DEED .....	1
SCHEDULE A	
INTERPRETATION.....	2
<b>SCHEDULE B</b>	
<b>MEMBERSHIP</b> .....	11
1. Eligibility .....	11
2. Cessation of Membership .....	12
3. Resumption of Membership.....	12
4. Absence from Work .....	14
5. Maternity Absence.....	17
<b>SCHEDULE C</b>	
<b>CONTRIBUTIONS</b> .....	21
1. Employer's Contributions .....	21
2. Member's Contributions .....	21
3. Member's Voluntary Contributions.....	23
4. Reduction, Suspension or Termination of Contributions by an Employer or Member .....	24
<b>SCHEDULE D</b>	
<b>RETIREMENT BENEFITS</b> .....	25
1. Normal Retirement .....	25
2. Early Retirement.....	30
3. Ill-health Early Retirement.....	32
4. Late Retirement .....	34
5. Lump Sum Option .....	35
6. Allocation of Pension to Dependants .....	36
7. Supplementary Pension .....	37
8. Overseas IBM Service.....	38
9. Increases to Pensions in Payment .....	39
<b>SCHEDULE E</b>	
<b>DEATH BENEFITS</b> .....	42
1. Death of a B Plan Member or C Plan Member .....	42
2. Death of an E Plan Member .....	43
3. Death of an N Plan Member .....	43
4. Death of an A Plan Member, T Plan Member or V Plan Member or a Deferred Retiree .....	44
5. Death of a B Plan Retiree, C Plan Retiree. B Plan Postponed Retiree, or C Plan Postponed Retiree.....	44
6. Death of an B Plan Retiree or N Plan Retiree or E Plan Postponed Retiree or N Plan Postponed Retiree .....	45
7. Death of a B Plan Deferred Retiree or C Plan Deferred Retiree .....	46
8. Death of an E Plan Deferred Retiree .....	46
9. Death of an N Plan Deferred Retiree .....	47
10. Adjustment of Spouse's Pension.....	47
11. Child's Allowance .....	47
12. Dependant's Pension .....	48
13. Life Assurance for a Retiree.....	48
14. Death of an Enhanced Deferred Member .....	50
<b>SCHEDULE F</b>	
<b>BENEFITS FOLLOWING TERMINATION OF PENSIONABLE SERVICE</b> .....	51
1. Range of Alternatives .....	51
2. Deferred Benefits .....	51

3. Termination of Pensionable Service with less than two years' Qualifying Service.....	52
4. Revaluation of Deferred Benefits.....	53
5. Revaluation of Deferred Benefits for a former Enhanced Deferred Member .....	54
6. Fixed Protection Deferred Members .....	54
<b>INDEX</b> .....	56
TRUST DEED .....	1
SCHEDULE A	
INTERPRETATION.....	2
SCHEDULE B	
MEMBERSHIP .....	6
1. Eligibility and Entrance .....	6
2. Cessation of Membership .....	7
3. Resumption of Membership.....	7
4. Absence from Work .....	8
5. Maternity Absence.....	8
SCHEDULE C	
CONTRIBUTIONS.....	10
1. Employer's Contributions .....	10
2. Member's Contributions .....	11
3. Member's Voluntary Contributions.....	11
4. Variation, Suspension or Termination of Credits to Retirement Accounts.....	12
5. Retirement Account .....	12
6. Investment of Retirement Account .....	13
7. Excess Retirement Account.....	13
8. Pension Suspension .....	13
SCHEDULE D	
RETIREMENT BENEFITS .....	14
1. Normal Retirement .....	14
2. Early Retirement.....	14
3. Ill-Health Early Retirement.....	14
4. Late Retirement .....	15
5. Cash Lump Sum Option.....	15
6. Open Market Option.....	16
7. Enhanced M Plan Members .....	16
SCHEDULE E	
DEATH BENEFITS.....	17
1. Death of a Member who is a Permanent Employee .....	17
2. Death of a Member who is a Fixed Term Contract Employee .....	18
3. Death of a Retiree .....	18
4. Death of a Deferred Retiree .....	18
5. Death of a Postponed Retiree.....	19
6. Child's Allowance .....	19
7. Dependant's Pension.....	20
8. Enhanced M Plan Members .....	20
SCHEDULE F	
TERMINATING PENSIONABLE SERVICE .....	21
1. Range of Alternatives .....	21
2. Deferred Retirement Account.....	21
3. Refund of Contributions.....	22
<b>SCHEDULE G ENHANCED M PLAN MEMBERS</b> .....	23
1. Scope of this Schedule.....	23
2. Contributions .....	23

3. Death in Service .....	24
4. Ill Health Early Retirement - Enhanced M Plan Members who are Enhanced Deferred Members of the Plan .....	25
5. Ill Health Early Retirement - Enhanced M Plan Members who are Former I Plan Members .....	25
<b>SCHEDULE H LIMITS IMPOSED TO COMPLY WITH THE REQUIREMENTS OF THE INCOME TAX (JERSEY) LAW 1961 (AS AMENDED) .....</b>	<b>27</b>
<u>SECTION 1 - INTRODUCTION</u> .....	1
<u>1.1 Interpretation</u> .....	1
<u>1.2 Commencement</u> .....	7
<u>1.3 Constitution of the Fund</u> .....	7
<u>1.4 Participation by Employers</u> .....	7
<u>1.5 Special provisions on first participation</u> .....	8
<u>1.6 Declaration of trust</u> .....	8
<u>1.7 Employer ceasing to participate</u> .....	8
<u>1.8 Effect of headings and marginal notes</u> .....	8
<u>SECTION 2 - ELIGIBILITY AND MEMBERSHIP</u> .....	9
<u>2.1 Eligibility</u> .....	9
2.2 Waiver of eligibility conditions .....	9
2.3 Application for membership .....	9
2.4 Categories of membership .....	9
<u>SECTION 3 - CALCULATION OF PENSIONABLE SERVICE</u> .....	9
3.1 Pensionable Service .....	9
<u>3.2 Transfers</u> .....	9
<u>3.3 Additional Pensionable Service in special cases</u> .....	9
<u>3.4 Pensionable Service in cases of ill-health</u> .....	9
3.5 Pensionable Service in other cases of absence including 10 .....	
3.6 Part-time Service .....	11
3.7 Maternity leave .....	11
<u>SECTION 4 - MEMBERS' CONTRIBUTIONS</u> .....	13
<u>4.1 Ordinary contributions</u> .....	13
<u>4.2 Duration of contributions</u> .....	13
4.3 Voluntary contributions to buy additional benefits .....	13
<u>4.4 Deduction of Contributions</u> .....	14
<u>4.5 Maximum Contributions</u> .....	14
<u>4.6 Return of surplus funds</u> .....	14
<u>SECTION 5 - EMPLOYERS' CONTRIBUTIONS</u> .....	14
5.1 Ordinary contributions .....	14

secondment

5.2	Additional special contributions .....	14
5.3	Funding of pensions payable by Employers .....	14
5.4	Cost of insurance premiums .....	14
	<b><u>SECTION 6 - BENEFITS ON RETIREMENT</u></b> .....	14
6.1	Entitlement to benefit.....	14
6.2	Retirement at Normal Retirement Date .....	14
6.3	Deferment of pension .....	15
6.4	Early retirement on the ground's of ill-health .....	15
6.5	Early retirement following redundancy .....	16
6.6	Early retirement in other cases .....	16
6.7	Lump sum benefits on retirement.....	17
6.8	Payment of lump sum benefits .....	17
6.9	Additional benefits.....	17
	<b><u>SECTION 7 - BENEFITS ON DEATH</u></b> .....	18
7.1	Lump sum benefits on death in Pensionable Service .....	18
7.2	Lump sum benefits on death after retirement and death in Service after Normal Retirement Date .....	18
	<b><u>7.3 Spouse's pension on death in Pensionable Service</u></b> .....	18
7.4	Spouse's pension on death of a Pensioner .....	18
7.5	Provisions applicable to all spouses' pensions .....	19
7.6	Pension for Dependant .....	19
7.7	Reduction in spouse's or Dependant's pension .....	19
7.8	Children's benefits .....	19
7.9	Duration and payment of children's pensions .....	20
7.10	No duplication of children's pensions .....	20
7.11	Meaning of Eligible Child .....	20
	<b><u>7.12 Medical Report</u></b> .....	21
7.13	Insurance of death in Service benefits .....	21
	<b><u>SECTION 8 - ALLOCATION</u></b> .....	21
8.1	Right to make an allocation .....	21
8.2	Restriction on right to allocate .....	21
8.3	Type of pension.....	21
8.4	Amount of Allocation and pension.....	22
8.5	Restrictions on amount of Allocation .....	22
8.6	Number of Allocations .....	22
8.7	Death of Beneficiary .....	22
	<b><u>8.8 Medical Report</u></b> .....	22

	8.9	<u>Administrative arrangements</u>	22
	8.10	Definition of Beneficiary	22
		<u>SECTION 9 - PRESERVATION OF BENEFITS ON LEAVING</u>	
		<u>PENSIONABLE SERVICE</u>	22
	9.1	Application of this Section	22
	9.2	Entitlement to Short Service Benefits	23
	9.3	Amount of Short Service Benefits	23
	9.4	Additional benefits and credits	23
	9.5	Time of payment	23
	9.6	Allocation	24
	9.7	Increases in Short Service Benefits	24
	9.8	Death before Short Service Benefits come into payment	24
into payment	9.9	Discretionary powers for Trustees to bring Short Service Benefits 25	
	9.10	Refunds of contributions	25
	9.11	Additional	25
	9.12	Transfer payments	25
	9.13	Transfers to a Transfer Scheme	26
	9.14	Buying out Short Service Benefits	26
	9.15	Personal pensions	27
	9.16	General provisions relating to transfers	27
		<u>SECTION 10 - INLAND REVENUE LIMITS</u>	28
		<u>SECTION 11 - PENSION INCREASES</u>	28
	11.1	<u>Increases in current pensions</u>	28
	11.2	Increases in deferred benefits	30
	11.3	<u>Augmentation of benefits</u>	30
		<u>SECTION 12 – FORFEITURE, COMMUTATION AND ALIENATION</u>	30
	12.1	<u>Lien and forfeiture</u>	30
	12.2	<u>Restrictions on alienation and forfeiture</u>	30
	12.3	<u>Total commutation – trivial pensions</u>	30
	12.4	<u>Total commutation – serious ill-health</u>	30
	12.5	<u>Forfeiture of unclaimed benefits</u>	30
		<u>SECTION 13 – STATUS OF SCHEME AND TAXATION</u>	31
	13.1	<u>Status of the Scheme</u>	31
	13.2	<u>Undertakings to the Inland Revenue</u>	31
	13.3	<u>Undertakings to the Occupational Pensions Board</u>	31
	13.4	<u>Effect of undertakings</u>	31

<u>13.5 Taxation deductions</u> .....	31
SECTION 14 – ADMINISTRATION .....	31
14.1 Appointment and Removal of Trustees .....	31
14.2 Trustees to have control of the Fund .....	31
14.3 Trustees may appoint nominee to hold investments .....	31
14.4 Remuneration of Trustees .....	31
14.5 How Trustees may act .....	31
14.6 Members as Trustees or directors of corporate Trustees .....	31
14.7 Secretary .....	31
14.8 Actuary .....	31
14.9 Administrator .....	31
14.10 Actuarial Investigations .....	31
14.11 Expenses of administration .....	31
14.12 Books of account .....	31
14.13 Investment .....	31
14.14 Power to delegate investment functions and discretions .....	31
14.15 Power to borrow and to insure .....	31
14.16 Notices .....	31
14.17 Members to give notice of addresses etc .....	31
14.18 Indemnity .....	31
14.19 Payment of pensions .....	31
14.20 Claims only in accordance with Rules .....	31
14.21 Termination of employment .....	31
14.22 Annuity in satisfaction of Member's rights .....	32
14.23 Effect of mis-statements .....	32
14.24 Information to be available .....	32
14.25 Acts of the Employer .....	32
14.26 Liability of Employers .....	32
14.27 Arbitration .....	32
SECTION 15: ALTERATIONS IN AND ADDITIONS TO RULES .....	32
15.1 Power of alteration .....	32
15.2 Prohibited alterations .....	32
15.3 Consent of Trustees .....	32
SECTION 16: TERMINATION AND WINDING UP .....	33
16.1 Power of determination .....	33
<u>16.2 Withdrawal of an individual Employer</u> .....	33
<u>16.3 Total winding up of the Scheme</u> .....	33

<u>16.4 Entitlement to benefit</u> .....	33
16.5 Application of Fund on a winding up .....	33
16.6 Transfers to a Receiving Scheme .....	33
16.7 Payment of benefits on a winding up.....	33
16.8 Merger.....	33
SECTION 17: CONTRACTING OUT .....	33
17.1 Application of this Section .....	33
THE OVERRIDING APPENDIX OF GMP MODEL RULES .....	33
Appendix A .....	34
Appendix B .....	35
Appendix C .....	36
Appendix D .....	37
Appendix E .....	38
Appendix F .....	54
Appendix G.....	55
Appendix H.....	57
SCHEDULE 2 Provisions relating to the Money Purchase Category of	
59	
<u>Special Terms</u> .....	70

## **IBM PENSION PLAN**

### **1997 DEFINITIVE TRUST DEED**

#### **DATE:**

#### **PARTIES**

- |                              |   |
|------------------------------|---|
| (1) "the Principal Employer" | IBM UNITED KINGDOM HOLDINGS LIMITED (Company Number 122953), whose registered office is at P.O. Box 41 North Harbour Portsmouth Hampshire PO6 3AU |
| (2) "the Trustee"            | IBM UNITED KINGDOM PENSIONS TRUST LIMITED (Company Number 1523741), whose registered office is at P.O. Box 41 North Harbour aforesaid             |

#### **WHEREAS:**

1. A. This Deed is supplemental to an establishing deed (hereinafter called "the Interim Trust Deed") made the third day of April One thousand nine hundred and fifty seven whereby there was established under irrevocable trust THE IBM UNITED KINGDOM RETIREMENT FUND now known as the IBM PENSION PLAN (hereinafter called "the Plan")  
  
B. This Deed is also supplemental to the Deeds referred to in the "Schedule of Deeds" appended hereto
2. The Trustee is the present trustee of the Plan and is a Trust Corporation as defined in Section 3 of the Law of Property (Amendment) Act 1926
3. The Trustee by virtue of the power conferred on it by Rule 1 of Schedule B of the 1995 Definitive Trust Deed and Rules dated 13th April 1995 ("the 1995 Deed") is desirous, following consultation with the Actuary and with the consent of the Principal Employer, of replacing the 1995 Deed in its entirety by the adoption of this Deed, a Deed establishing the Money Purchase Section of the Plan and a Deed establishing the Defined Benefit Section of the Plan, all of the same date as this Deed which shall be known as the 1997 Definitive Trust Deed, the 1997 Money Purchase Rules and the 1997 Defined Benefit Rules respectively.
4. The Pension Schemes Office Reference Number is 9/960.

**NOW THIS DEED WITNESSETH AND IS HEREBY DECLARED AND AGREED as follows:**

1. By virtue of its aforementioned power and with the consent of the Principal Employer as is signified by its execution of this Deed and following consultation with the Actuary the Trustee HEREBY ADOPTS the following provisions as the 1997 Definitive Trust Deed (the "Trust Deed") of the Plan and HEREBY AGREES to the replacement of the provisions of the 1995 Deed in its entirety with the provisions of this Trust Deed the 1997 Money Purchase Rules and the 1997 Defined Benefit Rules.
2. The Trustee shall continue to hold the fund consisting of the assets and monies of the Plan (hereinafter called "the Fund") upon irrevocable trust, in accordance with the provisions of this Trust Deed and of the 1997 Money Purchase Rules and the 1997 Defined Benefit Rules (as amended from time to time).
3. The following Employers are hereby confirmed to be Participating Employers formally adhered to the Plan at the date of this Deed and with effect from the respective dates set out below:-

<u>Name and Company Number of Employer</u>	<u>Effective Date of Adherence</u>
IBM United Kingdom Laboratories Limited (618957)	1 <sup>st</sup> January 1957
IBM United Kingdom Limited (741598)	1 <sup>st</sup> January 1957
Integrated Systems Solutions Company Limited (formerly known as IBM Information Solutions Limited) (791289)	6 <sup>th</sup> April 1992

**PART I**

**INTERPRETATION**

In this Deed, the 1997 Defined Benefit Rules and the 1997 Money Purchase Rules unless the context otherwise requires:-

- (1) words denoting the masculine gender include the feminine gender;
- (2) words in the singular include the plural and vice-versa;
- (3) references to any enactment include the corresponding Northern Ireland enactment (if any), in either case as amended extended or consolidated by any other enactment;
- (4) in relation to Jersey Members any reference to UK legislation shall (where relevant) apply to the appropriate legislation in the States of Jersey;
- (5) the headings and sub-headings are for ease of reference only, and do not form part of this Trust Deed;
- (6) certain words and expressions appear solely within the 1997 Defined Benefit Rules or the 1997 Money Purchase Rules (as the case may be) and those words and expressions are defined within Schedule A of the respective Rules.
- (7) the following words and expressions have the meanings within the context of this Trust Deed, the 1997 Defined Benefit Rules and the 1997 Money Purchase Rules (as the case may be) copies of which shall be provided in accordance with the provisions of Part IX as set out below:-

**“1988 Act”**

means Chapter I of Part XIV of the Income and Corporation Taxes Act 1988.

**“1992 Act”**

means the Social Security Administration Act 1992.

**“1993 Act”**

means the Pension Schemes Act 1993.

**“1995 Act”**

means the Pensions Act 1995.

**“1996 Act”**

means the Employment Rights Act 1996.

**“Actuary”**

means the actuary appointed under Clause 17 of Part II of the Trust Deed (being a Fellow of the Institute of Actuaries, or a Fellow of the Faculty of Actuaries in Scotland, or a person who is authorised by the Secretary of State to act as an actuary for the purposes of the 1995 Act).

**“Administrator”**

means the person appointed to meet the requirements of the Board of Inland Revenue pursuant to Section 611AA of the 1988 Act.

**“ASCs”**

means contributions which a Member or Postponed Retiree participating in You\* has elected that his Employer make to the Fund on his behalf pursuant to You\* and which are in addition to any contributions payable by his Employer under Rule 1(2) of Schedule C of the Defined Benefit Rules or Rule 1(2) of Schedule C of the Money Purchase Rules, as appropriate, where such Member or Postponed Retiree is a Smart\* Member.

**“ASC Uplift”**

in respect of a Member or Postponed Retiree who has elected that ASCs should be made by his Employer, means an additional contribution that is payable by his Employer of 6% of the ASC amount or such other rate as his Employer may from time to time determine and notify to the Members or Postponed Retirees.

**“Associated Employment”**

shall mean 2 or more concurrent employments held by the Member which are associated i.e. where:-

- (a) there is a period during which the Member has held all of them;
- (b) the period counts under the Plan in the case of all of them as a period in respect of which benefits are payable;
- (c) during the period all the employers in question are associated.

For the purposes of this definition, employers are associated if one is controlled by the other, or both are controlled by a third party. Control has the meaning in Section 840 of the 1988 Act, or in the case of a close company, Section 416 of the 1988 Act.

**“Associated Scheme”**

means either (i) or (ii) below as appropriate:-

- (i) in respect of a Class A Entrant or a Class B Entrant, any Relevant Scheme providing benefits in respect of Service;
- (ii) in respect of a Class C Entrant, any Relevant Scheme which is a Connected Scheme or which provides benefits in respect of Service.

**“Auditor”**

means the auditor appointed under Clause 17 of Part II of this Trust Deed (being an individual or a firm eligible for appointment as a company auditor and registered as such in accordance with the provisions of Section 35 of the Companies Act 1989 or an individual or a firm authorised by the Secretary of State to act as an auditor for the purposes of the 1995 Act).

**“AVCs”**

means additional voluntary contributions made to the Fund by Members or Postponed Retirees pursuant to Rule 3 of Schedule C of the Defined Benefit Rules or Rule 3 of Schedule C of the Money Purchase Rules, as appropriate.

**“Beneficiary”**

means a person who is entitled to receive a pension or allowance under the Plan, in respect of (but not as) a Member or former Member (or who is so entitled by reason of a transfer payment received under Clause 1 of Part VI of this Trust Deed).

**“Benefits Allocation Committee”**

means a committee authorised by the Principal Employer and the Trustee to make certain decisions on behalf of the Principal Employer and the Trustee in relation to the allocation of benefit entitlements arising under the Plan. The committee consists of nominated directors of the Trustee and such other representatives as the Principal Employer shall from time to time determine.

**“Cash Equivalent”**

means the value of a Member's or Deferred Retiree's accrued benefits reduced by the monetary amount (determined at such date as the Trustee shall in its absolute discretion decide) of the pensions held in the form of deferred benefits operated by any company within the IBM Group of Companies outside the United Kingdom PROVIDED THAT no such reduction shall reduce the value to less than the actual benefits accrued and granted by reference to the Plan to the date of termination of Pensionable Service or such later date as application is made in accordance with Clause 5 of Part VI of this Trust Deed. For the purposes of determining the “Cash Equivalent” a Member who has terminated Pensionable Service but remained in Service shall not receive a reduced “Cash Equivalent” in order to take account solely of that element accrued on or after 6th April 1988.

**“Cash Transfer Sum”**

shall have the same meaning as in section 101AB of the 1993 Act.

**“Child”**

in relation to a deceased person includes his stepchild, a child whom he has legally adopted, a child conceived but not yet born and any other person to whom in the opinion of the Trustee the deceased stood as a natural parent. Any child born after the date of termination of the Plan or

partial termination by virtue of the withdrawal of the Member's Employer from the Plan shall not be considered a "Child" for the purposes of the Rules unless the Trustee otherwise directs.

**"Civil Partner"**

means, in relation to a Member, Deferred Retiree, Retiree or Postponed Retiree of the Plan, a person who was registered as his civil partner for the purposes of the Civil Partnership Act 2004 immediately before the date of death or other relevant date for benefit calculation purposes and the expression **"Civil Partnership"** shall be construed accordingly.

**"Class A Entrant"**

means any Member who joined or who is deemed under Transitional Regulations to have joined the Plan before 17th March 1987.

**"Class B Entrant"**

means any Member who joined or who is deemed under Transitional Regulations to have joined the Plan on or after 17th March 1987 but before 1st June 1989.

**"Class C Entrant"**

means any Member who joined or who is deemed under Transitional Regulations to have joined the Plan on or after 1st June 1989. Such person may include:-

- (i) (at the Trustee's discretion) any Class A Entrant; or
- (ii) any Class B Entrant;

who elects to be treated as a Class C Entrant at any time before the earlier of the date:-

- (a) that benefits begin to be paid to him from the Plan; or
- (b) that the benefits payable to him under the Plan are secured with an Insurance Company; or
- (c) that the benefits payable to him under the Plan are otherwise transferred out of the Plan to another arrangement; or
- (d) the attainment of age 75.

**"Connected Scheme"**

means any Relevant Scheme which is connected with the Plan in relation to the Member i.e. if:-

- (a) there is a period during which the Member has been the employee of two associated employers; and
- (b) that period counts under both schemes as a period in respect of which benefits are payable; and
- (c) the period counts under one scheme for service with one employer and under the other for service with the other employer.

For the purposes of this definition, employers are associated if one is controlled by the other, or both are controlled by a third party. Control has the meaning in Section 840 of the 1988 Act, or in the case of a close company. Section 416 of the 1988 Act.

**“Contracted Out-Employment”**

has the meaning given to it in Section 8(1) of the 1993 Act.

**“Contributions Equivalent Premium”**

has the meaning given to it in Section 55(6)(e) of the 1993 Act.

**“Customer Satisfaction Plan”**

means an incentive plan operated by the Principal Employer.

**“Deferred Benefits”**

means the benefits set out in Rule 2 of Schedule F of the Money Purchase Rules and/or Rule 2 of Schedule F of the Defined Benefit Rules, as appropriate.

**“Deferred Retiree”**

means a person who is a former Member (having terminated Pensionable Service before his Normal Retirement Date) and who is entitled to a pension under the Plan payable from some future date. For the avoidance of doubt an Enhanced Deferred Member is not a Deferred Retiree.

**“Defined Benefit Rules”**

means the Rules governing membership of the Defined Benefit Section of the Plan as set out in the Deed establishing the Defined Benefit Section of the Plan, executed on the same date as this Trust Deed (as may be amended from time to time).

**“Defined Benefit Section”**

means that section of the Plan providing benefits as set out in the Defined Benefit Rules.

**“Dependant”**

in relation to a deceased person means any person whose relationship to the deceased was, in the opinion of the Trustee, of such a nature that (whether due to financial dependence on the deceased or otherwise) he might reasonably expect to receive some part of any benefit payable in the event of a Member or former Member's death or a person conceived but not yet born at the date of death of the deceased who would have been within the above relationship had the deceased remained alive until the day following the date of birth.

**“Disability Benefit”**

means the benefit that becomes payable to a Member who is absent from work as a result of illness or injury when his Employer notifies him that he has become entitled to disability benefit under the Sickness Plan.

**“Disclosure Regulations”**

means regulations made under Section 113 of the 1993 Act and Section 41 of the 1995 Act certain provisions of which are described in Part IX of this Trust Deed.

**“Discretionary Trusts”**

means the trusts upon which certain sums arising on the death of an individual must be held by the Trustee, the terms of such trusts being as follows:-

- (a) the Trustee may pay or apply all or part of that sum or sums to or for the benefit of the following persons, in such shares and proportions as it thinks fit:-
  - (i) any of the deceased's Relatives or Dependants at the date of his death (including any conceived but not yet born); and
  - (ii) any person, charity or other organisation whose name was notified in writing by the deceased to the Trustee (or to the trustees of any other Retirement Benefits Scheme or the provider of a Personal Pension Scheme to which the deceased formerly belonged);
- (b) the Trustee shall not be bound by any nomination or request under (a)(ii) above, and may declare trusts and appoint separate trustees (and provide for their remuneration) and, where appropriate, recognise existing trusts in respect of all or any part of the sum concerned;
- (c) if at the time of death there are no Relatives, Dependants or notified names under (a) above, the sum concerned shall revert to the Fund; and
- (d) if within 24 months of the date of death and:-
  - (i) all or part of the appropriate sum has not been applied in accordance with (a) above; or
  - (ii) the appropriate sum has reverted to the Fund in accordance with (c) above;

then such sum shall forthwith be paid to the deceased's personal representatives.

**“DSL Defined Benefit Member”**

means a Member who is a former member of the Data Sciences Pension Scheme and became a Member of the Plan with effect from 15 December 1997 and who is accruing benefits in the Plan on a defined benefit basis in accordance with the relevant benefit provisions as set out in Appendix 1 of the deed of merger dated 3rd December 1997 (the **“Relevant Benefit Provisions”**).

**“Earnings Cap”**

means

- (a) prior to 6 April 2006, the permitted maximum as construed in accordance with section 590C(2) of the 1988 Act (including that section as applied for the

purposes of paragraph 20 of Schedule 6 to the Finance Act 1989) for the year of assessment in which the date falls; and

- (b) after 5 April 2006, the amount that the Trustee determines to be the Earnings Cap applicable each year, being the permitted maximum for the tax year 2005/2006 of £105,600 increased each 6 April starting on 6 April 2006 by the same percentage as the percentage increase in the general retail prices index (for all items) in the previous September published by the Office for National Statistics (or, if that is not available, such other comparable index as the Trustee may determine), then increased, where the figure is not a multiple of £600, to the nearest amount which is such a multiple.

**“Eligible Child”**

in relation to a deceased person means a Child of his who:-

- (a) is below age 19; or
- (b) is below aged 23 and undergoing full-time education or vocational training approved by the Trustee.

PROVIDED THAT a Child who is an Eligible Child but was not, at the sole discretion of the Trustee, dependent upon the deceased Member, Retiree, Deferred Retiree or Postponed Retiree for the ordinary necessities of life, may be deemed not to be an Eligible Child and the Child's Allowance described in Rule 11 of Schedule E of the Defined Benefit Rules shall not be paid UNLESS such Child is the only Child of the deceased Member, Retiree, Deferred Retiree or Postponed Retiree.

**“Employee”**

means an employee of an Employer.

**“Employer”**

means the Principal Employer and any employer which participates in the Plan in accordance with Clause 3 of Part II of this Trust Deed and, where the context so requires, means, in relation to a particular person, the Employer by whom he is employed.

**“Enhanced Deferred Member”**

means any C Plan Member, DSL Defined Benefit Member or N Plan Member who has become an Enhanced Deferred Member pursuant to Rule 2(2) of Schedule B of the Defined Benefit Rules.

**“Enhanced M Plan Member”**

means a C Plan Member, DSL Defined Benefit Member or N Plan Member or a member of the I Plan who became an Enhanced M Plan Member pursuant to Rule 1(6) of Schedule B of the Money Purchase Rules.

**“Final Remuneration”**

means subject to (2) below the greatest of:-

- (a) the total of:-
  - (i) the basic wage or salary for any one of the 5 years preceding the date of retirement, leaving Pensionable Service or death; and
  - (ii) the annual average of fluctuating emoluments over 3 or more consecutive years (or over such shorter period as fluctuating emoluments have arisen) ending on the last day of the year chosen in (i) above;

increased in proportion to any increase in the Index of Retail Prices on the basis of complete months from the last day of the year chosen in (i) above up to the date of such retirement, leaving Pensionable Service or death (except that this formula shall not be used if it would prejudice Revenue Approval, because the individual concerned is a High Earner); or

- (b) the average of Increased Total Emoluments for any 3 or more consecutive years ending not earlier than 10 years before the earliest of the date of retirement, leaving Pensionable Service or death, where for the purpose of this definition the “Increased Total Emoluments” in respect of any year means the total emoluments received in that year, increased by an amount proportionate to the increase in the Index of Retail Prices from the last day of that year to the date of retirement, leaving Pensionable Service or death; or

- (c) where used in connection with benefits payable on death in Service:-

- (i) the annual amount of basic salary in the course of payment at the date of death, or
- (ii) the basic salary as in (i) above plus the average fluctuating emoluments during the 3 years (or the whole period of Pensionable Service if less) up to the date of death, or
- (iii) the total earnings (fixed plus any fluctuating emoluments) paid during a selected period of 12 months ending at any time not earlier than 36 months prior to the date of death;

earnings in (c)(ii) and (iii) above for years other than the 12 months prior to death being increased by an amount proportionate to any increase in the Index of Retail Prices, from the last day of the year in question to the date of death.

- (2) In respect of a Class C Entrant only the calculation of Final Remuneration shall not exceed the “permitted maximum” imposed by Section 590C(2) of the 1988 Act or such other figure as may be prescribed in an order made by the Treasury for any year commencing on or after 6th April 1990 in accordance with Section 590C(6) of the 1988 Act.

(3) Final Remuneration shall not include:-

- (a) income or gains from shares or interest in shares or options over shares acquired through share option incentive and profit sharing schemes or from shares acquired in other ways which give rise to a Schedule E tax liability. This exclusion will apply to the acquisition of shares or of the right to acquire them or the appropriation of shares or the granting of options on or after 17th March 1987; and
- (b) anything in respect of which tax is chargeable by virtue of Section 148 of the 1988 Act.

**“Full Benefit Sickness Pay”**

means the benefit that becomes payable to a Member who is absent from work as a result of illness or injury when his Employer notifies him that he has become entitled to full benefit sickness pay under the Sickness Plan.

**“Fund”**

means the assets and monies held for the purposes of the Plan.

**“Guaranteed Minimum Pension”**

has the meaning given to it in Section 8(2) of the 1993 Act.

**“High Earner”**

means a Class B Entrant whose remuneration in any year subsequent to 5th April 1987 used for the purpose of calculating benefits has exceeded £100,000.00 or such other amount as may be prescribed in an order made by the Treasury.

**“I Plan”**

means the IBM IT Solutions Pension Scheme, established by an establishing definitive trust deed and rules dated 25<sup>th</sup> July 1994, of which the Principal Employer is the principal employer and the Trustee is the trustee.

**“Inland Revenue Limits”**

means the limits and restrictions set out in Part X of this Trust Deed (or such other greater amounts that may be provided by the Plan that would not prejudice Approval) or such other limits and restrictions as may be made from time to time by the Board of Inland Revenue.

**“Index of Retail Prices”**

means the index of retail prices published by the Department of Employment or any other index agreed as suitable for the purposes of the Plan by the Pension Schemes Office.

**“Insurance Company”**

means:-

- (a) a United Kingdom branch of an insurance company to which Part II of the Insurance Companies Act 1982 applies, and which is authorised under Section 3 or 4 of that Act to carry on ordinary long-term insurance business (as defined in that Act); or
- (b) a friendly society enabled by regulations made under Section 162 of the 1993 Act to conduct the business described in that Section.

**“Jersey Member”**

means a Member who is from time to time employed in and tax resident in the States of Jersey.

**“Legal Spouse”**

means a person to whom the deceased Member, Deferred Retiree, Retiree or Postponed Retiree was legally married or of whom he was a Civil Partner at the date of his death.

**“Limited Revaluation Premium”**

has the meaning given to it in Section 55(6)(g) of the 1993 Act.

**“Linked Qualifying Service”**

means periods of employment in respect of which rights in another Retirement Benefits Scheme, a Personal Pension Scheme or such other relevant arrangement, have been transferred to the Plan.

**“London Allowance”**

means the amount of monetary compensation payable to a Member (if any) of such amount as deemed applicable by the Principal Employer from time to time as a result of the Member's employment with, or on instruction by, an Employer, being carried out wholly or mainly within boundaries of central and outer London as specified from time to time by the Principal Employer.

**“Lower Earnings Limit”**

means the annual equivalent of that amount as specified in regulations made pursuant to Section 5 of the Social Security Contributions and Benefits Act 1992.

**“Member”**

means an Employee who satisfied the relevant eligibility conditions set out in the Defined Benefit Rules or the Money Purchase Rules and subsequently became a Member of the Plan in accordance with Defined Benefit Rules or the Money Purchase Rules, as appropriate and shall, where the context so requires in the Defined Benefit Rules, include an Enhanced Deferred Member.

**“Member's Credit”**

means that part of a transfer payment paid to or received from another Retirement Benefits Scheme, a Personal Pension Scheme or such other arrangement as deemed appropriate by the

Board of Inland Revenue from time to time, to be regarded as a person's own contribution to that scheme.

**“Money Purchase Rules”**

means the Rules governing membership of the Money Purchase Section of the Plan as set out in the Deed establishing the Money Purchase Section of the Plan, executed on the same date as this Trust Deed (as amended from time to time).

**“Money Purchase Section”**

means that section of the Plan providing benefits as set out in the Money Purchase Rules.

**“Normal Retirement Date”**

has the meaning given to it in either the Money Purchase Rules or the Defined Benefit Rules, as appropriate.

**“Pay Month”**

means the period commencing on the 6th day of a month and ending on the 5th day of the next following month or such other period as may from time to time be the monthly pay period in relation to any Member as determined by the Employer.

**“Pensionable Earnings”**

has the meaning given to it in either the Money Purchase Rules or the Defined Benefit Rules, as appropriate.

**“Pensionable Service”**

has the meaning given to it in either the Money Purchase Rules or the Defined Benefit Rules as appropriate.

**“Perpetuity Period”**

means whichever is the longer, of:-

- (a) the period expiring nineteen years after the date of the survivor of the issue meaning the lineal descendants living on the date of the Interim Trust Deed of his late Majesty King George the Fifth; and
- (b) the period expiring on the date upon the which the Plan ceases to qualify for exemption from the operation of the rule of law relating to perpetuities notwithstanding that the Plan may thereby be treated as continuing to so qualify.

**“Personal Pension Scheme”**

means a personal pension scheme exempt approved or provisionally approved under Chapter IV of Part XIV of the 1988 Act (including a personal pension scheme contracted-out under the provisions of the 1993 Act).

**“Plan”**

means the “IBM Pension Plan” exempt approved by the Pension Schemes Office of the Board of Inland Revenue In the United Kingdom as a Retirement Benefits Scheme to which this Trust Deed and the Rules relate.

**“Postponed Retiree”**

means a former Member still in Service after his Normal Retirement Date with the express consent of the Principal Employer and with the knowledge of the Trustee.

**“Pre 1997 Contracted-Out Employment”**

means any period of Pensionable Service in relation to a Member during which he qualified for a Guaranteed Minimum Pension.

**“Principal Employer”**

means IBM United Kingdom Holdings Limited or the latest successor substituted for it, or its successors, under Clause 1 of Part VII of the Trust Deed.

**“Qualifying Service”**

means periods of employment calculated on the termination of Pensionable Service (which for this purpose shall be treated as not having been terminated if it is resumed within one calendar month) PROVIDED THAT no period during which a female member is absent on account of pregnancy or confinement under Section 71 of the 1996 Act shall be excluded nor shall any period during which a Member is absent as a result of a trade dispute within the meaning of Section 29 of the Trade Union and Labour Relations Act 1974 (as amended) as the total of:-

- (a) periods of Pensionable Service to the date of termination;
- (b) periods of Linked Qualifying Service;

but excluding from that total any period in respect of which:-

- (1) refunds of contributions have been made;
- (2) transfer payments have been made to other Retirement Benefits Schemes, Personal Pension Schemes, a policy approved under Section 591(2)(g) of the 1988 Act or such other arrangement as may be acceptable to the Board of Inland Revenue from time to time;
- (3) a lump sum has been paid in full satisfaction of the benefits due; or
- (4) benefits are in payment.

The calculation shall not take any period into account more than once.

**“Recognised Trade Union”**

means an independent trade union (as defined in Section 235 of the 1996 Act) recognised to any extent for the purpose of collective bargaining in relation to Employees, Members, Deferred Retirees and Postponed Retirees.

**“Reduced Benefit Sickness Pay”**

means the benefit that becomes payable to a Member who is absent from work as a result of illness or injury when his Employer notifies him that he has become entitled to reduced benefit sickness pay under the Sickness Plan.

**“Reference Salary”**

means, in relation to a B Plan, C Plan or M Plan Member (whose earnings are subject to a Sales Incentive Plan) his annual target earnings (commonly known as “100% salary”) as determined from time to time by the Employer.

**“Registrar”**

means the Registrar of Occupational and Personal Pension Schemes.

**“Registration Regulations”**

means regulations made pursuant to Section 6 of the 1993 Act.

**“Relatives”**

in relation to a deceased person means:-

- (a) his Spouse;
- (b) his or his Spouse’s parents;
- (c) his or his Spouse’s grandparents;
- (d) his or his Spouse’s uncles and aunts (including half-uncles and half-aunts) and the Children or remoter issue of any of them;
- (e) his or his Spouse’s brothers and sisters (including half-brothers and half-sisters) and the Children or remoter issue of any of them;
- (f) his or his Spouse’s Children or remoter issue;
- (g) the Spouse of any person within (b) to (f) above;

and this definition shall be construed to include such other person to whom, in the opinion of the Trustee, the deceased stood as a natural parent.

**“Relevant Scheme”**

means any other scheme approved or seeking approval under Chapter I of Part XIV of the 1988 Act.

**“Remuneration”**

means:-

- (a) as regards a Class A Entrant and a Class B Entrant, the remuneration paid to a Member in a tax year to which he is assessed to tax under Schedule E as referred to in the 1988 Act but shall not include anything in respect of which tax is chargeable:-
  - (i) under Schedule E and which arises from the acquisition or disposal of shares or an interest in shares or from a right to acquire shares where the shares or the interest in shares or the right to acquire shares were obtained on or after 17th March 1987; or
  - (ii) by virtue of Section 148 of the 1988 Act), PLUS any other remuneration which the Board of Inland Revenue may allow for the purposes of Schedule E as referred to in the 1988 Act.
- (b) As regards a Class C Entrant only, the aggregate remuneration paid to a Member in a tax year:-
  - (i) from his Employer; and
  - (ii) in respect of any Associated Employment or any Connected Schemeunder Schedule E as referred to in the 1988 Act but shall not include anything in respect of which tax is chargeable:-
  - (1) under Schedule E and which arises from the acquisition or disposal of shares or an interest in shares or from a right to acquire shares where the shares or interest or the right to acquire shares were obtained on or after 17th March 1987; or
  - (2) by virtue of Section 148 of the 1988 Act, PLUS any other remuneration which the Board of Inland Revenue may allow for the purposes of Clause 11 of Part X of the Trust Deed. For the purposes of this paragraph (b) the calculation of “Remuneration” shall not exceed the “permitted maximum” imposed by Section 590C(2) of the 1988 Act or such other figure as may be prescribed in an order made by the Treasury for any tax year commencing on or after 6th April 1990 in accordance with Section 590C(6) of the 1988 Act.

**“Retiree”**

(except in the expression “Deferred Retiree” and “Postponed Retiree”) means a person who is a former Member and who is receiving a pension under the Plan.

**“Retirement Account”**

means the account described in Rule 5 of Schedule C of the Money Purchase Rules.

**“Retirement Benefits Scheme”**

means a retirement benefits scheme exempt approved or provisionally approved under Chapter 1 of Part XIV of the 1988 Act.

**“Revenue Approval”**

means approval of the Plan by the Board of Inland Revenue under the 1988 Act.

**“Rules”**

means the Money Purchase Rules, the Defined Benefit Rules and any other rules which shall be adopted from time to time by the Trustee and the Principal Employer in accordance with Part IV of the Trust Deed.

**“Sales Incentive Plan”**

means any incentive plan operated by the Principal Employer.

**“Separated Portion”**

has the meaning given to it in Clause 2 (2) of Part VI of the Trust Deed.

**“Service”**

means:-

- A. in respect of a Class A Entrant or a Class B Entrant service with an Employer for the purpose of the Rules and, if seconded or recruited direct from an Employer, shall include service as a whole time member of the armed forces or civil defence organisation of the United Kingdom. The transfer of any Employee from one to another of the Employers shall not be construed as a termination of his Service.
- B. in respect of a Class C Entrant the aggregate of:-
  - (a) service with an Employer for the purpose of the Rules and, if seconded or recruited direct from an Employer, shall include service as a whole time member of the armed forces or civil defence organisation of the United Kingdom. The transfer of any Employee from one to another of the Employers shall not be construed as a termination of his Service; and
  - (b) any period which counts in respect of any Associated Employment or any Connected Scheme.

In respect of all Members who have completed at least twelve months' Pensionable Service, any period of employment undertaken overseas on behalf of any company within the IBM group of companies other than within the United Kingdom shall be taken into account in determining the amount of "Service".

**“Smart\* Member”**

means a Member or Postponed Retiree participating in a salary sacrifice arrangement currently referred to as Smart\* Pensions (or such other description as referred to by his Employer from time to time) introduced by his Employer as notified to the Trustee from time to time (such notification may be in respect of an individual Member or Postponed Retiree or by reference to a class of people). A Member or Postponed Retiree will cease to be a Smart\* Member if his Employer notifies the Trustee that with effect from a specified date he will cease or have ceased to be a Smart\* Member. A statement by an Employer as to whether a Member or Postponed Retiree is or is not a Smart\* Member shall be final and conclusive and can be relied upon by the Trustee.

**“Sickness Plan”**

means the “IBM Sickness and Accident Plan”.

**“Special Director”**

means a Member who, at any time on or after 17th March 1987 and in the last 10 years before terminating Pensionable Service, death or retirement has, in relation to the Employer, been both within the definition of a director in Section 612(1) of the 1988 Act and within paragraph (b) of Section 417(5) of the 1988 Act.

**“Spouse”**

in relation to a deceased Member or former Member means a person who is legally married to him or his Civil Partner at the date of his death except that, unless the Trustee otherwise decides, a person who was separated from the deceased at the time of the Member's death by reason of a breakdown in the marriage or of the Civil Partnership, shall be considered a Legal Spouse only. The Trustee, at its sole discretion in circumstances which it considers to justify such action, shall be empowered to exclude such other persons as it thinks fit in order that the Trustee may pay a Dependant's pension as described in Rule 12 of Schedule E of the Defined Benefits Rules.

**“State Pension Age”**

means the date on which pensionable age is attained in accordance with Schedule 4 to the 1995 Act or such other statutory provisions that may from time to time be enacted.

**“Transfer Credit”**

means rights and benefits, or added years of Pensionable Service as may be granted to an individual under the Plan by reference to a transfer payment into the Fund.

**“Transitional Regulations”**

means the Occupational Pension Schemes (Transitional Provisions) Regulations 1988 or the Retirement Benefits Schemes (Continuation of Rights of Members of Approved Schemes) Regulations 1990 (as the case may be).

**“Treasury”**

means the Treasury of Her Majesty's Government.

**“Trust Deed”**

means this Trust Deed (as amended from time to time).

**“Trustee”**

means the Trustee or Trustees for the time being of the Plan.

**“You\*”**

means the flexible benefits programme under which a Member or Postponed Retiree may choose (amongst other benefits) to benefit from ASCs.

**PART II**

**GENERAL**

**1. Power of Amendment**

After consulting the Actuary the Trustee may at any time and from time to time with the consent of the Principal Employer alter or modify all or any of the trusts powers or provisions of this Trust Deed or of the Rules and any such alteration or modification may have retrospective effect. Any such alteration or modification shall be made by deed executed by the Trustee and by the Principal Employer. Any particulars so inserted may expressly incorporate any alterations and modifications set out in a memorandum signed and witnessed as aforesaid and as from the stated effective date this Trust Deed and the Rules shall be read and construed as if any alteration or modification so made were duly inserted and incorporated therein PROVIDED ALWAYS as follows:-

- (a) nothing in this Trust Deed or in the Rules shall authorise nor shall this Trust Deed or the Rules be altered or modified so as to authorise the transfer or payment of any part of the Fund in any circumstances to the beneficial ownership of any Employer;
- (b) no such alteration or modification shall be made as shall operate to effect a change of the main purpose of the Plan as set out in the Interim Trust Deed;
- (c) no such alteration or modification shall be made which, in the opinion of the Actuary, would operate substantially to prejudice the pension payable to any Member or other person who is at the effective date of such alteration or modification entitled to a pension under the Plan or the pension contingently payable to any person on the death in the lifetime of such person of a Member who at the effective date of such alteration or modification is entitled to a pension under the Plan;
- (d) no such alteration or modification shall be made which, in the opinion of the Actuary, would operate substantially to prejudice the interests under the Plan of any Member not being, at the effective date of such alteration or modification, entitled to a pension under the Plan in respect of contributions received by the Trustee prior to 1st January 1973 except with the consent of the majority of the Members certified by the Actuary to be affected by such alteration or modification;
- (e) no such alteration or modification shall be made which in the opinion of the Actuary would operate to reduce the aggregate value of the retirement benefits payable under the Plan to any Member not being at the effective date of such alteration or modification entitled to a pension under the Plan in respect of contributions already received by the Trustee except with the consent of any Member affected by such alteration or modification;
- (f) if notice in writing of any such alteration or modification shall be given in a form agreed by the Trustee and the Principal Employer to persons affected thereby the trusts powers and provisions of this Trust Deed and of the Rules shall pending the

execution of the deed be deemed to be altered or modified in such manner and to such extent as the Trustee shall determine to give effect to the provisions set out in such notice PROVIDED THAT approval of the Plan by the Board of Inland Revenue under the 1988 Act is not thereby prejudiced. The decision of the Trustee as to matters of interpretation of such notice and all matters arising in connection with the provision of any benefits referred to therein shall be final and conclusive.

## **2. Augmentation and Provision of Further Benefits**

- (1) The Trustee may, having considered the advice of the Actuary and obtained the consent of the Principal Employer, do one or both of the following:-
  - (a) augment the benefits of any person (or class of persons) entitled under the Plan; or
  - (b) provide benefits from the Fund for persons not otherwise entitled under the Plan;but in neither case may benefits be provided which would prejudice Revenue Approval.
- (2) Where the Trustee exercises its powers under this Rule, the Employer (or one or more of them as appropriate) shall pay any further contributions into the Fund which the Actuary recommends as necessary to provide the additional benefits.

## **3. Participation of Further Employers**

- (1) Any Employer which has agreed to participate in the Plan before the execution of this Trust Deed shall continue to participate in the Plan.
- (2) Any employer which is associated with the Principal Employer to the satisfaction of the Board of Inland Revenue may participate as an Employer by means of a deed executed by the Principal Employer, the Trustee and the employer concerned. The deed may at the sole discretion of the Principal Employer make the participation effective from a date earlier than the date of the deed itself.
- (3) Anything contained in a deed executed under this Clause which is inconsistent with this Trust Deed or the Rules shall be invalid to the extent of that inconsistency.
- (4) Upon the happening of any event referred to in Clause 5(1) of Part VII the Employer concerned shall cease to be an Employer for the purposes of the Plan and the Trustee shall proceed as set out in that Clause.

## **4. Options and Notices**

- (1) Any option or right of election conferred upon an individual under the Plan shall be exercisable (subject to any alternative arrangements that the Trustee may decide) by notice in writing to the Trustee, to be effected as stated in (3) below.
- (2) Any notice to be given under the Plan to any Member or other person with an interest in the Fund may be given by sending the notice through the post in a letter addressed to him at his last known place of residence or by such other means of communication as the Trustee may consider appropriate from time to time. Any notice so sent shall be deemed

to be served on the fifth day following that on which it is posted or communicated (whichever the case may be).

- (3) Any notice to be given under the Plan to the Trustee may be in writing, and addressed to him at the office of the Trustee and will be sent by prepaid post (subject to the person's discretion to make such other arrangements as he thinks fit). Alternatively, the person may issue such notice by such other means of communication available to the person as he considers appropriate.

## **5. Notification of Place of Residence**

Every Retiree, Deferred Retiree and Beneficiary shall give notice in writing to the Trustee of his place of residence at the time he becomes entitled to any benefit under the Plan, and shall give notice of any subsequent change of residence.

## **6. Expenses**

All costs and expenses incurred by the Trustee or any of the Employers in connection with the Plan and the Fund shall be paid out of the Fund EXCEPT THAT the Trustee shall be permitted at all times to levy reasonable charges (subject, if applicable, to the Disclosure Regulations) in relation to costs incurred by the Trustee in supplying documentation and/or information. In the event of costs or expenses addressed initially to any of the Employers the Trustee shall reimburse such costs or expenses (but, with the relevant Employer's consent, may exclude from such reimbursement any tax charge or such costs or expenses which can be recovered or set off by such Employer).

## **7. Payment of Pensions**

- (1) All pensions and allowances shall be payable monthly in advance by such means and in such form as the Trustee decides from time to time commencing on the sixth day of the month following the date entitlement to payment arises (unless the Trustee otherwise decides), or, if the Trustee consents, at such intervals and at such times as the Trustee shall either generally or in any particular case decide.
- (2) Any agreement made with the Trustee for payment of pensions and allowances through the post or otherwise shall be at the risk of the Retiree or Beneficiary concerned.
- (3) All pensions and allowances payable under the Money Purchase Rules shall be payable at such intervals (not being longer than twelve months) and in such manner as the Insurance Company from whom an annuity has been purchased shall from time to time either generally or in any particular case determine PROVIDED THAT Revenue Approval is not prejudiced.

## **8. Evidence of Entitlement**

The Trustee may, before paying any benefit under the Plan, require the production of a certificate (or other appropriate evidence) of the birth or death of an individual, or the identity of any person, or any other material matter.

**9. Effects of Misinformation**

If any person makes a false statement as to any of the matters referred to in Clause 8 of this Part, the Trustee may on discovering the fact adjust or cancel any benefit otherwise payable from the Fund.

**10. Actuarial Investigations**

- (1) Having regard to the provisions of the 1995 Act, investigations into the sufficiency of the Fund to meet the liabilities of the Plan shall be made by the Actuary at such intervals as the Trustee shall determine. On completion of each investigation, the Actuary shall make a report (which shall satisfy the requirements of the 1995 Act) addressed to the Trustee, a copy of which will be forwarded to the Principal Employer by the Trustee.
- (2) Valuations or certificates regarding the assets comprising the Fund and the liabilities of the Plan shall be produced to the Board of Inland Revenue, as required under Schedule 22 to the 1988 Act.

**11. Actuarial Assumptions**

In reaching any decision or opinion for the purposes of the Plan, the Actuary may act on such assumptions and proceed in such manner following consultation with the Principal Employer and the Trustee as the Actuary thinks appropriate.

**12. Employers' Assistance**

Each Employer shall do everything in its power, and give all information in its possession, which the Trustee may reasonably require in connection with the administration and management of the Plan.

**13. Incapacity to Manage Affairs**

- (1) If any person entitled to a benefit under the Plan is, in the opinion of the Trustee, incapable of managing his affairs or of giving a valid receipt, the Trustee may pay some or all of that entitlement to such person or body as it thinks fit, to be applied for his benefit.
- (2) The Trustee shall be under no obligation to see to the application of any benefit paid in accordance with (1) above, and the receipt of the person or body to whom the benefit is paid shall be a complete discharge to the Trustee in respect of that payment.

**14. Claims Only under Formal Plan Documentation**

No person shall have any claim, right or interest under the Plan, or any claim against the Trustee or any Employer, except under the provisions of the Trust Deed and the Rules.

**15. Employers' Lien**

- (1) Sums owing to an Employer by reason of the criminal, negligent or fraudulent act or omission of a person otherwise entitled to benefits from the Plan shall (subject to (3) below) be deducted from those benefits (but not so as to affect any Guaranteed Minimum

Pension, Protected Rights (if any) or Equivalent Pension Benefit), subject to the production of a certificate as stated in (2) below.

- (2) A certificate signed by any two directors of the Employer concerned that an amount is owing as stated in (1) above shall (subject to (3) below) be accepted by the Trustee as conclusive, and the appropriate amount shall be deducted accordingly and paid to that Employer, whose receipt shall be a complete discharge.
- (3) In the operation of this Rule:-
  - (a) no part of a Transfer Credit, Guaranteed Minimum Pension, Protected Rights (if any) or Equivalent Pension Benefit (as the case may be) may be subject to deduction;
  - (b) a copy of the Employer's certificate must be given to the individual concerned together with a statement of its effect on his benefits or prospective benefits; and
  - (c) the Trustee and the Employer may not act on the certificate if it is disputed by the individual concerned, unless it is made enforceable:-
    - (i) by an order of a court of competent jurisdiction, or
    - (ii) by an award of an arbitrator agreed upon by the parties to the dispute, or failing such agreement an arbitrator named by the President for the time being of the Law Society or (in Scotland) appointed by the Sheriff.

## **16. Extension of Time Limits**

Where any period or date is specified in the Trust Deed or the Rules by way of a time limit, the Trustee may, upon the written application of any person whom that time limit affects, extend the period or postpone the date in any particular case (subject to any conditions which the Trustee may think appropriate), but not so as to offend against the law relating to perpetuities.

## **17. Appointments**

- (1) The Trustee shall appoint:-
  - (a) a secretary (or temporary substitute for a Secretary);
  - (b) an Actuary;
  - (c) an Auditor; and
  - (d) a solicitor;

or such other professional advisors as the Trustee deems applicable.

The Trustee shall determine relevant issues pertaining to such appointments including the tenure of office, duties and remuneration of the advisers appointed upon such terms as the Trustee, having regard to the requirements of the 1995 Act, decides.

- (2) The Trustee may remove from office any person appointed under this Clause whereupon a replacement may be appointed in accordance with (1) above.

#### **18. Accounts and Audits**

- (1) Accounts and records shall be kept to ensure the proper operation of the Plan.
- (2) Annual statements of account shall be prepared, and shall be audited by the Auditor.

#### **19. Securing Employer's Liabilities through Fund**

Subject to the written consent of the Principal Employer and of the Trustee, an Employer may by resolution require that any person entitled to a pension or allowance payable by it from its own resources shall instead receive that pension or allowance from the Plan. The person concerned shall be notified accordingly and his pension or allowance shall be paid from the Plan with effect from the date specified in the resolution, subject to the following conditions:-

- (a) before the resolution comes into operation, the Employer shall make any payment into the Fund (by lump sum or instalments) which the Actuary recommends as necessary to provide the pension or allowance; and
- (b) the resolution shall not be effective to the extent that its operation would prejudice Revenue Approval.

#### **20. Reduction of Surplus**

If it becomes desirable in accordance with Schedule 22 to the 1988 Act to reduce the amount of the Fund, the Principal Employer shall decide, having regard to Clause 1(a) of this Part, which of the permitted ways (if any) by law and by the provisions of the Plan is to be used to effect that reduction, and appropriate action (if any) as the Trustee in his absolute discretion shall determine, shall be taken accordingly.

#### **21. Termination of Claims and Responsibility**

- (1) No person shall have any claim upon the Fund, to the extent that:-
  - (a) he has received a refund of his contributions under the Plan and/or a payment by his Employer in respect of any contributions paid pursuant to Rules 1(2) and 1(3) of Schedule C of the Defined Benefit Rules or Rules 1(5) and 1(6) of Schedule C of the Money Purchase Rules;
  - (b) a transfer payment has been made to another Retirement Benefits Scheme in respect of him, under the terms of the Plan; or
  - (c) an annuity has been purchased for him, under the terms of the Plan.
- (2) The Trustee shall not in any way be responsible for, or bound to enquire into, the use and application of any transfer payment to another Retirement Benefits Scheme or arrangement from the Fund, which it makes in relation to any person in accordance with the terms of the Plan.

**22. Unclaimed Monies**

Any monies not claimed under the provisions of the Plan within six years of their becoming payable shall then cease to be claimable and shall revert to the Fund.

**23. Trustee's Powers of Determination**

Subject to Clause 24(1) of this Part, the Trustee shall at all times retain the power to decide all questions of fact or such other issues in connection with the provision and entitlement of benefits arising or claimed in relation to the Plan notwithstanding any powers described within the Rules vested solely in the Principal Employer or Employer (as the case may be).

**24. Arbitration**

- (1) Any dispute arising in connection with the Plan between the Trustee and any Member, Deferred Retiree, Postponed Retiree, Retiree, Beneficiary or prospective Member shall be determined in accordance with any internal dispute resolution procedure established by the Trustee from time to time in accordance with section 50 of the 1995 Act.
- (2) Subject to (1) above any conflict arising from the administration operation or management of the Plan which cannot be resolved by the strict interpretation of this Trust Deed or the Rules may be resolved by arbitration and in such cases a single arbitrator shall be appointed.
- (3) Such arbitrator shall be decided upon and appointed by those parties to the dispute. Alternatively, if no agreement can be reached upon the ruling of the single arbitrator more than one arbitrator may be appointed, one by each party to the dispute. In these circumstances an umpire shall be elected by the arbitrators.
- (4) In all other respects, such arbitration shall at all times be subject to the provisions of legislation relating to arbitration from time to time in force.

**25. Liability of Employers**

The Employers and each of them shall be under no liability whatsoever in connection with the Plan except as provided in the Trust Deed and the Rules and under the 1995 Act and the Occupational Pension Schemes (Deficiency on Winding Up, etc.) Regulations 1994.

**PART III**  
**TRUSTEE**

**1. Removal and Appointment of Trustees**

Subject to any arrangement made from time to time by the Trustee pursuant to the provisions of the 1995 Act, the Principal Employer may by Deed remove from office any trustee of the Plan, and also by deed may appoint new or additional trustees of the Plan.

A corporation or a limited or unlimited company may be appointed to be a trustee of the Plan either solely or jointly with others. Unless for the time being a corporation or company as aforesaid is sole trustee of the Plan or until the Principal Employer shall otherwise determine by instrument in writing the number of trustees shall in no circumstances be less than three.

**2. Administration and Management**

- (1) Subject to Clause 4 of this Part, the administration and management of the Plan shall be vested in the Trustee or such other person as the Trustee may from time to time appoint.
- (2) The Trustee may authorise in writing any person or persons as it thinks fit:
  - (a) to draw cheques on any banking account; or
  - (b) to endorse cheques;
  - (c) to sign certificates;
  - (d) to give receipts and discharges for money and other property payable to the Trustee (and any receipt or discharge so given shall take effect as if it had been given by the Trustee);

and the Trustee may from time to time revoke any such authority in writing.

**3. Investment and Application of Assets**

- (1) All the investments, assets and monies of the Fund shall be held under the legal control of and by (or in the name of) the Trustee, except that the Trustee may place those investments assets and monies under the control of (or in the name of) such body corporate (as nominee for it) as it selects.
- (2) The Trustee may retain such of the Fund's monies as it decides in any current or deposit account with any bank, building society, insurance company, local authority, finance company or other deposit taking institution at such rate of interest (if any) and upon such terms as the Trustee shall think fit, and shall (subject to (5) below) invest or apply the balance of those monies as it thinks fit:-
  - (a) in any manner which it could do if it were absolutely and beneficially entitled to those monies; and
  - (b) in any manner which is consistent with Revenue Approval.

- (3) This Clause shall be construed so that the Trustee may in particular and without prejudice to the generality of (2) above enter into any of the following transactions, among others:-
- (a) the purchase from an Insurance Company and maintenance of any deferred or immediate annuity for the life of any person, or for any period (whether depending upon or calculated by reference to life or not); or
  - (b) the establishment of any policy of life assurance (including the payment of premiums) or sinking fund, deposit administration or managed fund policies or contracts; or
  - (c) the underwriting or sub-underwriting (or guaranteeing the subscription of) any funds, securities, bonds, debentures, stocks or shares, which may be investments or assets under this Rule; or
  - (d) the purchase of assets not of an income producing nature, and any transaction calculated in the opinion of the Trustee to offset or reduce any risk of loss to the Fund (so that the Trustee may deal in foreign currencies, options, traded options or financial futures, whether for present or future settlement); or
  - (e) the making of secured or unsecured loans to such persons or corporate bodies and upon such terms as the Trustee may in its absolute discretion determine.
- (4) The Trustee may sell, convert, vary or transpose any of the investments or assets of the Fund.
- (5) In exercising its power under this Clause, the Trustee shall have regard to:-
- (a) any statement of principles regarding investment of the Fund which may be made in consultation with the Principal Employer pursuant to section 35 of the 1995 Act;
  - (b) the requirements of section 40 of the 1995 Act.
- (6) In relation to any real property or any interest therein forming part of the Fund, the Trustee shall have power:-
- (a) in addition to any powers of management conferred by law to sell, exchange, convey, lease, charge, agree to let, licence or otherwise conduct the management of any such property as if the Trustee were absolutely and beneficially entitled to such property;
  - (b) to apply any money for the time being forming part of the Fund in improving or developing any such property or in enlarging, improving, demolishing or rebuilding any building comprised in such property.
- (7) The Trustee shall have power to grant or give any indemnity, guarantee, warranty, covenant or assurance in respect of or in relation to any investment or asset held as part of the Fund.
- (8) The Trustee shall have power to participate in any common investment fund or scheme for the investment of trust funds exempt from tax under Chapter I of Part XIV of the 1988

Act and may in this connection enter into any agreement, arrangement or compromise and accept such consideration, valuations, appropriations and apportionments in respect of all or any of their rights under such fund or scheme as they may think fit.

#### **4. Employment of Agents**

- (1) The Trustee shall have the power to delegate any of its duties discretions or powers (other than the duties imposed on the Trustee regarding the termination of the Plan and the distribution of assets thereunder) to any person or persons (including any investment manager or custodian) whom they reasonably believe by qualification, training or experience to be capable of carrying out such duties, discretions or powers or to employ agents to transact any business regarding the Plan including the payment of benefits. Any valid receipt given to an agent acting under this Clause shall be a good and sufficient discharge to the Trustee.
- (2) Any person dealing with an agent appointed under this Clause shall, on production of the Trustee's written authority for the agent so to act, be entitled to assume (unless he has express written notice from the Trustee of the revocation of that authority) that the authority remains unrevoked.
- (3) Any agent or other person to whom the Trustee has delegated any duties, discretions or powers under this Clause (including any investment custodian or investment manager and any sub-agent or other person or body employed by the agent) with the consent of the Trustee, may:-
  - (a) be paid remuneration commensurate with the services rendered in connection with the Plan; and
  - (b) retain any commission or profit which it receives in the ordinary course of business and in relation to the exercise of the duties, discretions or powers delegated to it;and shall not be obliged to account to the Fund for any remuneration commission or profit so received.
- (4) The Trustee shall determine relevant issues pertaining to the delegation of any such duties discretions or powers and the employment of any such agents including the tenure of office, duties and remuneration of any such agent or other person and shall have the power to remove any person or agent appointed under this Clause.
- (5) Any agent employed by the Trustee or any person to whom the Trustee delegates the exercise of its powers, duties or obligations may, subject to the consent of the Trustee, further delegate such of the powers, duties and obligations it is required to undertake as are not inconsistent with its appointment.

#### **5. Raising or Borrowing Money**

The Trustee may whenever it thinks it desirable so to do and subject to the consent of the Principal Employer raise or borrow any sum or sums of money and may secure the repayment of such monies in such manner and upon such terms and conditions in all respects as it thinks fit and in particular by charging or mortgaging all or any part of the Fund. Monies so raised or

borrowed may be applied for all or any of the purposes of the Plan including without prejudice to the generality thereof in the purchase of any investments hereby authorised.

**6. Trustee's Remuneration**

The Trustee shall be entitled to be paid such remuneration for its services in connection with the Plan as may be agreed between it and the Principal Employer.

**7. Indemnities**

- (1) The Trustee shall be entitled to all the indemnities conferred on trustees by law. The Trustee shall not be liable for any acts or omissions not due to its own wilful neglect or default, and the Principal Employer shall keep the Trustee indemnified against the consequences of the exercise of all the Trustee's powers and discretions and, in the event of there being no Principal Employer, the Trustee shall be indemnified from the Fund PROVIDED THAT the Trustee shall not be indemnified from the Fund in respect of any penalties imposed pursuant to the 1995 Act.
- (2) In this Rule, the word "Trustee" shall include every trustee for the time being of the Plan, and every director, employee or member of a corporate trustee of the Plan.

**8. Acting on Advice**

- (1) The Trustee shall be entitled to act on any expert advice given by a person whom it has appointed and shall not be responsible for any loss caused as a result.
- (2) Any Actuary, Auditor, fund manager, solicitor or other professional advisor appointed by the Trustee pursuant to this Clause may also advise any Employer subject to any restrictions regarding conflicts of interest as the Trustee shall see fit to agree with the advisor subject at all times to the requirements of the 1995 Act.

**9. Deduction of Tax**

The Trustee may deduct from any payment made under the Plan a sum equal to any tax for which it becomes liable as a result of that payment.

**10. Purchase of Annuity**

- (1) The Trustee may (and in the case of benefits to be provided under the Money Purchase Rules, shall) purchase from an Insurance Company in the name of an individual a contract or policy providing a non-assignable annuity (immediate, deferred or contingent), payable to a Member, Deferred Retiree, Postponed Retiree, Retiree, or Beneficiary PROVIDED THAT either the consent of the affected individual is obtained or the provisions of any relevant legislation specifically allows the purchase of an annuity without consent in the particular circumstances of the case.
- (2) The annuity provided under this Clause shall be in substitution for such interests under the Plan as the Trustee may decide and the person concerned shall have no further claim upon the Fund in respect of those interests.

- (3) The Trustee may direct that any contract or policy purchased under this Clause contain such provisions corresponding with those of the Plan as the Trustee thinks fit and shall be subject to the requirements of the 1995 Act.

**11. Power to Insure**

The Trustee may insure any asset comprised in the Fund on such terms as it thinks fit, and the premiums may be paid out of income or capital. Any insurance money received shall be used by the Trustee to restore the asset concerned, or (if the asset cannot be restored) shall be applied by the Trustee as if it were the proceeds of the sale of the asset.

**12. Nominee to Hold Land**

At any time when the Trustee consists of only one person, and that person is not a trust corporation, the Trustee may appoint another person to hold any real property forming part of the Fund jointly with it, subject in all respects to the Trustee's instructions.

**13. Undertakings**

In order to maintain Revenue Approval and to ensure that the Plan complies with the preservation requirements and the contracting-out provisions of the 1993 Act:-

- (a) the Trustee with the consent of the Principal Employer may by Deed make any changes necessary in this Trust Deed and/or the Rules; and
- (b) the Trustee may give such undertakings to such regulatory authorities as are appropriate regarding the provision of benefits under the Plan as may be required, and may adjust the benefits under the Plan to comply with any such undertaking, and the provisions of any undertaking given under this Clause shall be treated as part of the Trust Deed.

**14. Trustee May Benefit**

Any person shall be entitled absolutely to his benefits under this Trust Deed and the Rules, regardless of whether he is a trustee (or a director, employee or member of a corporate trustee) of the Plan. No decision of, or exercise of a power by, the Trustee, shall be invalidated or questioned on the grounds that the Trustee or any of them (or any director, employee or member of a corporate trustee or trust corporation) had a direct or other personal interest in the mode or result of such decision or exercise of a power.

**15. Donations and Bequests**

The Trustee may accept donations or bequests from any person or body to be applied for the purposes of the Plan.

## **16. Exercising Trustee's Powers**

In the event of the appointment of individual trustees to the Plan as described in Clause 1 of Part III (either in addition to or replacement of, the Trustee):-

- (a) the trustees shall meet at such place and at such intervals as they shall mutually determine but in any event not less than once a year. A secretary shall be appointed by the trustees. All other matters relating to the conduct of business of the trustees shall be decided upon solely by the trustees themselves, subject to the following provisions:-
  - (i) any two of the trustees shall form a quorum;
  - (ii) a special meeting can be called at any time by any one of the trustees;
  - (iii) all questions arising at the trustees' meetings shall be voted upon by a show of hands;
  - (iv) in any case of an equality of votes the Chairman of the meeting shall have the casting vote.
- (b) if any of the trustees of the Plan has a direct or other personal interest in the mode or result of any decision or any exercise of a power by the Trustee (other than his interest as a Member) he shall disclose the same to his co-trustees and shall not participate in any such decision or the exercise of any such power provided that no decision of or exercise of a power by the trustees shall be invalidated or questioned on the ground that the trustees or any of them had a direct or other personal interest in the mode or result of such decision or of exercising such power.

## **17. Entering into Agreements**

Without prejudice to the express rights of any Employer under the Trust Deed and Rules (as the same may be varied by agreement of the parties), the Trustee may enter into any contract or agreement which, in its view, is for the benefit of the membership of the Plan and may accept any guarantee and agree with any of the Employers and any other party, on the advice of the Actuary, matters concerned with the future funding of the Plan.

**PART IV**

**PLAN RULES**

**1. Adoption of Rules**

One or more separate sets of Rules (as appropriate) relating to particular groups of Members, Deferred Retirees, Retirees and Postponed Retirees or Beneficiaries shall be brought into effect by a deed or deeds executed by the Principal Employer and the Trustee, at any time after execution of this Trust Deed.

**2. Contents of Rules**

Each set of Rules shall set out any terms and conditions of the Plan applicable specifically to the group of persons to whom it relates, with particular reference to such matters as eligibility conditions, Members' contributions and the benefits to be provided.

**3. Rules Binding**

Each set of Rules shall be binding on the Principal Employer, the Trustee and the Employees, and shall be read in conjunction with this Trust Deed.

**PART V**  
**MEMBERSHIP**

**1. Evidence of Age and Circumstances**

Every Employee who becomes a Member in accordance with the Rules shall provide any evidence of his age, family circumstances and subsequent changes in circumstances which the Trustee may require.

**2. Notification on Cessation of Membership**

As soon as practicable after any person ceases to be a Member, the appropriate Employer shall give notice in writing of that fact to the Trustee.

**3. Employer's Statement as to Eligibility**

Subject to Clause 4 of this Part, a statement in writing signed by or on behalf of an Employer, to the effect that any of its Employees as specified in the statement is or is not eligible to be or become a Member, shall be conclusive evidence of the truth of the contents of that statement.

**4. Exclusion by Principal Employer from Membership**

The Principal Employer may by notice in writing to the Trustee direct that any specified person or class of persons shall not be eligible for membership, or shall cease to be a Member or Members. Such a notice shall override any provisions of the Plan that are inconsistent with it.

**5. Part-Time Employees**

The benefits in respect of a Member whose Pensionable Service includes a period when he was employed for less than 37 hours per week shall be subject to any adjustment which:-

- (a) the Trustee, with the consent of the Principal Employer and upon the advice of the Actuary, considers equitable and appropriate; or
- (b) is necessary to maintain Revenue Approval.

**6. Closure to New Entrants**

(1) The Principal Employer may at any time by notice in writing to the Trustee direct that membership of any or all sections of the Plan shall be closed to new entrants, and from then on no person shall be entitled to become a Member without the consent of the Principal Employer.

(2) Subject to the Principal Employer exercising its powers under sub-Clause 1 of this Clause, no Employee shall have been considered eligible to join such Plans as described below with effect from the following dates:-

- (a) in respect of the A Plan; 16th March 1987; and
- (b) in respect of the E Plan, N Plan and V Plan; 5th July 1983;

- (c) in respect of the Q Plan; 5th April 1975; and
  - (d) in respect of the B Plan; 5th April 1997; and
  - (e) in respect of the C Plan; 6th April 1997 (except in the case of an N Plan Member who can opt to cease his membership of the N Plan and is entitled to apply to join the C Plan on or after 6th April 1997).
- (3) For the avoidance of doubt, only those former members of the Data Sciences Pension Scheme who were admitted to membership of the Plan pursuant to a Deed of Merger dated 3 December 1997 shall be eligible to accrue benefits under the relevant benefit provisions as set out in Appendix 1 of the Deed of Merger (as amended). In addition, each section of the former Data Sciences Pension Scheme as set out below was closed with effect from 15 December 1997:
- (a) Category A Members as provided in Schedule 1 to the Definitive Deed and Rules of the DS Scheme dated 25 July 1994 (incorporated into the Plan by virtue of Appendix 1 of the Deed of Merger dated 3 December 1997) (the "**Data Sciences Rules**").
  - (b) Category B Members as provided in Schedule 1 of the Data Sciences Rules;
  - (c) Category C Members as provided in Schedule 1 of the Data Sciences Rules;
  - (d) Category C Members as provided under Appendix A to Schedule 1 of the Data Sciences Rules;
  - (e) Category C Members as provided under Appendix B to Schedule 1 of the Data Sciences Rules;
  - (f) Category C Members as provided under Appendix C to Schedule 1 of the Data Sciences Rules;
  - (g) Category C Members as provided under Appendix D to Schedule 1 of the Data Sciences Rules;
  - (h) Category C Members as provided under Appendix E to Schedule 1 of the Data Sciences Rules;
  - (i) Category C Members as provided under Appendix F to Schedule 1 of the Data Sciences Rules;
  - (j) Category C Members as provided under Appendix G to Schedule 1 of the Data Sciences Rules;
  - (k) Category C Members as provided under Appendix H to Schedule 1 of the Data Sciences Rules;
  - (l) Category C Members as provided under Appendix E to Schedule 1 of the Data Sciences Rules who joined the Thorn EMI Pension Fund on or before 1 November 1988;

- (m) Category C Members as provided under Appendix F to Schedule 1 of the Data Sciences Rules who joined the Thorn EMI Pension Fund on or before 1 November 1988;
- (n) Category C Members as provided under Appendix G to Schedule 1 of the Data Sciences Rules who joined the Thorn EMI Pension Fund on or before 1 November 1988; and
- (o) Category C Members as provided under Appendix H to Schedule 1 of the Data Sciences Rules who joined the Thorn EMI Pension Fund on or before 1 November 1988.

**PART VI**  
**TRANSFERS**

**1. Transfers Into Fund**

The Trustee shall upon the direction of the Principal Employer accept a transfer into the Fund of all or any part of the assets of another retirement benefits scheme, whereupon:-

- (1) the individuals to whom the transfer relates shall be treated (if they are not already) as Members, Postponed Retirees, Deferred Retirees, Retirees or Beneficiaries of, at the direction of the Principal Employer, the Money Purchase Section or Defined Benefit Section (as appropriate) and the Principal Employer shall notify the Trustee which Rules shall apply to which individuals;
- (2) benefits shall become payable from the Fund to or in respect of any person who is transferred to the Plan as a Retiree, Deferred Retiree, Postponed Retiree or Beneficiary, of the same amounts and subject to the same terms as under the transferring scheme (unless the Trustee, having considered the advice of the Actuary and obtained the consent of the Principal Employer, otherwise decides); and
- (3) any part of the assets received relating to Members shall be dealt with as set out in Clause 3 of this Part.
- (4) Any transfer accepted under this Clause shall be subject to the requirements of section 20 of the 1993 Act.

**2. Group Transfers Out of Fund**

- (1) The Trustee may subject to the prior approval of the Principal Employer arrange for any or all of those persons with interests under the Plan (whether those interests are immediate, deferred or contingent) to participate in any other retirement benefits scheme ("the receiving scheme") by transferring to that scheme an amount of the Fund as stated in (2) below, subject to (3) below.
- (2) The amount of any transfer payment (to be known as the "Separated Portion") under this Clause shall (subject to the deduction of any expenses properly payable from it) comprise:-
  - (a) in relation to the Money Purchase Section the aggregate value, as certified by the Actuary of:-
    - (i) the Retirement Accounts of those Members of the Money Purchase Section and those Postponed Retirees of the Money Purchase Section participating in the receiving scheme;
    - (ii) the Retirement Accounts of such Deferred Retirees of the Money Purchase Section as the Principal Employer shall decide; and
  - (b) in relation to the Defined Benefit Section the lesser of:-
    - (i) the value of that part of the Fund which the Actuary certifies as relating to the persons being transferred from the Defined Benefit Section, calculated on

such a basis that, were the same basis applied to all persons with interests (whether immediate, deferred or contingent) under the Defined Benefit Section, the amount so calculated would be equal to the total value of that part of the Fund that is applicable to the Defined Benefit Section; and

- (ii) the value as certified by the Actuary of the benefits of the individuals being transferred from the Defined Benefit Section, as set out in Clause 2(5) of Part VIII (construing that Clause as if references to the date of termination of the Plan were references to the date of the transfer);

or such greater amount as the Principal Employer (or, if the Principal Employer is in receivership or liquidation, the Trustee) may direct.

- (3) Any transfer under this Clause shall be subject to the following requirements:-

- (a) the consent of each Transferring Member shall be obtained unless:-

- (i) the Plan and the Receiving Scheme apply to employment with the same Employer; or
- (ii) the Plan and the Receiving Scheme apply to employment with different employers and either the transfer is a consequence of a financial transaction between the employers or the employers are connected (within the meaning of the regulation 64 of the Occupational Pension Schemes (contracting-out) Regulations 1996); and

in either case, the Actuary provides a certificate to the Trustees in accordance with regulation 12 of the Occupational Pension Schemes (Preservation of Benefits) Regulations 1991;

- (b) the transfer shall not be such as to prejudice Revenue Approval;
  - (c) the transfer shall not be such as to offend the law relating to perpetuities;
  - (d) if the receiving scheme is not contracted-out under the 1993 Act, the amount to be transferred shall not include any part of the Fund representing accrued rights to Guaranteed Minimum Pensions, as certified by the Actuary; and
  - (e) the Trustee shall supply a certificate to the trustees, administrator or provider of the receiving scheme (as the case may be) stating the amount of the transfer payment which may be taken in the form of a lump sum, and the amount of the transfer payment to be treated as Member's Credit.
- (4) Any transfer made under this Clause shall be subject to the requirements of section 20 of the 1993 Act.

### **3. Receipt of Individual Transfers**

- (1) The Trustee may, in accordance with Clause 1 of this Part, and subject to (2) below, accept into the Fund a transfer payment from the trustees of a Retirement Benefits Scheme or from a provider of a Personal Pension Scheme or appropriate Personal Pension Scheme to which an Employee formerly belonged, and grant such Transfer

Credits from the Plan as the Trustee having sought the advice of the Actuary thinks appropriate to the transfer payment received.

- (2) Where a transfer is received under this Rule, the Trustee shall obtain a certificate from the trustees or provider of the transferring scheme stating:-
- (a) the amount (if any) which is to be regarded as Member's Credit, together with a statement of the periods for which contributions included in the transfer payment were paid;
  - (b) the periods of employment which are, or may become, linked Qualifying Service;
  - (c) the amount of the transfer payment which represents Equivalent Pension Benefits (if any);
  - (d) the amount (if any) of the benefit derived from the transfer payment which may be paid in the form of a lump sum (and the Trustee will restrict the benefits under the Plan in accordance with the amount so certified); and
  - (e) the periods of employment which were Contracted-Out Employment by reference to the transferring scheme and the amount of the relevant contracted-out contributions/earnings.
- (3) Where the Trustee accepts the transfer of Protected Rights (as defined in Section 10 of the 1993 Act) on or after 6th April 1990 from a contracted-out money purchase scheme, a Section 49 money purchase scheme or an appropriate Personal Pension Scheme the Member and the Member's widow or widower shall be entitled to Guaranteed Minimum Pensions equal to those to which they would have been treated as entitled had the transfer payment not been made (and for the purposes of this provision a Section 49 money purchase scheme means a scheme which was previously a contracted-out money purchase scheme and which the Occupational Pensions Board are under a duty to supervise in accordance with Section 52 of the 1993 Act).
- (4) Any transfer accepted under this Clause shall be subject to the requirements of section 20 of the 1993 Act.

#### **4. Receipt of Individual Transfers from other arrangements of the Principal Employer**

- (1) Any transfer payment received by the Trustee in respect of a Member's period of membership of the Q Plan shall be granted in addition to such benefits earned whilst a Member of the Plan. Such additional pension shall be of an amount as notified by the Trustee of the Q Plan to the Trustee at the date the transfer payment was made and shall be payable in accordance with the provisions of Clause 7 of Part II.
- (2) Any transfer payment received by the Trustee in respect of a Member's period of membership of the "IBM UK B Plan" shall be granted additional benefits under the Plan at half the rate described in Rule 1(1)(b)(i)(1) of Schedule D of the Defined Benefit Rules which represents the period of B Plan membership.

## **5. The Cash Equivalent**

- (1) Every Member whose Pensionable Service terminates at least one year before his Normal Retirement Date may in accordance with Sections 93 to 101 of the 1993 Act, elect that the Cash Equivalent of his benefits shall be used:-
  - (a) by transferring it to another Retirement Benefits Scheme (subject to (4) below if the receiving scheme is not contracted-out under the 1993 Act) whose trustees or managers are able and willing to accept the transfer; or
  - (b) by purchasing with it one or more insurance policies or annuity contracts from an Insurance Company; or
  - (c) by transferring it to a provider of a Personal Pension Scheme; or
  - (d) by a combination of (a) (b) and (c) above.
- (2) Any election made under (1) above shall be in writing and shall be made not later than:-
  - (a) one year prior to the Member's Normal Retirement Date; or
  - (b) six months after the Member's termination of Pensionable Service;whichever is the later date.
- (3) The Trustee shall make effective any election under (1) above in accordance with the statutory requirements by not later than:-
  - (a) the expiry of twelve months from the date when the Trustee receives the application; or
  - (b) the Member's Normal Retirement Date;whichever is the earlier.
- (4) No part of a Member's Cash Equivalent representing his accrued rights to a Guaranteed Minimum Pension (as certified by the Actuary) shall be transferred under this Clause to a retirement benefits scheme or a personal pension scheme which is not contracted-out under the State Earnings Related Pension Scheme.
- (5) Upon payment by the Trustee of the Member's Cash Equivalent to whichever source described in (1) above, the Trustee shall be under no further liability whatsoever in respect of such former Member or such other persons as may be claiming through the former Member.
- (6) Any transfer made under this Clause shall be subject to the requirements of section 20 of the 1993 Act.

**PART VII**

**REORGANISATION OF PLAN**

**1. Replacement of Principal Employer**

If:-

- (a) an order or effective resolution is passed for the winding-up of the Principal Employer; or
- (b) for whatever reason, there ceases to be any Principal Employer in relation to the Plan;

the Trustee may arrange for the Principal Employer to be succeeded by another Employer, by means of a Deed to be executed by the Trustee and that other Employer. With effect from a date agreed between the Trustee and the succeeding Employer (or if no such date has been agreed, the date of the Deed effecting the arrangement), this Trust Deed and the Rules shall take effect as if all references to “the Principal Employer” were references to the succeeding Employer.

**2. Continuation of Plan where No Principal Employer**

If circumstances arise in which there is no Principal Employer in relation to the Plan (no successor being appointed under Clause 1 of this Part) and no notice is given under Clause 1 of Part VIII for the Plan to be terminated, the Trustee shall continue to administer the Plan upon such terms and for such period (not exceeding the Perpetuity Period) as the Trustee, having considered the advice of the Actuary, thinks fit.

**3. Withdrawal of an Employer**

(1) If and whenever during the continuance of the Plan:-

- (a) the continued participation by an Employer in the Plan would prejudice Revenue Approval (whether because it has ceased to be associated with the Principal Employer or otherwise);
- (b) an Employer requests that this Clause shall come into operation in relation to it; or
- (c) the Principal Employer directs that this Clause shall come into operation in relation to a particular Employer;

the Trustee shall set aside the Separated Portion calculated in accordance with Clause 2(2) of Part VI, to be applied as set out in (2) below.

(2) The Trustee shall deal with the Separated Portion as directed by the Principal Employer, in any one (or combination of more than one) of the following ways:-

- (a) by transferring it to one or more other retirement benefits schemes in accordance with Clause 2 of Part VI;

- (b) by using it to purchase annuities for the benefit of those persons to whom it relates, in accordance with Clause 2 of Part VIII, as if the Plan had been terminated; or
- (c) by retaining it (but not that part of it which relates to persons who immediately before the event mentioned in (1) above were Members or Postponed Retirees) within the Fund.

**PART VIII**

**TERMINATION OF PLAN**

**1. Termination**

The Plan shall be terminated and the Fund shall be applied as set out in Clause 2 of this Part, upon the earliest of the following events:-

- (a) when the Principal Employer, by written notice to the Trustee, orders that the Plan be wound up;
- (b) when the Trustee, by written notice to the Principal Employer, orders that the Plan be wound up; or
- (c) the expiry of the Perpetuity Period.

**2. Distribution of Assets on Termination**

- (1) If the Plan is terminated under Clause 1 of this Part, the Trustee (subject to its power under Clause 2 of Part VII, to make transfers to other schemes) shall realise the assets of the Fund, and the proceeds shall be used to pay the expenses in connection with the termination of the Plan.
- (2) From the balance of any monies remaining after (1) above, the Trustee shall secure so far as possible:-
  - (a) the liabilities required to be secured under the 1995 Act; and
  - (b) to the extent that they have not already secured, the liabilities set out in A to C of (5) below, in descending order of priority.
- (3) The Trustee may secure the liabilities referred to in (2) above by:-
  - (a) the purchase of immediate, deferred or contingent annuities; or
  - (b) the making of a transfer payment in accordance with Clause 2 or Clause 5 of Part VI; or
  - (c) a combination of (a) and (b) above.
- (4) The annuities referred to in (3) above shall be purchased either from an Insurance Company or by the payment of premiums to the State. Such annuities shall be non-assignable, and shall be non-commutable (except to the extent that the pensions to which they relate are commutable). The annuities shall be payable under the same conditions, and at the same amounts, as the pensions to which they relate.
- (5) The liabilities referred to in (2) above are as follows, in descending order of priority:-

A. FIRST PRIORITY:

- (i) pensions which any person may be entitled to be receiving under the Plan at the date of termination;
- (ii) pensions to which any person may be contingently entitled under the Plan, upon the death of a person who falls within (i) above;
- (iii) benefits under the Plan in respect of any AVCs and/or ASCs paid by or in respect of Members, Postponed Retirees or former Members (to the extent that these are not secured under either (i) or (ii) above); and
- (iv) Retirement Accounts accrued to the date of termination as determined at the date of realisation.

B. SECOND PRIORITY:

Any of the following which may be applicable in the circumstances:-

- (i) Equivalent Pension Benefits;
  - (ii) Guaranteed Minimum Pensions;
  - (iii) accrued rights to Guaranteed Minimum Pensions;
  - (iv) state scheme premiums for which the Plan becomes liable upon termination;
- (to the extent that these are not secured under the preceding priority).

C. THIRD PRIORITY:

- (i) pensions for Deferred Retirees (and for this purpose any Member in Service at the date of termination shall be treated as if he had left Service on the day preceding that date, and been precluded from receiving a refund of his contributions);
- (ii) benefits prospectively payable upon the termination of any pension referred to in (i) above; and
- (iii) any other benefits which must be provided under the Plan, for which the Trustee is satisfied that provision is required (including the revaluation of any pension referred to in (i) or (ii) above);

(to the extent that these are not secured under the preceding priorities).

- (6) If the assets of the Fund are insufficient to secure all the liabilities set out in (5) above, those liabilities shall so far as possible be secured by reference to the order in which the three Priorities appear. If the liabilities under any one Priority cannot be wholly secured, the remainder of the assets available (after meeting all the liabilities in each earlier Priority) shall be apportioned by the Trustee among the individuals within that Priority, in such proportions as the Trustee having considered the advice of the Actuary shall decide.

- (7) Any excess monies remaining, after the three Priorities in (5) above have all been satisfied shall be used to provide such increases in benefits payable under the Defined Benefit Rules (or benefits for persons not otherwise entitled under the Plan) not exceeding Inland Revenue Limits as the Trustee shall decide.
- (8) In relation to the beneficiaries under the Money Purchase Section, in no circumstances following any event referred to in Clause 1 of this Part shall the benefits payable by reference to any person's Retirement Account be reduced in order to secure any liabilities arising under the Defined Benefit Rules, save where any such reduction is necessary to comply with the requirements of the 1995 Act or such benefits exceed Inland Revenue limits.

## **PART IX**

### **PROVISION OF INFORMATION**

#### **1. Formal Plan Documentation**

- (1) Upon the written request of any person mentioned in (2) below, the Trustee in accordance with the Disclosure Regulations shall furnish, at a reasonable charge, or make available for inspection free of charge, copies of those parts of the Trust Deed and the Rules as are applicable to the person making the request.
- (2) A request under (1) above may be made by any Member, prospective Member, Retiree, Deferred Retiree, Postponed Retiree, the Spouse or Legal Spouse of any of them, any Beneficiary or Recognised Trade Union.

#### **2. Basic Plan Information**

- (1) The Trustee shall provide basic information regarding the Plan, as required by the Disclosure Regulations:-
  - (a) to every Member during the first two months of his membership of the Plan; and
  - (b) upon written request and within two months of the date of receipt by the Trustee of the request to every Member, prospective Member, Retiree, Deferred Retiree, Postponed Retiree, or the Spouse or Legal Spouse of any of them, any Beneficiary or Recognised Trade Union (it being the first such request made by that person within the last 12 months).
- (2) This Clause shall not entitle any individual to information that is not relevant to his own rights under the Plan.

#### **3. Individual Benefit Statements**

The Trustee shall comply with the Disclosure Regulations regarding the provision of benefit statements, and in particular shall provide such statements:-

- (a) to any person upon his becoming entitled to benefits under the Plan within one month (or two months where the person is retiring before Normal Retirement Date) after the benefits become payable;
- (b) to any person upon the amount payable to him under the Plan being altered within one month after the alteration takes place;
- (c) to any person who has reached the age of 18 and whose address is known to the Trustee, within two months of the Trustee receiving notification of the death of a Member, former Member or Beneficiary as a consequence of which that person acquires rights or options under the Plan;
- (d) to any Member, within two months of notification to the Trustee that his Pensionable Service has terminated prior to his Normal Retirement Date;

- (e) to every Beneficiary, Member or former Member entitled to payment of benefits under the Plan, within three months of the realisation of the Fund's assets (but before the proceeds have been distributed) following termination of the Plan in accordance with Part VIII;
- (f) within two months of a written request by any personal representative of a deceased Member, former Member or Beneficiary whose death creates rights or options under the Plan for any person (it being the first such request made by that personal representative within the last 3 years);
- (g) upon written request to any Member, prospective Member or former Member (as more particularly set out in the Disclosure Regulations).

#### **4. Actuarial Valuations**

- (1) Upon the written request of any person or body mentioned in (2) below, the Trustee in accordance with the Disclosure Regulations shall furnish (at a reasonable charge), or make available for inspection, a copy of the most recent actuarial report.
- (2) A request under this Clause may be made by any Member, prospective Member, Retiree, Deferred Retiree, Postponed Retiree, Beneficiary or Recognised Trade Union.

#### **5. Annual Reports**

- (1) Within two months of the date of receipt by the Trustee of the written request of any person mentioned in (3) below, the Trustee shall, in accordance with the Disclosure Regulations, furnish free of charge, a copy of the annual report, provided it is the first such request by that person for that document.
- (2) Within two months of the date of receipt by the Trustee of the written request of any person mentioned in (3) below, the Trustee shall, in accordance with the Disclosure Regulations furnish at a reasonable charge or make available for inspection free of charge, a copy of any annual report which is not the latest annual report nor an annual report which relates to a period which ended more than five years earlier than the date of the request.
- (3) A request made under this Clause may be made by any Member, prospective Member, Retiree, Deferred Retiree, Postponed Retiree, Beneficiary or Recognised Trade Union.

#### **6. Fee for Provision of Documentation**

Where the Trustee is entitled to levy a reasonable charge for supplying copies of any documentation in accordance with this Part that charge shall not exceed the expense incurred in copying, posting and packing such documents.

#### **7. Registration of the Plan and Provision of Information**

The Trustee shall be responsible for the registration of the Plan with the Registrar of Occupational and Personal Pension Schemes and for the provision from time to time of such information and documentation as may be required under the Registration Regulations.

## PART X

## INLAND REVENUE LIMITS

## 1. Normal Retirement and Incapacity

- (1) No pension payable under the Plan to any Member who retires at his Normal Retirement Date (or earlier due to incapacity) shall (when aggregated with all benefits of a like nature provided under all Relevant Schemes providing benefits in respect of Service) exceed the greater of:-

(a)  $\left(\frac{N}{60} F\right) + T$ ; and

- (b) the lesser of:-

(i)  $\left(\frac{40}{60} F\right) - x$ ; and

- (ii) either:

$\left(\frac{Y}{60} F\right) + T$ , in the case of a Class A Entrant only; or

$\frac{NU}{30} F$ , in the case of a Class B Entrant or a Class C Entrant.

Where:

F = the amount of his Final Remuneration;

N = the number of years of actual Service (or potential Service in the case of incapacity) to Normal Retirement Date (up to a maximum of 40 years);

x = the total of any retained benefits as set out in Clause 5 of this Part;

T = the pension benefits derived from a Transfer Credit;

Y = the number of 60ths permitted under the following table (which may be interpolated into fractions):-

Years of Service to Normal Retirement Date	Maximum Pension (before any commutation and including the annuity value of any lump sum entitlement) expressed as 60ths of Final Remuneration
1-5	1 for each year
6	8
7	16
8	24
9	32
10 or more	40

NU = the number of years of actual Service (or potential Service in the case of incapacity) to Normal Retirement Date (up to a maximum of 20 years).

- (2) No lump sum payable under the Plan to any Member (in respect of commutation of pension under the Rules applicable to him) who retires at his Normal Retirement Date (or earlier due to incapacity) shall (when aggregated with all benefits of a like nature provided under all Relevant Schemes providing benefits in respect of Service) exceed the greater of:-

(a)  $\left( \frac{3N}{80} F \right) + T$ ; and

(b) the lesser of:-

(i)  $\left( \frac{120}{80} F \right) - x$ ; and

(ii) either:

$\left( \frac{Z}{80} F \right) + T$ , in the case of a Class A Entrant or a Class B Entrant; or

2.25p in the case of a Class C Entrant only.

Where:

F = the amount of his Final Remuneration (excluding any increase in line with the Index of Retail Prices beyond the highest calculation of his Final Remuneration before such increase, except to the extent of any increase to that calculation which is necessary to justify the amount of his pension under the Plan);

Z = the number of 80ths permitted under the following table (which may be interpolated into fractions):-

Years of Service to Normal Retirement Date	Maximum lump sum expressed as 80ths of Final Remuneration
1-8	3 for each year
9	30
10	36
11	42
12	48
13	54
14	63
15	72
16	81
17	90
18	99
19	108
20 or more	120

N = the number of years of actual Service (or potential Service in the case of incapacity) to Normal Retirement Date (up to a maximum of 40 years);

X = the total of any retained benefits as set out in Clause 5 of this Part;

T = the maximum lump sum available from a Transfer Credit; and

p = the initial amount of pension payable (including the amount of pension which may be granted in respect of a Transfer Credit), before commutation or any allocation in favour of Dependents and may include pensions secured by AVCs;

PROVIDED THAT the lump sum of a Class B Entrant may not exceed (2)(a) above by a greater proportion of the Lump Sum Difference than that proportion of the Pension Difference by which his pension exceeds the amount stated in (1)(a) above, where:-

(i) "the Lump Sum Difference" means the amount stated in (2)(b) above less the amount stated in (2)(a) above; and

(ii) "the Pension Difference" means the amount stated in (1)(b) above less the amount stated in (1)(a) above;

and in calculating the lump sum of a Class B Entrant his Final Remuneration shall be subject to the maximum of a High Earner.

## **2. Postponed Retirement**

(1) Subject to (3) below, no pension payable under the Plan to a Postponed Retiree on his retirement shall exceed the greater of:-

(a) the amount calculated in accordance with Clause 1(1) of this Part, on the basis that the actual date of retirement was the Postponed Retiree's Normal Retirement Date; or

(b) for a Class A Entrant or a Class B Entrant only the amount which could have been provided at Normal Retirement Date in accordance with Clause 1(1) of this Part, increased actuarially in respect of the period of postponement; or

(c) for a Class A Entrant or a Class B Entrant only where the Postponed Retiree's total Service has exceeded 40 years, the aggregate of 1/60th of Final Remuneration for each year of Service before Normal Retirement Date (not exceeding 40 such years) and of a further 1/60th of Final Remuneration for each year of Service after Normal Retirement Date (subject to an overall maximum of 45 reckonable years);

Final Remuneration being calculated in (b) as at Normal Retirement Date and in (a) and (c) as at the actual date of retirement.

(2) Subject to (3) below, no lump sum payable under the Plan to a Postponed Retiree in commutation of pension on his retirement shall exceed the greater of:-

(a) the amount calculated in accordance with Clause 1(2) of this Part on the basis that the Postponed Retiree's actual date of retirement was treated as his Normal Retirement Date; or

- (b) for a Class A Entrant or a Class B Entrant only the amount which could have been provided at Normal Retirement Date in accordance with Clause 1(2) of this Part, together with a sum representing interest (actuarial or otherwise) on that amount: or
- (c) for a Class A Entrant or a Class B Entrant only where the Postponed Retiree's total Service has exceeded 40 years, the aggregate of 3/80ths of Final Remuneration for each year of Service before Normal Retirement Date (not exceeding 40 such years), and a further 3/80ths of Final Remuneration for each year of Service after Normal Retirement Date (subject to an overall maximum of 45 reckonable years);

Final Remuneration being calculated in (b) as at Normal Retirement Date and in (a) and (c) as at the actual date of retirement.

- (3) In respect of a Class A Entrant or a Class B Entrant only if a Member who becomes a Postponed Retiree elects to commute part of his pension for a lump sum in advance of actual retirement, the limits set out in (1) and (2) above shall apply as if he had retired at the date of that election, no account being taken of subsequent Service (except that the maximum amount of any uncommuted pension not commencing immediately may be increased actuarially in respect of the period of postponement).

### 3. Withdrawal from Pensionable Service and Early Retirement

- (1) No pension payable under the Plan to a Deferred Retiree from his Normal Retirement Date (or earlier due to incapacity) or a Member who retires before his Normal Retirement Date (other than due to incapacity) shall exceed:-
  - (a) in respect of a Class A Entrant or a Class B Entrant (or a Class C Entrant who withdraws from the Plan while remaining in Service), the greater of:-

$$(i) \quad \left(\frac{N}{60} F\right) + T; \text{ and}$$

$$(ii) \quad \frac{N}{NS} P$$

revalued in either case between the date of leaving Pensionable Service and the date of payment, in respect of the pension in excess of the Guaranteed Minimum Pension, by the greater of 5% per annum compound or the percentage increase in the Index of Retail Prices, and in respect of the Guaranteed Minimum Pension, pursuant to Clause 5 of Part XI; or

- (b) in respect of a Class C Entrant (in all other situations), the greater of:-

$$(i) \quad \left(\frac{N}{60} F\right) + T; \text{ and}$$

- (ii) the lesser of:-

$$\frac{NU}{30} F; \text{ and}$$

$$\frac{2}{3}F - x$$

revalued in either case between the date of leaving Pensionable Service and the date of payment, in respect of the pension in excess of the Guaranteed Minimum Pension, by the greater of 5% per annum compound or the percentage increase in the Index of Retail Prices, and in respect of the Guaranteed Minimum Pension, pursuant to Clause 5 of Part XI;

Where:

F = the amount of his Final Remuneration;

N = the number of years of actual Service (up to a maximum of 40 years);

NS = the number of years of potential Service to Normal Retirement Date (up to a maximum of 40 years);

NU = the number of years of actual Service to Normal Retirement Date (up to a maximum of 20 years);

P = the maximum pension which the Deferred Retiree or Member could have been granted under the table in Clause 1(1) of this Part as if he had remained in Service until Normal Retirement Date;

T = the pension benefits available from a Transfer Credit; and

x = the total of any retained benefits as set out in Clause 5 of this Part.

- (2) No lump sum payable under the Plan in lieu of pension to a Deferred Retiree from his Normal Retirement Date (or earlier due to incapacity) or a Member who retires before his Normal Retirement Date (other than due to incapacity) shall exceed:-

- (a) in respect of a Class A Entrant or a Class B Entrant, the greater of:-

$$(i) \quad \left(\frac{3N}{80}F\right) + T;$$

revalued between the date of leaving Pensionable Service and the date of payment by the same increase in the Index of Retail Prices over that period; and

$$(ii) \quad \frac{N}{NS} LS,$$

revalued for the period between:-

- (aa) the date of leaving Pensionable Service and the earlier of the date of payment and Normal Retirement Date, by the same increase in the Index of Retail Prices over that period; and

(bb) Normal Retirement Date and the date of payment, by an amount commensurate with the overall percentage investment return on the assets of the Fund over that period; or

(b) in respect of a Class C Entrant, the greater of:-

(i)  $\left(\frac{3N}{80} F\right) + T$ ; and

(ii) the lesser of:-

$\left(\frac{120}{80} F\right) - x$ ; and

2.25p

Where:

F = the amount of his Final Remuneration;

N = the number of years of actual Service (up to a maximum of 40 years);

NS = the number of years of potential Service to Normal Retirement Date (up to a maximum of 40 years);

LS = the maximum lump sum which the Deferred Retiree or Member could have taken under the table in Clause 1(2) of this Part;

p = the initial amount of pension payable (Including the amount of pension which may be granted in respect of a Transfer Credit), before commutation or any allocation in favour of Dependants and may include pensions secured by AVCs;

T = the maximum lump sum available from a Transfer Credit; and

x = the total of any retained benefits as set out in Clause 5 of this Part.

#### 4. Death

(1) No pension payable under the Plan to a Spouse of a Member, Postponed Retiree, Deferred Retiree or Retiree shall (when aggregated with all other Spouse's and Dependant's pensions payable from all Associated Schemes), without the specific agreement of the Board of Inland Revenue, exceed:-

(a) for any one Spouse or Dependant, two-thirds; and

(b) for any one Spouse and one or more Dependants, the whole;

of the full amount (before the commutation or allocation of any pension under the Rules) of:-

(i) in respect of a Member, the maximum approvable pension calculated in accordance with Clause 1 (1) of this Part (on the basis of the Pensionable

Service he could have completed to Normal Retirement Date and Final Remuneration at the rate in force on the date of his death); or

- (ii) in respect of a Postponed Retiree, the maximum approvable pension calculated in accordance with Clause 2(1) of this Part; or
  - (iii) in respect of a Retiree, the pension payable to him at the rate in force on the date of his death or such greater amount as the Board of Inland Revenue will permit; or
  - (iv) in respect of a Deferred Retiree, the maximum approvable pension calculated in accordance with Clause 3(1) of this Part.
- (2) No lump sum payable under the Plan upon the death of a Member, Deferred Retiree or Postponed Retiree shall (when aggregated with all like benefits payable under any Associated Schemes) exceed the greater of:-
- (a) £5,000.00, and
  - (b) four times the deceased's Final Remuneration at the date of death or the date of leaving Pensionable Service before his Normal Retirement Date (as appropriate);

PLUS a refund of the deceased's own contributions (with interest) and Member's Credit (if any);

LESS (if they exceed £2,500.00 in total):-

- (i) any lump sum (excluding a refund of contributions) payable on death under all schemes of previous employers; and
- (ii) any lump sum life assurance benefit arising from all retirement annuity contracts and trust schemes approved under Chapter III of Part XIV of the 1988 Act or a personal pension arrangement approved under Chapter IV of Part XIV of the 1988 Act.

## **5. Retained Benefits**

- (1) For the purposes of this Part, retained benefits include any of the following arising prior to Pensionable Service:-
- (a) in respect of Clause 1(2) of this Part only:-
    - (i) in respect of a Class A Entrant only, lump sums received and receivable from any Retirement Benefits Scheme including sums received or receivable in commutation of pension; and
    - (ii) in respect of a Class A Entrant and Class B Entrant who is also a Special Director, lump sums received and receivable in commutation of retirement annuities, under contracts and trust schemes approved under Chapter III of Part XIV of the 1988 Act (except for partnership retirement annuities approved under Section 628 of the 1988 Act) or under Personal Pension Schemes;

but so that benefits within (i) and (ii) above may be ignored if they do not exceed £2,500.00 in total.

(b) in respect of Clause 1(1) of this Part only:-

- (i) pensions, whether deferred or already in payment, including the annuity value of any lump sums received or receivable as referred to in (a)(i) above, from any Retirement Benefits Scheme except for any Spouse's or Dependant's pensions, whether deferred or already in payment, in respect of any Relevant Schemes of any previous employers; and
- (ii) retirement annuities under contracts and trust schemes approved under Chapter III of Part XIV of the 1988 Act (except for partnership retirement annuities approved under Section 628 of the 1988 Act) or under Personal Pension Schemes;

but so that benefits within (i) and (ii) may be ignored if their annuity equivalent does not exceed £260.00 in all or such greater amount as may be permitted by the Board of Inland Revenue.

- (c) in all respects, benefits arising from any contributions paid by a Member into a separate policy approved under Section 591(2)(h) of the 1988 Act in respect of any time before his period of Service with the Employers (or final such period if more than one).
- (2) Retained benefits shall be ignored in respect of a Member joining the Plan or rejoining the Plan after a period of absence or, if earlier, joining any Relevant Scheme of an Employer (on or after 1st August 1991), if that Member's Remuneration for the whole of the first year following the date of such joining does not exceed one quarter of the permitted maximum imposed by Section 590C(2) of the 1988 Act or such other figure as may be prescribed in an order made by the Treasury commencing on or after 6th April 1990 in accordance with Section 590C(6) of the 1988 Act, taken at the date that the Member joined or rejoined the Plan or any Relevant Scheme of an Employer as aforesaid (as the case may be).
  - (3) Clause 5(2) of this Part shall not apply to a Member who is or has within the last 10 years prior to joining the Plan, in relation to the Employer, been both within the definition of a director in Section 612(1) of the 1988 Act and within paragraph (b) of Section 417(5) of the 1988 Act.

## **6. Augmentation of Benefits by the Trustee**

In arranging any augmentation under Clause 2 of Part II, or in providing benefits in exchange for all sums received by way of transfer, the Trustee shall have regard both to the form and the amount of the benefit, to ensure conformity with the practice of the Board of Inland Revenue in relation to retirement benefits. If and when changes are made in the practice of the Board of Inland Revenue, the Trustee may review and adjust so far as it may be considered necessary or desirable arrangements previously made.

**7. Benefits not Assignable**

- (1) The pensions or other benefits payable under the Plan are not assignable and shall cease to be paid or payable if the recipient or prospective recipient:-
- (a) becomes bankrupt; or
  - (b) attempts to alienate, charge or anticipate any benefit or any part of it; or
  - (c) does or suffers any act or thing whereby (whether by operation of law or otherwise) the benefits, if belonging to the recipient absolutely, would be or become wholly or partly payable to another person.

If through the operation of this Clause a benefit ceases to be payable, the Trustee may, in case of hardship, apply all or any part of it for the support and maintenance of the person who would have been the recipient had the benefit not ceased to be payable, or his spouse, children or remoter issue (but in no case shall any payment be made to an assignee or purported assignee).

Nothing in this Clause shall prevent any person from effectively bequeathing by will any monies in which he may have a transmissible interest, nor invalidate allocation of any part of a pension under the Rules.

**8. Commutation of Benefits and of Pensions in Exceptional Circumstances of Serious Ill-Health**

- (1) In any case where a pension becomes payable under the Plan and the pension immediately so payable, together with:-
- (a) all pensions immediately payable under any other Relevant Schemes and under which he is deemed to have retired; and
  - (b) all pensions immediately payable under all schemes relating to the employment with the same employer in respect of which a Guaranteed Minimum Pension is payable (including the pension equivalent of any lump sum benefit);

does not exceed £260.00 per annum, or such higher amount as may be prescribed by Regulations made under Sections 21(1) and 77 of the 1993 Act and in respect of Contracted-Out Employment would not prejudice Revenue Approval calculated on the basis (where relevant) that:-

- (i) either
  - (aa) a state scheme premium has been paid (or is treated as having been paid); or
  - (bb) the Guaranteed Minimum Pension is to be revalued to State Pension Age at a fixed rate in accordance with Clause 5 of Part XI; and
- (ii) in respect of a Deferred Retiree:-

(aa) if the Deferred Retiree left Pensionable Service prior to 1st January 1991, the proportion of Pensionable Service accrued after 1st January 1985; and

(bb) if the Deferred Retiree left Pensionable Service on or after 1st January 1991, his whole Deferred Benefit accrued whilst a Member;

shall be revalued at the level of 5% per annum compound from the date the Deferred Retiree requests commutation of his Deferred Benefits to his Normal Retirement Date but only in respect of the Deferred Benefit which is in excess of the Guaranteed Minimum Pension;

the Trustee may commute that pension by payment to the person concerned of a lump sum certified as reasonable by the Actuary or calculated according to commutation factors agreed with the Board of Inland Revenue (less any tax for which the Trustee is liable).

- (2) Where commutation takes place under (1) above, any prospective widow's pension relating to that person's pension under the Plan may also be commuted in the same manner, if the prospective widow's pension independently satisfies the conditions in (1) above.
- (3) A Retiree who on the date of his retirement or a Deferred Retiree at any date pursuant to Schedule F of the appropriate Rules who is in exceptional circumstances of serious ill-health (proved to the satisfaction of the Trustee) may, subject to the consent of the Trustee, commute his pension under the Plan in excess of any Guaranteed Minimum Pension for a lump sum equal to the actuarial value of that pension (less the tax (if any) for which the Trustee is liable).

## **9. Special Director or Controlling Director**

- (1) For the purposes of this Part, a Special Director who continues in Service after his Normal Retirement Date shall be treated as if his Normal Retirement Date had been the earliest of:-
  - (a) his 70th birthday;
  - (b) the date when he actually retires; or
  - (c) the date when he first receives some benefit from the Plan.
- (2) Any lump sum payable upon the death of a Special Director who continues in Service having reached age 75 shall not be held on Discretionary Trusts, but shall instead be paid to his surviving Spouse, or in the absence of such a Spouse, to his personal representatives.
- (3) The provisions of this Clause shall apply to Special Directors who are Class A Entrants or Class B Entrants only.

## **10. Aggregation with Other Benefits**

In applying the maximum benefits permissible under this Part, benefits from the Plan shall be aggregated with benefits arising from any contributions paid by a Member into a separate Retirement Benefits Scheme under Section 591(2)(h) of the 1988 Act ("the voluntary scheme") in respect of his period of Service with the Employers (or final such period if more than one).

## **11. Contributions**

Contributions paid by the Member in accordance with the provisions of Rule 2 and 3 of Schedule C of the appropriate Rules (if any) shall not exceed a sum which:-

- (a) when added to all other contributions in respect of his membership of the Plan would provide benefits exceeding Inland Revenue Limits; and
- (b) when added to the contributions of the Member under Rule 2 and Rule 3 of Schedule C (if any) of the appropriate Rules in a year of assessment and to contributions (if any) to all other Relevant Schemes providing benefits by virtue of Service, shall not exceed 15% of the Member's Remuneration for that year in respect of that Service or such other limit as shall be specified in the appropriate Rules from time to time.

## **12. Special Conditions**

- (1) **Augmentation of Benefits :** Any provisions in this Plan imposing a limit on the amount of a benefit provided for the Member after he has ceased to participate in it shall have effect (notwithstanding anything in them to the contrary) as if they provided for the limit to be reduced by the amount of any like benefits provided for the Member by the voluntary scheme.
- (2) **Payment of Benefits :** The Plan provisions shall have effect (notwithstanding anything in them to the contrary) as if they provided:-
  - (a) that a Class C Entrant's retirement benefit shall be paid no later than the date on which he attains age 75, and
  - (b) subject to (a) above that no part of a Class C Entrant's retirement benefit shall be paid in advance of actual retirement or leaving service except to the extent necessary to comply with the requirements of the Department of Social Security.
- (3) **Return of Surplus Funds :** Any provisions in the Plan permitting the Member to make AVCs to secure additional benefit for himself and his dependants shall (notwithstanding anything in them to the contrary) be subject to the provisions of Part III Schedule 6, Finance Act 1989 concerning the return of surplus funds.

## **13. Increases to Pensions in Payment**

- (1) In relation to a pension in payment which is equal to the maximum amount of pension permitted in accordance with Clause 1 and Clause 4 of this Part (prior to any commutation for a lump sum and prior to any reduction of pension as a result of a

Member electing to provide additional pension for a Dependant) the maximum permitted annual increase is an amount equal to the annual increase in the Index of Retail Prices.

- (2) In relation to a pension in payment which is less than the maximum amount of pension permitted in accordance with Clause 1 and Clause 4 of this Part (prior to any commutation for a lump sum and prior to any reduction of pension as a result of a Member electing to provide additional pension for a Dependant) the level of annual increase applied to the pension in payment can be greater than the increase in the Index of Retail Prices but not so as to increase the pension in payment to a level higher than the maximum permissible amount as determined by Clause 1 and Clause 4 of this Part in which case the permissible limit shall revert to the limit set out in sub-Clause (a) above.

This Part X does not apply to a Jersey Member.

## **PART XI**

### **CONTRACTED-OUT EMPLOYMENT**

#### **1. Application of this Part**

This Part shall apply to any employment which is Pre 1997 Contracted-Out Employment by reference to the Plan, and it shall override any other provisions of the Plan which are inconsistent with it (except for Clause 7 of Part X).

#### **2. Reference to 1993 Act**

The words and expressions used in this Clause shall have the same meanings as in the 1993 Act.

#### **3. Guaranteed Minimum Pension**

If a person has a guaranteed minimum in relation to the pension provided for him or her under the Plan in accordance with Section 14 of the 1993 Act:-

- (a) the weekly rate of the pension, from State Pension Age, shall not be less than the guaranteed minimum;
- (b) if the person is a man and dies at any time leaving a widow, the weekly rate of the pension provided for her under the Plan shall not be less than half that person's guaranteed minimum; and
- (c) if the person is a woman and dies on or after 6th April 1989 leaving a widower or is a man or a woman and dies on or after 5 December 2005 leaving a Civil Partner, the weekly rate of the pension provided for him under the Plan shall not be less than half of that part of the person's guaranteed minimum which is attributable to earnings for the tax years 1988/89 and subsequent tax years.

#### **4. Increases in Guaranteed Minimum Pension**

- (1) The Guaranteed Minimum Pensions referred to in Clause 3 of this Part shall, insofar as they are attributable to earnings in the tax years from (and including) 1988/89, be increased in accordance with the requirements of Section 109 of the 1993 Act and to the extent of any orders made under that Section.
- (2) If the commencement of any persons's Guaranteed Minimum Pension is postponed for any period, his guaranteed minimum shall be increased to the extent, if any, specified in Section 15 of the 1993 Act, as amended from time to time.

## **5. Revaluation of Guaranteed Minimum Pension**

- (1) The Guaranteed Minimum Pension in respect of a Member who leaves Contracted-Out Employment before State Pension Age shall be revalued during the period from the termination of his Contracted-Out Employment to the payment of his Guaranteed Minimum Pension at State Pension Age (or death, if earlier) in accordance with one of the three methods set out in (2) below, subject to the following limitations:-
- (a) method C shall apply unless the Trustee decides otherwise and advises the Occupational Pensions Board accordingly;
  - (b) if the Trustee selects method B, the Trustee shall pay to the State a Limited Revaluation Premium;
  - (c) whichever method is used will apply to all leavers, until the Trustee changes the method (not retrospectively) and notifies the Occupational Pensions Board accordingly; and
  - (d) whichever method is used, the amount of the increase may not be deducted from other Plan benefits, to the extent that such deduction is prohibited by Sections 87 to 92 (inclusive) of the 1993 Act.
- (2) The three methods of increase referred to in (1) above are:-
- A. Increase in accordance with the last order made under Section 148 of the 1992 Act, and coming into force before the Income Tax year in which he reaches State Pension Age (or dies, if earlier).
  - B. Increase by the lesser of:-
    - (i) 5% compound for each Income Tax year after that in which Contracted-Out Employment terminated, up to and including the last complete Income Tax year before State Pension Age (or death, if earlier); and
    - (ii) the percentage by which earnings factors for the Income Tax year in which Contracted-Out Employment ceases are increased by the last order under Section 148 of the 1992 Act to come into force before the Income Tax year in which he reaches State Pension Age (or dies, if earlier).
  - C. Increase by such rate as regulations made under Section 55 of the 1993 Act specify, for each Income Tax year after that in which Contracted-Out Employment ceases, up to and including the last complete Income Tax year before State Pension Age (or death, if earlier).

## **6. Cessation of Contracted-Out Employment**

If Contracted-Out Employment under the Plan ceases (wholly or partially), and the Plan continues, the liability to pay Guaranteed Minimum Pensions affected by such cessation may be eliminated by paying appropriate premiums to the State (or by other arrangements which are approved by the Occupational Pensions Board).

**7. Reimbursement of State Scheme Premiums**

The Trustee shall, at the request of the Principal Employer, reimburse any Employer for any Limited Revaluation Premium or Contributions Equivalent Premium paid in respect of any Member or Deferred Retiree (but not so that the amount paid by way of reimbursement exceeds the value of that person's interest under the Plan, as advised by the Actuary).

**8. Post 6th April 1997 Contracted-Out Employment**

- (1) The Trustee shall have such powers as may be necessary to do such things as may be required to ensure that the Plan complies with the provisions of the 1993 Act relating to Contracted-Out Employment.
- (2) In particular, and without prejudice to the generality of (1) above, the Trustee may give such information to the Contributions Agency as may be required and, having notified the Principal Employer may, if appropriate, adjust the benefits payable under the Plan to the extent necessary to ensure that the Plan meets the statutory standard referred to in section 12A of the 1993 Act.

This Part XI does not apply to a Jersey Member.

IN WITNESS WHEREOF the Principal Employer and the Trustee have hereunto affixed their Common Seals hereto both on the day and year first before written

THE COMMON SEAL of IBM )  
UNITED KINGDOM HOLDINGS LIMITED )  
was hereunto affixed in the presence of: )

Director

Secretary

THE COMMON SEAL of IBM UNITED )  
KINGDOM PENSIONS TRUST LIMITED )  
was hereunto affixed in the presence of: )

Director

Secretary

## **SCHEDULE OF DEEDS**

1. Interim Trust Deed dated 3 April 1957.
2. Second Interim Trust Deed dated 28 March 1958.
3. Definitive Deed dated 19 May 1959.
4. Supplemental Deed dated 30 January 1961.
5. Supplemental Deed dated 27 December 1961.
6. Supplemental Deed dated 31 December 1963.
7. Supplemental Deed dated 16 November 1967.
8. Supplemental Deed dated 15 July 1969.
9. Supplemental Deed dated 1 April 1975.
10. Supplemental Definitive Deed dated 1 May 1977.
11. Supplemental Definitive Deed dated 8 September 1977.
12. Supplemental Deed dated 3 December 1978.
13. Supplemental Deed dated 15 December 1980.
14. Supplemental Definitive Deed dated 14 December 1983.
15. Supplemental Deed dated 20 September 1984.
16. Supplemental Deed dated 21 October 1986.
17. Supplemental Deed dated 19 November 1987.
18. Supplemental Deed dated 18 May 1988.
19. Deed of Amendment dated 21 December 1989.
20. Deed of Rectification dated 2 February 1990.
21. Deed of Amendment dated 18 June 1990.
22. Replacement Definitive Trust Deed and Rules dated 1 October 1990.
23. Amending Replacement Definitive Trust Deed and Rules dated 21 March 1991.
24. Deed of Adherence dated 5 July 1991 (adhering Procord Limited).
25. Deed of Adherence dated 10th April 1992 (adhering IBM Information Solutions Limited now known as Integrated Systems Solutions Company Limited).
26. 1992 Definitive Trust Deed and Rules dated 21st May 1992.

27. 1993 Definitive Trust Deed and Rules dated 20th May 1993.
28. Deed of Adherence dated 25th March 1994 (adhering International Business Machines Aerospace Systems Integration Corporation).
29. 1995 Definitive Trust Deed and Rules dated 13th April 1995.
30. Deed of De-Adherence dated 26th September 1995 (de-adhering Havant International Holdings Limited and Havant International Limited).

**IBM PENSION PLAN**  
**1997 DEFINITIVE TRUST DEED**

**INDEX**

<b>CLAUSE TITLE</b>	<b>PART/CLAUSE</b>
Accounts and Audits	II.18
Acting on Advice	III.8
Actuarial Valuations	IX.4
Actuarial Investigations	II.10
Actuarial Assumptions	II.11
Administration and Management	III.2
Adoption of Rules	IV.1
Aggregation with Other Benefits	X.10
Annual Reports	IX.5
Application of this Part	XI.1
Appointments	II.17
Arbitration	II.24
Augmentation of Benefits by the Trustees	X.6
Augmentation and Provision of Further Benefits	II.2
Basic Plan Information	IX.2
Benefits not Assignable	X.7
Cessation of Contracted-Out Employment	XI.6
Claims Only under Formal Plan Documentation	II.14
Closure to New Entrants	V.6
Commutation of Benefits and of Pensions in Exceptional Circumstances of Serious Ill-Health	X.8
Contents of Rules	IV.2
Continuation of Plan where No Principal Employer	VII.2
Contributions	X.11

<b>CLAUSE TITLE</b>	<b>PART/CLAUSE</b>
Death	X.4
Deduction of Tax	III.9
Distribution of Assets on Termination	VIII.2
Donations and Bequests	III.15
Effects of Misinformation	II.9
Employer's Statement as to Eligibility	V.3
Employers' Lien	II.15
Employers' Assistance	II.12
Employment of Agents	III.4
Evidence of Entitlement	II.8
Evidence of Age and Circumstances	V.4
Exclusion by Principal Employer from Membership	V.1
Exercising Trustee's Powers	III.16
Expenses	II.6
Extension of Time Limits	II.16
Fee for Provision of Documentation	IX.6
Formal Plan Documentation	IX.1
Group Transfers Out of Fund	VI.2
Guaranteed Minimum Pension	XI.3
Incapacity to Manage Affairs	II.13
Increases in Guaranteed Minimum Pension	XI.4
Increases to Pensions in Payment	X.13
Indemnities	III.7
Individual Benefit Statements	IX.3
Investment and Application of Assets	III.3
Liability of Employers	II.25
Nominee to Hold Land	III.12

<b>CLAUSE TITLE</b>	<b>PART/CLAUSE</b>
Normal Retirement and Incapacity	X.1
Notification of Place of Residence	II.5
Notification on Cessation of Membership	V.2
Options and Notices	II.4
Part-Time Employees	V.5
Participation of Further Employers	II.3
Payment of Pensions	II.7
Post 6 <sup>th</sup> April 1997 Contracted-Out Employment	XI.8
Postponed Retirement	X.2
Power of Amendment	II.1
Power to Insure	III.11
Purchase of Annuity	III.10
Raising or Borrowing Money	III.5
Receipt of Individual Transfers from other arrangements of the Principal Employer	VI.4
Receipt of Individual Transfers	VI.3
Reduction of Surplus	II.20
Reference to 1993 Act	XI.2
Registration of the Plan and Provision of Information	IX.7
Reimbursement of State Scheme Premiums	XI.7
Removal and Appointment of Trustees	III.1
Replacement of Principal Employer	VII.1
Retained Benefits	X.5
Revaluation of Guaranteed Minimum Pension	XI.5
Rules Binding	IV.3
Securing Employer's Liabilities through Fund	II.19
Special Conditions	X.12

<b>CLAUSE TITLE</b>	<b>PART/CLAUSE</b>
Special Director or Controlling Director	X.9
Termination	VIII.1
Termination of Claims and Responsibility	II.21
Transfers into Fund	VI.1
Trustee May Benefit	III.14
Trustee's Powers of Determination	II.23
Trustee's Remuneration	III.6
Unclaimed Monies	II.22
Undertakings	III.13
Withdrawal from Pensionable Service and Early Retirement	X.3
Withdrawal of an Employer	VII.3

DATED 24<sup>th</sup> April 1997

---

---

IBM UNITED KINGDOM HOLDINGS LIMITED

and

IBM UNITED KINGDOM PENSIONS TRUST LIMITED

---

IBM PENSION PLAN

DEED ESTABLISHING THE 1997 DEFINED  
BENEFIT SECTION RULES

---

**Consolidated as at 26 August 2016**

Nabarro LLP  
Lacon House  
Theobald's Road  
London WC1X 8RW

Tel: 020 7524 6000

## CONTENTS

Clause	Subject matter	Page
	<b>TRUST DEED .....</b>	<b>1</b>
	<b>SCHEDULE A INTERPRETATION .....</b>	<b>2</b>
	<b>SCHEDULE B MEMBERSHIP .....</b>	<b>11</b>
1.	Eligibility .....	11
2.	Cessation of Membership.....	12
3.	Resumption of Membership .....	12
4.	Absence from Work .....	14
5.	Maternity Absence .....	17
	<b>SCHEDULE C CONTRIBUTIONS.....</b>	<b>21</b>
1.	Employer's Contributions .....	21
2.	Member's Contributions .....	21
3.	Member's Voluntary Contributions .....	23
4.	Reduction, Suspension or Termination of Contributions by an Employer or Member.....	24
	<b>SCHEDULE D RETIREMENT BENEFITS.....</b>	<b>25</b>
1.	Normal Retirement.....	25
2.	Early Retirement .....	30
3.	Ill-health Early Retirement.....	32
4.	Late Retirement .....	34
5.	Lump Sum Option.....	35
6.	Allocation of Pension to Dependants.....	36
7.	Supplementary Pension .....	37
8.	Overseas IBM Service.....	38
9.	Increases to Pensions in Payment .....	39
	<b>SCHEDULE E DEATH BENEFITS.....</b>	<b>42</b>
1.	Death of a B Plan Member or C Plan Member .....	42
2.	Death of an E Plan Member .....	43
3.	Death of an N Plan Member.....	43
4.	Death of an A Plan Member, T Plan Member or V Plan Member or a Deferred Retiree .....	44
5.	Death of a B Plan Retiree, C Plan Retiree. B Plan Postponed Retiree, or C Plan Postponed Retiree .....	44
6.	Death of an B Plan Retiree or N Plan Retiree or E Plan Postponed Retiree or N Plan Postponed Retiree.....	45
7.	Death of a B Plan Deferred Retiree or C Plan Deferred Retiree.....	46
8.	Death of an E Plan Deferred Retiree.....	46
9.	Death of an N Plan Deferred Retiree .....	47
10.	Adjustment of Spouse's Pension.....	47
11.	Child's Allowance .....	47
12.	Dependant's Pension .....	48
13.	Life Assurance for a Retiree.....	48
14.	Death of an Enhanced Deferred Member.....	50
	<b>SCHEDULE F BENEFITS FOLLOWING TERMINATION OF PENSIONABLE SERVICE ...</b>	<b>51</b>
1.	Range of Alternatives.....	51
2.	Deferred Benefits .....	51
3.	Termination of Pensionable Service with less than two years' Qualifying Service .....	52
4.	Revaluation of Deferred Benefits .....	53

5.	Revaluation of Deferred Benefits for a former Enhanced Deferred Member .....	54
6.	Fixed Protection Deferred Members.....	54

**IBM PENSION PLAN**

**DEED**

**establishing**

**the Defined Benefit Rules**

DATE:

PARTIES:

- |                                 |   |
|---------------------------------|---|
| (1)    “the Principal Employer” | IBM UNITED KINGDOM HOLDINGS LIMITED (Company Number 122953), whose registered office is at P.O. Box 41 North Harbour Portsmouth Hampshire PO6 3AU |
| (2)    “the Trustee”            | IBM UNITED KINGDOM PENSIONS TRUST LIMITED (Company Number 1523741), whose registered office is at P.O. Box 41 North Harbour aforesaid             |

WHEREAS:

- A.    This Deed relates to the IBM Pension Plan (hereinafter called “the Plan”) a retirement benefits scheme established under irrevocable trusts by an establishing deed made the third day of April One thousand and nine hundred and fifty seven and currently governed by the Clauses contained in a Definitive Trust Deed (hereinafter called “the Trust Deed”) made on the same date and between the same parties as this Deed.
- B.    Part IV of the Trust Deed enables the parties to adopt by Deed one or more separate sets of Rules applicable to those sections of the Plans membership to which each such set of Rules is expressed to relate.
- C.    The purpose of this Deed is to adopt the Rules as set out in this Deed in accordance with the power referred to in Recital B above.

NOW THIS DEED WITNESSES AND IT IS HEREBY DECLARED AND AGREED that the Trustee by virtue of the powers conferred on it by Rule 1 of Schedule B of the 1995 Definitive Trust Deed and Rules dated 13th April 1995 is desirous, following consultation with the Actuary and with the consent of the Principal Employer, of adopting rules to govern the defined benefit section of the Plan, to be known as **THE DEFINED BENEFIT RULES** of the Plan.

**RULES**

**SCHEDULE A  
INTERPRETATION**

In these Rules, unless the context otherwise requires:-

- (1) words denoting the masculine gender include the feminine gender;
- (2) words in the singular include the plural and vice-versa;
- (3) references to any enactment include the corresponding Northern Ireland enactment (if any), in either case as amended by any other enactment;
- (4) the headings and sub-headings are for ease of reference only, and do not form part of the Rules; and
- (5) unless the context otherwise requires, words and expressions shall have the same meanings as set out in the Trust Deed and the following words and expressions have the meanings set out below:

**“1965 Act”**

means the National Insurance Act 1965.

**“A Plan Member”**

means a C Plan Member, E Plan Member, or N Plan Member who has been admitted to membership of the A Plan.

**“B Plan Member”**

means an Employee who was admitted to the B Plan and was paying contributions at the level specified in Rule 2(1) of Schedule C for the appropriate period up to and including 5th April 1997.

**“Business Achievement Incentive”**

means a plan operated by the Principal Employer.

**“C Plan Account”**

means the minimum benefit described in Rule 1(1)(b)(i)(3)(v) of Schedule D.

**“C Plan Maximum”**

means:

- (A) on or before 5th August 1993:
  - (i) two thirds of the total of the C Plan Member’s twelve Pay Months’ Pensionable Earnings immediately preceding the Member’s Normal Retirement Date; or

- (ii) if the C Plan Member elects to retire between the age of 60 and 63, two thirds of the total of the C Plan Member's twelve Pay Months' Pensionable Earnings immediately prior to the date of actual retirement: and
- (B) on and from 6th August 1993:
- (i) two thirds of the total of the C Plan Member's best consecutive twelve Pay Months' Pensionable Earnings in any one year occurring in the last five years immediately preceding the Member's Normal Retirement Date or, in the case of a C Plan Member who has elected to accrue benefits pursuant to Rule 4(2) of Schedule D after Normal Retirement Date, the date of actual retirement, if later; or
  - (ii) if the C Plan Member elects to retire between the age of 60 and 63, two thirds of the total of the C Plan Member's best consecutive twelve Pay Months' Pensionable Earnings occurring in the last five years immediately prior to the date of actual retirement

PROVIDED THAT in the event of early retirement prior to age 60 the "C Plan Maximum" shall be:

$\frac{N}{NS} \times \text{CPM}$  where:

N = the number of years and Pay Months of actual Pensionable Service to the date of termination of Pensionable Service plus such periods as the former C Plan Member was a Deferred Retiree and/or an Enhanced Deferred Member, if applicable, to the date benefits become payable or age 60 (whichever occurs first) (subject to a maximum of 40 such years to count); and

NS = the number of years and Pay Months of actual or potential Pensionable Service (including the total potential Pensionable Service a Deferred Retiree and/or an Enhanced Deferred Member would have been able to complete had he not terminated Pensionable Service in accordance with the provisions of Rule 2(1) or Rule 2(2) of Schedule B, as appropriate) to age 60 (subject to a maximum of 40 such years to count); and

CPM = the amount described in (A)(ii) or (B)(ii) above (whichever is appropriate).

The following provisions also apply:

- (1) in respect of a C Plan Member who elected to terminate Pensionable Service but remained in Service and who subsequently rejoined the C Plan in accordance with the provisions of Rule 3 of Schedule B, the amount of annual pension that would have been accrued in respect of the period between terminating the first period of Pensionable Service and resuming Pensionable Service shall be deducted from the calculation of "C Plan Maximum"; and
- (2) such additional years and Pay Months (if any) of Pensionable Service or separate additional benefit granted as a result of a transfer received by the C Plan in accordance with Clause 1 of Part XI of the Trust Deed shall be ignored for the purposes of determining the "C Plan Maximum"; and

- (3) such additional years and Pay Months (if any) of Pensionable Service granted as a result of the conversion of the former V Plan Member's AVCs and/or ASCs received by the C Plan shall be ignored for the purposes of determining the "C Plan Maximum"; and
- (4) the Principal Employer, with the prior agreement of the Trustee, shall have power to determine that the "C Plan Maximum" shall apply to any pension being provided to a C Plan Member in such special circumstances as it shall deem appropriate.

**"C Plan Member"**

means

- (a) a Member whose only period of membership of the Plan, or most recent period, began on or after the 6th July 1983; and
- (b) any other Member who has elected to pay contributions at the level specified in Rule 2(2) of Schedule C, or in respect of whom contributions are being paid by his Employer pursuant to Rule 1(2) of Schedule C.

**"Contributing N Plan Member"**

means an N Plan Member who elects to contribute 2% of his Contribution Salary to the Fund in accordance with Rule 2(4) of Schedule C with effect on and from 6 April 2005, or in respect of whom contributions are being paid by his Employer pursuant to Rule 1(2) of Schedule C.

**"Contribution Salary"**

means the Member's Pensionable Earnings as determined at each Pay Month less one-twelfth of the Lower Earnings Limit.

**"E Plan Member"**

means a Member (other than a B Plan Member, C Plan Member or N Plan Member) who has been advised that he has been admitted to membership of the E Plan and who, in his most recent period of membership of the E Plan, was a Member on 5th July 1983.

**"Equivalent Pension Benefits"**

means the equivalent pension benefit as described in Section 57(1) of the 1965 Act and in respect of such member the "equivalent pension benefit" shall be calculated for the purposes of the Rules in relation to all periods which are, or are credited as, periods of Service as a Member for the purposes of the Rules insofar as they are periods of "non-participating employment" (as defined in the 1965 Act).

**"Final Pensionable Earnings"**

means the highest calculation of a Member's Pensionable Earnings averaged over any 36 consecutive Pay Months during the ten years immediately preceding his Normal Retirement Date, retirement, the termination of Pensionable Service or death (whichever event occurs first).

In the case of an Enhanced Deferred Member, Final Pensionable Earnings means the highest calculation of the Enhanced Deferred Member's Pensionable Earnings averaged over any 36 consecutive Pay Months during the ten years immediately preceding his Normal Retirement Date, retirement, the termination of Pensionable Service under the Money Purchase Rules or death (whichever event occurs first).

In the case of a Postponed Retiree who has elected to continue to accrue benefits pursuant to Rule 4(2) of Schedule D, Final Pensionable Earnings means the highest calculation of his Pensionable Earnings averaged over any 36 consecutive Pay Months during the ten years immediately preceding his actual retirement date, the termination of Pensionable Service or death (whichever event occurs first).

**"Fixed Protection Deferred Member"**

means a Deferred Retiree who became a Deferred Retiree in accordance with Rule 6(1) of Schedule F.

**"Full Benefits"**

means the benefits payable on the retirement of a Member whose Pensionable Service continues up to his Normal Retirement Date.

**"HCI Scheme"**

means any home computing initiative scheme enabled by the Finance Act 1999 allowing an Employer to implement a tax-exempt loan for the purchase of computer equipment for an Employee to use at home.

**"Incentive Payments"**

means the additional payments (if any) made by the State to the Trustee as described in Section 7 of the Social Security Act 1986.

**"Maternity Remuneration"**

means, for the purposes of Rule 6 of Schedule B, an amount paid by an Employer equal to 90% of statutory maternity pay plus such proportion of contractual pay as the Principal Employer shall from time to time consider appropriate.

**"Non-Contributing N Plan Member"**

means an N Plan Member who does not elect to contribute to the Fund with effect on and from 6 April 2005, or in respect of whom contributions are not being paid by his Employer pursuant to Rule 1(2) of Schedule C.

**“Normal Retirement Date”**

means:

- (a) in relation to an N Plan Member:
  - (i) for Pensionable Service accrued up to and including 5<sup>th</sup> May 1990, the last day of the Pay Month which is coincident with or, if not coincident with, next following the 65th birthday if male, and the 60th birthday if female;
  - (ii) for Pensionable Service accrued from and including 6th May 1990 to 5th April 1997 inclusive, the last day of the Pay Month which is coincident with or, if not coincident with, next following the N Plan Member's 60th birthday;
  - (iii) for Pensionable Service accrued from and including 6th April 1997 the last day of the Pay Month which is coincident with or, if not coincident with, next following the N Plan Member's 65th birthday.
- (b) in relation to a B Plan Member or C Plan Member, the last day of the Pay Month which is coincident with or, if not coincident with, next following his 63rd birthday.
- (c) in relation to an E Plan Member whichever of the following dates the Member shall have selected as his “Normal Retirement Date” with effect from 6th July 1983.
  - (i) the last day of the Pay Month which is coincident with or, if not coincident with, next following, the Member's 63rd birthday, and
  - (ii) the last day of the Pay Month which is coincident with or, if not coincident with, next following, the Member's 65th birthday, if male, or 60th birthday if female, subject at all times to the female E Plan Member being permitted (irrespective of any previous election) to deem her “Normal Retirement Date” to be a date up to a date no later than the last day of the Pay Month coincident with or if not coincident with next following her 65th birthday.

**“N Plan Member”**

means the Member (other than a B Plan Member, C Plan Member or E Plan Member) who has been advised that he has been admitted to membership of the N Plan and was a Member on 5th July 1983 and who has elected not to pay ordinary C Plan contributions as specified in Rule 2 of Schedule C, nor to have contributions paid by his Employer in respect of him pursuant to Rule 1 (2) of Schedule C.

**“Pay Month”**

means the period commencing on the 6th day of a month and ending on the 5th day of the next following month or such other period as may from time to time be the month) pay period in relation to any Member as determined by the Employer.

**“Pensionable Earnings”**

- (a) in relation to a C Plan Member for any period commencing on or after 6th July 1983 and in relation to a B Plan Member, means the greater of:

- (i) his gross basic remuneration from the Employer during the relevant period:

INCLUDING:

an amount equal to any London Allowance which has been continuously payable to him since before 7th August 1993 (unless he commenced his present period of Pensionable Service on or after 7th August 1993) in payment; and

EXCLUDING:

bonuses;

commission;

overtime earnings;

benefits in kind;

any allowance payable to a Member in lieu of a motor car normally supplied by an Employer;

any element of shift allowance;

any payment made to the Member in lieu of all or part of surrendered holiday entitlement;

any payment made to the Member under the Customer Satisfaction Plan;

any payment made to the Member under the Business Achievement

Incentive and/or the Sales Incentive Plan;

any payment made to the Member under any announced Variable Pay Scheme;

any other fluctuating emoluments; and

any other additional monetary amounts (if any) payable by way of, or in

respect of, expenses incurred whether or not such additional monetary amounts are taxable; OR

- (ii) if the Member's earnings are subject to an incentive plan, his Reference Salary including an amount equal to the London Allowance (where applicable);

- (b) in relation to an N Plan Member or an E Plan Member for any period of one year and in relation to a C Plan Member for any period of one year ending before 6th July 1983 means his monetary remuneration from the Employer chargeable to tax as an income of his office or employment for that year:

INCLUDING

an amount equal to the London Allowance payable to a Member (if any) and (from the date of receipt only):

bonuses;

commissions;  
overtime earnings;  
any element of shift allowance; and  
Director's fees.

EXCLUDING:

benefits in kind;  
any allowance payable to a Member In lieu of a motor car normally supplied by an Employer;  
any payment made to the Member in lieu of all or part of surrendered holiday entitlement;  
any payment made to the Member under the Customer Satisfaction Plan;  
any payment made to the Member under the Business Achievement Incentive and/or the Sales Incentive Plan;  
any payment made to the Member under any announced Variable Pay Scheme;  
any other fluctuating emoluments; and  
any other additional monetary amounts (if any) payable by way of, or in respect of. expenses incurred whether or not such additional monetary amounts as taxable.

In respect of both (a) and (b) above the following applies:

- (i) in the event of a Member being absent from work as a result of illness or injury, the provisions of Rule 9 of Schedule D shall apply and deductions made (if any) to the benefit derived from the Sickness Plan (at such levels as set out under the terms and conditions of the Sickness Plan) as a result of the absent Member receiving (or the Employer deems him to be receiving) State social security, sickness or invalidity benefits then such deductions shall be ignored for the purposes of determining "Pensionable Earnings"; and
- (ii) a certificate (or such other form of statement as may be deemed acceptable) prepared by an Employer as to the amount of Pensionable Earnings shall be final and conclusive; and
- (iii) if on account of ill-health, the Member's total remuneration shall at any time have been reduced, with a result that in the opinion of the Principal Employer, it is decreased to an amount smaller than would but for ill-health have been the case, then "Pensionable Earnings" shall mean in relation to such Member such amount as the Principal Employer shall determine not exceeding that which would have been the amount of such Member's Pensionable Earnings if no such decrease had been effective; and
- (iv) in the case of a Member who is a Class C Entrant, the calculation of "Pensionable Earnings" shall not exceed the Earnings Cap;
- (v) in the case of a Member or Postponed Retiree receiving any reduction in taxable earnings that has taken place directly due to the Member or Postponed Retiree agreeing

to a reduction in gross basic remuneration on joining the HCI Scheme, participating in You\* and/or becoming a Smart\* Member, such reduction in gross basic remuneration shall be ignored for the purposes of calculating Pensionable Earnings by reference to the Plan; and

- (vi) in the case of a Member who gives express consent to his Employer in writing that any future increase in his gross basic remuneration or monetary remuneration (as the case may be) will include a non-pensionable supplement equal to one-half of any future increase in his pensionable gross basic remuneration or pensionable monetary remuneration (as the case may be), such non-pensionable supplement shall be treated as falling within the above Exclusions for the purposes of calculating his Pensionable Earnings by reference to the Defined Benefit Rules.

**“Pensionable Service”**

means complete years and Pay Months (which shall be deemed to include the full Pay Month in which the Employee became a Member) of Service whilst a Member. In respect of a Member who has completed service with a company within the IBM group of companies other than within the United Kingdom, “Pensionable Service” shall be deemed to include such additional years and Pay Months of service completed on behalf of a company with the IBM group of companies but outside the United Kingdom subject at all times to the provisions of Rule 8 of Schedule D. In respect of an Enhanced Deferred Member, his Pensionable Service under the Defined Benefit Rules shall cease at such time as his membership as an Enhanced M Plan Member commences.

**“Q Plan”**

means the “Q” Plan of IBM United Kingdom Holdings Limited the establishment of which was confirmed by a Definitive Deed dated the 22nd day of September 1968.

**“Q Plan Member”**

means an E Plan Member or N Plan Member who has accrued rights under the Q Plan.

**“State Pension Deduction”**

means an amount equal to 2% of the average of the single person’s basic State pension calculated over the twelve month period immediately preceding the earlier of the date of retirement, death or termination of Pensionable Service. For the purposes of this definition, the term “the single person’s basic State pension” means the basic pension applicable to a single person who is entitled to a Category A retirement pension under section 44 of the Social Security Contributions and Benefits Act 1992.

**“Supplementary Pension”**

means the supplementary pension described in Rule 7 of Schedule D.

**“T Plan Member”**

means a B Plan Member, C Plan Member, E Plan Member or N Plan Member who has been admitted to membership of the T Plan.

**“Transferring Member”**

means a C Plan Member who did not join the C Plan at his first opportunity, following termination of his E Plan membership or N Plan membership.

**“Upper Earnings Limit”**

means the annual equivalent of that amount as specified in regulations made pursuant to Section 5 of the Social Security Contributions and Benefits Act 1992.

**“V Plan Member”**

means an E Plan Member or N Plan Member who has been admitted to membership of the V Plan.

**“Variable Pay Scheme”**

means such other additional compensation scheme (if any) which may be deemed (where appropriate) to include any profit related pay scheme as may be introduced by an Employer from time to time.

**SCHEDULE B**  
**MEMBERSHIP**

**1. Eligibility**

- (1) Before 6th April 1997, an Employee shall be eligible to become:
  - (a) a B Plan Member, if he is a regular Employee who has not reached age 25:
  - (b) a C Plan Member, if he is a regular Employee who has reached age 25 but has not reached age 58.
- (2) An Employee who has satisfied the relevant eligibility conditions set out on (1) above shall automatically become a B Plan Member or C Plan Member (as appropriate) unless:
  - (a) he specifically requests, and notifies his Employer accordingly, that he does not wish to become a Member; or
  - (b) he is precluded from membership by an Employer under Clause 3, 4 and 6 of Part V of the Trust Deed;
  - (c) he is precluded from membership by reason of his making contributions to a Personal Pension Scheme.
- (3) An Employee shall become a Member on the day immediately following his satisfaction of the conditions set out in (1) and (2) above and shall thereafter be entitled to pay AVCs and/or for ASCs to be paid in respect of him to the T Plan as described in Rule 3 of Schedule C.
- (4) Each Employee who becomes a Member in accordance with (3) above shall as a condition of his continued membership complete and return to the Trustee any entrance form which the Trustee may reasonably require and shall supply such evidence of good health as the Trustee may in its absolute discretion, from time to time, consider appropriate.
- (5) An E Plan Member or N Plan Member shall be eligible, if he so elects, to terminate his membership of the E Plan or N Plan (as the case may be) and become a C Plan Member:
  - (a) in the case of an E Plan Member, on the 6th January following his election to cease to be an E Plan Member; and
  - (b) in the case of an N Plan Member, on the 6th day of any month following a minimum of one Pay Month's notice of his election to cease to be an N Plan Member.

## **2. Cessation of Membership**

- (1) A Member who:
- (a) reaches his Normal Retirement Date; or
  - (b) ceases to be a regular Employee; or
  - (c) makes a written request to the Trustee in such form as the Trustee shall direct giving not less than one Pay Month's notice that his membership of the Plan shall cease; or
  - (d) enters into a Personal Pension Scheme or wishes to re-commence personal contributions to an existing Personal Pension Scheme which is inconsistent with his continued membership of the Plan (irrespective of whether he remains in Service); or
  - (e) is precluded from continued membership of the Plan by the Employers under Clauses 3 or 4 of Part V of the Trust Deed;

shall cease to be a Member of the Plan.

- (2) A Member who elects to become an Enhanced M Plan Member under Rule 1(6) of the Money Purchase Rules shall, on the date that he becomes an Enhanced M Plan Member, automatically become an Enhanced Deferred Member under the Defined Benefit Rules.

## **3. Resumption of Membership**

- (1) A person who ceases to be a Member by reason of any event referred to in Rule 2 of this Schedule may (subject to the consent of the Principal Employer and the Trustee if his membership ceased under Rule 2(c) or Rule 2(2)(d)) if he is returning to the employment of an Employer on or before 4th April 1997 (in respect of an Individual who wishes to resume his membership of the B Plan) and on or before 5th April 1997 (in respect of an Individual who wishes to resume his membership of the C Plan) resume his membership of the B Plan or C Plan (as the case may be) PROVIDED THAT he has satisfied the conditions set out in Rule 1(1) of this Schedule except that the Principal Employer shall be permitted to offer, on or before 5th April 1997, a former B Plan Member membership of the C Plan as an alternative to such individual resuming membership of the B Plan.
- (2) If a person who resumes his membership of the B Plan or C Plan (as the case may be) in accordance with the procedures described in sub-Rule (1) of this Rule is entitled, in respect of a previous period of membership, to Deferred Benefits:

- (a) he will become entitled to accrue Full Benefits from the date of his resumption of membership; and
  - (b) following the completion of 60 Pay Months' Pensionable Service after rejoining, the period of Pensionable Service that equates to the Member's Deferred Benefits in respect of his first period of membership shall be converted to the basis described in Rule 1(1)(a) of Schedule D in respect of a B Plan Member and Rule 1(1)(b) of Schedule D in respect of a C Plan Member: and
  - (c) in the event of his death before the completion of 60 Pay Months' Pensionable Service in respect of his second or subsequent period of membership, the Deferred Benefits in respect of a previous period of membership shall be immediately converted to the basis described in Rule 1(1)(a) of Schedule D In respect of a B Plan Member and Rule 1(1)(b) of Schedule D in respect of a C Plan Member; and
- (3) An E Plan Member or N Plan Member who terminated Pensionable Service under the E Plan or N Plan shall not be entitled to resume his membership of the E Plan or N Plan at a later date, but shall instead be entitled to become a C Plan Member subject to the provisions of Rule 1 of this Schedule.
- (4) If a person who resumes his membership of the Plan under this Rule is not entitled in respect of a previous period of membership to Deferred Benefits, he will become entitled to accrue Full Benefits from the date of his resumption of membership and:
  - (a) in respect of a former Member of the B Plan or C Plan (as the case may be) who rejoins the B Plan or C Plan (as the case may be) on or before 5th October 1990 having received a refund of contributions in respect of his earlier period as a B Plan Member or C Plan Member, he shall be granted benefits based on the provisions of Rule 1(1)(b)(3)(iii) of Schedule D after completing 60 Pay Months' Pensionable Service in respect of his second period as a B Plan Member or C Plan Member (as the case may be) in respect of the years and Pay Months of Pensionable Service completed during the period of B Plan membership or C Plan membership (as the case may be) to which the refund related;
  - (b) no additional benefits shall be granted under the provisions of Rule 1(1)(a) or 1(1)(b) (as the case may be) of Schedule D in respect of any person having received a refund of contributions in respect of his first period of Pensionable Service and who resumes membership of the B Plan or C Plan (as the case may be) on or after 6th October 1990.
- (5) If a person resumes his membership as a result of satisfying the eligibility requirements described in Rule 1 of this Schedule and who is also an existing Retiree then the pension

in payment which represents his first period of membership shall continue unaffected and he shall only accrue Full Benefits from the date his membership recommenced.

- (6) Where there are two periods of Contracted-Out Employment under the Plan in respect of a Member, with an interval of less than six months between the two periods, the two periods shall for the purpose of calculating his length of Contracted-Out Employment be aggregated and treated as one period (unless the Member ceased to have any interest in the Fund in respect of the earlier period. In accordance with the provisions of the Plan).
- (7) Unless the provisions of sub-Rule (8) below of this Rule apply, no resumption of membership of the B Plan shall be permitted on or after 5th April 1997 and, in the case of C Plan no resumption of membership shall be permitted on or after 6th April 1997.
- (8) In the event of the circumstances of a Member resuming membership in accordance with this Rule not being appropriate to the provisions of Rule (1), (2), (3), (4) or (5) above the Principal Employer shall determine in its absolute discretion and shall notify such decision to the Trustee what entitlements (if any) are applicable to such a Member.

#### 4. **Absence from Work**

##### (1) Full Benefit Sickness Pay

If a Member is absent from work as a result of illness or injury and is receiving Full Benefit Sickness Pay the Member shall continue to pay contributions, if any, at the rate set out in Rule 2 of Schedule C on the basis of his Pensionable Earnings and accrue benefits under the Plan as if he remained in active employment.

##### (2)(A) Reduced Benefit Sickness Pay

This Rule 4(2)(A) shall apply where a Member is absent from work as a result of illness or injury, has completed **less than 5 years' Service** and is receiving Reduced Benefit Sickness Pay.

- (a) In respect of an E Plan Member or a Non-Contributing N Plan Member, where this Rule 4(2)(A) applies, benefits shall continue to accrue to and in respect of the Member at the level specified in Rule 1(1)(c) or 1(1)(d)(ii), as appropriate, of Schedule D by reference to Pensionable Earnings.
- (b) In respect of a Contributing N Plan Member, where this Rule 4(2)(A) applies:
  - (i) the Contributing N Plan Member shall pay contributions under Rule 2 of Schedule C if any calculated by reference to his Reduced Benefit Sickness Pay; and

- (ii) benefits shall accrue to and in respect of the Contributing N Plan Member at the level specified in Rule 1(1)(d)(ii) of Schedule D, being those applicable to a Non-Contributing N Plan Member by reference to his Pensionable Earnings.
- (c) In respect of a C Plan Member, where this Rule 4(2)(A) applies:
  - (i) the C Plan Member shall pay contributions under Rule 2 of Schedule C if any calculated by reference to his Reduced Benefit Sickness Pay; and
  - (ii) benefits shall accrue to and in respect of the C Plan Member at the level specified in Rule 1(1)(b)(1)(3)(iii)(a) by reference to his Pensionable Earnings.

(2)(B) Reduced Benefit Sickness Pay

This Rule 4(2)(B) shall apply where a Member is absent from work as a result of illness or injury, has completed **more than 5 years' Service** and is receiving Reduced Benefit Sickness Pay.

- (a) In respect of an E Plan Member or a Non-Contributing N Plan Member, where this Rule 4(2)(B) applies, benefits shall continue to accrue to and in respect of the Member at the level specified in Rule 1(1)(c) or 1(1)(d)(ii), as appropriate, of Schedule D.
- (b) In respect of a Contributing N Plan Member, where this Rule 4(2)(B) applies:
  - (i) the Contributing N Plan Member shall pay contributions under Rule 2 of Schedule C calculated by reference to his Pensionable Earnings; and
  - (ii) benefits shall accrue to and in respect of the Contributing N Plan Member at the level specified in Rule 1(1)(d)(iii) of Schedule D by reference to his Pensionable Earnings.
- (c) In respect of a C Plan Member, where this Rule 4(2)(B) applies:
  - (i) the C Plan Member shall pay contributions under Rule 2 of Schedule C calculated by reference to his Pensionable Earnings; and
  - (ii) benefits shall accrue to and in respect of the C Plan Member at the level specified in Rule 1(1)(b)(1)(3)(ii) by reference to his Pensionable Earnings.

(3) Disability Benefit

This Rule 4(3) shall apply where a Member is absent from work as a result of illness or injury and the Member is receiving Disability Benefit.

- (a) In respect of an E Plan Member or a Non-Contributing N Plan Member, where this Rule 4(3) applies, benefits shall continue to accrue to and in respect of the Member at the level specified in Rule 1(1)(c) or 1(1)(d)(ii), as appropriate, of Schedule D calculated by reference to his Pensionable Earnings prior to commencement of receipt of Disability Benefit.
- (b) In respect of a Contributing N Plan Member, where this Rule 4(3) applies:
  - (i) the Contributing N Plan Member shall not be required to pay contributions [nor to have contributions paid by his Employer in respect of him pursuant to Rule 1(2) of Schedule C] under Rule 2 of Schedule C; and
  - (ii) benefits shall accrue to and in respect of the Contributing N Plan Member at the level specified in Rule 1(1)(d)(ii) of Schedule D, being those applicable to a Non-Contributing N Plan Member, calculated by reference to his Pensionable Earnings prior to commencement of receipt of Disability Benefit.
- (c) In respect of a C Plan Member, where this Rule 4(3) applies:
  - (i) the C Plan Member shall not be required to pay contributions under Rule 2 of Schedule C [nor to have contributions paid by his Employer in respect of him pursuant to Rule 1(2) of Schedule C]; and
  - (ii) benefits shall accrue to and in respect of the C Plan Member at the level specified in Rule 1(1)(b)(1)(3)(iii)(a) calculated by reference to his Pensionable Earnings prior to commencement of receipt of Disability Benefit.
- (4) If a Member (irrespective of the period of his Service) is absent from his usual work as a result of being placed on assignment by an Employer the Member shall (subject to any requirements of the Board of the Inland Revenue) continue to accrue benefits unaltered and shall continue to remit (if applicable) contributions to the Plan throughout such period of assignment.

**5. Maternity Absence**

(A) In respect of maternity absence commencing on or after 1st January 1993 the following shall apply:

(1) Less than one year's Service as a permanent Employee

An expectant female B Plan Member or C Plan Member, E Plan Member or N Plan Member (whichever is applicable) who has completed less than one year's Service (as determined to be at eleven weeks prior to the Member's expected date of confinement) as a permanent Employee has no entitlement to Maternity Remuneration and shall cease to be a Member on the date her employment ceases (unless the Principal Employer in its sole discretion in any particular case determines otherwise).

(2) More than one year's Service as a permanent Employee

An expectant female B Plan Member, C Plan Member, E Plan Member or N Plan Member (whichever is applicable) who has completed a minimum of one year's Service (as determined to be at eleven weeks prior to the Member's expected date of confinement) as a permanent Employee shall be entitled to receive Maternity Remuneration for an initial period of six weeks following the commencement of maternity absence and shall then be entitled to receive statutory maternity pay for the following twelve weeks and shall thereafter receive no Maternity Remuneration or statutory maternity pay until she returns to work or, if she does not return to work, until the provisions of sub-Rule (3)(a) of this Rule apply. If a female Member continues at work for a period that is seven weeks (or less) prior to the expected date of confinement or returns to work before the statutory maternity period expires then the Principal Employer shall adjust Maternity Remuneration or, if applicable, statutory maternity pay, in such a manner as notified to the female Member and considered appropriate.

(3) Pensionable Service

In respect of a female Member where the provisions of sub-Rule (2) of this Rule apply:

(a) if she does not return to work, cease to be a Member with effect from:

(i) if the female Member falls to give any formal notice of resignation, the date her maternity absence legally ceases; or

- (ii) if the female Member gives formal written notification of resignation, the date notified by the female Member as her date of resignation shall be considered to be the effective date: or
- (iii) if formal written notice is given but without a formal date of resignation, the effective date of resignation shall be considered to be the date of the female Member's letter or, if undated, the date of receipt;
- (b) if she dies during her period of absence, be treated as a Member on the basis that her Pensionable Service continued throughout her period of maternity absence.

(4) Contributions and Pension Benefit

In respect of a female Member where the provisions of sub-Rule (2) of this Rule apply, then in respect of such female Member during the period that she is treated as a Member in accordance with 3(a) or (b) above:

- (a) in respect of a female B Plan Member, C Plan Member, E Plan Member or N Plan Member, the Employer shall continue to contribute in respect of her; and
- (b) in respect of female B Plan Member and C Plan Member only, she shall contribute at the percentage level described in Rule 2(1) or Rule 2(2) (as applicable) of Schedule C but based on the amount of contractual remuneration and statutory maternity pay (whichever the case may be) receivable during the period of maternity leave but shall continue to receive pension benefit accruing in accordance with the provisions of Rule 1(1)(a) of Schedule D (whichever was applicable immediately prior to the commencement of maternity leave) but calculated by employing the amount of Pensionable Earnings applicable immediately preceding the commencement of maternity absence and shall remain at that amount until either the termination of Pensionable Service or the female Member's return to work;
- (c) in respect of AVCs being remitted in accordance with the provisions of Rule 3 of Schedule C (if any) the female Member may make such arrangement as she considers appropriate in respect of such AVCs during the period of maternity absence providing she gives advance formal written notification of her intentions to the Trustee or failing such notification, such basis as the Trustee shall decide.

- (5) In respect of a female Member where the provisions of sub-Rule (2) of this Rule apply, Pensionable Service shall continue to accrue unbroken during the period of maternity absence unless:
- (a) the relevant provisions of sub-Rule A(3)(a)(i) or (ii) or (iii) of this Rule become applicable; or
  - (b) following her return to work, the female Member wishes to exercise the right to terminate Pensionable Service as described in Schedule F.
- (B) In respect of maternity absence commencing on or before 31st December 1992 the provisions of sub-Rule (A)(1), (2), (3) and (5) shall apply but the provisions of sub-Rule (A)(4) are deleted and replaced with the following:

(3) Contributions and Pension Benefit

In respect of a female Member where the provisions of sub-Rule (2) of this Rule apply, then in respect of such female Member during the period that she is treated as a Member in accordance with 3(a) or (b) above then, from the date her maternity leave commenced:

- (a) in the case of a female B Plan Member and C Plan Member only, she shall cease to be required to remit the contributions described in Rule 2(1) or Rule 2(2) (whichever is applicable) of Schedule C;
- (b) in respect of a female B Plan Member. C Plan Member. E Plan Member or N Plan Member, the Employer shall contribute as advised by the Actuary in respect of her;
- (c) in respect of female B Plan Members or C Plan Members only, she shall, from the date maternity leave commenced, accrue pension benefit for the period of maternity leave calculated in accordance with Rule I(I)(a) in respect of B Plan Members and in accordance with the provisions of Rule 1(1)(b) of Schedule D in respect of C Plan Members but calculated by employing the amount of Pensionable Earnings applicable immediately preceding the commencement of maternity absence and shall remain at that amount until either the termination of Pensionable Service or the female Member's return to work; and
- (d) in respect of AVCs being remitted in accordance with the provisions of Rule 3 of Schedule C (if any) the female Member may make such arrangements as she considers appropriate in respect of such AVCs during the period of maternity absence providing she gives advance formal written notification of

her intentions to the Trustee or failing such notification, such basis as the Trustee shall decide.

**SCHEDULE C  
CONTRIBUTIONS**

**1. Employer's Contributions**

- (1) Each Employer shall (subject to its rights under Rule 4 of this Schedule) pay into the Fund:
  - (a) contributions at the rate specified in any schedule of contributions prepared at the direction of the Trustees in accordance with the provision of the 1995 Act; and
  - (b) such other contributions into the Fund as the Principal Employer having considered the advice of the Actuary, decides.
- (2) Each Employer shall, in respect of a Smart\* Member, pay such contributions into the Fund as would have been payable by the Member or Postponed Retiree under Rule 2 of this Schedule if he had not been a Smart\* Member on the dates on which the contributions would have been payable by the Member or Postponed Retiree.
- (3) Each Employer shall, in respect of a Member or Postponed Retiree who has elected to have ASCs paid in respect of him, pay contributions into the Fund to give effect to any such election made in accordance with You\*, together with the ASC Uplift.

**2. Member's Contributions**

- (1) Each B Plan Member shall pay contributions into the Fund up to and including 5th April 1997 throughout his period of membership at the rate of:
  - (a) prior to the B Plan Member's thirtieth birthday, 2%; and
  - (b) after the first day of the Pay Month following the B Plan Member's thirtieth birthday, 4%of his Contribution Salary.
- (2) Subject to (8) below each C Plan Member and each Postponed Retiree who has elected to continue to accrue benefits pursuant to Rule 4(2) of Schedule D shall pay contributions into the Fund throughout his period of membership at the rate of:
  - (i) between 6th July 1983 to 5th September 1983 inclusive, nil;
  - (ii) between 6th September 1983 and 5th July 1984 inclusive, 3%;

- (iii) between 6th July 1984 and 5 January 1987 inclusive. 5%;
- (iv) between 6th January 1987 and 5th March 1987 inclusive, 0.1%;
- (v) between 6<sup>th</sup> March 1987 and 5<sup>th</sup> April 2005, 4%;
- (vi) from 6<sup>th</sup> April 2005 onwards, 6%

of his Contribution Salary.

- (3) No ordinary contributions are payable by an E Plan Member.
- (4)(a) Subject to (8) below each Contributing N Plan Member and each Postponed Retiree who has elected to continue to accrue benefits pursuant to Rule 4(2) of Schedule D shall pay contributions into the Fund throughout his period of membership on and from 6 April 2005 at the rate of 2% of his Contribution Salary.
  - (b) No ordinary contributions are payable by a Non-Contributing N Plan Member.
- (5) Any contributions payable under this Rule shall be deducted by the Member's Employer from his earnings (unless the Trustee decides that they may be paid in some other manner).
- (6) Each Member's contributions shall commence on the day his membership commences in accordance with Rule 1(2) of Schedule B and shall cease on:
  - (a) the day his Pensionable Service terminates; or
  - (b) the date of his retirement; or
  - (c) his Normal Retirement Date or, in the case of a Postponed Retiree who has elected to continue to accrue benefits pursuant to Rule 4(2) of Schedule D, his actual retirement date; or
  - (d) the date on which he becomes an Enhanced Deferred Member; or
  - (e) his death;whichever event occurs first.
- (7) Contributions payable to the V Plan (if any) shall cease on 5th January coincident with, or if not coincident with, immediately preceding, the Member's Normal Retirement Date.
- (8) From 6 January 2006, no Member or Postponed Retiree who is a Smart\* Member shall pay contributions into the Fund pursuant to this Rule 2.

### **3. Member's AVCs**

#### **(1) T Plan**

Any Member or Postponed Retiree may with effect from 6 January 1988 pay AVCs into the T Plan and an Employer of a Member or Postponed Retiree who has elected to have ASCs paid in respect of him shall pay ASCs and the ASC Uplift into the T Plan in respect of the Member or Postponed Retiree in order to secure additional benefits, subject to the following limitations:

- (a) upon giving a minimum of one Pay Month's notice, the Member or Postponed Retiree may suspend, reduce, increase or terminate his AVCs;
- (b) upon giving a minimum of one Pay Month's notice, the Member or Postponed Retiree may (on such conditions as the Trustee in its absolute discretion shall determine) pay single payments of AVCs;
- (c) ASCs must be specified as a monetary amount payable on a monthly basis;
- (d) the total amount of any ASCs and AVCs payable in respect of a Member or Postponed Retiree pursuant to this Rule 3 shall not exceed 30% of the Member's or Postponed Retiree's Pensionable Earnings (or such other limit as the Trustee and the Principal Employer shall agree from time to time).

#### **(2) A Plan**

Any Member who joined the A Plan prior to 16th March 1987 may continue to pay AVCs and an Employer of a Member or Postponed Retiree who has elected to have ASCs paid in respect of him shall pay ASCs and the ASC Uplift to the A Plan to secure additional benefits. The provisions described in Rule (1)(a) to (d) above shall apply in the case of a Member of the A Plan.

#### **(3) V Plan**

Any Member who joined and was contributing to the V Plan on or prior to 6th July 1983 and has elected to remain in membership of the E Plan or the N Plan can continue to remit AVCs to the V Plan to secure additional benefits. The provisions described in (1)(a), (b) and (d) above shall apply in the case of a V Plan Member. For the avoidance of doubt no Member is permitted to elect to have ASCs paid to the V Plan in respect of him.

- (4) In relation to all AVCs payable in accordance with the provisions of this Rule the Trustee shall, with effect from 27th December 1993, comply with Regulation 5 of the Retirement Benefits Schemes (Restriction on Discretion to Approve) (Additional Voluntary

Contributions) Regulations 1993 and where the Plan is the “leading scheme” (as defined therein) in relation to a Member, with the requirements of Regulation 6 of those Regulations insofar as they concern “main schemes” (as defined therein),

**4. Reduction, Suspension or Termination of Contributions by an Employer or Member**

- (1) Any Employer may with the consent of the Principal Employer suspend or terminate its contributions by giving written notice of its intention to do so to the Trustee. This Rule does not give any Employer the power to suspend or terminate those contributions payable in accordance with Rules 1(2), 1(3) and 3 of this Schedule.
- (2) If the contributions of an Employer or of a Member are suspended, terminated or not paid, benefits may be adjusted accordingly by the Trustee as advised by the Actuary, subject to the consent of the Principal Employer.

**SCHEDULE D  
RETIREMENT BENEFITS**

**1. Normal Retirement**

- (1) On the retirement of a Member on his Normal Retirement Date he shall (subject to (2) below in respect of Inland Revenue Limits and Guaranteed Minimum Pensions (if any)) be paid the pension described below:

(a) B Plan

A pension calculated by reference to 1.1% of Final Pensionable Earnings, this amount shall be reduced by 50% of the State Pension Deduction and the remaining total will then be multiplied by the number of years and any additional Pay Months of Pensionable Service.

- (i) The pension entitlement under the B Plan shall at all times be subject to a minimum of the total of:

- (1) the equivalent of the Employer's National Insurance rebate as a result of contracting-out under the 1993 Act but only in respect of the period of Pensionable Service completed as a B Plan Member after 5th July 1988; and
- (2) the Incentive Payments (if any) attributable to B Plan Member during his period of membership; and
- (3) the annual pension value of the contributions paid by the B Plan Member in accordance with Rule 2 of Schedule C;

PLUS such interest as the Principal Employer and the Trustee in consultation with the Actuary shall deem appropriate from time to time.

- (ii) With effect from 6th April 1997 no further pension entitlements shall accrue under the B Plan.

(b) C Plan

- (i) In respect of a Transferring Member the aggregate of:

- (1) the excess between 2.2 per cent of Final Pensionable Earnings, this amount shall then be reduced by the State Pension Deduction and the remaining total will then be multiplied by the number of years and any

additional Pay Months of Pensionable Service as a C Plan Member;  
and

(2) in respect of a former N Plan Member who is a Transferring Member,  
the amount by which the aggregate of:

(a) 1.75 per cent of the Member's Final Pensionable Earnings up to  
the Upper Earnings Limit, this amount shall be reduced by the  
State Pension Deduction and the remaining total will then be  
multiplied by the number of years and any additional Pay  
Months of Pensionable Service before he became a C Plan  
Member;

(b) 1.25 per cent of so much (if any) of the Member's Final  
Pensionable Earnings in excess of the Upper Earnings Limit for  
each year and Pay Month of Pensionable Service before he  
became a C Plan Member.

(3) (i) in respect of a Transferring Member who was a former E Plan  
Member, the pension secured whilst an E Plan Member shall be  
calculated on the basis of:

$$\frac{N}{NS} \cdot P \quad \text{where:}$$

N = the number of years and Pay Months of actual  
Pensionable Service to the date of termination of  
his E Plan membership; and

NS = the number of years and Pay Months of actual and  
potential Pensionable Service to the Normal  
Retirement Date applicable under the E Plan; and

P = the benefit described in Rule (1)(b) of this  
Schedule.

The pension calculated in (3) above shall then be credited to the  
C Plan Member and the former E Plan Member shall be entitled  
to the pension described in Rule 1(1)(a) of this Schedule in  
respect of his Pensionable Service completed whilst a C Plan  
Member.

PROVIDED THAT:

in the case of a Member who was a Member on 31 December 1972 the amount calculated under this sub-paragraph (2) shall if necessary be increased so that it is not less than the amount calculated in accordance with the rules of the Plan in force on 31st December 1972 ("the Pre-1973 Rules") to which the Member would have been entitled at Normal Retirement Date in respect of Pensionable Service before he became a C Plan Member if the Pre-1973 Rules had remained in force.

- (i) In respect of any other C Plan Member; a pension equal to the excess of 2.2 per cent of Final Pensionable Earnings, this amount shall then be reduced by the State Pension Deduction and the remaining total will then be multiplied by the number of years and any additional Pay Months of Pensionable Service.
- (ii) In respect of any period of membership during which a B Plan Member or C Plan Member (as the case may be) does not remit ordinary B Plan or C Plan contributions (as the case may be) as described in Rule 2 of Schedule C and in circumstances where no contributions are paid by his Employer in respect of him pursuant to Rule 1(2) of Schedule C (with the prior consent of the Principal Employer and with the knowledge of the Trustee) a pension shall be granted for such period of Pensionable Service during which no ordinary contributions have been paid by or in respect of him equal to:
  - (a) in respect of C Plan Member for Pensionable Service prior to 6 August 2005 1.75 per cent of Final Pensionable Earnings and for Pensionable Service on and from 6 August 2005 1.6 per cent of Final Pensionable Earnings, this amount shall be reduced by the State Pension Deduction and the remaining total will then be multiplied by the number of years and any additional Pay Months of Pensionable Service; and
  - (b) in respect of B Plan Member 0.875 per cent of Final Pensionable Earnings, this amount shall be reduced by 50% of the State Pension Deduction and the remaining total will then be multiplied by the number of years and any additional Pay Months of Pensionable Service.
- (iii) In respect of a C Plan Member who was formerly a member of the B Plan a pension shall be granted on the basis of Rule

1(a)(ii) of this Schedule in respect of the period of his B Plan membership but calculated by reference to one half of the Member's B Plan Pensionable Service.

(iv) The pension entitlement under the C Plan shall at all times be subject to a minimum of the total of:

- (i) the equivalent of the Employer's National Insurance rebate as a result of contracting-out under the 1993 Act but only in respect of the period of Pensionable Service completed as a C Plan Member after 5th July 1988; and
- (ii) the annual pension value of the contributions paid by the C Plan Member or by his Employer in respect of him pursuant to Rule 1(2) of Schedule C for the whole period of Pensionable Service as a C Plan Member.

plus such interest as the Principal Employer and the Trustee in consultation with the Actuary shall deem appropriate from time to time.

The pension payable to a C Plan Member shall at all times be subject to the C Plan Maximum, except that:

- (a) such additional pension granted as a result of a transfer received by the C Plan in accordance with Clause 3 of Part VI of the Trust Deed; or
- (b) as a result of the conversion of a former V Plan Member's AVCs and/ or ASCs received by the C Plan; or
- (c) any benefits earned as a Q Plan Member;

shall be allowable in addition.

(c) E Plan

An E Plan Member shall be entitled at his Normal Retirement Date to a pension equal to 2/3rds of his Final Pensionable Earnings subject at all times to Inland Revenue Limits.

(d)

(i) N Plan

In respect of Pensionable Service accrued prior to 6 April 2005 by an N Plan Member, a pension shall be payable at his Normal Retirement Date equal to the aggregate of (1) and (2) below:-

- (1) 1.75 per cent of the Member's Final Pensionable Earnings up to the Upper Earnings Limit, this amount shall be reduced by the State Pension Deduction and the remaining total will then be multiplied by the number of years and any additional Pay Months of Pensionable Service; and
- (2) 1.25 per cent of the Member's Final Pensionable Earnings in excess of the Upper Earnings Limit (if any) for each year and proportionately for each additional Pay Month of Pensionable Service

EXCEPT THAT

In no circumstances (in the case of a Member as at 31st December 1972) shall the pension payable be less than the Member would have been entitled to under the Pre-1973 Rules had the Pre-1973 Rules remained in force.

(ii) In respect of Pensionable Service accrued on or after 6 April 2005 by a Non-Contributing N Plan Member, a pension shall be payable at his Normal Retirement Date equal to the aggregate of (1) and (2) below:-

- (1) 1.6 per cent of the Member's Final Pensionable Earnings up to the Upper Earnings Limit, this amount shall be reduced by the State Pension Deduction and the remaining total will then be multiplied by the number of years and any additional Pay Months of Pensionable Service; and
- (2) 1.1 per cent of the Member's Final Pensionable Earnings in excess of the Upper Earnings Limit (if any) for each year and proportionately for each additional Pay Month of Pensionable Service

EXCEPT THAT

In no circumstances (in the case of a Member as at 31st December 1972) shall the pension payable be less than the Member would have been entitled to under the Pre-1973 Rules had the Pre-1973 Rules remained in force.

- (iii) In respect of Pensionable Service accrued on or after 6 April 2005 by a Contributing N Plan Member, a pension shall be payable at his Normal Retirement Date as calculated in accordance with the provisions of Rule (d)(i) above.

(e) A, T and V Plan

Such AVCs and/or ASCs (if any) paid by or in respect of a Member of the A Plan, T Plan or V Plan in accordance with Rule 1(3) or Rule 3 of Schedule C shall be utilised to provide additional benefits at his Normal Retirement Date. The accrued value of the AVCs and/or ASCs (if any) as at the A, T or V Plan Member's Normal Retirement Date together with the level of benefit to be provided by such AVCs and/or ASCs (if any) shall be agreed by the Principal Employer and the Trustee in consultation with the Actuary and shall be notified accordingly to the A Plan Member, T Plan Member or V Plan Member (as the case may be).

- (f) In addition to the pension(s) described in Rule 1(a) (b) and (c) above, there shall be payable any further pension arising from any Transfer Credits, the Q Plan or AVCs paid by the Member.

- (2) On the retirement of an Enhanced Deferred Member on his Normal Retirement Date he shall (subject to (3) below) be paid the pension calculated in accordance with (1) above by reference to his Final Pensionable Earnings and his Pensionable Service under the Defined Benefit Rules PLUS such benefits as are payable to him in respect of his membership of the Plan as an Enhanced M Plan Member.

- (3) No pension under this Rule shall:

- (g) exceed Inland Revenue Limits; or
- (h) be less than the Member's Guaranteed Minimum Pension (if applicable) from State Pension Age.

## **2. Early Retirement**

- (1) On the retirement of a B Plan Member, C Plan Member, E Plan Member or an N Plan Member before his Normal Retirement Date with the consent of the Principal Employer (except that the requirement for the consent of the Principal Employer shall not apply in the case of a C Plan Member who has attained the age of 60) and providing the Member is aged 50 or above (or at any age in the case of serious ill-health where the provisions of Rule 3 of this Schedule shall apply), he shall (subject to the other alternatives listed in Rule 1 of Schedule F) be paid a pension calculated as for normal retirement (see Rule 1

of this Schedule), by reference to his actual Final Pensionable Earnings and to his actual Pensionable Service completed to the date of retirement (unless the provisions of Rule 3 of Schedule F apply in the case of a B Plan Member or C Plan Member (as the case may be) having completed less than two years' Qualifying Service). In the case of a C Plan Member such pension shall at all times be subject to the C Plan Maximum.

- (2) Any pension under this Rule shall be reduced as advised by the Actuary to take account of early receipt as described in Rule 2(3) below (but not so as to be less than his Guaranteed Minimum Pension from State Pension Age or the Equivalent Pension Benefit (as the case may be)).
- (3) The reduction in pension to take account of early receipt of pension shall be on the following basis:
  - (a) in the event of the early retirement of a B Plan Member or C Plan Member (as the case may be) between the age of 50 and 60 (inclusive) the reduction shall be 0.25% for each complete Pay Month between the commencement date of the early retirement pension and the first day of the Pay Month falling after the date of the B Plan Member's or C Plan Member's 60th birthday; and
  - (b) no reduction shall be applied to the B Plan Member's or C Plan Member's pension described in Rule 1(a) of this Schedule in respect of the period after the first day of the Pay Month falling after the date of the C Plan Member's 60th birthday to the date of the B Plan Member's or C Plan Member's Normal Retirement Date.

- (4) In the event of the early retirement of an E Plan Member the pension described in Rule 1(b) of this Schedule shall be payable subject at all times to Inland Revenue Limits. The amount of such pension shall then be reduced to the proportion actual Pensionable Service bears to potential Pensionable Service to Normal Retirement Date. This pension shall then be reduced by 0.25% for each complete Pay Month between the commencement date of the early retirement pension and the first day of the Pay Month falling after the date of the E Plan Member's 60th birthday.
- (5) In the event of the early retirement of an N Plan Member the pension described in Rule 1(c) of this Schedule shall be payable less 0.25% for each complete Pay Month between the commencement date of the early retirement pension and the first day of the Pay Month falling after the date of the N Plan Member's 60th birthday.
- (6) In the event of the early retirement of an A Plan Member, T Plan Member or V Plan Member the level of pension to be provided by virtue of the conversion of the accrued value of his AVCs and/or ASCs shall be determined by the Trustee, Actuary or Insurance Company (as the case may be).
- (7) In the event of the early retirement of an Enhanced Deferred Member the preceding provisions of this Rule shall apply, calculated by reference to his Final Pensionable Earnings and his Pensionable Service under the Defined Benefit Rules PLUS such benefits as are payable to him in respect of his membership of the Plan as an Enhanced M Plan Member.

### **3. Ill-health Early Retirement**

- (1) In the event of the retirement of a B Plan Member, C Plan Member, E Plan Member or N Plan Member due to serious ill-health (irrespective of age) proved to the satisfaction of the Trustee and the Principal Employer and provided such breakdown in health complies with the requirements relating to "Incapacity" as set out from time to time by the Board of Inland Revenue, the Benefits Allocation Committee, following consultation with the Member, shall grant at its sole discretion (unless it is decided to grant a disability benefit under the terms and conditions of the Sickness Plan) an immediate pension to the Member as follows:

- (a) B Plan and C Plan

a pension shall be calculated in accordance with Rule 1(1)(a)(i) or (ii) of this Schedule (whichever the case may be) in respect of the Pensionable Service completed by the B Plan Member or C Plan Member (as the case may be) to the date of actual retirement PLUS, in respect of the Pensionable Service the B Plan Member or C Plan Member (as the case may be) would have completed had he remained in Pensionable Service to his Normal Retirement Date, such additional

pension (if any) as the Benefits Allocation Committee shall in its absolute discretion determine;

LESS 0.25% for each complete Pay Month between the commencement date of the ill-health early retirement pension and the first day of the Pay Month falling after the date of the B Plan Member's or C Plan Member's 60th birthday.

(b) E Plan

a pension shall be calculated in accordance with Rule 1(1)(b) of this Schedule. In respect of the Pensionable Service the E Plan Member would have completed had he remained in Pensionable Service to his Normal Retirement Date, an additional pension may be granted by the Benefits Allocation Committee at such level as it shall, in its absolute discretion, determine;

LESS 0.25% for each complete Pay Month between the commencement date of the ill-health early retirement pension and the first day of the Pay Month falling after the date of the E Plan Member's 60th birthday.

(c) N Plan

a pension shall be calculated in accordance with Rule 1(1)(e) of this Schedule. In respect of the Pensionable Service the N Plan Member would have completed had he remained in Pensionable Service to his Normal Retirement Date, an additional pension may be granted by the Benefits Allocation Committee at such level as it shall, in its absolute; discretion determine;

LESS 0.25% for each complete Pay Month between the commencement date of the ill-health early retirement pension and the first day of the Pay Month falling after the date of the N Plan Member's 60th birthday.

In respect of any Member who is granted disability benefit under the terms and conditions of the Sickness Plan as an alternative to an ill-health retirement pension as described in this Rule provided by the Plan, the disability benefit so provided by the Sickness Plan shall cease at the Member's Normal Retirement Date and a pension shall be provided accordingly under the Plan. The amount of pension shall be calculated by reference to the provisions of Rule 1 of this Schedule and shall take into account the amount of Pensionable Service the Member has completed throughout the period in which he received disability benefit from the Sickness Plan. In no case shall the pension so calculated be less than the value of the disability benefit receivable from the Sickness Plan at the Member's Normal Retirement Date (on the assumption that the disability benefit is calculated on the "50% basis" as described in greater detail within the terms and conditions of the Sickness Plan).

- (2) In the event of the ill-health early retirement of an Enhanced Deferred Member the provisions of sub-Rule (1)(a), (b) or (c) above shall apply (as applicable), calculated by reference to his Final Pensionable Earnings and his actual Pensionable Service under the Defined Benefit Rules PLUS such benefits as are payable to him in respect of his membership of the Plan as an Enhanced M Plan Member.

#### **4. Late Retirement**

- (1) Where a Member reaches Normal Retirement Date and elects to postpone the payment of his pension benefits accrued under these Defined Benefit Rules and remain in Service as a Postponed Retiree, such Postponed Retiree shall within three months prior to his Normal Retirement Date elect to have his pension calculated on the basis of either (2) or (3) below.
- (2) Subject to (3) below, on his retirement, a Postponed Retiree shall be entitled to a pension calculated as for normal retirement in accordance with Rule 1 of this Schedule by reference to his Pensionable Service and his Final Pensionable Earnings at his actual retirement date.
- (3) Where a Postponed Retiree has not elected to have his pension calculated on the basis of (2) above, the Postponed Retiree shall be entitled to a pension calculated as for normal retirement in accordance with Rule 1 of this Schedule as if he had retired when he reached his Normal Retirement Date, and such pension shall be subject to increase on a basis certified as reasonable by the Actuary having regard to:
  - (a) the period of postponement after Normal Retirement Date; and
  - (b) Clause 4 of Part XI (which concerns the increase of any Guaranteed Minimum Pension, receipt of which is postponed beyond State Pension Age)".
- (4) In respect of a female N Plan Postponed Retiree the pension at the level described in Rule 1(c) of this Schedule shall continue to be granted to the female until the age of 65 or actual date of retirement, if earlier.
- (5) In relation to the provisions of this Rule the consent of the Postponed Retiree must be obtained for any postponement of payment of pension if such postponement continues or occurs more than five years after State Pension Age.
- (6) The Postponed Retiree's pension shall commence from such date as shall be agreed between the Trustee and the Principal Employer and the Postponed Retiree PROVIDED THAT such date shall not be later than the date of his actual retirement from Service nor, if he left Service prior to his Normal Retirement Date, later than his 70th birthday.

## 5. Lump Sum Option

- (1) Before a pension becomes payable to a Member or former Member under the Plan, he may by written notice to the Trustee require that he be paid a lump sum in place of some or all of that part of his pension which exceeds his Guaranteed Minimum Pension and/or Equivalent Pension Benefit. The amount of such lump shall be calculated in accordance with the provisions shown below:

(2) C Plan and E Plan

- (a) In respect of a C Plan Member or E Plan Member who is either a Class A or Class B Entrant the amount of lump sum shall be calculated in accordance with the following calculation:

$$\frac{N}{NS} \cdot C \quad \text{where:}$$

N = the number of years and Pay Months of actual Pensionable Service (up to a maximum of 40 years);

NS = the number of years and Pay Months of actual and potential Pensionable Service to Normal Retirement Date (up to a maximum of 40 years); and

C = the permitted level of lump sum appropriate to the period of actual and potential Pensionable Service as shown in the Table below and then multiplied by Final-Pensionable Earnings.

<u>Years of Pensionable Service</u>	<u>80ths plus a proportionate amount for any additional Pay Month</u>
1-8	3 for each year
9	30
10	36
11	42
12	48
13	54
14	63
15	72
16	81
17	90
18	99
19	108
20 or more	120 of Final Pensionable Earnings

- (b) In respect of a C Plan Member or E Plan Member who is a Class C Entrant and in respect of all B Plan Members, the lump sum shall be calculated on the basis of 3/80ths of his Final Pensionable Earnings for each year together with a proportionate amount for each additional Pay Month of Pensionable Service, subject to a maximum of 40 years to count.

- (c) In respect of all Members no lump sum provided by the Plan shall exceed the maximum lump sums allowable under the provisions of Clause 1 or Clause 3 of Part X of the Trust Deed. In the event of the lump sum calculated in accordance with this Rule exceeding, in respect of any Member, the limits described in Clause 1 or Clause 3 of Part X of the Trust Deed then the lump sum shall be calculate in accordance with Part X of the Trust Deed accordingly.
- (3) In respect of an N Plan Member the lump sum shall be calculated on the basis of 3/80ths of his Final Pensionable Earnings for each year together with a proportionate amount for each additional Pay Month of Pensionable Service, subject to a maximum of 40 years to count.
- (4) Where a lump sum is paid under this Rule:
  - (a) the pension of the payee shall be reduced on a basis certified as reasonable by the Actuary (but not so as to be less than his Guaranteed Minimum Pension from State Pension Age and/or Equivalent Pension Benefit (as the case may be)); and
  - (b) the lump sum shall not exceed Inland Revenue Limits, or such lesser amount as the Actuary advises.
- (5) A Postponed Retiree (other than a Class C Entrant) may receive his lump sum under this Rule either on reaching his Normal Retirement Date or on later retirement

## **6. Allocation of Pension to Dependants**

Before a pension becomes payable to a Member or former Member under the Plan, he may by written notice to the Trustee require that he be paid a reduced pension, on condition that if upon his death he is survived by one or more persons nominated by him, each such person shall become entitled to a pension for the remainder of his life, and in respect of any such election:

- (a) the election shall only be made effective to the extent that any person nominated by him is a Spouse, Eligible Child or Dependant of his at the date of his death;
- (b) the pension paid to any person nominated by him shall be of an amount decided by the Trustee having considered the advice of the Actuary, but shall not when added to all other pensions payable to persons nominated by him under this Rule exceed the amount of the reduced pension of the Member or former Member; and
- (c) the election shall not operate so as to reduce the Member's pension below his Guaranteed Minimum Pension from State Pension Age or the Equivalent Pension Benefit (as the case may be).

**7. Supplementary Pension**

- (1) In respect of Pensionable Service prior to 6 November 2006 a male B Plan Member or C Plan Member (as the case may be) or male B Plan Deferred Retiree or C Plan Deferred Retiree (as the case may be), or a female B Plan Member or C Plan Member (as the case may be) or female B Plan Deferred Retiree or C Plan Deferred Retiree (as the case may be) who (irrespective of sex) became a member on or before 5th October 1990, whose pension commences payment on or after his 60th birthday, shall be entitled from his Normal Retirement Date to receive a supplementary pension from the B Plan or C Plan (whichever is applicable) between his Normal Retirement Date and age 65. Such supplementary pension shall be equal to:

- (a) In respect of a qualifying male B Plan Member or C Plan Member or male B Plan Deferred Retiree or C Plan Deferred Retiree

The State Pension Deduction multiplied by the years and Pay Months of Pensionable Service except that, in the case of a Transferring Member, it shall be calculated by reference only to the years and Pay Months of B Plan Pensionable Service or C Plan Pensionable Service (as the case may be) only (subject at all times to Inland Revenue Limits) and shall be payable in accordance with Clause 7 of Part II of the Trust Deed and shall remain at a constant level during the period of payment.

- (b) In respect of a qualifying female B Plan Member or C Plan Member or female B Plan Deferred Retiree or C Plan Deferred Retiree

The State Pension Deduction) (as defined in Schedule A) multiplied by the years and Pay Months of Pensionable Service completed on or after 16 May 1990 only except that in the case of a female Transferring Member the supplementary pension shall be calculated by reference only to the years and Pay Months of B Plan Pensionable Service or C Plan Pensionable Service (as the case may be) attributable to Pensionable Service completed on or after 16 May 1990. Such supplementary pension (subject at all times to Inland Revenue Limits) shall be payable in accordance with Clause 7 of Part II of the Trust Deed and shall remain at a constant level during the period of payment.

- (2) In respect of Pensionable Service accrued on and from 6 November 2006 to 5 August 2008, a C Plan Member or a C Plan Deferred Retiree who became a Member on or before 5 October 1990 shall be entitled from the date of commencement of payment of his C Plan pension also to receive payment of a supplementary pension from such date until age 65. Such supplementary pension shall be equal to the State Pension Deduction for a year of Pensionable Service (and pro rata for completed Pay Months of Pensionable

Service) on and from 6 November 2006 to 5 August 2008. In the event that payment of the supplementary pension commences prior to age 63 the supplementary pension shall be reduced in respect of such period of early payment prior to age 63 on a basis intended to be cost neutral to the Plan as the Trustee shall determine, having received advice from the Actuary.

- (3) With effect from 6 August 2008, and in respect of Pensionable Service accrued on and from that date, a C Plan Member or C Plan Deferred Retiree who became a Member on or before 5<sup>th</sup> October 1990 shall be entitled from the date of commencement of payment of his C Plan pension also to receive payment of a supplementary pension from such date until age 65. Such supplementary pension shall be calculated at the rate of 0.25% of a single person's basic State Pension calculated over the 12 month period immediately preceding the date of retirement, death or termination of Pensionable Service for each year of Pensionable Service (and pro rata for completed Pay Months of Pensionable Service) from 6 August 2008. In the event that payment of the supplementary pension commences prior to age 60 the supplementary pension shall be reduced in respect of such period of early payment prior to age 60 on such basis as the Trustee shall determine, having received advice from the Actuary. For the purposes of this Rule 7(3), the term "a single person's basic State Pension" means the basic pension applicable to a single person who is entitled to a Category A retirement pension under section 44 of the Social Security Contributions and Benefits Act 1992.

## **8. Overseas IBM Service**

- (1) Subject to (2) below, in the case of a Member or Deferred Retiree who has been granted additional Pensionable Service by virtue of service (other than assignment as described in Rule 4(2) of Schedule F) completed with a company within the IBM group of companies other than within the United Kingdom, any pensions held in the form of deferred benefits in any arrangements operated by any IBM company outside the United Kingdom shall, on the basis of any appropriate advice received from the Actuary, be deducted in whole or in part at such date or dates as such entitlement to payment of the pension or pensions accrued outside the United Kingdom arises from the pension calculated in accordance with Rule 1 of this Schedule. The value of such pensions held outside the United Kingdom shall be calculated by converting such pensions to pounds sterling on the basis of the appropriate exchange rate or rates at the date of payment of the pension accrued overseas.
- (2) Subject to (3) below, with effect from 5 October 2008, any benefits that are due to come into payment under the Plan to or in respect of a Member or Deferred Retiree that include a period of Pensionable Service completed with a company within the IBM group of companies other than within the United Kingdom, shall not become payable and subsequently reduced in accordance with the provisions of Rule 8(1) above but shall

instead be recalculated immediately prior to the benefit coming into payment under the Plan so as to provide a pension payable for life that is actuarially equivalent to the pension that the Member or Deferred Retiree would have received under Rule 8(1). For the purposes of this Rule 8(2), (a) actuarial equivalence shall be determined by the Actuary immediately prior to the date that the pension comes into payment under the Plan in accordance with the provisions of Section 67C of the Pensions Act 1995 and the Occupational Pension Schemes (Modification of Schemes) Regulations 2006 (SI 2006/759) and; (b) the value of the pension or pensions (as the case may be) that have accrued outside of the United Kingdom shall be determined using the exchange rate prevailing at the time that the calculation is carried out by the Actuary for the purposes of this Rule 8(2).

- (3) Where legislation and HMRC rules have the effect that any future reduction in payment under Rule 8(1) would not result in the residual pension becoming an unauthorised member payment as defined in section 160 of the Finance Act 2004, Rule 8(2) shall not apply.
- (4) Where the provisions of Rule 8(2) have been applied and the Trustee subsequently becomes aware that the information on which the calculation under 8(2) was based was factually incorrect or incomplete, the Trustee shall instruct the Actuary to recalculate the pension in accordance with (2) above using the exchange rate prevailing at the time of the initial calculation. For the avoidance of doubt, for the purposes of this Rule 8(4) "information" shall not include any assumptions adopted by the Actuary when the initial calculation is carried out under Rule 8(2). Following this recalculation, the pension payable from the Plan shall be increased or decreased by the Trustee on the advice of the Actuary. Any overpayments shall be recovered by the Trustee and where an underpayment has been made, the recalculated pension shall be paid together with any arrears payable as a result.
- (5) The Member must have completed 12 Pay Months' Pensionable Service as a B Plan Member, C Plan Member, E Plan Member or N Plan Member (as the case may be) before the provisions of this Rule shall be deemed applicable.

## **9. Increases to Pensions in Payment**

- (1) Subject to (3) and (4) below, all pensions (excluding those described in (2) below) and allowances in the course of payment in respect of a B Plan, C Plan, E Plan or N Plan Member together with pensions and allowances secured from AVCs and/or ASCs remitted to the A, T or V Plan by or on behalf of a Member shall be increased by such amount as the Trustee, with the consent of the Principal Employer, shall from time to time determine on the basis of advice from the Actuary provided that no such increase granted

shall be of an amount which would prejudice Approval and subject to the provisions of the 1995 Act.

- (2) The increase described in (1) above shall not apply to:
  - (a) Guaranteed Minimum Pension or spouse's Guaranteed Minimum Pension; and
  - (b) the Supplementary Pension (if any); and
  - (c) any pension payable from the Q Plan; and
  - (d) any pension payable from arrangements known as the "VA", "VB" or "VO" plans; and
  - (e) any pensions deriving from investments held with the Friends' Provident Life Office and/or the General Accident Life Assurance Limited (formerly Provident Mutual Life Assurance Association).
- (3) For a period of 15 years commencing on 6 April 2006 all pensions (excluding those described in (2) above) and allowances in the course of payment in respect of a B Plan, C Plan, E Plan or N Plan Member in respect of Pensionable Service accrued prior to 6 April 1997 together with pensions and allowances secured from contributions remitted to the A, T or V Plan by a Member which were awarded on the basis of discretionary pension increases in payment shall be increased annually on 6 April by the applicable rate as set out in (4) below.
- (4) The applicable rate of increase referred to in (3) above is as follows:-
  - (i) for the increase awarded on 6 April 2006, 60% of the increase in the Index of Retail Prices as published 2 months prior to the date of increase in respect of the previous 10 months, subject to a maximum increase in the Index of Retail Prices of 4%;
  - (ii) for increases awarded on 6 April 2007 and each subsequent increase until 6 April 2010 inclusive, 60% of the increase in the Index of Retail Prices as published 2 months prior to the date of increase in respect of the previous 12 months, subject to a maximum increase in the Index of Retail Prices of 4%; and
  - (iii) for increases awarded on 6 April 2011 and each subsequent increase to 6 April 2020 inclusive, 50% of the increase in the Index of Retail Prices as published 2 months prior to the date of increase in respect of the previous 12 months, subject to a maximum increase in the Index of Retail Prices of 5%.

- (5) Nothing in sub-Rules (3) and (4) above shall prevent the Trustee from making requests to the Principal Employer to consider additional increases on an ad hoc basis.
- (6) For the avoidance of doubt, in the event that no further agreement is reached between the Principal Employer and the Trustee at the expiry of the period referred to in (4) above, the provisions of (1) above shall apply.
- (7) The provisions of sub-Rules (3) and (4) above shall cease to apply in the event that the termination of the Plan commences pursuant to Part VIII of the Trust Deed.

**SCHEDULE E**  
**DEATH BENEFITS**

**1. Death of a B Plan Member or C Plan Member**

(1) On the death of a B Plan Member or C Plan Member:

(a) the Trustee shall hold a lump sum on Discretionary Trusts, equal to:-

- (i) (providing that no Spouse's, Dependant's pension or Child's Allowance is to be paid) the contributions the B Plan Member or C Plan Member or Postponed Retiree (as the case may be) has paid into the B Plan or C Plan (whichever is applicable) in accordance with Rule 2 of Schedule C and any contributions paid in respect of the Member or Postponed Retiree under Rule 1(2) of Schedule C; and
- (ii) such AVCs (if any) paid by the B Plan Member or the C Plan Member or Postponed Retiree in accordance with Rule 3 of Schedule C and/or ASCs (if any) paid in respect of a Member or Postponed Retiree under Rule 1(3) of Schedule C;

together with interest calculated at such rate as the Principal Employer and the Trustee in consultation with the Actuary shall deem applicable from time to time;

- (b) if the Member leaves a Spouse, a pension for life shall be payable to the Spouse equal to fifty per cent of the pension the Member would have received had he remained in Pensionable Service up to his Normal Retirement Date but calculated by reference to the Final Pensionable Earnings appropriate at the date of death PLUS fifty per cent of the pension granted from a Transfer Credit received by the Plan on or before 31st December 1991 and in the case of a Transfer Credit received by the Plan on or after 1st January 1992, the accrued value of such Transfer Credit shall be used by the Trustee to secure a pension for such Spouse or Dependant as the Trustee considers appropriate. Irrespective of the date of receipt such element of the Transfer Credit (if any) which relates to any Guaranteed Minimum Pension shall be used to provide. If applicable, a Spouse's Guaranteed Minimum Pension; and
- (c) if he leaves an Eligible Child, an allowance shall be paid (in addition to the pension described in (b) above or (d) below (if any)) in accordance with Rule 11 of this Schedule in respect of each such Eligible Child;

- (d) if he leaves no Spouse (or leaves a Spouse who subsequently dies), the Trustee may pay pensions or allowances to one or more of his Dependants in accordance with Rule 12 of this Schedule; and
- (e) if he leaves a Legal Spouse who is not a Spouse, the Legal Spouse shall be paid a Spouse's Guaranteed Minimum Pension.

## **2. Death of an E Plan Member**

On the death of an E Plan Member the Trustee shall hold a lump sum on Discretionary Trusts, equal to the excess over the maximum life assurance benefit payable under the "IBM Group Life Assurance Plan" having regard to the limit described in Clause 4 of Part X of the Trust Deed and the actual benefit payable. Such sum shall be applied by the Trustee to provide a pension for a Spouse and/or Eligible Child and/or Dependant of the E Plan Member. Such pension shall be secured under the E Plan and be payable in accordance with Clause 7 of Part II of the Trust Deed.

## **3. Death of an N Plan Member**

On the death of an N Plan Member:

- (a) if he leaves a Spouse, a pension for life shall be payable equal to fifty per cent of the pension accrued to the N Plan Member at the date of death PLUS 50 per cent of the pension granted from a Transfer Credit received by the Plan on or before 31st December 1991 and, in the case of a Transfer Credit received by the Plan on or after 1st January 1992, the accrued value of such Transfer Credit shall be used by the Trustee to secure a pension for such Spouse or Dependant as the Trustee considers appropriate. Irrespective of the date of receipt such element of the Transfer Credit (if any) where additional Guaranteed Minimum Pension was granted shall be used to provide, if applicable, a Spouse's Guaranteed Minimum Pension; and
- (b) if he leaves an Eligible Child an allowance shall be paid (in addition to the pension described in (a) above (if any)) in accordance with Rule 11 of this Schedule in respect of each such Eligible Child; and
- (c) the Trustee shall hold a lump sum on Discretionary Trusts (providing no pension is being paid under (a) or (b) of this Rule) equal to the contributions the Contributing N Plan Member has paid whilst a Contributing N Plan Member in accordance with Rule 2(3) of Schedule C and any contributions paid in respect of him under Rule 1(2) of Schedule C together with interest calculated at such rate as the Principal Employer and the Trustee in consultation with the Actuary shall deem applicable from time to time.

**4. Death of an A Plan Member, T Plan Member or V Plan Member or a Deferred Retiree**

- (1) On the death of an A Plan Member or Deferred Retiree or T Plan Member or Deferred Retiree (as the case may be) the Trustee shall hold a lump sum on Discretionary Trusts equal to the accrued value of the AVCs and/or ASCs paid by the Member under Rule 3 of Schedule C and any contributions paid in respect of him under Rule 1(3) of Schedule C as determined by the Principal Employer and the Trustee in consultation with the Actuary in respect of the period commencing with the A Plan Member or T Plan Member's first payment of a voluntary contribution and ending with the date such accrued AVCs and/ or ASCs are applied by the Trustee under Discretionary Trusts.
- (2) On the death of a V Plan Member or Deferred Retiree the amount of AVCs and/or ASCs paid by the V Plan Member to the date of death, shall be held by the Trustee on Discretionary Trusts.

**5. Death of a B Plan Retiree, C Plan Retiree, B Plan Postponed Retiree, or C Plan Postponed Retiree**

- (1) On the death of a B Plan Retiree or C Plan Retiree (other than a person who was transferred to the Plan as a Retiree under Clause 1 of Part VI of the Trust Deed):
  - (a) If he died within five years of the commencement of his pension, the Trustee shall hold a lump sum on Discretionary Trusts, equal to the unpaid balance of the pension disregarding any Supplements Pension being paid in accordance with Rule 7 of Schedule D (if applicable) which would have been paid had he survived until the expiry of five years from the commencement of his pension (disregarding any increase in the rate of pension which would have arisen after his actual date of death) LESS annual amount of the Spouse's and Dependant's pension (if any) payable from the date of the Retiree's death;
  - (b) if he leaves a Spouse, she shall be paid a pension for life equal to fifty per cent of the pension the deceased would have been receiving at the date of his death (excluding any Supplementary Pension) if he had not surrendered any pension at retirement for a lump sum as described in Rule 5 of Schedule D and had his benefits not been subject to any order of the Court pursuant to Section 166 of the 1995 Act;
  - (c) if he leaves an Eligible Child, an allowance shall be paid in accordance with Rule 11 of this Schedule in respect of each such Child;

- (d) If he leaves no Spouse (or leaves a Spouse who subsequently dies), the Trustee may pay pensions or allowances to one or more of his Dependants in accordance with Rule 12 of this Schedule;
  - (e) if he received a reduced pension in accordance with Rule 6 of Schedule D, the Trustee shall pay any pension arising from the exercise by the deceased of the option under that Rule; and
  - (f) if he leaves a Legal Spouse who is not a Spouse (as defined in Schedule A), the Legal Spouse shall be paid a Spouse's Guaranteed Minimum Pension.
- (2) On the death of a B Plan Postponed Retiree or C Plan Postponed Retiree, he shall be treated as if he had retired on the day preceding his death.

**6. Death of an E Plan Retiree or N Plan Retiree or E Plan Postponed Retiree or N Plan Postponed Retiree**

- (1) On the death of an E Plan Retiree or N Plan Retiree:
- (a) if he died within five years of the commencement of his pension, the Trustee shall continue payment of the pension being received by the E Plan Retiree's or N Plan Retiree's Spouse or Dependants until such as the total of sixty monthly payments (which shall include such payments made to the Retiree during his lifetime) have been paid at which time the pension described in Rule 6(b) below shall then become payable except that, in the case of the death of an E Plan Postponed Retiree or N Plan Postponed Retiree, the Trustee shall hold a lump sum on Discretionary Trusts, calculated on the basis of an amount equal to the unpaid balance of his pension (the level of pension being calculated as if the maximum lump sum had been paid calculated in accordance with Rule 5 of Schedule D);
  - (b) if he leaves a Spouse, she shall be paid a pension for life (adjusted in accordance with Rule 10 of this Schedule) equal to fifty per cent of the pension the deceased would have been receiving at the date of his actual retirement had no account been taken of the reduction of pension as a result of receiving a lump sum in accordance with Rule 5 of Schedule D;
  - (c) if he leaves an Eligible Child, an allowance shall be paid to such Eligible Child (after the sixty monthly instalments described in Rule 6(a) of this Schedule have been paid) in accordance with Rule 11 of this Schedule;
  - (d) if the deceased received a reduced pension in accordance with Rule 6 of Schedule D, the Trustee shall pay any pension arising from the exercise by the deceased of the option under that Rule (subject to Inland Revenue Limits); and

- (e) if he leaves a Legal Spouse who is not a Spouse the Legal Spouse shall be paid a Spouse's Guaranteed Minimum Pension.
- (2) On the death of an E Plan Postponed Retiree or N Plan Postponed Retiree, he shall be treated as if he had retired on the day preceding his death Provided that an amount equal to the maximum lump sum described in (1)(a) above shall be held by the Trustee on Discretionary Trust.

#### **7. Death of a B Plan Deferred Retiree or C Plan Deferred Retiree**

On the death of a B Plan Deferred Retiree or C Plan Deferred Retiree (other than a person who was transferred to the Plan as a Deferred Retiree under Clause 1 of Part VI of the Trust Deed):

- (a) the Trustee shall hold a lump sum on Discretionary Trusts, (providing no pension is being paid under (b) (c) (d) or (e) of this Rule) equal to the amount of the contributions he paid to the B Plan or C Plan (whichever is applicable) and the amount of any contributions paid in respect of him under Rule 1(2) of Schedule C during his period of membership plus such interest as the Actuary deems appropriate from time to time;
- (b) if he leaves a Spouse, she shall be paid a pension for life (adjusted in accordance with Rule 10 of this Schedule) equal to fifty per cent of the annual amount of his deferred pension (but by reference only to that proportion of the deferred pension that relates to C Plan Pensionable Service) under Rule 2 of Schedule F revalued only up to the date of his death;
- (c) if he leaves an Eligible Child, an allowance shall be paid in accordance with Rule 11 of this Schedule in respect of each such Eligible Child;
- (d) if he leaves no Spouse (or leaves a Spouse who subsequently dies), the Trustee may pay pensions or allowances to one or more of his Dependants in accordance with Rule 12 of this Schedule; and
- (e) if he leaves a Legal Spouse who is not a Spouse (as defined in Schedule A), the Legal Spouse shall be paid a Spouse's Guaranteed Minimum Pension.

#### **8. Death of an E Plan Deferred Retiree**

On the death of an E Plan Deferred Retiree, if he leaves a Legal Spouse she shall be paid a Spouse's Guaranteed Minimum Pension.

## **9. Death of an N Plan Deferred Retiree**

On the death of an N Plan Deferred Retiree, if he leaves a Legal Spouse, she shall be paid:

- (a) in respect of a death that occurs on or before 5th April 1997 a Spouse's Guaranteed Minimum Pension; and
- (b) in respect of a death that occurs on or after 6th April 1997 a pension shall be paid to the Spouse equal to one half of that element of the deferred pension accrued in respect of Pensionable Service (if any) accrued on or after 6th April 1997 plus the Spouse's Guaranteed Minimum Pension in respect of Pensionable Service completed up to and including 5th April 1997 revalued to the date of death; and
- (c) the Trustee shall hold a lump sum on Discretionary Trusts (providing no pension is being paid under (a) or (b) of this Rule) equal to the contributions the Contributing N Plan Member has paid whilst a Contributing N Plan Member in accordance with Rule 2(3) of Schedule C and any contributions paid in respect of him under Rule 1(2) of Schedule C together with interest calculated at such rate as the Principal Employer and the Trustee in consultation with the Actuary shall deem applicable from time to time.

## **10. Adjustment of Spouse's Pension**

Any pension payable to a Spouse under this Schedule shall be subject to the following adjustments:

- (a) any Transfer Credits or AVCs and/or ASCs in respect of the deceased shall be disregarded to the extent that they do not rank for a Spouse's pension;
- (b) the deceased shall be treated as not having exercised any option to receive a lump sum under Rule 5 of Schedule D or to allocate any of his pension under Rule 6 of Schedule D;
- (c) the Spouse's pension shall be reduced by the amount of any Guaranteed Minimum Pension actually being paid to a separate Legal Spouse.

## **11. Child's Allowance**

- (1) If a B Plan Member, C Plan Member, E Plan Member or N Plan Member, Postponed Retiree, Retiree or Deferred Retiree dies leaving an Eligible Child, there shall be payable:
  - (a) for each Eligible Child up to a maximum of three, one-third of the appropriate Spouse's or Dependant's pension (as the case may be) for each such Eligible Child

or if no Spouse's or Dependants pension (as the case may be) is payable or ceases to be payable one third of the pension payable at the date of the deceased's death; and

- (b) in the case of there being four or more Eligible Children, a pension equal to the appropriate Spouse's or Dependant's pension payable, or if no Spouse's or Dependant's pension is payable or ceases to be payable, an amount equal to the Member's pension at the date of the Member's death shall be payable divided equally amongst such Eligible Children. In the event of the death of an Eligible Child or a Child ceasing to be an Eligible Child the pension payable to such Eligible Child shall be divided equally amongst the remaining Eligible Children until such time as there are three or less Eligible Children in which case the provisions of (1)(a) above shall apply.
- (2) In the event of there being no Eligible Child all pension payable to such Eligible Child shall cease immediately.
- (3) The Trustee may pay any allowance under this Rule to the Eligible Child's parent or guardian, or to any person under whose care and control he appears to be (without being bound to ascertain whether the payee has the right to the care and control of the Child). The Trustee shall not be obliged to supervise, or be responsible for the application of any amount so paid and the provisions of Clause 13 of Part II of the Trust Deed shall also be deemed to apply.
- (4) The Trustee may apply all or part of any allowance under this Rule towards the education or other benefit of the Child as it thinks fit.

## **12. Dependant's Pension**

- (1) If a B Plan Member, C Plan Member, E Plan Member or N Plan Member, Postponed Retiree, Retiree or Deferred Retiree dies leaving no Spouse (or leaving a Spouse who subsequently dies), the Trustee may (subject to (2) below) pay such pensions or allowances to one or more of the deceased's Dependants as it thinks fit, having regard to the advice of the Actuary as to the amount of pension or allowance to be payable.
- (2) The total amounts paid under this Rule shall not exceed the pension that would otherwise have been payable to a surviving Spouse (less any Guaranteed Minimum Pension actually being paid to a Legal Spouse but in addition to any Children's allowances being paid under the preceding Rule).

## **13. Life Assurance for a Retiree**

- (1) On the death of an E Plan Retiree who dies:

- (a) or before 5th July 1988, a lump sum shall have been payable upon Discretionary Trusts equal to an amount calculated in accordance with the Table set out in (4) below according to the number of years of Pensionable Service completed by the Member;
- (b) on or after 6th July 1988 a lump sum shall be payable under Discretionary Trusts equal to one quarter of the pension receivable by the E Plan Retiree at the date of death subject in all cases to a maximum of £700 PROVIDED THAT if the Table set out in (4) below provides a greater benefit then the benefit described in the Table shall be paid under Discretionary Trusts accordingly.
- (2) On the death of an N Plan Retiree, a lump sum shall be payable upon Discretionary Trusts equal to one quarter of the pension receivable by the N Plan Retiree at the date of death subject in all cases to a maximum of £700 PROVIDED THAT if the Table set out in (4) below provides a greater benefit then the benefit described in the Table shall be paid upon Discretionary Trusts accordingly.
- (3) On the death of a B Plan Retiree or C Plan Retiree:
- (a) who became a B Plan Member or C Plan Member (whichever is applicable on or before 30th September 1991, a lump sum shall be payable upon Discretionary Trusts equal to one quarter of the pension receivable by the B Plan Retiree or C Plan Retiree (whichever is applicable) at the date of death (ignoring any element of pension surrendered to provide a lump sum as described in Rule 5 of Schedule D) subject in all cases to a maximum of £1,000;
- (b) who became a B Plan Member or C Plan Member (whichever is applicable) on or after 1st October 1991, no lump sum shall be payable.
- (4) The Table referred to in (1) and (2) above is as follows:

<u>Years of Pensionable Service</u>	<u>Amount of Benefit</u>	<u>Years of Pensionable Service</u>	<u>Amount of Benefit</u>
	£		£
5	135	28	342
6	144	29	351
7	153	30	360
8	162	31	369
9	171	32	378
10	180	33	387
11	189	34	396
12	198	35	405
13	207	36	414
14	216	37	423
15	225	38	432
16	234	39	441
17	243	40	450
18	252	41	459

<u>Years of Pensionable Service</u>	<u>Amount of Benefit</u>	<u>Years of Pensionable Service</u>	<u>Amount of Benefit</u>
	£		£
19	261	42	468
20	270	43	477
21	279	44	486
22	288	45	495
23	297	46	504
24	306	47	513
25	315	48	522
26	324	49	531
27	333	50	540

#### **14. Death of an Enhanced Deferred Member**

On the death of an Enhanced Deferred Member the pension shall be payable pursuant to Rule 1 or 3 of this Schedule or the Relevant Benefit Provisions (as appropriate), calculated by reference to his Final Pensionable Earnings and his actual Pensionable Service under the Defined Benefit Rules PLUS such benefits as are payable to him in respect of his membership of the Plan as an Enhanced M Plan Member.

**SCHEDULE F**  
**BENEFITS FOLLOWING TERMINATION OF PENSIONABLE SERVICE**

**1. Range of Alternatives**

- (1) A Member who terminates Pensionable Service before his Normal Retirement Date shall receive his benefits in any one of the following ways which is available to him:
  - (a) an immediate ill-health pension (see Rule 3 of Schedule D); or
  - (b) an immediate early retirement pension (see Rule 2 of Schedule D); or
  - (c) a deferred pension (see Rule 2 of this Schedule); or
  - (d) a refund of his contributions (see Rule 3 of this Schedule); or
  - (e) the Cash Equivalent of his accrued rights transferred either to another Retirement Benefits Scheme, a Personal Pension Scheme, C policy approved under Section S91(2)(g) of the 1988 Act or such other arrangement as may be acceptable to the Board of Inland Revenue or used to purchase an annuity scheme.
- (2) If more than one of the alternatives listed in (1) above is available to the Member, he may choose which of those alternatives is to apply to him.

**2. Deferred Benefits**

- (1) A Member who terminates Pensionable Service before his Normal Retirement Date having completed two years' Qualifying Service shall (subject to the other alternatives listed in Rule 1 of this Schedule) become a Deferred Retiree and be paid the benefits set out in (2) below ("Deferred Benefits") payable from the date stated in (3) below.
- (2) A Member's Deferred Benefits under this Rule shall be a pension calculated as for normal retirement (see Rule 1 of Schedule D) by reference to his actual Pensionable Service and actual Final Pensionable Earnings at the date of termination of Pensionable Service, subject to increase in accordance with Rule 5 of this Schedule.
- (3) Deferred Benefits shall be payable from:
  - (a) the Deferred Retiree's Normal Retirement Date;
  - (b) any date not earlier than age 50 but subject in all cases to the prior agreement of the Principal Employer in the case of a Deferred Retiree who is in Service at the

date the Deferred Retiree requests payment of pension (subject to actuarial reduction);

- (c) any date not later than age 75 that the Deferred Retiree shall elect, provided that his Deferred Benefits shall be subject to increase on a basis intended to be cost neutral to the Plan and certified as reasonable by the Actuary having regard to the period of postponement after Normal Retirement Date and Clause 4 of Part XI; or
- (d) any date which the Trustee may allow following a breakdown in health of the Deferred Retiree (subject to any reduction advised by the Actuary) but not so that he receives less than his Guarantee Minimum Pension from State Pension Age or Equivalent Pension Benefit (as the case may be).

### **3. Termination of Pensionable Service with less than two years' Qualifying Service**

- (1) Any B Plan Member or C Plan Member (as the case may be) who terminates Pensionable Service before his Normal Retirement Date not having completed two years' Qualifying Service shall receive (unless a request has already been made for a transfer payment) either a refund of his contributions (including any AVCs paid to the T Plan or Member's Credit) plus such interest as the Actuary shall deem appropriate from time to time LESS:
  - (a) the Member's share of the Contributions Equivalent Premium in respect of him (which shall be paid to the State); and
  - (b) any tax for which the Trustee is liable as a consequence of the refund.
- (2) Where the Member returns the refund referred to in (a) above to the Trustee within 21 days of receipt and has requested (as an alternative) the Trustee to pay an immediate transfer payment then there shall be available an immediate transfer payment consisting of the value of the contributions and interest referred to in (1) above LESS the deduction already incurred under (a) above;

PROVIDED THAT if, for whatever reason, the transfer payment described in this sub-Rule cannot be paid by the Trustee within 90 days of the date of the Member's original request then, irrespective of the Member's instructions, the benefit described in (1) above shall be payable.

- (3) A Member or Postponed Retiree,
  - (a) in respect of whom an Employer has paid contributions under Rule 1(2) and/or Rule 1(3) of Schedule C; and

- (b) who terminates his Pensionable Service before his Normal Retirement Date not having completed two years' Qualifying Service but having a right to a Cash Transfer Sum pursuant to section 101AA of the 1993 Act; and
- (c) who has not elected (within such reasonable period as shall be determined by the Trustee) to receive a Cash Transfer Sum;

shall receive a payment from his Employer of an amount equal to any such contributions paid in respect of him under Rule 1(2) or 1(3) of Schedule C less any liability to account for any tax, national insurance, social security or other levy in respect of any such payment by the Employer.

#### **4. Revaluation of Deferred Benefits**

Any Deferred Benefits which a Member who terminates Pensionable Service before his Normal Retirement Date is entitled to receive under the Plan shall be subject to revaluation in respect of the period for which receipt is deferred, as follows:

- (a) any part of those benefits which constitutes a Guaranteed Minimum Pension shall be revalued as set out in Clause 5 of Part XI of the Trust Deed;
- (b) if he terminated Pensionable Service before 1st January 1991 but more than one year before his Normal Retirement Date, those benefits (excluding any to which (a) above applies) shall be increased by a percentage equal to:

$$\frac{A}{B} \cdot C \quad \text{where:}$$

- A is the Member's Pensionable Service (including any period of deemed additional Pensionable Service arising by way of Transfer Credit) completed on or after 6th December 1984;
- B is the Member's entire Pensionable Service (including any period of deemed additional Pensionable Service arising by way of a Transfer Credit); and
- C is the revaluation percentage applicable in accordance with paragraph 2 of Schedule 3 to the 1993 Act (being comparable to the percentage rise in the cost of living from the Member's termination of Pensionable Service to his Normal Retirement Date or earlier payment of Deferred Benefits, subject to a maximum of 5% per annum);

- (c) if he terminates Pensionable Service on or after 1st January 1991, those benefits (excluding those to which (a) above applies) shall be increased as set out in C of Sub-Rule (b) of this Rule.

## **5. Revaluation of Deferred Benefits for a former Enhanced Deferred Member**

If an Enhanced Deferred Member becomes a Deferred Retiree in accordance with Rule 2(b) or (c) of Schedule B, his Deferred Benefits shall be treated in accordance with the provisions of this Schedule on and from such date as he became a Deferred Retiree.

## **6. Fixed Protection Deferred Members**

- (1) Notwithstanding anything to the contrary contained in the Rules, a Member (which term shall, for the avoidance of doubt, include an Enhanced Deferred Member) who, with effect from midnight on 5 April 2012, ceased to be a Member and became a Deferred Retiree either:

- (a) in accordance with Rule 2(1)(c) of Schedule B;
- (b) as a consequence of a notice in writing from the Principal Employer to the Trustee in accordance with clause 4 of Part V of the Trust Deed; or
- (c) by way of any alternative arrangement that the Trustee decided would apply in accordance with clause 4 of Part II of the Trust Deed,

and, in any case, had given prior notification to his Employer that he wished to cease to be a Member in order to maintain so called "fixed protection" of his lifetime allowance (in accordance with paragraph 14, Schedule 18 of the Finance Act 2011) shall, with effect on and from 6 April 2012, be classified as a **"Fixed Protection Deferred Member"** and (2) below shall apply to him.

- (2) The provisions of this Schedule F shall apply to a Fixed Protection Deferred Member except that, with regard to:

- (a) entitlement to request payment of his Deferred Benefits before Normal Retirement Date other than on grounds of ill-health; and
- (b) the terms and conditions applicable to the payment of those Deferred Benefits,

he shall, for so long as he remains an Employee, as an alternative to the option to request payment of his Deferred Benefits under Rule 2(3)(b) of this Schedule, have the option to request payment of those Deferred Benefits (which, for the avoidance of doubt shall be calculated in accordance with Rule 2(2) of this Schedule) subject to the terms and conditions applicable to Members as set out in Rule 2 of Schedule D.

**IN WITNESS** WHEREOF the Principal Employer and the Trustees have hereby affixed their Common  
Seals hereto both on the day and year first written before

The Common Seal of IBM UNITED )  
KINGDOM HOLDINGS LIMITED )  
was hereunto affixed in the presence of: )

Director

Secretary

The-Common Seal of IBM UNITED )  
KINGDOM PENSIONS TRUST LIMITED )  
was hereunto affixed in the presence of: )

Director

Secretary

## **IBM PENSION**

### **DEFINED BENEFIT SECTION**

#### **INDEX**

<b>RULE TITLE</b>	<b>SCHEDULE/RULE</b>
Absence from Work	B.4
Adjustment of Spouse's Pension	E.10
Allocation of Pension to Dependents	D.6
Cessation of Membership	B.2
Child's Allowance	E.11
Death of an A Plan Member. T Plan Member or V Plan Member or a Deferred Retiree	E.4
Death of a B Plan Retiree. C Plan Retiree. B Plan Postponed Retiree, or C Plan Postponed Retiree	E.5
Death of a N Plan Member	E.3
Death of an E Plan Member	E.2
Death of an E Plan Retiree or N Plan	
Retiree or E Plan Postponed Retiree or N Plan Postponed Retiree	E.6
Death of an E Plan Deferred Retiree	E.8
Death of a B Plan Member or C Plan Member	E.1
Death of a B Plan Deferred Retiree or C Plan Deferred Retiree	E.7
Death of a N Plan Deferred Retiree	E.9
Deferred Benefits	F
Dependant's Pension	E.12
Early Retirement	D.2
Eligibility	B.1
Employer's Contribution	C.1
Ill-health Early Retirement	D.3
Increases to Pensions In Payment	D.9
Late Retirement	D.4
Life Assurance for a Retiree	E.13
Lump Sum Option	D.5
Maternity Absence	B.5
Member's AVCs	C.3
Member's Contributions	C.2
Normal Retirement	D.1
Overseas IBM Service	D.8
Range of Alternatives	F.1

<b>RULE TITLE</b>	<b>SCHEDULE/RULE</b>
Reduction, Suspension or Termination of Contributions by an Employer or Member	C.4
Resumption of Membership	B.3
Revaluation of Deferred Benefits	F.4
Supplementary Pension	D.7
Termination of Pensionable Service with less than two years' Qualifying Service	F.3

DATED 24th April 1997

---

IBM UNITED KINGDOM HOLDINGS LIMITED

and

IBM UNITED KINGDOM PENSIONS TRUST LIMITED

---

**DEED**

establishing the 1997 Money Purchase  
Section Rules of the IBM Pension Plan

---

**Consolidated as at 26 August 2016**

Nabarro LLP  
Lacon House  
Theobald's Road  
London WC1X 8RW

Tel: 020 7524 6000

**IBM PENSION PLAN**  
**MONEY PURCHASE SECTION RULES**

**CONTENTS**

Clause	Subject matter	Page
	<b>TRUST DEED .....</b>	<b>1</b>
	<b>SCHEDULE A INTERPRETATION .....</b>	<b>2</b>
	<b>SCHEDULE B MEMBERSHIP .....</b>	<b>6</b>
1.	Eligibility and Entrance .....	6
2.	Cessation of Membership .....	7
3.	Resumption of Membership .....	7
4.	Absence from Work .....	8
5.	Maternity Absence .....	8
	<b>SCHEDULE C CONTRIBUTIONS .....</b>	<b>10</b>
1.	Employer's Contributions .....	10
2.	Member's Contributions .....	11
3.	Member's Voluntary Contributions .....	11
4.	Variation, Suspension or Termination of Credits to Retirement Accounts .....	12
5.	Retirement Account .....	12
6.	Investment of Retirement Account .....	13
7.	Excess Retirement Account .....	13
8.	Pension Suspension .....	13
	<b>SCHEDULE D RETIREMENT BENEFITS .....</b>	<b>14</b>
1.	Normal Retirement .....	14
2.	Early Retirement .....	14
3.	Ill-Health Early Retirement .....	14
4.	Late Retirement .....	15
5.	Cash Lump Sum Option .....	15
6.	Open Market Option .....	16
7.	Enhanced M Plan Members .....	16
	<b>SCHEDULE E DEATH BENEFITS .....</b>	<b>17</b>
1.	Death of a Member who is a Permanent Employee .....	17
2.	Death of a Member who is a Fixed Term Contract Employee .....	18
3.	Death of a Retiree .....	18
4.	Death of a Deferred Retiree .....	18
5.	Death of a Postponed Retiree .....	19
6.	Child's Allowance .....	19
7.	Dependant's Pension .....	20
8.	Enhanced M Plan Members .....	20
	<b>SCHEDULE F TERMINATING PENSIONABLE SERVICE .....</b>	<b>21</b>
1.	Range of Alternatives .....	21
2.	Deferred Retirement Account .....	21
3.	Refund of Contributions .....	22
	<b>SCHEDULE G                      ENHANCED M PLAN MEMBERS .....</b>	<b>23</b>
1.	Scope of this Schedule .....	23
2.	Contributions .....	23
3.	Death in Service .....	24
4.	Ill Health Early Retirement - Enhanced M Plan Members who are Enhanced Deferred Members of the Plan .....	25

5.	III Health Early Retirement - Enhanced M Plan Members who are Former I Plan Members.....	25
	<b>SCHEDULE H LIMITS IMPOSED TO COMPLY WITH THE REQUIREMENTS OF THE INCOME TAX (JERSEY) LAW 1961 (AS AMENDED).....</b>	<b>27</b>

**IBM PENSION PLAN**

**DEED**

establishing

**THE MONEY PURCHASE RULES**

**DATE:** 24 April 1997

**PARTIES:**

- |                              |  |
|------------------------------|--|
| (1) "the Principal Employer" | IBM UNITED KINGDOM HOLDINGS LIMITED (Company Number 122953), whose registered office is at PO Box 41, North Harbour, Portsmouth, Hampshire PO6 3AU |
| (2) "the Trustee"            | IBM UNITED KINGDOM PENSIONS TRUST LIMITED (Company Number 1523741), whose registered office is at PO Box 41 North Harbour aforesaid.               |

**WHEREAS:**

- A. This Deed relates to the **IBM Pension Plan** (hereinafter called "the Plan") a retirement benefits scheme established under irrevocable trusts by an establishing deed made the third day of April One thousand and nine hundred and fifty seven and currently governed by the Clauses contained in a Definitive Trust Deed (hereinafter called "the Trust Deed") made on the same date and between the same parties as this Deed.
- B. Part IV of the Trust Deed enable the parties to adopt by Deed one or more separate sets of Rules applicable to those sections of the Plan's membership to which each such set of Rules is expressed to relate.
- C. The purpose of this Deed is to adopt the Rules as set out in this Deed in accordance with the power referred to in Recital B above.

NOW THIS DEED WITNESSETH AND IT IS HEREBY DECLARED AND AGREED that the Trustee by virtue of the powers conferred on it by Rule 1 of Schedule B of the 1995 Definitive Trust Deed and Rules dated 13th April 1995 is desirous, following consultation with the Actuary and with the consent of the Principal Employer, of adopting rules to govern the money purchase section of the Plan to be known as THE MONEY PURCHASE RULES.

**RULES**

**SCHEDULE A  
INTERPRETATION**

In these Rules, unless the context otherwise requires:

- (1) words denoting the masculine gender include the feminine gender;
- (2) words in the singular include the plural and vice versa;
- (3) references to any enactment include the corresponding Northern Ireland enactment (if any), in either case as amended by any other enactment;
- (4) the headings and sub-headings are for ease of reference only, and do not form part of the Rules; and
- (5) unless the context otherwise requires, words and expressions shall have the same meanings as set out in the Trust Deed and the following words and expressions have the meanings set out below:-

**"Automatic Enrolment Scheme"**

means the IBM UK Personal Pension Plan with Standard Life introduced with effect on and from 6 April 2011 or such other scheme as, in relation to an Employee, is an automatic enrolment scheme for the purposes of section 17 of the Pensions Act 2008.

**"Enhanced Contribution Cap"**

means the Earnings Cap from time to time.

**"Employer Matched Payment"**

means a contribution to the Fund by an Employer which is equal to and in addition to a Matched Contribution or, as applicable, a Notional Matched Contribution.

**"Fixed Term Contract Employee"**

means an Employee who is employed by an Employer under a contract of employment for a specified period and, at the date such individual becomes a Member in accordance with Rule 1 of Schedule B, has a period in excess of two years remaining under such contract.

**"Flex Year"**

means the period commencing on 6 July 2006 and ending on 5 April 2007 and thereafter means the period commencing on 6 April in any year from and including 6 April 2007 and ending on 5 April in the following year.

**"Former I Plan Member"**

means a member of the I Plan who has become an Enhanced M Plan Member.

**“HCI Scheme”**

means any home computing initiative scheme enabled by the Finance Act 1999 allowing an Employer to implement a tax-exempt loan for the purchase of computer equipment for an Employee to use at home.

**“Jersey Member”**

means a Member who is from time to time employed in and tax resident in the States of Jersey.

**“M Plan”**

means the section of the Plan governed by and providing money purchase benefits in accordance with the Money Purchase Rules.

**“M Plan Earnings Cap”**

means an amount equal to 2 x Earnings Cap from time to time.

**"Matched Contribution"**

means an additional contribution paid by a Member or a Postponed Retiree in accordance with Rule 3(5) of Schedule C, which shall be either 1% or 2% of his Pensionable Salary.

**“Normal Retirement Date”**

means, in respect of individuals who became Members of the M Plan prior to 1 October 2006, the last day of the Pay Month which is coincident with or, if not coincident with, the next following, the Member's 63rd birthday and, in respect of individuals who became Members of the M Plan on or after 1 October 2006, the last day of the Pay Month which is coincident with or, if not coincident with, the next following, the Member's 65th birthday.

**"Notional Matched Contribution"**

means an additional contribution equivalent in amount to the payment of a Matched Contribution which a Member or Postponed Retiree who is a Smart\* Member has elected that his Employer makes to the Fund on his behalf pursuant to You\*.

**“Paid Maternity Absence”**

means any period of temporary absence from work due to pregnancy or confinement during which a Member is entitled to statutory maternity pay or contractual remuneration.

**"Pension Suspension Member"**

means a Smart\* Member in respect of whom Rule 8 of Schedule C for the time being applies.

**“Pensionable Salary”**

means in relation to a Member of the Money Purchase Section means the greater of:-

- (i) his gross basic remuneration from the Employer during the relevant period:-

EXCLUDING:-

bonuses;

- commission;
  - overtime earnings;
  - benefits in kind;
  - any allowance payable to a Member in lieu of a motor car normally supplied by an Employer;
  - any element of shift allowance;
  - any payment made to the Member in lieu of all or part of surrendered holiday entitlement;
  - any London Allowance;
  - any payment made to the Member under the Customer Satisfaction Plan;
  - any payment made to the Member under the Business Achievement Incentive and/or the Sales Incentive Plan;
  - any payment made to the Member under any announced Variable Pay Scheme;
  - any other fluctuating emoluments; and
  - any other additional monetary amounts (if any) payable by way of, or in respect of, expenses incurred whether or not such additional monetary amounts are taxable; OR
- (ii) if the Member's earnings are subject to an incentive plan, his Reference Salary excluding an amount equal to the London Allowance (where applicable).

In respect of this definition the following applies:-

- (a) in the event of a Member being absent from work as a result of illness or injury, the provisions of Rule 4 of Schedule B shall apply and deductions made (if any) to the benefit derived from the Sickness Plan (at such levels as set out under the terms and conditions of the Sickness Plan) as a result of the absent Member receiving (or the Employer deems him to be receiving) State social security, sickness or invalidity benefits then such deductions shall be ignored for the purposes of determining "Pensionable Salary"; and
- (b) a certificate (or such other form of statement as may be deemed acceptable) prepared by an Employer as to the amount of Pensionable Salary shall be final and conclusive; and
- (c) if on account of ill-health, the Member's total remuneration shall at any time have been reduced, with a result that in the opinion of the Principal Employer, it is decreased to an amount smaller than would but for ill-health have been the case, then "Pensionable Salary" shall mean in relation to such Member such amount as the Principal Employer shall determine not exceeding that which would have been the amount of such Member's Pensionable Salary if no such decrease had been effective; and
- (d) in the case of a Member who is a Class C Entrant, the calculation of "Pensionable Earnings" shall not exceed the Earnings Cap;
- (e) in the case of a Member receiving any reduction in taxable earnings that has taken place directly due to the Member or Postponed Retiree agreeing to a reduction in gross basic remuneration on joining the HCI Scheme, participating in You\* and/or becoming a Smart\* Member, such reduction in gross basic remuneration shall be ignored for the purposes of calculating Pensionable Salary.

**“Pensionable Service”**

means complete years and Pay Months (which shall be deemed to include the full Pay Month in which the Employee became a Member) of Service whilst a Member or an Enhanced M Plan Member.

**“Permanent Employee”**

means an Employee who is employed by an Employer under a contract of employment for an indefinite period.

**SCHEDULE B**

**MEMBERSHIP**

**1. Eligibility and Entrance**

- (1) An Employee shall be eligible to become a Member of the Money Purchase Section if:-
  - (a) he is a Permanent Employee; or
  - (b) is a Fixed Term Contract Employee; and
  - (c) he has not reached age 65, or such later age as shall be necessary to give effect to an election by a former N Plan Member made pursuant to Rule 4(3) of Schedule D of the Defined Benefit Rules.
- (2) An Employee who satisfies the eligibility conditions set out in (1) above shall become a Member unless:-
  - (a) he specifically requests, and notifies his Employer accordingly, that he does not wish to become a Member; or
  - (b) he is precluded from membership of the Plan by an Employer under Clause 3, 4 or 6 of Part V of the Trust Deed; and
  - (c) prior to 1 March 2013, he is precluded from membership of the Plan by reason of his making contributions to a Personal Pension Scheme.
- (3) An Employee shall become a Member on the day immediately following his satisfaction of the conditions set out in (1) and (2) above.
- (4) If an Employee who has satisfied the conditions set out in (1) above does not become a Member at his first opportunity, he shall not be admitted to membership of the Plan without supplying such satisfactory medical evidence as the Trustee and/or Insurance Company may from time to time require.
- (5) The Trustee, at the request of the Principal Employer, may waive any or all of the eligibility and entrance conditions described in this Rule.
- (6) A C Plan Member who had as at 6 April 2006 less than 30 years' Pensionable Service used to calculate benefits under C Plan, a DSL Defined Benefit Member or N Plan Member or a member of the I Plan and who agreed in writing prior to 30 June 2006 to become an Enhanced M Plan Member shall become such a member with effect from 6 July 2006. The discretion provided in sub-Rule (5) above shall not be exercised to permit any individual to become an Enhanced M Plan Member where he has not satisfied the requirements of this sub-Rule (6).

## **2. Cessation of Membership**

- (1) A Member shall cease to be a Member if he:-
- (a) reaches his Normal Retirement Date; or
  - (b) ceases to be a Permanent Employee or a Fixed Term Contract Employee; or
  - (c) makes a written request to the Trustee giving not less than one Pay Month's notice that his membership of the Plan is to cease; or
  - (d) prior to 1 March 2013, enters into a Personal Pension Scheme or wishes to re-commence personal contributions to an existing Personal Pension Scheme which is inconsistent with his continued membership of the Plan; or
  - (e) is precluded from continued membership of the Plan by the Employers under Clause 3, 4 or 6 of Part V of the Trust Deed.
- (1A) A Pension Suspension Member who:
- (a) is enrolled or re-enrolled into the Automatic Enrolment Scheme in accordance with the requirements of Section 3(2) or Section 5(2) of the Pensions Act 2008 or who opts-in to the Automatic Enrolment Scheme in accordance with the requirements of Section 7(3) of the Pensions Act 2008; and
  - (b) does not opt-out of the Automatic Enrolment Scheme in accordance with Section 8 of the Pensions Act 2008
- shall cease to be a Member with effect from the end of the latest date on which he could have opted-out of the Automatic Enrolment Scheme in accordance with Section 8 of the Pensions Act 2008.
- (2) As soon as practicable after any person ceases to be a Member, his Employer shall give prompt notice in writing of that fact to the Trustee.
- (3) Any Member on giving notice to the Trustee (as described in (1)(c) above) is entitled to cease membership of the Plan irrespective of whether or not he remains in Service.
- (4) For the avoidance of doubt, for the purposes of this Rule 2, references to "Member" shall mean a Member of the Money Purchase Section and references to "membership of the Plan" shall mean membership of the Money Purchase Section.
- (4) For the purposes of this Rule 2, references to "Member" shall mean a Member of the Money Purchase Section and references to "membership of the Plan" shall mean membership of the Money Purchase Section.

## **3. Resumption of Membership**

A person who has ceased to be a Member by reason of any event referred to in Rule 2 of this Schedule may resume his membership of the Plan. Such resumption of membership shall be at

the sole discretion of the Trustee. A person so resuming membership must also fulfil the requirements of Rule 1 of this Schedule.

#### **4. Absence from Work**

(1) If a Member is absent from work as a result of illness or injury the Member shall receive benefit under the Sickness Plan immediately and such benefit shall continue in payment for a period of 26 weeks from the commencement of such illness or injury and if there is a reasonable expectation or intention of a return to work the Member shall continue to contribute or to have contributions paid in respect of him under Rule 1(5) of Schedule C and be entitled to benefits under the M Plan as if he remained in active employment. Such contributions due to the Plan shall be:-

- (a) in respect of the Employer, based on the Member's Pensionable Salary prior to the commencement of the sickness absence; and
- (b) in respect of the Member, calculated at the same percentage as that described in Rule 2(1) of Schedule C but based on the benefit received by the Member under the Sickness Plan

deducted from the benefit paid to a Member under the terms of the Sickness Plan.

(2) If a Member is absent for any other reason not described in sub-Rule (1) above the Member shall (subject to any requirements of the Board of Inland Revenue) continue to accrue benefits unaltered and shall continue to remit (if applicable) contributions or to have contributions paid in respect of him under Rule 1(5) of Schedule C to the Plan throughout such period of assignment. The level of contributions to be remitted shall be in accordance with the provisions of Rule 1 and Rule 2 of Schedule C unless the Principal Employer directs otherwise.

#### **5. Maternity Absence**

- (1) If a Member is temporarily absent from work due to pregnancy or confinement and her baby is due on or after 16th October 1994, she shall, subject to the other provisions of this Rule, remain a Member for a period of fourteen weeks from the commencement of her absence or, if later, for a period until the birth.
- (2) Subject to (1) above, a Member who takes maternity leave and has no statutory or contractual right to return to work and is not entitled to Paid Maternity Absence shall cease to be a Member on the date her employment ceases.
- (3) A Member who is entitled to Paid Maternity Absence but has no statutory or contractual right to return to work shall cease to be a Member on the date on which her period of Paid Maternity Absence ceases, or the date on which she terminates her membership of the Plan pursuant to Rule 2(1)(c) of this Schedule, if earlier.

- (4) A Member who is entitled to Paid Maternity Absence and has a statutory or contractual right to return to work shall:-
- (a) if she does not return to work, cease to be a Member with effect from the date her Paid Maternity Absence ceases; or
  - (b) If she dies during her period of absence, be treated as a Member on the basis that her Pensionable Service continued throughout her period of absence to the date of death.
- (5) During a period of Paid Maternity Absence:-
- (a) the Member's Employer shall continue to contribute in respect of her in accordance with Rule 1 of Schedule C on the basis of the Pensionable Salary she would have been receiving if she had not been absent; and
  - (b) the Member shall pay contributions in accordance with Rule 2 of Schedule C or to have contributions paid in respect of her under Rule 1(5) of Schedule C but based on the amount of statutory maternity pay or contractual remuneration (whichever the case may be) payable; and
  - (c) benefits payable to and in respect of the Member shall be calculated on the basis of the remuneration she would be receiving were she not absent.

**SCHEDULE C**  
**CONTRIBUTIONS**

**1. Employer's Contributions and credits to Retirement Accounts**

- (1) Each Employer shall make contributions to the Fund as the Principal Employer (having considered the advice of the Actuary and notified the Trustee and having regard to any notice given by an Employer under Rule 4 of this Schedule) decides.
- (2) Prior to 6 July 2006, each Member in Pensionable Service by reference to the M Plan and/or Postponed Retiree who was previously a Member of the M Plan shall (subject to the rights of Employers under Rule 4 of this Schedule) have his Retirement Account credited with an amount equal to 6% of his Pensionable Salary for Members aged under 35, and to 8% of his Pensionable Salary for Members and Postponed Retirees aged 35 and over. The amount credited to a Member's Retirement Account will change on the 6<sup>th</sup> of the month coincident with or next following the individual's 35<sup>th</sup> birthday. In the case of a Postponed Retiree such credit will cease on the earlier of actual retirement date or the Postponed Retiree's 75<sup>th</sup> birthday.
- (3) With effect on and from 6 July 2006, subject to (4) below, each Member in Pensionable Service by reference to the M Plan and/or Postponed Retiree who was previously a Member of the M Plan shall (subject to the rights of Employers under Rule 4 of this Schedule) have his Retirement Account credited with an amount equal to 8% of his Pensionable Salary. In the case of a Postponed Retiree such credit will cease on the earlier of actual retirement date or the Postponed Retiree's 75<sup>th</sup> birthday.
- (4) The amount credited to the Retirement Account of an Enhanced M Plan Member shall be as set out in Rule 2(3) of Schedule G.
- (5) Each Employer shall, in respect of a Smart\* Member, pay such contributions into the Fund as would have been payable by the Member or Postponed Retiree under Rule 2 of this Schedule if he had not been a Smart\* Member on the dates on which the contributions would have been payable by the Member or Postponed Retiree.
- (6) Each Employer shall, in respect of a Member or Postponed Retiree who has elected to have ASCs paid in respect of him, pay contributions into the Fund to give effect to any such election made in accordance with You\*, together with the ASC Uplift.
- (7) Subject to (9) below, each Employer shall, in respect of a Member or a Postponed Retiree (other than an Enhanced M Plan Member) who has elected to have Notional Matched Contributions paid in respect of him, pay contributions to the Fund to give effect to any such election made in accordance with You\*.
- (8) Subject to (9) below, each Employer shall, in respect of a Member or Postponed Retiree who either has paid Matched Contributions or has elected to have Notional Matched Contributions paid in respect of him, pay an Employer Matched Payment to the Fund.

- (9) The Principal Employer may, at any time, direct that the provisions for payment of Employer Matched Payments, Matched Contributions and Notional Matched Contributions to be varied or revoked (but only in respect of payments and contributions to be made after the time of the direction) and, in the event of such variation or revocation, the Rules relating to the payment of Employer Matched Payments and, as applicable, Matched Contributions and Notional Matched Contributions shall be deemed to be amended in a manner consistent with such variation or revocation.

## **2. Member's Contributions**

- (1) Subject to (3) below each Member and Postponed Retiree shall pay contributions towards his Retirement Account at the annual rate of 3% of his Pensionable Salary;
- (2) Contributions payable under this Rule shall be deducted from the Member's earnings by his Employer, who shall promptly remit them to the Trustee in accordance with the 1995 Act.
- (3) From 6 January 2006, no Member or Postponed Retiree who is a Smart\* Member shall pay contributions into the Fund pursuant to this Rule 2.

## **3. Member's AVCs**

- (1) Any Member or Postponed Retiree may pay AVCs and an Employer of a Member or Postponed Retiree who has elected to have ASCs paid in respect of him shall pay ASCs and the ASC Uplift in respect of the Member or Postponed Retiree, both in order to secure additional benefits under the Plan subject to the following limitations:
- (a) upon giving a minimum of one month's notice, the Member or Postponed Retiree may suspend, reduce, increase or terminate his AVCs;
- (b) upon giving a minimum of one month's notice, the Member or Postponed Retiree may (on such conditions as the Trustee in its absolute discretion shall determine) pay single payments of AVCs;
- (c) ASCs must be specified as a monetary amount payable on a monthly basis.
- (2) Where a Member commences paying AVCs and/or ASCs on or after 8 April 1987, any additional benefits to be secured in respect of such contributions shall be in the form of non-commutable pension unless commutation is permissible in accordance with Inland Revenue Limits.
- (3) The AVCs and/or ASCs paid in accordance with (1) above shall be used to secure additional benefits for or in respect of the Member, the value of such benefits being reasonable, having regard to the amount of AVCs and/or ASCs paid.
- (4) The Administrator shall comply with Regulation 5 of the Retirement Benefits Schemes (Restriction on Discretion to Approve) (Additional Voluntary Contributions) Regulations 1993 and where the Plan is the "leading scheme" (as defined therein) in relation to a Member, with the requirements of Regulation 6 of those Regulations in so far as they concern "main schemes" (as defined therein).

- (5) Subject to Rule 1(9) of this Schedule, with effect from 6 April 2010 any Member or Postponed Retiree (other than an Enhanced M Plan Member) may upon giving a minimum of one month's notice to the Trustee elect to pay a Matched Contribution to the Fund and an Employer of a Member or Postponed Retiree (other than an Enhanced M Plan Member) who has elected to have a Notional Matched Contribution paid in respect of him (and who has not elected to pay a Matched Contribution) shall pay that Notional Matched Contribution to the Fund, in both cases in order to provide additional benefits under the Plan for the Member or Postponed Retiree.

#### **4. Variation, Suspension or Termination of Credits to Retirement Accounts**

Any Employer may, with the consent of the Principal Employer, determine in relation to its Employees that the amount to be credited to a Member's or Postponed Retiree's Retirement Account under Rule 1(2) of this Schedule shall be reduced, increased, suspended or terminated by giving the Trustee written notice, PROVIDED THAT any such reduction, increase, suspension or termination shall only apply to credits granted after the effective date of such notice. This Rule does not give any Employer the power to reduce, suspend or terminate those contributions payable in accordance with Rules 1(5), 1(6) and 3 of this Schedule.

#### **5. Retirement Account**

- (1) Each Member, Postponed Retiree and Deferred Retiree shall have a designated account ("a Retirement Account") which at any time shall consist of an amount equal to the aggregate of the realisable value of:-
- (a) the contributions paid by the individual in accordance with Rule 2 of this Schedule and Rule 3 of this Schedule (if any); and
  - (b) the amounts paid or credited in respect of the individual in accordance with Rule 1 of this Schedule
  - (c) any transfer payment received (where permissible) and accepted by the Trustee in respect of the individual in accordance with Clause 2 or Clause 3 of Part VI of the Trust Deed; and
  - (d) any investment profit or loss in respect of (a), (b) and (c) above;
- reduced by the amount of any payments made by the Trustee under these Rules to secure pensions and other benefits for or in respect of the individual or otherwise.
- (2) The calculation of a Member's, Postponed Retiree's or Deferred Retiree's benefits by reference to his Retirement Account affects only the calculation of such benefits and in no way gives him any right to any particular assets within the Fund and each Member's, Postponed Retiree's or Deferred Retiree's right to any benefits under the Plan exists against the whole of the assets of the Fund.

**6. Investment of Retirement Account**

- (1) A Member, Deferred Retiree and Postponed Retiree may, in writing, at such time as the Trustee may allow, request that his Retirement Account be invested in such forms of investment as shall be made available to him by the Trustee from time to time.
- (2) If a Member, Deferred Retiree or Postponed Retiree makes a request under this Rule, the Trustee shall use its reasonable endeavours, on receipt of such request, to invest the Member's, Deferred Retiree or Postponed Retiree's Retirement Account in accordance with that request. In the event of no request having been received within the appropriate period the individual's Retirement Account shall be invested at the discretion of the Trustee pending receipt of the Member's request.
- (3) The Trustee shall not be responsible for any loss occasioned as a result of acting in accordance with the Member's, Deferred Retiree's or Postponed Retiree's request or in relation to the exercise of the discretion to invest by the Trustee pursuant to this Rule.

**7. Excess Retirement Account**

If at any time the value of a Retirement Account (which for the purpose of this Rule shall exclude any part attributable to AVCs made pursuant to Rule 3 of Schedule C) cannot be used to provide benefits for the Member or for any of his Dependents after his death, either because he has no Dependents or because the provisions of such benefits would prejudice Revenue Approval, the excess value shall be retained within the Fund and shall be transferred to the Fund.

**8. Pension Suspension**

Notwithstanding the provisions of Rules 1, 2 and 3 of this Schedule C, with effect on and from 6 July 2006 and with the consent of his Employer, a Smart\* Member who is participating in You\* may, if the provisions from time to time governing You\* permit, elect, with effect from the start of each Flex Year and for the duration of the Flex Year to which that election relates, for all contributions payable to the Plan under the Money Purchase Rules in respect of him to be suspended. The Employer shall notify the Trustee of those Smart\* Members (referred to as "Pension Suspension Members") to whom this Rule from time to time applies. The Employer will determine who is a Pension Suspension Member for the purposes of this Rule. For the avoidance of doubt the Employer may revoke or change the list of Pension Suspension Members at any time by notifying the Trustee of the same.

**SCHEDULE D**  
**RETIREMENT BENEFITS**

**1. Normal Retirement**

Notwithstanding the provisions of Clause 10 of Part III of the Trust Deed and subject to Inland Revenue Limits, on the retirement of a Member at Normal Retirement Date under the M Plan, and, if applicable, the P Plan, his Retirement Account (excluding any amount used to provide a lump sum under Rule 4 of this Schedule) shall be used to purchase an annuity to provide a pension for his life on such terms as to:-

- (a) the annual amount of the pension;
- (b) the amount and duration of any pension payable to his Spouse and/or Dependents in the event of his death;
- (c) any increases during payment to the pensions referred to in (a) and (b) above subject to the requirements of the 1995 Act; and
- (d) any lump sum payable if he dies within a specified period from the commencement of his pension;

as the Trustee shall consider appropriate, having consulted the Member, subject to the provisions of Rule 5 of this Schedule.

**2. Early Retirement**

- (1) A Member may with the consent of the Principal Employer, elect to retire at any time on or after his 50th birthday.
- (2) Subject to Inland Revenue Limits, on the retirement of a Member before his Normal Retirement Date, his Retirement Account (excluding any amount used to provide a lump sum under Rule 4 of this Schedule) shall be used to purchase an annuity to provide a pension for his life on such terms as described in Rule 1 of this Schedule as the Trustee and Insurance Company, in consultation with the Member, shall decide subject to the provisions of Rule 5 of this Schedule.

**3. Ill-Health Early Retirement**

- (1) In the event of the retirement of an M Plan Member due to serious ill health (irrespective of age) proved to the satisfaction of the Trustee and the Principal Employer and provided such breakdown in health complies with the requirements relating to "Incapacity" as set out from time to time by the Board of Inland Revenue, the Benefits Allocation Committee, following consultation with the Member, shall at its sole discretion grant (unless it is decided to grant a disability benefit under the terms and conditions of the Sickness Plan, if applicable) an immediate pension in accordance with sub-Rule (2) of this Rule.
- (2) Subject to Inland Revenue Limits, on the retirement of a Member in accordance with the provisions of sub-Rule (1) of this Rule, his Retirement Account (excluding any amount

used to provide a lump sum under Rule 5 of this Schedule) shall be used to purchase an annuity to provide a pension for his life on such terms as described in Rule 1 of this Schedule as the Trustee and Insurance Company, in consultation with the Member, shall decide subject to the provisions of Rule 6 of this Schedule.

#### **4. Late Retirement**

- (1) If a Member, with the consent of the Principal Employer, elects to postpone his retirement until after his Normal Retirement Date he shall become a Postponed Retiree on his Normal Retirement Date and:-
  - (a) if he is a Class A Entrant or a Class B Entrant, he may elect to take his pension at:-
    - (i) his Normal Retirement Date;
    - (ii) any time after his Normal Retirement Date, but not later than whichever is the earlier of his actual retirement date or his 75th birthday;
  - (b) if he is a Class C Entrant, his pension shall become payable on the earlier of:-
    - (i) his actual retirement date; and
    - (ii) his 75th birthday.
- (2) Subject to Inland Revenue Limits, on a pension becoming payable under (1) above, the Postponed Retiree's Retirement Account (excluding any amount used to provide a lump sum under Rule 4 of this Schedule) shall be used to provide a pension for his life on such terms as described in Rule 1 of this Schedule as the Trustee and Insurance Company, in consultation with the Postponed Retiree shall decide.

#### **5. Cash Lump Sum Option**

- (1) Subject to (3) below, before a pension becomes payable to a Member, Deferred Retiree or Postponed Retiree under the Plan he may, by written notice to the Trustee, request that part of his Retirement Account be used to provide a cash lump sum.
- (2) The amount of the cash lump sum available from the Plan shall not exceed:-
  - (a) Inland Revenue Limits, (as described in Clause 1(2) of Part X of the Trust Deed); or
  - (b) such lesser amount as the Actuary advises.
- (3) A Class A Entrant or a Class B Entrant may elect to receive a cash lump sum under this Rule on the earlier of:-
  - (a) his actual retirement date if he retires before his Normal Retirement Date;
  - (b) his Normal Retirement Date; or
  - (c) any date after his Normal Retirement Date but not later than whichever is the earlier of his actual retirement date or his 75th birthday.

- (4) A cash lump sum shall be payable to a Class C Entrant on the earlier of his actual retirement date or his 75th birthday.

**6. Open Market Option**

Notwithstanding the provisions of Clause 10 of Part III of the Trust Deed, the Member, Deferred Retiree, Retiree or Postponed Retiree may exercise a right to select, at their discretion and on the basis of independent financial advice (if the Member so decides) an alternative Insurance Company for the purposes of purchasing a pension and any contingent pensions with the accrued Retirement Account.

**7. Enhanced M Plan Members**

The benefits payable to an Enhanced M Plan Member shall be provided in accordance with this Schedule, subject to such modifications as are set out in Schedule G.

**SCHEDULE E**

**DEATH BENEFITS**

**1. Death of a Member who is a Permanent Employee**

Subject to Inland Revenue Limits on the death of a Member who is a Permanent Employee, the Trustee shall: -

- (a) hold a lump sum on Discretionary Trust equal to the realisable value of the aggregate of the deceased Member's AVCs (if any) paid in accordance with Rule 3(1) of Schedule C, Matched Contributions (if any) paid in accordance with Rule 5 of Schedule C, ASCs and ASC Uplift (if any) paid in respect of him under Rule 1(6) of Schedule C and Notional Matched Contributions (if any) paid in respect of him under Rule 1(7) of Schedule C. This sum shall be paid in addition to any lump sum life assurance benefit payable under the "IBM Group Life Assurance Plan" (subject to Inland Revenue limits):
- (b) pay a pension to the Member's Spouse equal to the greater of:-
  - (i) 1/120th of Pensionable Salary for each year of actual and prospective Pensionable Service the Member could have completed had he survived to Normal Retirement Date (subject at all times to the requirements of the 1995 Act); and
  - (ii) the amount which can be secured by applying the value of the Member's Retirement Account (less the value of the aggregate of any AVCs paid in accordance with Rule 3(1) of Schedule C, any Matched Contributions paid in accordance with Rule 3(5) of Schedule C and any ASCs and ASC Uplift paid in respect of him under Rule 1(6) of Schedule C and any Notional Matched Contributions paid in respect of him under Rule 1(7) of Schedule C and the value of any transfer payment received in respect of the Member in accordance with Clause 1, Clause 3 or Clause 4 of Part VI of the Trust Deed), and
- (c) if he leaves an Eligible Child an allowance shall be paid (in addition to the pension described in (b) above (if any)) in accordance with Rule 6 of this Schedule; and
- (d) to the extent that the cost of the pensions referred to in (b) and (c) above shall exceed the value of a Member's Retirement Account (less the value of any AVCs and/or ASCs and ASC Uplift, the value of any Matched Contributions and/or Notional Matched Contributions and the value of any transfer payments received in respect of the Member) it shall be met from the Fund generally.
- (e) where no pensions are payable under (b) or (c) above or in accordance with Rule 7 of this Schedule, hold a lump sum on Discretionary Trusts equal to the realisable value of the difference between the lump sum under (a) above and the Member's Retirement Account.

## **2. Death of a Member who is a Fixed Term Contract Employee**

On the death of a Member who is a Fixed Term Contract Employee, the Trustee shall:-

- (a) hold a lump sum equal on Discretionary Trusts equal to the limit described in Clause 4 of Part X of the Trust Deed LESS the life assurance benefit payable under the "IBM Group Life Assurance Plan" - such sum shall be provided from the individual's Retirement Account (excluding the value of any AVCs, ASCs and/or ASC Uplift paid in accordance with Rule 3(1) and Rule 1(6) of Schedule C (as applicable), the value of any Matched Contributions and/or Notional Matched Contributions paid in accordance with Rule 3(5) and Rule 1(7) of Schedule C (as applicable)) as determined at the date of death;
- (b) subject to (d) below apply any remaining individual Retirement Account (excluding the value of any AVCs, ASCs and/or ASC Uplift paid in accordance with Rule 3(1) and Rule 1(6) of Schedule C (as applicable), the value of any Matched Contributions and/or Notional Matched Contributions paid in accordance with Rule 3(5) and Rule 1(7) of Schedule C (as applicable)), after the application of (a) above, to provide a pension for a Spouse and/or Eligible Child and/or Dependant of the Plan Member. Such pension or pensions shall be secured with an Insurance Company (or on such other terms and conditions as the Trustee in its absolute discretion decides) subject at all times to the requirements of the 1995 Act and in accordance with the provisions of Clause 10 of Part III of the Trust Deed;
- (c) hold a lump sum on Discretionary Trust equal to the realisable value of the aggregate of the deceased Member's AVCs and/or ASCs and ASC Uplift (if any) paid in accordance with Rule 3(1) and Rule 1(6) of Schedule C (as applicable) and Matched Contributions and/or Notional Matched Contributions (if any) paid in accordance with Rule 3(5) and Rule 1(7) of Schedule C (as applicable); and
- (d) where the Trustee has been unable to apply all of the Member's Retirement Account in accordance with (a), (b) and (c) above, hold a lump sum on Discretionary Trusts equal to the realisable value of any remaining Retirement Account.

## **3. Death of a Retiree**

On the death of a Retiree (irrespective of whether the Retiree was formerly a Fixed Term Contract Employee or Permanent Employee) any benefits payable will depend solely on the terms selected and applicable to the Retiree's pension at the date of purchase of the annuity with an Insurance Company or on such other terms and conditions as the Trustee in its absolute discretion decides and in no circumstances are guaranteed by the Trustee (other than the obligation to provide in relation to a pension being purchased with contributions in excess of AVCs, Limited Price Indexation).

## **4. Death of a Deferred Retiree**

On the death of a Deferred Retiree (irrespective of whether the Retiree was formerly a Fixed Term Contract Employee or Permanent Employee) the amount equal to the realisable value of the individual's Retirement Account at the date of death shall be applied by the Trustee either in the manner described in (a) or (b) below as the Trustee shall in its discretion decide:-

- (a) the Trustee shall hold a lump sum on Discretionary Trust equal to the realisable value at the date of death of the individual's Retirement Account (subject at all times to the requirements of Part X of the Trust Deed); AND/OR
- (b) the Trustee shall secure an annuity or annuities with an Insurance Company (or on such other terms and conditions as the Trustee in its absolute discretion decides) in respect of the deceased's Spouse, Dependant and/or Child (as the case may be).

**5. Death of a Postponed Retiree**

On the death of a Postponed Retiree benefits shall be payable calculated in accordance with Rule 1 of this Schedule, provided that the period of Pensionable Service for the purposes of sub-Rule 1(b) shall be actual Pensionable Service to the date of death.

**6. Child's Allowance**

- (1) If a Member who is a Permanent Employee or a Postponed Retiree dies leaving an Eligible Child, there shall be payable:-
  - (a) for each Eligible Child up to a maximum of three, one-third of the appropriate Spouse's or Dependant's pension for each such Eligible Child or if no Spouse's or Dependant's pension is payable one third of the pension payable at the date of the deceased's death or if the Spouse's or Dependant's pension subsequently ceases to be payable the amount of the pension payable to each Eligible Child shall be doubled; and
  - (b) in the case of there being four or more Eligible Children, a pension equal to the appropriate Spouse's or Dependant's pension shall be payable, or, if no Spouse's or Dependant's pension is payable or ceases to be payable, an amount equal to the Member's or Postponed Retiree's pension at the date of the Member's or Postponed Retiree's death shall be payable divided equally amongst such Eligible Children. In the event of the death of an Eligible Child or in the event of a Child ceasing to be an Eligible Child, the pension payable to such Eligible Child shall be divided equally amongst the remaining Eligible Children until such time as there are three or less Eligible Children in which case the provisions of (1)(a) above shall then immediately apply.
- (2) The Trustee may pay any allowance or secure any allowance with an Insurance Company under this Rule to the Eligible Child's parent or guardian, or to any person under whose care and control he appears to be (without being bound to ascertain whether the payee has the right to the care and control of the Child). The Trustee shall not be obliged to supervise, or be responsible for, the application of any amount so paid and the provisions of Clause 13 of Part II of the Trust Deed shall also be deemed to apply.
- (3) The Trustee may apply all or part of any allowance under this Rule towards the education or other benefit of the Child as it thinks fit.

- (4) If a Member or a Postponed Retiree is a Fixed Term Contract Employee any allowance payable in respect of a Child will depend solely on the terms of any allowance purchased in accordance with the provisions of Rule 2, 3, 4 or 5 of this Schedule.

## **7. Dependant's Pension**

- (1) If a Member who was a Permanent Employee leaves no Spouse (or leaves a Spouse who subsequently dies), the Trustee may (subject to (2) below) pay such pensions or allowances to one or more of the deceased's Dependants as it thinks fit, having regard to the advice of the Actuary.
- (2) The total amounts paid under this Rule shall not exceed the pension that would otherwise have been payable to a surviving Spouse ignoring any Children's allowances being paid (where applicable) under the preceding Rule.
- (3) If a Member is a Fixed Term Contract Employee any allowance payable in respect of a Dependant will depend solely on the terms of any allowance purchased in accordance with the provisions of Rule 2, 3, 4 or 5 of this Schedule.

## **8. Enhanced M Plan Members**

The benefits payable to an Enhanced M Plan Member shall be provided in accordance with this Schedule, subject to such modifications as are set out in Schedule G.

## **SCHEDULE F**

### **TERMINATING PENSIONABLE SERVICE**

#### **1. Range of Alternatives**

- (1) A Member who terminates Pensionable Service before his Normal Retirement Date shall receive his benefits in any one of the following ways which is available to him:-
  - (a) an immediate early retirement pension under Rule 2 of Schedule D; or
  - (b) a deferred pension under Rule 2 of this Schedule; or
  - (c) a refund of contributions under Rule 3 of this Schedule; or
  - (d) the transfer of his Cash Equivalent to another Retirement Benefits Scheme, a Personal Pension Scheme, a policy approved under section 591(2)(g) of the 1988 Act or such other arrangement as may be acceptable to the Board of Inland Revenue.
- (2) If more than one of the alternatives listed in (1) above is available to the Member, he may choose which of those alternatives is to apply to him and shall inform the Trustee accordingly.

#### **2. Deferred Retirement Account**

- (1) A Member who ceases to be in Pensionable Service before his Normal Retirement Date shall become a Deferred Retiree and shall be entitled to the benefits, calculated in accordance with (2) below, if:-
  - (a) he has completed two years of Qualifying Service; or
  - (b) the Trustee has accepted a transfer payment from a Personal Pension Scheme in respect of him, under Clause 3 of Part VI of the Trust Deed.
- (2) Subject to Inland Revenue Limits, on the retirement of a Deferred Retiree, his Retirement Account shall be used to provide a pension for life on such terms, as set out in Rule 1 of Schedule D, as the Trustee, in consultation with the Deferred Retiree, shall decide.
- (3) A pension provided under this Rule shall be payable from:-
  - (a) the Deferred Retiree's Normal Retirement Date; or
  - (b) any date which the Trustee may allow but not before the Deferred Retiree has attained age 50 or has retired for reasons of Incapacity.
- (4) Until a pension becomes payable under this Rule, a Deferred Retiree's Retirement Account shall continue to be invested by the Trustee in the same way as if the Deferred Retiree had not terminated Pensionable Service but the Deferred Retiree shall not be permitted to make more than one election under Rule 6 of Schedule C in any one calendar year.

### **3. Refund of Contributions**

- (1) A Member who ceases to be in Pensionable Service before his Normal Retirement Date having completed less than two years' Qualifying Service shall receive an amount equal to the contributions he has made to the Plan pursuant to Rule 2 and, if applicable Rule 3 of Schedule C, less any tax for which the Trustee is liable as a consequence of the payment.
- (2) A Member or Postponed Retiree,
  - (a) in respect of whom an Employer has paid contributions under any one or more of Rules 1(5), 1(6) and 1(7) of Schedule C; and
  - (b) who terminates his Pensionable Service before his Normal Retirement Date not having completed two years' Qualifying Service but having a right to a Cash Transfer Sum pursuant to section 101AA of the 1993 Act; and
  - (c) who has not elected (within such reasonable period as shall be determined by the Trustee) to receive a Cash Transfer Sum;

shall receive a payment from his Employer of an amount equal to any such contributions paid in respect of him under any one or more of Rules 1(5), 1(6) and 1(7) of Schedule C less any liability to account for any tax, national insurance, social security or other levy in respect of any such payment by the Employer.

## SCHEDULE G

### ENHANCED M PLAN MEMBERS

#### 1. Scope of this Schedule

This Schedule G shall apply with effect on and from 6 July 2006 to all Enhanced M Plan Members. Save where alternate provisions are contained in this Schedule, the provisions of the M Plan Rules shall apply to Enhanced M Plan Members in respect of their Pensionable Service as Enhanced M Plan Members.

#### 2. Contributions

- (1) Each Enhanced M Plan Member in Pensionable Service by reference to the M Plan shall pay contributions in accordance with Rule 2 of Schedule C of the M Plan Rules.
- (2) Each Enhanced M Plan Member in Pensionable Service by reference to the M Plan shall have his Retirement Account credited with an amount equal to the percentage of his Pensionable Salary as is applicable to his age and the Plan of which he is a former member as set out in (c) below, provided that in the case of a Class C Entrant such rate shall only apply in respect of Pensionable Salary up to the Enhanced Contribution Cap. The amount credited to an Enhanced M Plan Member's Retirement Account will change on the 6<sup>th</sup> of the month coincident with or next following the individual's attainment of an age that falls within a new age band. Such credits will cease on the earlier of actual retirement date or on the 6<sup>th</sup> of the month coincident with or next following the Enhanced M Plan Member's 63<sup>rd</sup> birthday.
- (3) The amount credited to the Retirement Account of an Enhanced M Plan Member shall be calculated according to his age and the Plan of which he is a former member in respect of Pensionable Salary up to the Enhanced Contribution Cap (where applicable) by reference to the following percentages:-

<b>Age</b>	<b>Former I Plan Member or DSL Defined Benefit Member</b>	<b>Former C Plan Member or N Plan Member</b>
18 – 34	8%	8%
35 – 39	10%	11%
40 – 44	12%	14%
45 – 49	15%	17%
50 – 54	18%	20%
55 – NRA	18%	20%
NRA and over	8%	8%

For the purposes of this Rule 2 “NRA” shall, in respect of each Enhanced M Plan Member, mean the age at which he reached his Normal Retirement Date (as defined) as an Enhanced Deferred Member of the C Plan, N Plan, I Plan or DSL Plan, as appropriate.

- (4) The amount credited to the Retirement Account of an Enhanced M Plan Member who is a Class C Entrant in respect of Pensionable Salary in excess of the Enhanced Contribution Cap and up to the M Plan Earnings Cap shall be calculated in accordance with Rule 1(2) of Schedule C of the M Plan Rules.
- (5) No amount shall be credited to the Retirement Account of an Enhanced M Plan Member who is a Class C Entrant in respect of Pensionable Salary in excess of the M Plan Earnings Cap.
- (6) For the avoidance of doubt, the provisions of Rule 8 of Schedule C shall apply to Enhanced M Plan Members.
- (6) For the avoidance of doubt, as is provided for in Rule 3(5) of Schedule C, an Enhanced M Plan Member may not elect to pay a Matched Contribution to the Fund or to have a Notional Matched Contribution paid in respect of him.

### **3. Death in Service**

- (1) On the death of an Enhanced M Plan Member the Trustee shall:
  - (a) hold a lump sum on Discretionary Trust equal to the realisable value of the deceased Enhanced M Plan Member’s AVCs and/or ASCs (if any) paid in accordance with Rule 3 of Schedule C. This sum shall be paid in addition to any lump sum life assurance benefit payable under the “IBM Group Life Assurance Plan” (subject to Inland Revenue limits):
  - (b) pay a pension to the Enhanced M Plan Member’s Spouse equal to the greater of:-
    - (i) 1/120th of Pensionable Salary for each year of actual and prospective Pensionable Service that the Enhanced M Plan Member could have completed as an Enhanced M Plan Member had he survived to Normal Retirement Date; and
    - (ii) the amount which can be secured by applying the value of the Member’s Retirement Account (less the value of any AVCs and/or ASCs paid in accordance with Rule 3 of Schedule C and the value of any transfer payment received in respect of the Member in accordance with Clause 1, Clause 3 or Clause 4 of Part VI of the Trust Deed); and
  - (c) if he leaves an Eligible Child an allowance shall be paid (in addition to the pension described in (b) above (if any)) in accordance with Rule 6 of Schedule E; PLUS
  - (d) such pension as shall be payable in respect of the Enhanced M Plan Member under the Defined Benefit Rules in his capacity as an Enhanced Deferred Member of the Plan; and

- (e) where no pensions are payable under (b) or (c) above or in accordance with Rule 7 of Schedule E, hold a lump sum on Discretionary Trusts equal to the realisable value of the difference between the lump sum under (a) above and the Enhanced M Plan Member's Retirement Account.
- (2) The realisable value of the Retirement Account of the Enhanced M Plan Member shall be applied to secure the pensions referred to in (1)(b) and (c) above. To the extent that the cost of the pensions referred to in (1)(b) and (c) above shall exceed the value of the Enhanced M Plan Member's Retirement Account (less the value of any AVCs and/or ASCs and transfer payments received in respect of the Member) it shall be met from the Fund generally.

**4. III Health Early Retirement - Enhanced M Plan Members who are Enhanced Deferred Members of the Plan**

- (1) In the event of the retirement of an Enhanced M Plan Member who is an Enhanced Deferred Member of the Plan due to serious ill health (irrespective of age) proved to the satisfaction of the Trustee and the Principal Employer and provided such breakdown in health complies with the requirements relating to "Incapacity" as set out from time to time by the Board of Inland Revenue, the Benefits Allocation Committee, following consultation with the Member, shall at its sole discretion grant (unless it is decided to grant a disability benefit under the terms and conditions of the Sickness Plan, if applicable) an immediate pension calculated in accordance with sub-Rule (2) below.
- (2) The pension referred to in (1) above shall be an amount equal to 1/60<sup>th</sup> of Pensionable Salary multiplied by the number of years and Pay Months of Pensionable Service completed as an Enhanced M Plan Member PLUS, in respect of the Pensionable Service the Enhanced M Plan Member would have completed had he remained in Pensionable Service as an Enhanced M Plan Member to his Normal Retirement Date, such additional pension (if any) as the Benefits Allocation Committee shall in its absolute discretion determine; LESS 0.25% for each complete Pay Month between the commencement date of the ill-health early retirement pension and the first day of the Pay Month falling after the date of the Enhanced M Plan Member's 60th birthday.
- (3) The realisable value of the Retirement Account of the Enhanced M Plan Member shall be applied to secure the pension referred to in (2) above. To the extent that the cost of the pensions shall exceed the value of the Enhanced M Plan Member's Retirement Account it shall be met from the Fund generally. To the extent that the cost of securing pensions is less than the value of the Enhanced M Plan Member's Retirement Account any excess monies shall be applied to purchase additional pension for or in respect of the Enhanced M Plan Member.

**5. III Health Early Retirement - Enhanced M Plan Members who are Former I Plan Members**

- (1) In the event of the retirement of a Former I Plan Member due to serious ill health (irrespective of age) proved to the satisfaction of the Trustee and the Principal Employer and provided such breakdown in health complies with the requirements relating to

“Incapacity” as set out from time to time by the Board of Inland Revenue, the Benefits Allocation Committee, following consultation with the Member, shall at its sole discretion grant (unless it is decided to grant a disability benefit under the terms and conditions of the Sickness Plan, if applicable) an immediate pension calculated in accordance with sub-Rule (2) below.

- (2) The pension referred to in (1) above shall be an amount equal to  $\frac{1}{60}$ <sup>th</sup> of Pensionable Salary multiplied by the number of years and Pay Months of Pensionable Service that would have been completed by the Enhanced M Plan Member had he remained in Pensionable Service to his Normal Retirement Date.
- (3) The realisable value of Retirement Account of the Enhanced M Plan Member shall be applied to secure the pension referred to in (2) above. To the extent that the cost of the pensions shall exceed the value of the Enhanced M Plan Member's Retirement Account it shall be met from the Fund generally. To the extent that the cost of securing pensions is less than the value of the Enhanced M Plan Member's Retirement Account any excess monies shall be applied to purchase additional pension for the Enhanced M Plan Member.

## SCHEDULE H

***"[Any reference to UK legislation shall (where relevant) apply to the appropriate legislation in the states of Jersey in respect of a Jersey Member]  
[The references to "Inland Revenue Limits" shall refer to the limits described in Schedule [H] in respect of a Jersey Member]  
[Part X of the 1997 Deed does not apply to a Jersey Member]  
[Part XI of the 1997 Deed does not apply to a Jersey Member. A Jersey Member will pay contributions as an insured person in accordance with the Social Security (Jersey) Law 1974, as amended]"***

### **LIMITS IMPOSED TO COMPLY WITH THE REQUIREMENTS OF THE INCOME TAX (JERSEY) LAW 1961 (AS AMENDED) (THE "JERSEY LAW")**

1. This Schedule shall apply to Jersey Members in the place of Part X of the 1997 Deed.
2. Any term used in this schedule shall have the same meaning under Jersey law.
3. A Jersey Member who is temporarily absent from work or who is seconded to another Employer may remain in full membership even if no remuneration or reduced remuneration is paid during this absence provided that:
  - (1) there is a definite expectation of return to Pensionable Service;
  - (2) the period of absence is not expected to exceed three years; and,
  - (3) the Jersey Member does not become a member of any other occupational pension scheme during the period of absence.
4. Full-time working directors may be included in the M Plan whether or not they have a controlling interest in the business.
5. The proprietor or proprietors of a firm are not Jersey Members and neither they nor their Spouses can be included in the membership of the M Plan.
6. If a Jersey Member became a director of the Employer on a fee basis rather than a salaried basis, he is to be treated as having withdrawn from the M Plan and granted the normal options available under the M Plan.
7. **Contribution by Employers**

The Employer must contribute to the M Plan and an ordinary annual contribution will be an allowable deduction for the year in which it is paid. An ordinary annual contribution is regarded as a fixed amount, or a varying one calculated as a percentage of pay or on some other stated basis, which is payable each year. Where a contribution is not an ordinary annual contribution but a special contribution to provide for, e.g., back service or augmentation, the allowance for the contribution may be spread forward over a period of years if it differs substantially in amount from ordinary annual contributions normally payable.

## **8. Contribution by Jersey Members**

- 8(1) It is not necessary for a Jersey Member to be required to contribute to the M Plan but where he does contribute his contribution will be allowed as an expense of his employment for the year in which the contribution is paid, provided that it is an ordinary annual contribution. (See Rule 7).
- 8(2) The M Plan may permit Jersey Members to make AVCs to increase their benefits or special contributions to obtain additional benefits. Where these AVCs are ordinary annual contributions, relief will be allowed. In practice, a special contribution which is paid by instalments over not less than five years (or until earlier retirement) will be regarded as a contribution qualifying for relief. (See, however, sub-rule 7(3) for limit on contributions).
- 8(3) The Jersey Member's total annual contributions, whether voluntary or otherwise, must be limited so that they cannot exceed 15% of the Jersey Member's remuneration, including director's fees.
- 8(4) A Jersey Member's contributions should normally cease at Normal Retirement Date or on earlier withdrawal from the M Plan, but if he remains in Pensionable Service after Normal Retirement Date they may be continued so long as his maximum approval benefits (see sub-rules 9(2) to 9(4)) are not exceeded.

## **9. Benefits on Retirement at Normal Retirement Date**

- 9(1) Normal Retirement Date should be within the range 60 – 70, for both men and women. Different ages can be applied to different categories of Jersey Members. In cases where, because of the nature of the employment, employees customarily retire at earlier ages, those earlier ages will be acceptable.
- 9(2) The aggregate benefits payable to the Jersey Member, under all schemes set up by his Employer, who retires at Normal Retirement Date, after 40 or more years' Pensionable Service must not exceed an amount which actuarially produces a pension payable for life, or for life subject to a guaranteed minimum period not exceeding ten years, of two-thirds of the Jersey Member's final remuneration. A maximum annual rate for periods of Service of 40 years or less based on one-sixtieth of final remuneration for each year's service is approvable (N/60ths). In the case of late entrants, see sub-rule 8(4)).
- 9(3) Final remuneration for all purposes may be either:
- (1) the remuneration for any one of the five years preceding retirement date and may include the average over three or more of those years of any fluctuating emoluments such as director's fees; or
  - (2) the average of the total remuneration for any three consecutive years ending not earlier than ten years before retirement date.

Reductions in earnings during the last ten years of service due to ill health may be ignored in calculating final remuneration.

Where a Jersey Member (but not a director) was absent during the period used to calculate final remuneration and remained a full member (see Rule 3) but on reduced, or zero, remuneration, that reduced figure may be increased to an amount equal to his basic salary at the date the absence began adjusted by reference to the rise in the Jersey cost of living index during the period of absence. The Comptroller will also consider alternative proposals for the calculation of this notional remuneration.

Whenever final remuneration is that of a year other than the twelve months ending on retirement date, or is an average of three or more years' remuneration, each year's remuneration may be increased, or dynamised, in an amount not exceeding the increase in the Jersey cost of living index for a period from the end of the year up to retirement date.

- 9(4) In the case of Jersey Member who cannot, by reason of the date of their entry into the M Plan, complete 40 years' service before Normal Retirement Date, the M Plan may provide for maximum pensions on the basis of the following table:

<b>Years of service to Normal Retirement Date</b>	<b>Maximum pension as a fraction of final remuneration</b>
1 – 5	1/60th for each year
6	8/60ths
7	16/60ths
8	24/60ths
9	32/60ths
10 or more	40/60ths

If a Jersey Member has a retained benefit from Service with any other Employer(s), a pension provided on the basis of the above table in excess of N/60ths must be restricted so that the aggregate pension does not exceed two – thirds of final remuneration. No restriction is, however, necessary where the pension to be provided is based on N/60ths.

- 9(5) The M Plan may provide for increases of pensions in the course of payment by a fixed amount not exceeding £200 per annum or, at a fixed rate of up to 5% per annum or at the rate shown by the Jersey cost-of-living index, whichever is the higher. Advance funding can be provided for the whole of the pension, even though the M Plan may allow commutation. See sub-rule 14(1)).

## **10. Benefits on Early Retirement**

- 10(1) The M Plan may provide for a Jersey Member to retire on reaching the age of 50 or within ten years before Normal Retirement Date and to take an immediate pension.
- 10(2) The maximum immediate pension to which he is entitled should be one-sixtieth of the final remuneration for each year of actual Service or, if it is more favourable, a proportion of the maximum approvable pension to which he would have been entitled if he had

served to Normal Retirement Date, the proportion being, the number of years of his actual service to the number of years of his potential Service (to Normal Retirement Date). If the latter benefit is provided and the number of years potential Service is fewer than forty, the restriction for any retained benefit must be applied to the maximum approvable pension (see sub-rule 9(4)).

10(3) Where a Jersey Member retires before the date on which he becomes entitled to an old age pension payable under the Social Security (Jersey) Law 1974 the amount of his immediate pension (after any commutation) payable between the date of retirement and the date of his entitlement to old age pension may be increased provided that it is decreased after his old age pension comes into payment.

10(4) These variable rates must be actuarially calculated so that they require no extra funding and so that there is no cost to the M Plan. The increase in the amount payable in the former period cannot exceed the maximum amount of old age pension payable under the Social Security Law.

## **11. Benefits on Early Retirement due to Incapacity**

The M Plan may permit a Jersey Member to take an immediate pension if he retires before Normal Retirement Date due to incapacity and may provide a maximum pension of an amount computed as if he had remained in service to Normal Retirement Date on the final remuneration he was receiving at actual retirement date. Where retirement is due to serious ill-health, the M Plan may provide for full commutation of pension for a lump sum. (See sub-rules 14(1) and 14(3)).

## **12. Benefits on Retirement after Normal Retirement Date**

12(1) The M Plan, may provide that a Jersey Member who remains in Pensionable Service after Normal Retirement Date shall receive additional pension up to the maximum amount approvable on the basis that his actual date of retirement was his Normal Retirement Date.

12(2) If a Jersey Member's total service exceeds forty years, provision can be made for each year in excess of forty, subject to a maximum of five years, to earn a further one-sixtieth of final remuneration or, alternatively, the pension can be increased actuarially to reflect its later commencement and the yield on monies invested or policy monies.

12(3) It is permissible for a Jersey Member who continues in Pensionable Service after Normal Retirement Date to take at that date the benefits then accrued but no further benefits are to accrue in respect of Pensionable Service after Normal Retirement Date.

## **13. Pensions generally**

13(1) Pensions must not be assignable or capable of surrender except in respect of surrender for a Spouse's or Dependant's pension and the pension must be payable for the Jersey Member's life as a minimum period.

13(2) Pensions must be paid under deduction of income tax at standard rate. The responsibility for deducting the tax, and for remitting it to the Comptroller, rests with the person having

the management of the M Plan (including any insurance company paying the pension in the form of an annuity). However, upon a request being made promptly, i.e. before payment of the pension begins, the Comptroller will normally authorise gross payment while a pensioner remains resident in Jersey.

#### **14. Lump Sum Benefits in Commutation of Pensions**

- 14(1) The M Plan may provide for the commutation for a lump sum on retirement of not more than one-quarter of the capital value of the total benefits provided at that retirement date. Where, however, the pension is trivial in amount (£520 per annum or less) or retirement is due to serious ill-health, the M Plan may provide for full commutation of pension for a lump sum. Serious ill-health in this respect means that expectation of life is very short by comparison with the average for the same age and sex. Commutation is allowed only in respect of the Jersey Member's pension – the pension payable to a Spouse or Dependents may not be commuted under this rule.
- 14(2) Commutation is not allowable before Normal Retirement Date or, if earlier, the date on which the pension becomes payable and this restriction applies to all pensions including trivial pensions.
- 14(3) Sums paid in commutation of trivial pensions are exempt from tax as are sums paid in commutation of other pensions which do not exceed one quarter of the capital value of the total benefits provided at retirement date. The excess of lump sums paid are, in strictness, liable to income tax at one-half of the standard rate of tax and the tax is chargeable on and payable by the persons having the management of the M Plan. However, in the case of serious ill-health the lump sum is concessionally exempted from tax.

#### **15. Benefits on Death in Service**

- 15(1) The M Plan may provide for a payment of a lump sum on death in service before Normal Retirement Date in an amount not exceeding four times the deceased Jersey Member's final remuneration at the date of his death, plus the return of the deceased Jersey Member's contributions, with interest, or in an amount not exceeding five times final remuneration, inclusive of any return of contributions (whichever is the greater).
- 15(2) In addition to a lump sum, the M Plan may provide a pension to the Spouse of the Jersey Member or, where there is no Spouse, to a Dependant of the Jersey Member. The pension may not exceed two thirds of the maximum pension, being the amount computed as if the deceased had remained in Pensionable Service to Normal Retirement Date on the final remuneration he was receiving at the date of his death. A Spouse's pension may cease on re-marriage and a pension for a child must cease when the child attains his majority or ceases to receive full-time education, if later. Where, exceptionally, the M Plan provides at Normal Retirement Date a lump sum and a pension (i.e. the lump sum is not an optional matter), the "maximum pension" may include the pension equivalent of the lump sum and any preserved benefits from an earlier employment may be taken into account.

- 15(3) Where there is both a Spouse and Dependants, or no Spouse but more than one Dependant, separate pensions may be provided for each, but no pension may be greater than specified in the preceding paragraph and the total of the pensions must not exceed the incapacity pension which could have been provided for the Jersey Member himself.
- 15(4) If a Jersey Member dies in Pensionable Service after Normal Retirement Date, the maximum benefits can be calculated either on the basis of death in service generally, or on the basis that he had retired on the day before his death.

## **16. Benefits On Death After Retirement**

- 16(1) The M Plan may provide for a Spouse's pension of two-thirds of the pension that the deceased Jersey Member would have been receiving if he had not exchanged any pension for a lump sum or surrendered any pension. Alternatively, a similar pension may be provided for a Dependant. If there is more than one pension payable, the total of the pensions must not exceed the full amount of the deceased Jersey Member's own pension. A Spouse's pension may cease on re-marriage and a pension for a child must cease when the child attains his majority or ceases to receive full-time education, if later.
- 16(2) The M Plan may provide for a Jersey Member to surrender part of his own pension to provide for a pension for his wife but the wife's pension must not exceed the reduced pension retained by the Jersey Member. This surrender is permissible even if the wife is entitled to a separate pension in her own right from another scheme or from another rule of the Jersey Member's own scheme. Alternatively, a similar pension can be provided for a Dependant of the Jersey Member.
- 16(3) If, in any case, the benefits that were paid to the deceased Jersey Member are less than the Jersey Member's own contributions plus a reasonable rate of interest, the rules may provide for payment of a lump sum equal to the difference.
- 16(4) As an alternative to the payment of a lump sum in sub-rule 16(3), the rules may provide for the payment of a pension for a guaranteed number of years, not exceeding ten, after retirement. If the guaranteed period does not exceed five years, provision may be made for the payment of an immediate lump sum equal to the instalments falling due after the pensioner's death.
- 16(5) Spouse's and Dependant's pensions cannot be guaranteed for a minimum number of years except in the case where a pension for a Spouse or Dependant has been provided by a surrender of part of the Jersey Member's pension when both pensions can be guaranteed for a period of five years from the commencement of the Jersey Member's pension.
- 16(6) No provision for a lump sum benefit on death after retirement can be made except in the rare case of a life cover continuing after retirement. In such a case, the benefit of the continuing life cover must be taken into account as part of the retirement benefit available in non-pension form and any commutation entitlement must be restricted accordingly (see sub-rule 14(1)).

## **17. Withdrawal from Service**

- 17(1) The M Plan may provide, in the case of a Jersey Member leaving the Service of the Employer otherwise than on retirement or on death, for a return of the Jersey Member's own contributions plus interest, or for a deferred pension payable at Normal Retirement Date or for the purchase of an annuity contract approved under Article 131B of the Jersey Law, or the payment of a transfer value to the scheme of a subsequent employer.
- 17(2) If the rules of the M Plan give an option to a Jersey Member withdrawing from Service either to take a refund of his own contributions and interest or to take other benefits, the exercise by the Jersey Member of the option to take a refund must prohibit him from receiving other benefits.
- 17(3) A deferred pension can be payable at the Normal Retirement Date under the M Plan in which the benefits were secured, or at any earlier date in the case of incapacity, or at any time between the earliest date from which an immediate pension on early retirement could be paid under the rules of the M Plan and Normal Retirement Date under that M Plan, or at the Normal Retirement Date under the last employer's scheme. The amount of a deferred pension must not exceed the amounts (see sub-rule 10(2)) provided for early retirement pensions otherwise than on the grounds of incapacity, but a scheme may always grant the deferred pension that could be provided by the Jersey Members own contributions alone if that would be greater. The deferred pension which can be provided in accordance with this sub-rule may be increased, when the payment begins, up to 5% per annum over the period of deferment or, if greater, by the annual percentage increase in the cost of living.
- 17(4) The M Plan may give a right to a Jersey Member who dies before a deferred pension becomes payable to a lump sum benefit. The lump sum so payable should be governed by the limits of the "death in service" provisions of sub-rules 15(1) to 15(4) of this Schedule, his final remuneration being that on the date of his withdrawal. If Spouse's or Dependant's benefits are also provided they should be similarly governed.
- 17(5) If the rules of the M Plan provide for a deferred pension it cannot be assigned or surrendered.
- 17(6) The rules of the M Plan must provide that if a Jersey Member ceases to be a member of the M Plan but continues in the Service of the Employer (other than in the circumstances described in sub-rule 12(3)) his benefits to the date of ceasing to be a member must be held under the M Plan until he retires or leaves the Employer's Service.
- 17(7) The purchase of, or making of a transfer payment to, an annuity contract approved under Article 131B of the Jersey Law is permissible either where the Jersey Member has severed all connections with the Employer (although the retention of a small interest in an employing company may be regarded as de minimis) or in the circumstance where a Jersey Member finds himself, for reasons beyond his control, unable to continue contributing to the M Plan of his choice, for example following the reorganisation of a group of companies.
- 17(8) The M Plan may permit the payment of a transfer value to an approved scheme of a subsequent employer, and the receipt of a transfer value from an approved scheme of a

previous employer. The receiving scheme may treat the transfer payment as representing the Jersey Member's contributions only to the extent certified by the administrator of the paying scheme, and may provide the maximum benefits appropriate to the Jersey Member's service with the new employer plus the additional benefit which the transfer payment is sufficient to buy if invested by the receiving scheme or if it is applied by way of a premium under the relevant policy. The aggregate benefit must not, however, exceed two-thirds of the Jersey Member's final remuneration, less any retained benefits in respect of still earlier employments.

17(9) Tax is chargeable and payable by the person having the management of the M Plan at one-half of the standard rate in respect of all contributions refunded to a Jersey Member during his life-time. The amount on which tax is chargeable is the gross amount refundable inclusive of the interest element. No tax is chargeable in respect of transfer values paid to approved schemes or for the purchase of benefits under an annuity contract approved under Article 131B of the Jersey Law.

17(10) Where a Jersey Member leaves Service and a surplus of his benefits representing the Employer's contributions and interest remains, the M Plan may provide that the surplus should be retained to reduce future contributions or to augment benefits or to provide a reserve. Exceptionally, where the surplus cannot be so utilised, or in the case of an individual pension arrangement, the rules must provide for the return of the surplus to the Employer and the surplus will then be treated as a receipt of his trade or business.

## **18. Discontinuance of Schemes**

18(1) The rules of a scheme may provide for its discontinuance because of bankruptcy or liquidation or at the discretion of the employer. However, the rules must also provide that on discontinuance the benefits then accrued, subject to the maximum avoidable benefits, will be preserved.

18(2) Discontinuance can be achieved by making the scheme "frozen" or "paid-up". In these circumstances, all contributions must cease and the assets must be held by or on behalf of the manager or administrator to be applied to provide benefits according to the rules when the existing members retire, die or withdraw from service. The M Plan will be eventually wound up when all benefits have been so applied.

18(3) Alternatively, the scheme may be immediately wound up and the assets realised and applied to provide the respective benefits. The benefits may be transferred by means of transfer payments to approved schemes of the new employers of the members or may be secured by the purchase of immediate or deferred non-assignable annuity contracts duly endorsed with the appropriate limits of commutation, etc., or transferred to an annuity contract approved under Article 131B of the Jersey Law. If the scheme is operated by means of policies securing benefits for particular Jersey Members, the policies suitably endorsed, may be assigned to the Jersey Members.

18(4) In the case of winding up, the maximum approvable benefits must not exceed those which would have been applicable if the Jersey Members had withdrawn from service when the benefits are determined.

## **19. Provision of benefits where Service consists of both part-time and full-time service**

### **19(1) Change from either to either**

Whether part-time service precedes or follows full-time service; it is always permissible to compute the benefits for each period of service separately by reference to the remuneration of that period (for this purpose, the time restrictions contained in sub-rule 9.3 on final remuneration may be set aside in respect of the earlier period of service).

### **19(2) Change from part-time to full-time**

Alternatively where the full-time service follows the part-time, benefits may be based on final remuneration in the full-time job provided that the part-time service is converted into its full-time equivalent using the formula:

$$\text{Years of part-time service} \times \frac{\text{part-time working hours}}{\text{Full-time working hours}^*}$$

\*This should be the number of hours on which final remuneration is based.

### **19(3) Change from full-time to part-time**

A similar alternative is available where the part-time service follows the full-time. In this case, however, not only does the part-time service need to be converted to full-time service but also the final remuneration needs to be converted to its full-time equivalent. This alternative is not to be used for calculating benefits in respect of remuneration which includes emoluments as a director.

### **19(4) Retained benefits**

Sub-rules 8.4 and 9.2 describe circumstances where benefits must not exceed two-thirds of final remuneration less retained benefits. When applying this restriction to benefits for mixed full-time and part-time service, final remuneration should be calculated:

- a. In conversion cases (i.e. where sub-rules 19.2 or 19.3 above apply) as the actual or notional full-time final remuneration used in the calculation, and
- b. where separate period calculations are used, as follows:

$$\frac{\text{Years of part-time service}}{\text{Years of total service}}$$

x final remuneration for part-time service

plus

$$\frac{\text{Years of full-time service}}{\text{Years of total service}}$$

x final remuneration for part-time service

### **19(5) Benefits on death in service**

Maximum approvable pensions for widows, widowers or dependants should be calculated on the assumption that the terms of employment (i.e. full or part-time) at the time of death would have continued unchanged until normal retirement date.

IN WITNESS WHEREOF the parties have today executed this document as a Deed

The Common Seal of IBM UNITED )  
KINGDOM HOLDINGS LIMITED was )  
affixed in the presence of: )

Director

Director/Secretary

The Common Seal of IBM UNITED )  
KINGDOM PENSIONS TRUST )  
LIMITED was affixed in the presence of: )

Director

Director/Secretary

**IBM PENSION PLAN**  
**MONEY PURCHASE SECTION RULES**

INDEX

<b>RULE TITLE</b>	<b>SCHEDULE/RULE</b>
Absence from Work	B.4
Cash Lump Sum Option	D.5
Cessation of Membership	B.2
Child's Allowance for a Member who was a Permanent Employee	E.6
Death of a Retiree	E.3
Death of a Deferred Retiree	E.4
Death of a Postponed Retiree	E.5
Death of a Member who is a Permanent Employee	E.1
Death of a Member who is a Fixed Term Contract Employee	E.2
Deferred Retirement Account	F.2
Dependant's Pension for a Member who was a Permanent Employee	E.7
Early Retirement	D.2
Eligibility and Entrance	B.1
Employer's Contributions	C.1
Excess Retirement Account	C.7
Ill-Health Early Retirement	D.3
Investment of Retirement Account	C.6
Late Retirement	D.4
Maternity Absence	B.5
Member's Contributions	C.2
Member's AVCs	C.3

<b>RULE TITLE</b>	<b>SCHEDULE/RULE</b>
Normal Retirement	D.1
Open Market Option	D.6
Range of Alternatives	F.1
Refund of Contributions	F.3
Resumption of Membership	B.3
Retirement Account	C.5
Variation, Suspension or Termination of Contributions	C.4

# **DATA SCIENCES PENSION SCHEME RULES**

**"RELEVANT BENEFIT PROVISIONS" INCORPORATED INTO THE IBM PENSION PLAN FROM  
THE DEFINITIVE TRUST DEED AND RULES DATED 25 JULY 1994 (AS AMENDED)**

**AS A RESULT OF THE DEED OF MERGER DATED 3 DECEMBER 1997**

**INCORPORATES FURTHER SPECIFIC AMENDMENTS TO  
THE "RELEVANT BENEFIT PROVISIONS" MADE BY A DEED OF AMENDMENT  
DATED 21 OCTOBER 2010**

## **SCHEDULE 1**

### **RULES**

of

### **THE DATA SCIENCES PENSION SCHEME**

#### **ARRANGEMENT OF RULES**

SECTION 1 - INTRODUCTION.....	1
1.1 Interpretation .....	1
1.2 Commencement.....	7
1.3 Constitution of the Fund .....	7
1.4 Participation by Employers.....	7
1.5 Special provisions on first participation .....	8
1.6 Declaration of trust.....	8
1.7 Employer ceasing to participate .....	8
1.8 Effect of headings and marginal notes .....	8
SECTION 2 - ELIGIBILITY AND MEMBERSHIP .....	9
2.1 Eligibility .....	9
2.2 Waiver of eligibility conditions .....	9
2.3 Application for membership.....	9
2.4 Categories of membership .....	9
SECTION 3 - CALCULATION OF PENSIONABLE SERVICE.....	9
3.1 Pensionable Service .....	9
3.2 Transfers .....	9
3.3 Additional Pensionable Service in special cases .....	9
3.4 Pensionable Service in cases of ill-health .....	9
3.5 Pensionable Service in other cases of absence including secondment.....	10
3.6 Part-time Service .....	11
3.7 Maternity leave.....	11
SECTION 4 - MEMBERS' CONTRIBUTIONS .....	13
4.1 Ordinary contributions .....	13
4.2 Duration of contributions .....	13
4.3 Voluntary contributions to buy additional benefits.....	13
4.4 Deduction of Contributions .....	14
4.5 Maximum Contributions.....	14
4.6 Return of surplus funds .....	14

SECTION 5 - EMPLOYERS' CONTRIBUTIONS .....	14
5.1 Ordinary contributions .....	14
5.2 Additional special contributions .....	14
5.3 Funding of pensions payable by Employers .....	14
5.4 Cost of insurance premiums .....	14
SECTION 6 - BENEFITS ON RETIREMENT .....	14
6.1 Entitlement to benefit .....	14
6.2 Retirement at Normal Retirement Date .....	14
6.3 Deferment of pension.....	15
6.4 Early retirement on the ground's of ill-health .....	15
6.5 Early retirement following redundancy .....	16
6.6 Early retirement in other cases.....	16
6.7 Lump sum benefits on retirement.....	17
6.8 Payment of lump sum benefits.....	17
6.9 Additional benefits.....	17
SECTION 7 - BENEFITS ON DEATH .....	18
7.1 Lump sum benefits on death in Pensionable Service .....	18
7.2 Lump sum benefits on death after retirement and death in Service after Normal Retirement Date .....	18
7.3 Spouse's pension on death in Pensionable Service .....	18
7.4 Spouse's pension on death of a Pensioner .....	18
7.5 Provisions applicable to all spouses' pensions .....	19
7.6 Pension for Dependant .....	19
7.7 Reduction in spouse's or Dependant's pension.....	19
7.8 Children's benefits.....	19
7.9 Duration and payment of children's pensions .....	20
7.10 No duplication of children's pensions .....	20
7.11 Meaning of Eligible Child.....	20
7.12 Medical Report.....	21
7.13 Insurance of death in Service benefits .....	21
SECTION 8 - ALLOCATION .....	21
8.1 Right to make an allocation.....	21
8.2 Restriction on right to allocate .....	21
8.3 Type of pension .....	21
8.4 Amount of Allocation and pension .....	22
8.5 Restrictions on amount of Allocation .....	22
8.6 Number of Allocations .....	22
8.7 Death of Beneficiary.....	22

8.8	Medical Report.....	22
8.9	Administrative arrangements.....	22
8.10	Definition of Beneficiary .....	22
SECTION 9 - PRESERVATION OF BENEFITS ON LEAVING PENSIONABLE SERVICE .....		22
9.1	Application of this Section .....	22
9.2	Entitlement to Short Service Benefits .....	23
9.3	Amount of Short Service Benefits .....	23
9.4	Additional benefits and credits .....	23
9.5	Time of payment .....	23
9.6	Allocation .....	24
9.7	Increases in Short Service Benefits.....	24
9.8	Death before Short Service Benefits come into payment .....	24
9.9	Discretionary powers for Trustees to bring Short Service Benefits into payment.....	25
9.10	Refunds of contributions .....	25
9.11	Additional .....	25
9.12	Transfer payments .....	25
9.13	Transfers to a Transfer Scheme .....	26
9.14	Buying out Short Service Benefits .....	26
9.15	Personal pensions.....	27
9.16	General provisions relating to transfers.....	27
SECTION 10 - INLAND REVENUE LIMITS.....		28
SECTION 11 - PENSION INCREASES.....		28
11.1	Increases in current pensions .....	28
11.2	Increases in deferred benefits .....	30
11.3	Augmentation of benefits .....	30
SECTION 12 – FORFEITURE, COMMUTATION AND ALIENATION .....		30
12.1	Lien and forfeiture .....	30
12.2	Restrictions on alienation and forfeiture .....	30
12.3	Total commutation – trivial pensions .....	30
12.4	Total commutation – serious ill-health .....	30
12.5	Forfeiture of unclaimed benefits.....	30
SECTION 13 – STATUS OF SCHEME AND TAXATION .....		31
13.1	Status of the Scheme.....	31
13.2	Undertakings to the Inland Revenue .....	31
13.3	Undertakings to the Occupational Pensions Board .....	31
13.4	Effect of undertakings .....	31
13.5	Taxation deductions .....	31

SECTION 14 – ADMINISTRATION.....	31
14.1 Appointment and Removal of Trustees .....	31
14.2 Trustees to have control of the Fund.....	31
14.3 Trustees may appoint nominee to hold investments.....	31
14.4 Remuneration of Trustees.....	31
14.5 How Trustees may act .....	31
14.6 Members as Trustees or directors of corporate Trustees.....	31
14.7 Secretary .....	31
14.8 Actuary .....	31
14.9 Administrator .....	31
14.10 Actuarial Investigations .....	31
14.11 Expenses of administration .....	31
14.12 Books of account .....	31
14.13 Investment .....	31
14.14 Power to delegate investment functions and discretions .....	31
14.15 Power to borrow and to insure .....	31
14.16 Notices .....	31
14.17 Members to give notice of addresses etc .....	31
14.18 Indemnity .....	31
14.19 Payment of pensions.....	31
14.20 Claims only in accordance with Rules .....	31
14.21 Termination of employment.....	31
14.22 Annuity in satisfaction of Member's rights .....	32
14.23 Effect of mis-statements .....	32
14.24 Information to be available .....	32
14.25 Acts of the Employer .....	32
14.26 Liability of Employers .....	32
14.27 Arbitration .....	32
SECTION 15: ALTERATIONS IN AND ADDITIONS TO RULES.....	32
15.1 Power of alteration .....	32
15.2 Prohibited alterations .....	32
15.3 Consent of Trustees.....	32
SECTION 16: TERMINATION AND WINDING UP.....	33
16.1 Power of determination .....	33
16.2 Withdrawal of an individual Employer.....	33
16.3 Total winding up of the Scheme.....	33
16.4 Entitlement to benefit .....	33

16.5 Application of Fund on a winding up.....	33
16.6 Transfers to a Receiving Scheme .....	33
16.7 Payment of benefits on a winding up.....	33
16.8 Merger .....	33
SECTION 17: CONTRACTING OUT.....	33
17.1 Application of this Section .....	33
THE OVERRIDING APPENDIX OF GMP MODEL RULES .....	33
Appendix A .....	34
Appendix B .....	35
Appendix C .....	36
Appendix D .....	37
Appendix E .....	38
Appendix F .....	54
Appendix G .....	55
Appendix H .....	57
SCHEDULE 2 Provisions relating to the Money Purchase Category of the Scheme ...	59
Special Terms .....	70

## **SECTION 1 - INTRODUCTION**

### **1.1 Interpretation**

Unless the context otherwise requires, all words importing the singular number shall include the plural, and vice versa, and words importing the masculine, feminine or neuter gender shall include either or both of the others, and words importing persons shall include corporations.

Any reference to a statute or other legislation (or to a particular chapter, part or section of, or schedule to, a statute or other legislation) shall apply only for as long as, and only to the extent that, that statute or other legislation (or chapter, part, section of or schedule to that statute or other legislation) is applicable, in the relevant context, to the Scheme.

All references to any enactment, other than a reference to any definition contained in any enactment, shall be deemed to include a reference to any statutory modification or re enactment of it for the time being in force.

In these Rules the words and expressions following shall unless inconsistent with the subject or context have the following meanings -

1993 ACT means the Pension Schemes Act 1993 or the equivalent provisions of the Pension Schemes (Northern Ireland) Act 1993 as appropriate

1997 DEED shall mean the Definitive Trust Deed of the IBM Pension Plan dated 24 April 1997

ACCOUNTING DATE means 6th April in each year (or such other date as the Principal Employer may from time to time decide)

ACTUARIAL ADVICE means advice given by an Actuary

ACTUARY means an actuary or firm of actuaries (as appropriate) appointed by the Trustees from time to time (which appointment shall, from 6 April 1997, be pursuant to and in accordance with section 47(3) of the Pensions Act 1995)

ADJUSTED PENSIONABLE SALARY means a Member's or Life Member's Pensionable Salary, adjusted to take account of any salary reviews since the last Salary Review or Annual Salary Review, as the case may be, (or since the date of joining the Scheme, if later)

ADMINISTRATOR means the person appointed to act as Administrator of the Scheme under the provisions of Rule 14.9

ANNUAL SALARY means on the relevant date the Basic Salary received by a Category C Member in the 12 months preceding that date together with the annual average of the commission, profit-share or shift allowance received by the Member in the three years preceding that date or, if the Member had been in Service for less than three years such shorter period as may be appropriate

BASIC SALARY means the basic annual salary or wages of a Category C Member (excluding bonuses, commission, overtime and any other fluctuating emoluments) at the relevant date

BENEFICIARY means a Life Member, Member or Pensioner and all other persons presently, prospectively or contingently entitled to benefits under the Scheme

CATEGORY A MEMBER means a Member who has elected to pay contributions and receive benefits on the basis outlined as applicable to such a category in these Rules

CATEGORY B MEMBER means a Member who has elected to pay contributions and receive benefits on the basis outlined as applicable to such a category in these Rules

CATEGORY C MEMBER means a Member who was previously a member of the LA Computer Services Retirement Benefits Scheme and who has elected to become a Member of this Scheme

CONTRIBUTION SALARY means in relation to a Category C Member a sum equal to the Basic Salary less an amount equal to the Lower Earnings Limit in force at the date of calculation

CURRENT PENSIONABLE SALARY means in relation to a Category C Member the Annual Salary on each Accounting Date less an amount equal to three-quarters of the annual basic state pension for a single person on that date

DEPENDANTS means, in relation to any Life Member, Member or Pensioner, any individuals (whether or not Relatives) who, in the opinion of the Trustees, are or were at the time of such Life Member's, Member's or Pensioner's death financially dependent or interdependent on such Life Member, Member or Pensioner or dependent on such Life Member, Member or Pensioner because of disability

DISCRETIONARY TRUSTS means, in regard to any sum directed to be held on such trusts in respect of any deceased Life Member, Member or Pensioner, that

- (a) the Trustees shall have power, at their absolute discretion, to pay or apply the whole or any part of that sum to or for the benefit of all or any Relatives, Dependants, personal representatives or nominated beneficiaries of such deceased Life Member, Member or Pensioner in such shares and proportions as the Trustees shall in their absolute discretion decide but so that if the deceased Life Member, Member or Pensioner shall not leave any Relative or Dependant or nominated beneficiary, the Trustees may elect to retain all or part of the sum as part of the Fund; and in addition the Trustees shall have power to declare separate trusts including such provisions for maintenance, education, advancement and accumulation of income during minority and including such discretionary trusts and powers as the Trustees shall from time to time by deed, revocable or irrevocable, appoint but without infringing the rule against perpetuities, and the Trustees shall have power to appoint as trustees of such trusts any two persons or a trust corporation as the Trustees shall in their absolute discretion decide and to remove any of the trustees and appoint any other trustee in place of any so removed and provide for the remuneration of any such appointee and

any expenses, fees or other outgoings incurred in connection with any payment or application pursuant to this Rule to be deducted from or paid out of such benefits;

- (b) if or to the extent that the Trustees shall not exercise the powers contained in paragraph (a) within two years of the death of the Life Member, Member or Pensioner, the Trustees shall hold such sum as a separate fund from the Fund upon trust for the personal representatives of the deceased Life Member, Member or Pensioner or, if there are none, the statutory next of kin of the deceased Life Member, Member or Pensioner, provided always that the whole or any part of the sum shall be retained as part of the Fund if the Crown, the Duchy of Lancaster or the Duchy of Cornwall would otherwise benefit therefrom;
- (c) the Trustees may, but without being in any way bound to do so, have regard to any document signed by the Life Member, Member or Pensioner concerned expressing his wishes relating to the disposal of any sum to be held upon Discretionary Trusts and may issue forms to Life Members, Members or Pensioners for this purpose and so that for the purposes of this definition any person named in such expression of wish who is not a Relative or Dependant of the Life Member, Member or Pensioner shall be a "nominated beneficiary"

ELIGIBLE CHILD has the meaning given to that expression in Rule 7.11

EMPLOYEE means an employee eligible for membership in accordance with Rule 2.1 or who has been admitted to membership under Rule 2.2

EMPLOYER means the Principal Employer or any other Employer which is participating in the Scheme and which in relation to a Member is his Employer for the time being

EMPLOYERS means the Principal Employer and such of the subsidiary or associated companies of the Principal Employer as are for the time being participating in the Scheme, having complied with the provisions of Rule 1.4

EXEMPT APPROVED SCHEME means a scheme which is approved under Chapter 1 of Part XIV of the Taxes Act and is treated as an Exempt Approved Scheme

FINAL EARNINGS means in respect of a Category A or a Category B Member

- (a) his Pensionable Earnings  
or, if greater than (a),
- (b) (A) in respect of a Member who has been continuously a Member during a period of not less than 1 year immediately prior to his Leaving Date the sum of
  - (i) his Pay in respect of the Fiscal Year in which falls his Leaving Date and
  - (ii) if he was not a Member during the whole of the Fiscal Year referred to in (i) his Pay in respect of the Fiscal Year immediately preceding that Fiscal Year multiplied by the fraction of which the numerator is the number of days in that Fiscal Year during which he was not a Member and the denominator is the number of days in such immediately preceding Fiscal Year during which he was a Member

or

- (B) in respect of any other Member his Pay in respect of his last (or only) period as a Member multiplied by the fraction of which the numerator is 365 and the denominator is the number of days of such period

FINAL PENSIONABLE SALARY means in respect of a Category C Member, the greater of:

- (a) Current Pensionable Salary in the last 12 months preceding Normal Retirement Date or the date of termination of Pensionable Service, if earlier
- (b) the highest Current Pensionable Salary during the five years immediately preceding Normal Retirement Date or the date of termination of Pensionable Service, if earlier and
- (c) the average of the best three consecutive Current Pensionable Salaries during the thirteen years immediately preceding Normal Retirement Date or the date of termination of Pensionable Service, if earlier.

In the case of a Postponed Retiree who has elected to continue to accrue benefits pursuant to Rule 6.3(a), the reference to "Normal Retirement Date" in (a), (b) and (c) above shall be replaced by a reference to "his/her actual retirement date"

FISCAL YEAR means the period of one year ending on the day immediately preceding the Accounting Date

FUND means the pension fund constituted under the Rules

INSURANCE COMPANY means any insurance company or other person satisfying the requirements of section 19(4)(a) of the 1993 Act

LEAVING DATE means either:

- (a) in respect of a Member the last (or only) date of his ceasing to be a Member or (if earlier) his Normal Retirement Date; or
- (b) in the case of a Postponed Retiree who has elected to continue to accrue benefits pursuant to Rule 6.3(a), the last (or only) date of his ceasing to be a Postponed Retiree.

LIFE MEMBER means a person admitted to membership of the Scheme on the basis that the Scheme is to provide lump sum benefits payable on death in Service only

LONG SERVICE BENEFITS has the meaning given to that expression in Rule 9.2

LOWER EARNINGS LIMIT means the Lower Earnings Limit expressed as an annual amount as specified for Class 1 contributions to the National Insurance Scheme for the period of twelve months commencing on the 6th April coincident with or immediately preceding the date of calculation

MEMBER means an Employee who has become a Member in accordance with the Rules and who is currently in Pensionable Service and, where appropriate an employee or a former

employee who is entitled to Short Service Benefits. Where the context so requires, the definition of Member shall include a Postponed Retiree.

NORMAL RETIREMENT DATE means the date on which a male Member attains the age of 65, and a female Member attains the age of 60. With effect from 6th April 1994, Normal Retirement Date means the date on which a Member attains the age of 65

ON-TARGET EARNINGS means the Member's basic annual salary or wages (including statutory sick pay and statutory maternity pay) plus the Member's on-target commission

PENSIONABLE EARNINGS means in respect of a Category A or a Category B Member on his Leaving Date

(A) (a) in relation to a Member who has been continuously a Member during a period of not less than 3 years immediately prior to his Leaving Date, one-third of the sum of

(i) his Pay in respect of the Fiscal Year in which falls his Leaving Date

(ii) his Pay in respect of the 2 previous Fiscal Years

(iii) if he was not a Member during the whole of the Fiscal Year referred to in (i) his Pay in respect of the Fiscal Years referred to in (ii) multiplied by the fraction of which the numerator is the number of days in the Fiscal Year referred to in (i) during which he was not a Member and the denominator is the number of days in such immediately preceding Fiscal years referred to in (ii) during which he was a Member

or

(b) in relation to any other Member his Pay in respect of the last three years during all or any part of which he was a Member multiplied by the fraction of which the numerator is 365 and the denominator is the number of days during which he was a Member falling within those years

or, if greater than (A),

(B) one-third of the aggregate of a Member's Pensionable Pay on those three consecutive Accounting Dates which give the highest figure during his last (or only) period of membership the last of which is not more than ten years before his Leaving date or if there are less than three consecutive Accounting Dates during his last (or only) period of membership the aggregate of his Pensionable Pay on the number of Accounting Dates which fall within the said period of membership, divided by the said number, or if the said period of membership does not include an Accounting Date, the annual equivalent of his Pay for the period whilst he is an Employee subsequent to the immediately preceding Accounting Date and before his Leaving Date

Provided that if a Member's Pensionable Earnings (determined as aforesaid) are in the opinion of the Administrator less by reason of ill-health which occurred during the last

ten years of his Pensionable Service than would otherwise have been the case the amount of the Member's Pensionable Earnings shall be such amount (not being less than the amount so determined nor more than that which but for such ill-health would in the opinion of the Administrator have been the amount thereof) as the Administrator determines

PENSION GUARANTEE AMOUNT means an amount equal to one-twelfth of the annual rate of pension payable to a Pensioner at the date of its commencement or assumed commencement multiplied by the difference between sixty and the number (if any) of monthly instalments of pension which become payable to the Pensioner prior to the date of his death

PENSIONABLE PAY means on any Accounting Date the aggregate of a Member's Pay for the Fiscal Year ending on the Accounting Date and if he was an Employee for only part of such Fiscal Year it means the annual equivalent of his Pay for that Fiscal Year

PENSIONABLE SALARY means either:

- (a) the Member's or Life Member's basic annual salary or wages (including statutory sick pay and statutory maternity pay) plus any fixed shift premium; or
- (b) at the Member's option (if he or she earns sales commission under the payment by results system), 75% of his or her annual on-target earnings;

fixed at each Salary Review (or the date upon which the Member or Life Member joined the Scheme, if later) but excluding (unless and to such extent as the Principal Employer determines otherwise) overtime payments, annual bonuses, other fluctuating emoluments, benefits in kind, allowances expressed not to be pensionable, and so much of any earnings as in the opinion of the Principal Employer are exceptional

PENSIONABLE SERVICE means the period of Service (not exceeding 40 years) which is credited to the Member under these Rules for the purpose of calculating his benefits

PENSIONER means a person who is for the time being receiving a pension out of the Fund by virtue of his previous membership of the Scheme

POSTPONED RETIREE shall mean a Member in Service after his Normal Retirement Date who has elected to postpone the payment of his pension benefits accrued under these Rules in accordance with Rule 6.3

PRE-1989 MEMBER means a Member who joined the Scheme before 1 June 1989 or who joined the Scheme on 1 October 1996 from the Thorn EMI Pension Fund and who joined the Thorn EMI Pension Fund before 1 June 1989

PRESCRIBED DATE means 6th April 1992

PRINCIPAL EMPLOYER means DATA SCIENCES LIMITED and where the context so admits includes any other company, firm or person which or who shall as a result of reconstruction amalgamation purchase or otherwise be the successor in business of the Principal Employer and which or who shall have assumed whether expressly or by implication the obligations of the Principal Employer under the Scheme

QUALIFYING SERVICE shall be construed in accordance with the 1993 Act

RELATIVES means and includes in relation to any deceased Member or Pensioner -

- (a) the widow or widower of the Member or Pensioner
- (b) the father or mother or grandparents (whether lawful or adoptive) of the Member or Pensioner and the widow or widower of such father or mother or grandparents
- (c) any person (except such Member or Pensioner) who is the child or remoter issue (whether lawful or adoptive) of such father or mother or grandparents, and the spouse or widow or widower of any such person
- (d) any person who has been the wife or husband of the Member or Pensioner

RULES means these Rules or the Rules for the time being in force, having regard to any alterations made

SALARY REVIEW means such date or dates in each year upon which a person's remuneration is reviewed and which the Principal Employer shall nominate as being the date or dates on which a Member's Pensionable Salary shall be fixed for the purposes of the Scheme

SCHEME means the Scheme governed by these Rules and known as the Data Sciences Pension Scheme

SERVICE means Service with any of the Employers and Service shall be deemed continuous although performed partly with one of the Employers and partly with another or others of the Employers, provided that any such break in such employment does not exceed one month

SHORT SERVICE BENEFITS has the meaning given to that expression in Rule 9.2

TAXES ACT means the Income and Corporation Taxes Act 1988

TRANSFER SCHEME means a scheme which is approved under Chapter I or Chapter IV of Part XIV of the Taxes Act, any statutory scheme or any other fund, scheme or arrangement approved by the Inland Revenue for the purposes of rules 3.2 or 9.12 of Schedule 1 and Rules A.3.1 or A.8.6 of Schedule 2

TRUSTEES means the trustees or trustee for the time being of the Scheme

YEAR shall include a fraction of a Year calculated by reference to the number of complete months in any incomplete Year which shall be taken into account for all purposes as representing twelfths of a Year.

**[ORIGINAL DATA SCIENCES PROVISIONS 1.2 - 1.8 NOT INCORPORATED]**

1.2 Commencement

1.3 Constitution of the Fund

1.4 Participation by Employers

- 1.5      Special provisions on first participation
- 1.6      Declaration of trust
- 1.7      Employer ceasing to participate
- 1.8      Effect of headings and marginal notes

**[THE PROVISIONS OF THIS SECTION 2 OF THE ORIGINAL DATA SCIENCES RULES WERE NOT INCORPORATED]**

**SECTION 2 - ELIGIBILITY AND MEMBERSHIP**

**2. Eligibility**

2.1 Waiver of eligibility conditions

2.2 Application for membership

2.3 Categories of membership

**SECTION 3 - CALCULATION OF PENSIONABLE SERVICE**

**3. Pensionable Service**

The following periods shall be treated as periods of Pensionable Service -

- (a) the last or only period of continuous Pensionable Service from the date of joining the Scheme up to the Leaving Date
- (b) in the case of a female Member who left Service before 6 April 1994 and whose Normal Retirement Date was her 60th birthday but who continued to contribute to the Fund in accordance with Rule 6.3 after her Normal Retirement Date, the period of Service from Normal Retirement Date until she attained the age of 65 or retired, if earlier
- (c) such additional periods as credited to the Member on 1st September 1990 and 1st October 1993 and as notified to him in writing
- (d) such further period as shall be credited to the Member in accordance with the following Rules of this Section.

**[ORIGINAL DATA SCIENCES RULES 3.2 AND 3.3 NOT INCORPORATED]**

3.2 Transfers

3.3 Additional Pensionable Service in special cases

3.4 Pensionable Service in cases of ill-health

In the case of absence from work due to illness or any other incapacity

- (a) during such period of absence as the Member shall be in receipt of any remuneration from the Employer he shall continue to make the appropriate contributions pursuant to Rule 4.1 calculated on the same basis as was in force before such absence commenced (or, if the Principal Employer so requires, by reference to any salary scale applicable to the Member or by reference to any increased remuneration paid to Employees of the same rank) and his Pensionable Service shall not cease to accrue

- (b) after the end of such period as is mentioned in paragraph (a) above, the Pensionable Service of the Member shall cease to accrue until such time as he is again making contributions to the Scheme
- (c) notwithstanding that Pensionable Service has ceased to accrue pursuant to paragraph (b) above, the Member shall remain a Member of the Scheme so long as he is not deemed to have left the Service of the Employer
- (d) in the event of the death of any Member who is absent from work due to illness or any other incapacity the benefits payable on his death shall be calculated by reference to his Pay in respect of a Category A or a Category B Member or his Annual Salary in respect of a Category C Member before such absence commenced and the provisions of this paragraph shall also apply to a Life Member whose benefits shall be calculated by reference to his Pensionable Salary before such absence commenced.

### 3.5 Pensionable Service in other cases of absence including secondment

In the event of the absence of an Employee from Service for any of the reasons specified in paragraph (a) below, the absence shall not be treated as a withdrawal from Service qualifying for benefits in accordance with Section 9, with the result that the Member shall retain his membership for the periods specified in paragraph (b) below and such periods may accrue as Pensionable Service if contributions are paid in respect of him in accordance with paragraph (c) below

- (a) periods of absence approved by the Employer are –
  - (i) a period of absence to enable the Member to take up work of national importance
  - (ii) a period of absence to take a course of study or training which the Member applies to have approved by the Employer within three months of starting the course and the application is granted
  - (iii) a period during which the Member is granted leave of absence or seconded to another Employer
- (b) a period of absence may be unlimited in a case to which sub- paragraph (i) of paragraph (a) above applies, and in other cases shall not exceed three years or such longer period as the Employer, with the consent of the Board of Inland Revenue, may be prepared to agree
- (c) the Employer may at its discretion arrange for the continuation of the contributions in respect of the Member and shall include a sum on account of the Employer's contributions as may be specified by the Trustees, acting on Actuarial Advice. Contributions shall not, however, be payable if the Member becomes a member of another pension scheme during a period of absence, in which event his membership of this Scheme shall terminate forthwith
- (d) in the event of the death of any Member who is absent from Service for any of the reasons specified in paragraph (a) above, the benefits payable on his death shall be calculated by reference to his Pay in respect of a Category A or a Category B member or Annual Salary in respect of a Category C Member before such absence

commenced, but if he dies more than one year (or such other period as may from time to time be determined by the Trustees) after such absence commenced and during such absence and during a period when no contributions were paid in respect of him in accordance with paragraph (c) above, the Member shall be treated as having left Service on the day before his death and benefits shall be payable in accordance with Section 9, and the provisions of this paragraph shall also apply to a Life Member.

### 3.6 Part-time Service

Where a Member has a period of Service which includes or consists of part-time Service his Pensionable Service in respect of such part-time Service shall for the purpose of calculating the amount of benefits, but not for the purpose of calculating the number of years of Pensionable Service to be completed before he becomes entitled to benefits, be calculated by multiplying the number of years of such part-time Service by that fraction which his contractual hours of work per week bears to the hours per week which he would have worked had he been a full-time Employee during that period, which fraction shall be determined by the Employer in its absolute discretion. If the fraction of part-time Service changes, a separate calculation shall be made of the Pensionable Service in respect of each period when the part-time fraction is constant.

### 3.7 Maternity leave

- (a) The provisions of this Rule apply, subject to a Member's right under Rule 2.1 to leave the Scheme whilst remaining in Service, in relation to a female Member who is absent from her employment wholly or partly because of pregnancy or confinement. In this Rule, ERA 1996 means the Employment Rights Act 1996.
- (b) A female Member shall:
  - (i) continue to be in Pensionable Service during her maternity leave period to the extent that this is required by section 71 of ERA 1996 for women whose expected week of childbirth begins on or after 16 October 1994;
  - (ii) continue to be in Pensionable Service during any period of paid maternity absence on or after 23 June 1994 to the extent this is required by paragraph 5 of Schedule 5 to the Social Security Act 1989; and
  - (iii) otherwise shall not be in Pensionable Service during such period of absence.
- (c) A female Member who returns to work under section 79 of ERA 1996 shall be entitled (as envisaged by section 79(2)(b) of that Act) to return to work with her pension rights as they would have been if the period or periods of her employment prior to the end of her maternity leave period (as defined in sections 72 and 73 of ERA 1996) were continuous with her employment following her return to work.
- (d) As required by Schedule 5 to the Social Security Act 1989:
  - (i) contributions payable by a female Member during her period of paid maternity absence shall be calculated on the basis of the amount of contractual remuneration or statutory maternity pay actually paid to or for her in respect of that period; and

- (ii) for the purpose of determining the amount of any benefit payable under the Scheme to or in respect of a female Member (or contributions payable to the Scheme by the Employers in respect of a Money Purchase Category Member) any period of paid maternity absence shall be treated as if it were a period throughout which the female Member works normally and receives the remuneration likely to be paid for doing so.

## **SECTION 4 - MEMBERS' CONTRIBUTIONS**

### **4. Ordinary contributions**

As from the Prescribed Date a Category A Member shall contribute to the Fund at the rate of 3% of Pay, a Category B Member at the rate of 5% of Pay and a Category C Member at the rate of 5 % of Contribution Salary.

With effect from 6 July 2005, a former Category B Member shall contribute to the Fund at the date of 6% of Pay.

#### **4.1 Duration of contributions**

Contributions commence with the first payment of salary following the date of becoming a Member and cease on attainment of Normal Retirement Date, or leaving Pensionable Service if earlier. In the case of a Postponed Retiree who has elected to continue to accrue benefits pursuant to Rule 6.3(a), contributions commence with the first payment of salary following the date of becoming a Member and cease on attainment of actual retirement date or leaving Pensionable Service if earlier.

#### **4.2 Voluntary contributions to buy additional benefits**

If a Member wishes to buy added benefits, he may make voluntary contributions to the Fund. Any retirement benefits so secured by arrangements first entered into by the Member on or after 8th April 1987 must be in the form of non-commutable pension for himself or his Dependants, except to the extent that the Rules allow commutation of trivial pensions or on the grounds of serious ill-health. The following provisions shall apply -

- (a) the voluntary contributions can be in the form of a lump sum or periodic contributions
- (b) no voluntary contribution shall exceed a sum which will enable benefits to be received in excess of the limits specified in Section 10
- (c) the benefits secured by voluntary contributions under this Rule shall be additional to all other benefits payable under the Rules, and shall be in such form as may be agreed between the Trustees and the Member at the time when the contributions commence or from time to time thereafter but subject always to the provisions of Section 10. Such contributions shall be used for the purpose only of providing the benefits referred to in this Rule. The additional benefits provided shall be equivalent on a money purchase basis to the amount of such contributions paid and the assets and liabilities relating to them shall at all times be kept separately identifiable and isolated from the other assets and liabilities of the Scheme. In the event of the discontinuance or winding up of the Scheme the assets and liabilities of the Scheme relating to additional voluntary contributions shall be apportioned among the Members who have paid such contributions in such manner as the Trustees acting on Actuarial Advice may consider to be just and equitable and Rule 16.5 shall take effect subject to the provisions of this paragraph
- (d) the benefits secured by voluntary contributions shall be reasonable having regard to the amount of the contributions and to the value of the other benefits within the Scheme

- (e) voluntary contributions may be started, varied or terminated at any time, and if a Member remains in Service after Normal Retirement Date, may be continued so far as is necessary to fund the additional benefits permissible by the Board of Inland Revenue on late retirement.

**[ORIGINAL DATA SCIENCES RULES 4.4 – 4.6 NOT INCORPORATED]**

- 4.3 Deduction of Contributions
- 4.4 Maximum Contributions
- 4.5 Return of surplus funds

**[THE PROVISIONS OF THIS SECTION 5 OF ORIGINAL DATA SCIENCES RULES WERE NOT INCORPORATED]**

**SECTION 5 - EMPLOYERS' CONTRIBUTIONS**

- 5. Ordinary contributions
- 5.1 Additional special contributions
- 5.2 Funding of pensions payable by Employers
- 5.3 Cost of insurance premiums

**SECTION 6 - BENEFITS ON RETIREMENT**

- 6. Entitlement to benefit

Each Member who retires from Pensionable Service on or after Normal Retirement Date and a Member retiring in accordance with Rules 6.4 or 6.5, shall be entitled during his life to an annual pension commencing from actual retirement, in accordance with this Section.

- 6.1 Retirement at Normal Retirement Date

The pension payable to a Category A or B Member on his retirement at his Normal Retirement Date shall be calculated as:-

- (A) (a) 1/100th of a Member's Pensionable Earnings for each Year of Pensionable Service after 31st July 1977 completed as a Category A Member and/or
- (b) 1/60th of a Member's Pensionable Earnings for each Year of Pensionable Service after 31st July 1977 completed as a Category B Member and
- (c) 1/60th of a Member's Pensionable Earnings for each Year of Pensionable Service completed prior to 1st August 1977

or if greater

- (B) a pension equal to 40% of a Member's contributions (excluding voluntary contributions paid in accordance with Rule 4.3) to the Scheme.

The pension payable to a Category C Member on his retirement at his Normal Retirement Date shall be calculated at the rate of 1/60th of his Final Pensionable Salary at the date of retirement for each Year of his Pensionable Service.

## 6.2 Deferment of pension

Where a Member reaches Normal Retirement Date and remains in Service, he may elect to postpone the payment of his pension benefits accrued under these Rules and be treated as a Postponed Retiree, such Postponed Retiree shall within three months prior to his Normal Retirement Date elect to have his pension calculated on the basis set out in either paragraph (a) or paragraph (b) below. Where no election is made, the pension shall be calculated on the basis set out in paragraph (b). If a Postponed Retiree elects (or is deemed to have elected) paragraph (b) then he may not subsequently elect to have his pension calculated on the basis set out in paragraph (a).

- (a) The pension shall be calculated as for normal retirement in accordance with Rule 6.2 by reference to his Pensionable Service and either (i) his Final Earnings (in relation to a Category A or Category B Member) or (ii) his Final Pensionable Salary (in relation to a Category C Member) at his actual retirement date or leaving Pensionable Service if earlier; or
- (b) The pension shall be calculated as for normal retirement in accordance with Rule 6.2 as if the Postponed Retiree had retired when he reached his Normal Retirement Date, and such pension shall be increased by such amount as the Trustee acting on Actuarial Advice shall decide having regard to:
  - (i) the period between Normal Retirement Date and the date of actual retirement; and
  - (ii) Clause 4 of Part XI of the 1997 Deed (which concerns the increase of any Guaranteed Minimum Pension, receipt of which is postponed beyond State Pension Age).

## 6.3 Early retirement on the grounds of ill-health

Any Member who has become in the opinion of the Employer incapable of discharging his duties by reason of permanent ill-health or incapacity, and retires from Pensionable Service in consequence, shall be entitled to an immediate pension and lump sum calculated in the manner prescribed in Rule 6.2 and Rule 6.6 but in respect of a Category A or B Member only with his Pensionable Service enhanced by the additional period of Pensionable Service which would have accrued if he had remained in Service until Normal Retirement Date. The Trustees may in any case where any Member who has not attained Normal Retirement Date shall have been granted a pension under this Rule withdraw, suspend or reduce such pension if there shall have been an improvement in the Member's health or if for any reason he is able to carry on remunerative employment, whether with the Employer or otherwise; but so that, on the Member retiring or reaching Normal Retirement Date, the pension payable shall not be less than the pension previously payable after deducting whichever is the lower of -

- (a) the pension earned by the Member from any scheme (including this Scheme) since suspension under this Rule, and
- (b) the portion of pension (including any pension increase) attributable to the period of ill-health enhancement.

If a Category A or B Member who has left the Scheme with an entitlement to Short Service Benefits under Section 9 retires early under the provisions of this Rule his pension shall be reduced by one-third per cent for each month or part month between the date of the Members retirement and the Members Normal Retirement Date.

In respect of a Category C Member his pension will be reduced to allow for his age at retirement in such manner as the Trustees, acting on Actuarial Advice shall decide, not being by more than shall be certified as reasonable by the Actuary tendering Actuarial Advice to the Trustees. (Such a Member may nevertheless opt to receive a deferred pension under Section 9).

#### 6.4 Early retirement following redundancy

Any Category A or B Member who having attained the age of 50 leaves Pensionable Service as a result of redundancy shall be entitled to receive an immediate pension and lump sum calculated in accordance with the provisions of Rule 6.2 and Rule 6.7.

If a Category A or B Member who has left the Scheme with an entitlement to Short Service Benefits under Section 9 retires early under the provisions of this Rule the pension payable to such a Member shall be payable from age 55 without reduction.

#### 6.5 Early retirement in other cases

Any Member who has attained the age of 50 and who leaves Pensionable Service otherwise than in the circumstances referred to in Rule 6.2, Rule 6.4 or 6.5 may retire subject to the approval of the Principal Employer. On retirement he shall receive a pension and lump sum in accordance with the provisions of Rule 6.2 and Rule 6.7.

In such case the pension of a Category A or B Member shall be reduced by one-sixth per cent for each month or part month between the date of the Members retirement and the date 5 years prior to the Members Normal Retirement Date. The pension of a Category C Member shall be reduced in accordance with the following table:

Years to Normal Retirement Date	Percentage of Pension
0	100
1	96.2
2	92.5
3	89.0
4	85.6
5	82.4

6	79.3
7	76.2
8	73.4
9	70.6
10	67.9
11	65.3
12	62.8
13	60.4
14	58.1
15	55.9
Complete months shall be interpolated into this table	

The value of any pension payable under this Rule shall not be less than the value of the Member's Short Service Benefits. (Such a Member may nevertheless opt to receive a deferred pension under Section 9).

If a Member who has left the Scheme with an entitlement to Short Service Benefits under Section 9 retires early under the provisions of this Rule the pension payable shall be reduced by 1/3% for each month that such pension is paid early, or such other amount as the Trustees, acting on Actuarial Advice, shall from time to time decide.

#### 6.6 Lump sum benefits on retirement

Any Member who retires from Pensionable Service and who under any of the provisions of this Section becomes entitled to a pension out of the Fund may, at the time when such pension commences to be payable, elect to receive a lump sum equivalent to 3/80ths of a Category A or B Member's Pensionable Earnings or of a Category C Member's Final Pensionable Salary for each year of his Pensionable Service (not exceeding 40 years) and not exceeding the limits specified in Section 10 or with the consent of the Trustees such greater sum as the Member may require but not exceeding the capital value in actuarial terms of such pension and not exceeding the limits specified in Section 10. The consideration for such lump sum shall be a reduction in the pension payable under the foregoing provisions of this Section of an amount which shall be certified as reasonable by the Actuary.

#### 6.7 Payment of lump sum benefits

In cases where retirement or payment of pension is deferred under Rule 6.3, a Pre-1989 Member may with the consent of the Trustees elect to receive his lump sum benefits on attaining his Normal Retirement Date, in which case only his reduced pension will be subject to the increase provided for in Rule 6.3.

#### 6.8 Additional benefits

**[THE PROVISIONS OF ORIGINAL DATA SCIENCES RULE 6.9 WERE NOT INCORPORATED]**

## **SECTION 7 - BENEFITS ON DEATH**

### **7. Lump sum benefits on death in Pensionable Service**

Where a Member (which for the purposes of this Rule and Rule 7.12 shall include a Life Member) dies in Pensionable Service (or Service in the case of a Life Member), there will be raised out of the Fund and held upon the Discretionary Trusts a sum equal to the contributions of the Member to the Fund under Section 4 (but excluding any voluntary contributions paid by the Member to secure improved death in Pensionable Service benefits), without interest.

#### **7.1 Lump sum benefits on death after retirement and death in Service after Normal Retirement Date**

On the death of a Pensioner who was a Category A or B Member within five years after his actual retirement there will be payable upon Discretionary Trusts the Pension Guarantee Amount. On the death of Pensioner who was a Category C Member within five years after his actual retirement there will be payable upon Discretionary Trusts an amount equivalent in value to the balance of the pension which the Pensioner would have received during the remainder of the period of five years excluding any increase in pension under Section 11 which comes into force after the date of death.

On the death of a Postponed Retiree who has elected to have his benefits calculated in accordance with Rule 6.3(a), there shall be payable benefits calculated in accordance with Rules 7.1 and 7.3. On the death of a Postponed Retiree who has elected (or is deemed to have elected) to have his benefits calculated in accordance with Rule 6.3(b), there shall be payable benefits in accordance with Rule 9.8.

#### **7.2 Spouse's pension on death in Pensionable Service**

The spouse of a Member who dies in Pensionable Service before Normal Retirement Date shall be entitled to receive a pension equal to one-half of the pension which the Member would have received if he had remained in Pensionable Service until he had retired at Normal Retirement Date. The spouse of a Postponed Retiree who has elected to have his benefits calculated in accordance with Rule 6.3(a), shall be entitled to receive a pension equal to one-half of the pension which the Member would have received had he retired on the day immediately preceding the date of death. In respect of a Category A or a Category B Member the calculation shall be based on the Member's Final Earnings as would have applied on the Leaving Date coincident with or immediately preceding the date of death. In respect of a Category C Member the calculation shall be based on the Member's Current Pensionable Salary at the date of death.

#### **7.3 Spouse's pension on death of a Pensioner**

The spouse of a Pensioner to whom he was married at the date of his death, shall be entitled to receive a pension equal to one-half of the pension which the Pensioner was receiving at the date of his death or in respect of a Pensioner who was a Category A or B Member that amount that would have been payable had the calculation been based on the Members Final Earnings.

Subject to Rule 7.14, for the purposes of this Rule -

- (a) if the Member's pension shall have been reduced under any one or more of the provisions of Rules 6.7 and 6.8 and Section 8, the pension shall be calculated as if those reductions had not taken place
- (b) if the marriage of a Pensioner (who was previously a Category A or B Member) takes place after retirement and within 6 months of the date of his death the only benefit payable to a spouse shall be the amount required by Section 17.

#### 7.4 Provisions applicable to all spouses' pensions

Any pension payable to a spouse under Rule 7.3 or Rule 7.4 shall be payable from the death of the Member or Pensioner and shall be payable to the spouse of a Category C Member or Pensioner for life or in respect of a Category A or a Category B Member or Pensioner for life or to the date of remarriage if this occurs before the age of 60 for a widow and 65 for a widower. With effect from 1st October 1993 the provision for spouses pensions to cease on remarriage shall be deleted except in respect of such pensions that have prior to that date already ceased. If the marriage took place after the Leaving Date or if at the date of death the spouse is not normally resident with the Member then, unless the Trustees in their absolute discretion decide otherwise, no spouses pension shall become payable except for the amount required by Section 17.

#### 7.5 Pension for Dependant

Notwithstanding the provisions of Rules 7.3 and 7.4, where at the time of the Member's death he was not married, or he was not living with his lawful spouse (and whether or not she was in any way financially dependent upon him), the Trustees shall have a discretion to pay by way of pension an amount not exceeding the amount of pension payable under Rule 7.3 or Rule 7.4, as the case may be, to another Dependant and, to the extent that the Trustees exercise this discretion, the rights of the lawful spouse of the Member shall be abrogated in whole or in part, as the case may be.

#### 7.6 Reduction in spouse's or Dependant's pension

Subject to Rule 7.14, any pension payable under the provisions of Rule 7.3, Rule 7.4 or Rule 7.6 shall be reduced, in cases where the spouse or Dependant is more than ten years younger than the Member, by such amount as the Trustees, acting on Actuarial Advice, shall decide to be appropriate, not exceeding 2.5% for each year of age disparity in excess of ten.

#### 7.7 Children's benefits

On the death before 1st October 1993 of a Category A or B Member or a Pensioner (who was a Category A or B Member) leaving an Eligible Child or Children then a pension for the benefit of each Eligible Child (but so that not more than four of such pensions shall be paid at any one time and if there are more than four eligible children the pensions will be paid in order of seniority) will be paid equal to one-quarter of the pension payable to the spouse (or the amount that would have been paid had the Member or Pensioner left an eligible spouse of his own age) but so that the total amount of any spouse's Dependant's and children's pensions shall not exceed 100% of the pension which the Member would have received if he

had remained in Pensionable Service (at the same Pensionable Salary he was receiving at the date of his death) until and had retired upon reaching his Normal Retirement Date or of the pension which the Member was receiving at the time of his death. For the purposes of this Rule the provisions of paragraphs (a) and (b) of Rule 7.4 shall apply.

On the death after 1st October 1993 of any Member or a Pensioner leaving an Eligible Child or Children then a pension for the benefit of each Eligible Child (but so that not more than four of such pensions shall be paid at any one time and if there are more than four eligible children the pensions will be paid in order of seniority) will be paid in accordance with the following:-

Number of Eligible Children	Pension as % of spouses pension
1	40
2	60
3	80
4 or more	100

#### 7.8 Duration and payment of children's pensions

The pension payable under Rule 7.8 -

- (a) shall commence on the death of the Member and shall continue so long as there remains an Eligible Child
- (b) may be paid, at the discretion of the Trustees, to any person who undertakes to apply the pension for the maintenance or benefit of the Eligible Child, and the Trustees shall not be under any obligation to see to the application of any such pension in respect of such Eligible Child and paid to such person.

#### 7.9 No duplication of children's pensions

Where a child qualifies as an Eligible Child of more than one Member of the Scheme, he shall be counted as the Eligible Child of that Member upon whose death the most favourable pension can be secured.

#### 7.10 Meaning of Eligible Child

- (a) Subject to (b) below, for the purposes of these Rules "child" means the child of a Member (including a legally adopted child and a stepchild) and "Eligible Child" means a child, as defined, who was wholly or mainly dependent on the Member, or conceived at the time of the Member's death (or at the date of retirement, if death occurs after retirement) and
  - (i) is under 16 years of age; or
  - (ii) is under the age of 23 and is, and has been continuously since the age of 16, receiving full-time education or undergoing full-time training of at least two years' duration for any trade or profession or vocation, the remuneration for which is

not more than the maximum allowable remuneration as from time to time specified by the Employer; or

- (iii) is over age 23 and who would qualify as an Eligible Child under the provisions of this Rule 7.11 that were in force immediately prior to 1 December 2006 and the payment can be treated as a payment which falls within the definition of "authorised member payments" under section 164 of the Finance Act 2004.
- (b) A person who falls within the definition of child in paragraph (a) above only because he is a stepchild of the Member shall qualify as an Eligible Child only if the Trustee is of the opinion that, at the date of the Member's death, he was:
  - (i) financially dependent on the deceased;
  - (ii) in a relationship of mutual dependence with the deceased; or
  - (iii) dependent on the deceased because of physical or mental impairment.

**[THE PROVISIONS OF ORIGINAL DATA SCIENCES RULE 7.12 WERE NOT INCORPORATED]**

7.11 Medical Report

7.12 Insurance of death in Service benefits

The Trustees shall apply any amounts received under Rule 5.4 towards the maintenance of insurance policies on the lives of the Members and Life Members (where appropriate) in such amounts as the Principal Employer may from time to time specify.

**SECTION 8 - ALLOCATION**

**8. Right to make an allocation**

Subject to Rule 8.2, a Member may at any time before his pension comes into payment make written application to the Trustees to surrender part of his pension (in this Section called "an Allocation") in order that a deferred pension payable on his death may be provided for a Beneficiary.

8.1 Restriction on right to allocate

Any Member may make an Allocation except that the Trustees have a discretion to refuse an Allocation application where a Member is granted a pension on the grounds of ill-health or incapacity or where the medical report referred to in Rule 8.8 is in the Trustees' opinion adverse to the extent that the Member does not have the normal expectation of life.

8.2 Type of pension

When an Allocation is made under this Section, a pension will be paid to the Beneficiary nominated by the Member so that the pension to be paid to the Beneficiary will commence on the date of the Member's death and continue until the date of the Beneficiary's death or some earlier date agreed to by the Trustees.

### 8.3 Amount of Allocation and pension

Depending on the terms of the Member's Allocation, the annual amount of the pension to be paid to the Beneficiary or the amount of pension payable to the Member which is allocated to the provision of the pension for the Beneficiary will be determined by the Trustees having regard to Actuarial Advice and having regard also to the age and sex of the Member and of the Beneficiary, so that the amount of pension allocated by the Member is actuarially equivalent to the amount of pension secured for the Beneficiary.

### 8.4 Restrictions on amount of Allocation

The annual amount of pension allocated by the Member under Rule 8.4 must be an exact number of pounds and may not exceed an amount which would have the effect of making the pension payable to the Beneficiary greater than the remaining pension payable to the Member before any reduction under Rule 6.6.

### 8.5 Number of Allocations

A Member may make a number of Allocations in favour of different Beneficiaries provided that the total of all Allocations and the total of all pensions payable to the Beneficiaries shall not exceed the limits set out in Rule 8.5.

### 8.6 Death of Beneficiary

The pension payable to a Member shall be permanently reduced by any Allocation made under this Section save in the event of the death of the Beneficiary before the Member retires.

**[THE PROVISIONS OF ORIGINAL DATA SCIENCES RULES 8.8 AND 8.9 WERE NOT INCORPORATED]**

### 8.7 Medical Report

### 8.8 Administrative arrangements

### 8.9 Definition of Beneficiary

In this Section "Beneficiary" means a person in whose favour an Allocation is made under this Section, being either the spouse of the Member or some Dependant selected by the Member.

## **SECTION 9 - PRESERVATION OF BENEFITS ON LEAVING PENSIONABLE SERVICE**

### **9. Application of this Section**

This Section shall apply to a Member who (otherwise than by death) leaves Pensionable Service before reaching his Normal Retirement Date, whether voluntarily or involuntarily, without an immediate pension becoming payable to him.

### 9.1 Entitlement to Short Service Benefits

Subject as provided in the Rules, a Member to whom this Section applies and who on leaving Pensionable Service either (i) has completed two years' Qualifying Service or (ii) is someone on whose behalf the Trustees have accepted a transfer payment from a personal pension scheme, shall be entitled to those benefits ("Short Service Benefits") whose descriptions (whether pension or lump sum and including any option to substitute the one for the other, either in whole or in part) correspond to the benefits ("Long Service Benefits") which, in accordance with the Rules in force at the time of the Member's leaving Pensionable Service, would be paid to or in respect of all or any of the Member, his spouse, Dependants and personal representatives if he remained in Pensionable Service until, and retired upon, reaching his Normal Retirement Date.

### 9.2 Amount of Short Service Benefits

Short Service Benefits shall be computed on the same basis as the corresponding Long Service Benefits, but by reference to the Member's Pensionable Service and Final Pensionable Salary at the time of his leaving Pensionable Service.

### 9.3 Additional benefits and credits

Short Service Benefits shall include all additional benefits to which the Member would be entitled as Long Service Benefits, including any additional benefit which -

- (a) has been granted either at the time membership commenced or subsequently in respect of Service before the date of grant, or
- (b) is not related to length of Pensionable Service or the number or amount of contributions paid, or
- (c) represents a transfer of accrued rights from another scheme

Provided that in the case of -

- (i) an additional benefit to which the Member is to contribute the whole or a part of the cost where such whole or part has not been fully contributed by the time Pensionable Service is terminated, and
- (ii) an additional benefit under (a) or (b) above to which the Member has not contributed,

Short Service Benefits shall include only such proportion of the additional benefit as the period of Pensionable Service since the date on which the benefit commenced to accrue bears to the period from such date until Normal Retirement Date or the date on which the benefit would have fully accrued, if earlier.

### 9.4 Time of payment

Short Service Benefits shall be payable at the same times, and upon the happening of the same events, as the corresponding Long Service Benefits would be payable but not later than the attainment of the age of 75. Where Short Service Benefits are paid after Normal Retirement Date and for the purposes of the calculation of benefits payable pursuant to Rule 9.8, they shall be increased by an amount which is on a basis intended to be cost neutral to

the Plan and certified as reasonable by the Actuary having regard to the period between Normal Retirement Date and the date on which the Short Service Benefits come into payment and Clause 4 of Part XI of the 1997 Deed.

9.5 Allocation

The provisions of Section 8 (Allocation of pension for spouses or Dependants) shall apply to a Member entitled to Short Service Benefits.

9.6 Increases in Short Service Benefits

Short Service Benefits currently payable out of the Fund may from time to time be increased by such amount and at such times as the Trustees with the consent of the Principal Employer, acting on Actuarial Advice, shall decide. (Under Rule 11.2 Short Service Benefits not yet in payment are revalued).

9.7 Death before Short Service Benefits come into payment

On the death of a Category A or a Category B Member entitled to Short Service Benefits before they come into payment:-

- (a) the Trustees shall hold on Discretionary Trusts a sum equal to the Member's contributions without interest
- (b) the Member's spouse shall be entitled to receive a pension from the Member's death equal to one-half of the benefits which had accrued to the Member on leaving Pensionable Service (but calculated by reference to the Member's Final Earnings rather than Pensionable Earnings) revalued in accordance with Rule 11.2 and such pension shall be subject to the provisions of Rules 7.5, 7.6 and 7.7; in the event that the marriage of such Member was less than six months old at the date of death, any pension payable under this Rule may, subject to the absolute discretion of the Trustees and to Rule 9.17 be reduced by such amount as the Trustees may decide
- (c) the appropriate benefits as outlined in Rule 7.8 shall be payable in respect of Eligible Children.

If no spouse's pension has become payable there shall be held on Discretionary Trusts a sum equal to five times the annual rate of pension (increased as described in Rule 11.1 up to the date of death) to which the Member would have been entitled under this Section had he survived to receive it or if a spouse's pension has become payable there will be payable on Discretionary Trusts after the last instalment of spouse's pension has become payable a lump sum equal to the excess (if any) of five times the annual rate of pension aforesaid over the sum of all the instalments of spouse's pension which have become payable in respect of him. On the death of a Category C Member entitled to Short Service Benefits before such benefits come into payment there may be provided any one or more of the following benefits as the Employer with the consent of the Trustees decide:-

- (i) all or part of the Members contributions paid prior to the date of leaving Pensionable Service will be paid on Discretionary Trusts
- (ii) a lump sum benefit paid in accordance with the provisions of Rule 7.1

- (iii) a pension payable to any one or more of the Dependants of the Member by whom he is survived.

#### 9.8 Discretionary powers for Trustees to bring Short Service Benefits into payment

If a person who has been awarded Short Service Benefits falls ill or suffers some other incapacity before reaching Normal Retirement Date, the Short Service Benefits (reduced, if appropriate, in accordance with Rule 6.4) may be brought into payment immediately if it is established to the satisfaction of the Trustees that his illness or incapacity would have led to retirement on medical grounds had he remained a Member.

#### 9.9 Refunds of contributions

- (a) A Member who, on leaving Pensionable Service, is not entitled to Short Service Benefits shall be entitled to receive a refund of his own contributions (if any), but excluding any voluntary contributions paid by the Member to secure improved death in Service benefits
- (b) A Member entitled to Short Service Benefits shall not be entitled to a refund of his own contributions
- (c) In this Rule references to contributions paid by a Member shall include all contributions paid by him to the Fund and to any other scheme or arrangement in which he formerly participated and which have been transferred to the Fund
- (d) A Member entitled to a refund of his contributions not be entitled to receive interest on them
- (e) If the realisable value to the Trustees of any investments referable to contributions refundable under this Rule is less than the amount of the contributions plus interest (if any), only the realisable value will be paid.

#### 9.10 Additional "bought" benefits

If the Member was making voluntary contributions before leaving Pensionable Service the Short Service Benefits to which he is entitled under this Rule shall include the benefits secured by the amount of contributions paid by him up to the date of leaving Pensionable Service and the alternatives to Short Service Benefits set out in this Section shall apply if they are appropriate.

#### 9.11 Transfer payments

Where the Pensionable Service of a Member terminates on or before one year before his Normal Retirement Date and on the date when it terminates he has accrued rights to benefit under this Section, he may, instead of Short Service Benefits or a refund of his contributions, require a transfer of the cash equivalent of any benefits which have accrued to or in respect of him at the date of leaving Pensionable Service or at such later date as he makes an application under this Section.

#### 9.12 Transfers to a Transfer Scheme

The Trustees shall, on the application in writing of a Member to whom Rule 9.12 applies for a transfer payment to a Transfer Scheme, make a transfer payment in respect of such Member and the following provisions shall apply, subject to sections 93, 93A and 94 of the 1993 Act (Right to cash equivalent):-

- (a) the amount of any transfer payment so made shall be the cash equivalent of the Member's accrued benefit rights as determined by the Trustees to be equitable having taken Actuarial Advice
- (b) such a transfer payment shall only be made to a Transfer Scheme
- (c) it shall be the duty of the Trustees to ascertain from the administrator or trustees of the Transfer Scheme the Section and the Act under which the Transfer Scheme is approved by the Board of Inland Revenue
- (d) the Trustees shall certify to the trustees or administrator of the Transfer Scheme the amount included in the transfer payment which represents the Member's contributions and interest and may require the administrator or trustees of the Transfer Scheme to undertake to treat only such amounts as Employees contributions in the Transfer Scheme
- (e) the amount of the transfer payment shall in all circumstances include any amount representing a former employer's contributions and interest which may have been transferred to the Fund pursuant to Rule 3.2, on such Member joining the Scheme
- (f) notwithstanding the foregoing provisions, in cases where the Trustees have entered into reciprocal transfer arrangements the Trustees shall give effect to those transfer arrangements in the appropriate cases.

#### 9.13 Buying out Short Service Benefits

The Trustees shall on the written request of the Member concerned pursuant to Schedule 1A of the Pensions Act buy out his accrued rights to benefit under this Section by purchasing from an Insurance Company of the Member's choice a policy or pension contract. The amount required to buy out the Member's accrued rights shall be paid directly or through a broker to the Insurance Company concerned. The benefits provided by such a policy or pension contract shall be equivalent in value to but may be different from the Member's accrued rights, so long as they are relevant benefits as defined in Section 612 of the Taxes Act within the maximum limits approvable for the Member concerned notwithstanding that some kinds of relevant benefit may not otherwise be provided under the Rules. Any policy or contract so purchased shall be purchased in the name of the person to whom the benefits purchased are to be paid and may provide -

- (a) at the Member's option for an annuity to be purchased on the open market with the policy proceeds at maturity provided that such proceeds are transferred direct to another Insurance Company and that the new pension contract contains the same restrictions on commutation and further assignment as are mentioned in this Rule

- (b) for the Member to surrender it at a later date and the surrender value transferred direct to a Transfer Scheme of a subsequent employer of which the Member becomes a member.

Any policy or contract so purchased shall permit a lump sum to be paid only to the extent and in the circumstances permitted by these Rules, shall provide for a deduction to be made of any tax due on such lump sum and shall have the aggregate benefits limited as necessary to comply with the requirements of Section 10. The policy or contract must be endorsed before it is given to the Member as follows -

- (i) to ensure that the benefits cannot be assigned
- (ii) to ensure that the policy or contract cannot be assigned or surrendered except for the purpose of transferring the value to a Transfer Scheme of a subsequent employer to secure benefits in that scheme subject to the Insurance Company certifying to the administrator of the receiving scheme the maximum amount which can be paid out in lump sum form
- (iii) to show the maximum extent in monetary terms to which benefits may be taken in lump sum form either by way of commutation or on death.

#### 9.14 Personal pensions

The Trustees shall on the application in writing to that effect by a Member to whom Rule 9.12 applies, subject to sections 93, 93A and 94 of the 1993 Act (Right to cash equivalent) make a transfer payment in respect of such Member to a personal pension scheme and on such terms and conditions as may be prescribed and the amount of such transfer payment shall be calculated in accordance with the provisions of paragraph (a) of Rule 9.13.

#### 9.15 General provisions relating to transfers

Subject to sections 93, 93A and 94 of the 1993 Act (Right to cash equivalent), the following provisions shall apply to all transfer payments:-

- (a) a Member may exercise the rights referred to in Rules 9.13, 9.14 and 9.15 partly in one way and partly in another so long as the whole of the cash equivalent or that part of it which is not to be applied to protecting his accrued rights (if any) to guaranteed minimum pension is so used
- (b) the rights referred to in Rules 9.13, 9.14 and 9.15 may be exercised at any time up to the later of one year before Normal Retirement Date or six months after leaving Pensionable Service but may not be exercised if the Member has received any benefit under the Scheme including any refund of contributions
- (c) applications shall be in writing signed by the Member and delivered to the Trustees either personally or sent by post in a registered letter or by the recorded delivery service
- (d) any such application may be withdrawn at any time before the Trustees make or become bound to make a transfer payment to a Transfer Scheme or to a personal pension scheme or purchase or become bound to purchase an annuity

- (e) in extension of the provisions of Section 52C of and paragraph 16(2) of Schedule 1A of the Pensions Act, no Member who has elected for the cash equivalent nor any spouse child or Dependant of his shall have any claim upon or interest in the Fund or against the Trustees and accordingly
  - (i) the consent of any contingent beneficiary (other than the Member) shall not be required to the application of the cash equivalent or to the extinguishment of his or her rights under the Scheme notwithstanding any express or implied provision to the contrary whether or not contained in the Rules or otherwise
  - (ii) if the Member elects that the Trustees shall purchase an insurance policy of the type referred to in Rule 9.14, the Trustees shall be entitled to rely on any certificate or other statement of the Insurance Company or the Member that the proposed policy complies with the requirements of the Board of Inland Revenue and shall not be required to verify that fact themselves and shall be indemnified by the Member against any claim by any person claiming through or in respect of the Member if the policy does not provide for that person any benefits to which he may be entitled
  - (iii) in addition to the provisions of sub-paragraph (ii) above, on the application of the cash equivalent in accordance with Rules 9.13, 9.14 and 9.15 the Trustees and the Fund shall be discharged from all liabilities to such Member and any person claiming through or in respect of such Member
  - (iv) where a Member exercises his rights under this Section in accordance with paragraph (a) above, this paragraph shall apply to the extent of the cash equivalent so applied on each date on which the Member exercises his rights
  - (v) this paragraph shall not apply to the extent that the Trustees remain responsible for any guaranteed minimum pensions of the Member and his spouse
- (f) where the Pensionable Service of a Member terminates at his request but he remains in Service, the amount of any transfer payment shall be the cash equivalent of the whole of the Member's accrued benefits
- (g) where the transfer payment is to a personal pension scheme the Trustees shall give such lump sum certificates as may be required by the Board of Inland Revenue.

**[THE PROVISIONS OF THIS ORIGINAL DATA SCIENCES SECTION 10 WERE NOT INCORPORATED]**

## **SECTION 10 - INLAND REVENUE LIMITS**

10.

## **SECTION 11 - PENSION INCREASES**

### **11. Increases in current pensions**

- A. Prior to 1 April 1993, any pension payable to a Pensioner (and to his spouse, adult Dependant or child) out of the Fund, so far as it exceeds the amount of

the Guaranteed Minimum Pension in payment shall be increased on the anniversary of the Member's retirement or death (as appropriate) by:-

- (a) the percentage by which the Government's index of retail prices figure as published 2 months prior to the date of increase has been increased during the previous 12 months or, if it is less;
- (b) 5% a year compound.

- B. Any pension which started to be paid to a Pensioner (who was previously a Category A or a Category B Member) before 1<sup>st</sup> August 1992 under the provisions of Rules 6.4 or 6.5 shall be increased in accordance with the preceding paragraph except that the total of such pension to be increased for the purpose of this Rule only shall be that sum which is in excess of the amount of Guaranteed Minimum Pension that the Pensioner will be entitled to receive at Normal Retirement Date, as determined by the Trustees acting on Actuarial Advice.
- C. With effect from 1<sup>st</sup> April 1993 any pension currently payable to a Pensioner (and to his spouse, adult Dependant or child) out of the Fund, so far as it exceeds the amount of the Guaranteed Minimum Pension in payment shall be increased by:-

**In respect of the proportion of pension benefits which relates to Pensionable Service completed up to and including 5<sup>th</sup> August 2005**

- (a) the percentage by which the Government's index of retail prices figure published in the January immediately before the relevant 1<sup>st</sup> April exceeds the index published in the January immediately before that January or if it is less;
- (b) 5% a year compound.

**In respect of the proportion of pension benefit (if any) which relates to Pensionable Service completed on or after 6<sup>th</sup> August 2005**

- (a) the percentage by which the Government's index of retail prices figure published in the January immediately before the relevant 1<sup>st</sup> April exceeds the index published in the January immediately before that January or if it is less;
- (b) such percentage as is specified in section 51(4)(b) of the Pensions Act 1995 from time to time in relation to any specified period of Pensionable Service.

- D. The increases referred to in 11.1 A, B and C shall take effect on 1<sup>st</sup> April each year and shall be calculated as at each 1<sup>st</sup> April by reference to the number of completed months since the date when the pension became payable or, if later, from the date of the last calculation.
- E. The Trustees, with the consent of the Principal Employer and acting on Actuarial Advice, may from time to time increase any pension currently payable out of the Fund by such amounts as they may agree subject to the provisions of Section 10.

#### 11.1 Increases in deferred benefits

- (a) This Rule applies to any Member whose Pensionable Service has terminated before his Normal Retirement Date and who at the date of termination has accrued rights to benefit under Section 9.
- (b) The aggregate of the excess of the pension or other benefit that has accrued to the Member on the date of his leaving Pensionable Service (the "Withdrawal Date") over his Guaranteed Minimum Pension on the Withdrawal Date and of any corresponding pension under the Employers' other schemes shall be further increased in proportion to the increase in the cost of living (as shown by the Government's Index of Retail Prices or such other index as may be agreed for this purpose between the Trustees and the Board of Inland Revenue) or, if lesser, at the rate of 5 percent per annum compound, between the Withdrawal Date and his Normal Retirement Date or date of death if earlier, and being further increased, if necessary, to the minimum amount prescribed by Schedule 1A to the Pensions Act.

**[THE PROVISIONS OF ORIGINAL DATA SCIENCES RULE 11.3 WERE NOT INCORPORATED]**

#### 11.2 Augmentation of benefits

**[THE PROVISIONS OF THIS ORIGINAL DATA SCIENCES SECTION 12 WERE NOT INCORPORATED]**

### **SECTION 12 – FORFEITURE, COMMUTATION AND ALIENATION**

- 12.1 Lien and forfeiture
- 12.2 Restrictions on alienation and forfeiture
- 12.3 Total commutation – trivial pensions
- 12.4 Total commutation – serious ill-health
- 12.5 Forfeiture of unclaimed benefits

**[THE PROVISIONS OF THIS ORIGINAL DATA SCIENCES SECTION 13 WERE NOT  
INCORPORATED]**

### **SECTION 13 – STATUS OF SCHEME AND TAXATION**

- 13.1     Status of the Scheme
- 13.2     Undertakings to the Inland Revenue
- 13.3     Undertakings to the Occupational Pensions Board
- 13.4     Effect of undertakings
- 13.5     Taxation deductions

**[THE PROVISIONS OF THIS ORIGINAL DATA SCIENCES SECTION 14 WERE NOT  
INCORPORATED]**

### **SECTION 14 – ADMINISTRATION**

- 14.1     Appointment and Removal of Trustees
- 14.2     Trustees to have control of the Fund
- 14.3     Trustees may appoint nominee to hold investments
- 14.4     Remuneration of Trustees
- 14.5     How Trustees may act
- 14.6     Members as Trustees or directors of corporate Trustees
- 14.7     Secretary
- 14.8     Actuary
- 14.9     Administrator
- 14.10    Actuarial Investigations
- 14.11    Expenses of administration
- 14.12    Books of account
- 14.13    Investment
- 14.14    Power to delegate investment functions and discretions
- 14.15    Power to borrow and to insure
- 14.16    Notices
- 14.17    Members to give notice of addresses etc
- 14.18    Indemnity
- 14.19    Payment of pensions
- 14.20    Claims only in accordance with Rules
- 14.21    Termination of employment

- 14.22 Annuity in satisfaction of Member's rights
- 14.23 Effect of mis-statements
- 14.24 Information to be available
- 14.25 Acts of the Employer
- 14.26 Liability of Employers
- 14.27 Arbitration

**[THE PROVISIONS OF THIS ORIGINAL DATA SCIENCES SECTION 15 WERE NOT  
INCORPORATED]**

#### **SECTION 15: ALTERATIONS IN AND ADDITIONS TO RULES**

- 15.1 Power of alteration
- 15.2 Prohibited alterations
- 15.3 Consent of Trustees

**[THE PROVISIONS OF THIS ORIGINAL DATA SCIENCES SECTION 16 WERE NOT  
INCORPORATED]**

**SECTION 16: TERMINATION AND WINDING UP**

- 16.1     Power of determination
- 16.2     Withdrawal of an individual Employer
- 16.3     Total winding up of the Scheme
- 16.4     Entitlement to benefit
- 16.5     Application of Fund on a winding up
- 16.6     Transfers to a Receiving Scheme
- 16.7     Payment of benefits on a winding up
- 16.8     Merger

**[THE PROVISIONS OF THIS ORIGINAL DATA SCIENCES SECTION 17 WERE NOT  
INCORPORATED]**

**SECTION 17: CONTRACTING OUT**

- 17.1     Application of this Section

**OVERRIDING APPENDIX - GMP MODEL RULES**

## Appendix A

This Appendix shall apply to those Members who joined the LACS Scheme on its commencement date and who since that date have continuously been employed by the Employer and who were members or who would have become members on attaining the age of 30 of the Hill Samuel Group Pension Scheme (the "Plan")

The Rules outlined in the Schedule, as they apply to Category C Members, shall apply to Members covered by this Appendix except that the following alterations shall apply:

Rule 1                NORMAL RETIREMENT DATE means the date on which a Member attains the age of 60.

CURRENT PENSIONABLE SALARY means the greater of:

(a)    the Basic Salary of a Member on each 1st January

(b)    the Annual Salary of a Member on each 1st January less an amount

equal to three-quarters of the annual basic state pension for a single person on that date.

Rule 3.1(a)        The last or only period of continuous Service from the date of commencement of employment with the employer as defined in the Plan up to the date of actual retirement or leaving the Scheme as the case may be.

Rule 4.1            Members shall not be required to contribute to the Fund.

Rule 6.2            The pension payable to a Member on his retirement at his Normal Retirement Date shall be calculated at the rate of 1/45th of his Final Pensionable Salary at the date of retirement for each Year of his Pensionable Service.

## **Appendix B**

This Appendix shall apply to those Members who joined the LACS Scheme on 4th January 1982 and who since that date have continuously been employed by the Employer and who were members of the Tate and Lyle Group Pension Scheme

The Rules outlined in the Schedule, as they apply to Category C Members, shall apply to Members covered by this Appendix except that the following alterations shall apply:

Rule 4.1                      Members shall not be required to contribute to the Fund

## **Appendix C**

This Appendix shall apply to those Members who joined the LACS Scheme on 1st April 1982 and who since that date have continuously been employed by the Employer and who were members of the Metra-Lowndes Ajax Retirement Benefits Scheme

The Rules outlined in the Schedule, as they apply to Category C Members, shall apply to Members covered by this Appendix except that the following alterations shall apply:

Rule 4.1                      Members shall not be required to contribute to the Fund.

## Appendix D

This Appendix shall apply to those Members who joined the LACS Scheme on its commencement date and who since that date have continuously been employed by the Employer and who were members of the Hill Samuel Insurance and Shipping Retirement Benefits Plan (the "Plan")

The Rules outlined in the Schedule, as they apply to Category C Members, shall apply to Members covered by this Appendix except that the following alterations shall apply:

Rule 1                    NORMAL RETIREMENT DATE means the date on which a Member attains the age of 60.

CURRENT PENSIONABLE SALARY means the greater of:

- (a)    the Basic Salary of a Member on each 1st January
- (b)    the Annual Salary of a Member on each 1st January

Rule 3.1(a)            The last or only period of continuous Service from the date of commencement of employment with the employer as defined in the Plan up to the date of actual retirement or leaving the Scheme as the case may be.

Rule 4.1                Members shall not be required to contribute to the Fund.

Rule 6.2                The pension payable to a Member on his retirement at his Normal Retirement Date shall be calculated in accordance with the following table:

Years of Pensionable Service	Pension Accrual
1-5	1/60th for each year
6	8/60ths in total
7	16/60ths in total
8	24/60ths in total
9	32/60ths in total
10	40/60ths in total

## Appendix E

This Appendix shall apply to:

- those Members who joined the Thorn EMI Pension Fund before 6th March 1996 and who joined this Scheme on 1st October 1996; and
- those Members who are invited by the Principal Employer to join the Scheme and receive the benefits described in this Appendix.

The Rules in Schedule 1, as they apply to Category C Members, shall apply to the Members covered by this Appendix except that the following alterations shall apply:

### SECTION 1 - INTRODUCTION

#### 1.1 Interpretation

**Contributions** means in relation to any Member his contributions to the Fund (other than his voluntary contributions) in respect of his last or only period of Pensionable Service.

**Contribution Pay** means:

- (a) if the Member is paid weekly - his Pensionable Salary divided by 52.2 less 75% of the Lower Earnings Limit current at the last Salary Review (or the date of joining the Scheme, if later);
- (b) if the Member is paid monthly - his Pensionable Salary divided by 12 less 1/12th of 75% of 52 times the Lower Earnings Limit current at the last Salary Review (or the date of joining the Scheme, if later)

**Deferred Pensioner** means a person who is a Member but who has left Pensionable Service and is entitled by virtue of his membership of the Scheme to a pension which has not yet commenced.

**Final Pensionable Salary** means in relation to any Member the product of the following formula:

$E/3 - LEL$

E being the sum of the Member's Pensionable Salary in the 3 consecutive years (as described below) ending within the 10 years before the Member leaves Pensionable Service which produces the highest amount.

LEL being 75% of 52 times the Lower Earnings Limit in force at the Salary Review immediately prior to the earlier of

- (a) the date the Member leaves Pensionable Service; and
- (b) the date 5 years before his Normal Retirement Date.

Provided that in relation to a Member who was both a member of the Thorn EMI Pension Fund and in service by reference to that scheme on 31 March 1991 LEL shall be zero in calculating his Final Pensionable Salary in respect of his pensionable service before 1 November 1991;

For the purposes of this definition only:

**Year** means a period of 12 calendar months during all or any part of which the Member was in Pensionable Service.

Provided that

- (i) (subject to (ii) below) if the Member left Pensionable Service before Normal Retirement Date, his Final Pensionable Salary shall be that which it would have been under the above provisions of this definition if:
  - (A) he had remained in Pensionable Service during the period between his leaving and Normal Retirement Date; and
  - (B) the amount of his Pensionable Salary had throughout that period continued unchanged from that determined on the last Salary Review when he was in Pensionable Service; and
- (ii) proviso (i) above shall not apply if its effect is to reduce the amount of the Member's Final Pensionable Salary (due to a decrease in his Pensionable Salary within the 10 years before Normal Retirement Date), unless the Trustees make a determination under Rules 3.1 and 3.3 in Schedule 1 to compensate for that decrease.

**Index** means the Government's index of retail prices for all items.

**Lower Earnings Limit** has, for the purposes of this Appendix, the meaning attributed to this phrase under section 5 of the Social Security Contributions and Benefits Act 1992 (being a weekly amount).

**Non-participating Employment** has the meaning attributed to it by section 56(1) of the National Insurance Act 1965, except that it does not include any such employment if the employed person is not for the time being a Member, or the employer of such employed person is not for the time being any of the Employers, as defined in this Scheme, or in respect whereof a payment in lieu of contributions has been made.

**Normal Retirement Date** shall mean:

- (i) for those Members who joined the Thorn EMI Pension Fund on or before 1 November 1988:
  - (a) age 60 for a female Member; and
  - (b) age 65 for a male Member in relation to Pensionable Service accrued prior to 17 May 1990 and age 60 for a male Member in relation to Pensionable Service accrued on and from 17 May 1990;
- (ii) for those Members who joined the Thorn EMI Pension Fund after 1 November 1988, age 65 in relation to all periods of Pensionable Service.

**Pensionable Service** for the purposes of this Appendix E shall include:

- (a) such other periods as the Principal Employer with the approval of the Trustees, either generally or in any individual case, determines to be Pensionable Service; and

(b) any period throughout which a female is absent from work due to pregnancy or confinement and either:

- (i) for which she is entitled to any contractual remuneration or statutory maternity pay from her Employer; or
- (ii) for which she is not entitled to contractual remuneration or statutory maternity pay but throughout the period has a right to return to work under section 79 of ERA 1996,

provided that any such period under (b)(ii) above shall count as Pensionable Service for the purposes only of an entitlement to benefits under Rule 6.4 (early retirement on the grounds of ill-health) and Rule 7 (to the extent that it confers benefits on death in Service both before and after Normal Retirement Date and before a pension has commenced), and shall not count as Pensionable Service for the purpose of requiring the Member to contribute or of calculating the amount of any pension under any other of the Rules.

**Preservation requirements** has the meaning attributed to this phrase in section 69(2) of the 1993 Act.

**Purchased Credits** has the meaning attributed to this phrase in section 75 of the 1993 Act.

**Service in Contracted-out Employment** means Service in employment which is contracted-out employment under the 1993 Act by reference to the Scheme.

**Specified Dependant** has the meaning set out in Rule 7.6 as amended by this Appendix.

**State Pension Age** means in relation to a male Member his 65th birthday and in relation to a female Member her 60th birthday, or in the case of a female Member such later birthday as may apply in accordance with section 126 and Schedule 4 of the Pensions Act 1995.

**Surviving Spouse** means in relation to a Member or Pensioner, the person who at the time of the Member's or Pensioner's death was his only wife or husband and (subject to compliance with the reference scheme test prescribed under regulations made under Section 12A of the 1993 Act), ordinarily resident with him, but does not include the wife or husband of a Deferred Pensioner or Pensioner where his last or only marriage took place not more than 6 months before his death (subject, as above, to compliance with the said reference scheme test).

The Trustees may in the absence of evidence to the contrary produced to them assume that a person who was at the date of a Member's or Pensioner's death the only wife or husband of that Member or Pensioner who was then ordinarily resident with him and may determine that the only wife or husband of a deceased Member or Pensioner who was not at the date of his death ordinarily resident with him shall be deemed to have been so resident.

If a Member or Pensioner does not have an only husband or wife ordinarily resident or deemed to be ordinarily resident with him the Trustees may determine that a person who is in their opinion dependent on him for the necessities of life shall be deemed to be his Surviving Spouse and any such determination may be subject to such conditions (if any) as the Trustees think fit. References to spouse in the Rules shall for the purpose of this Appendix be deemed to be references to Surviving Spouse.

**Trivial** has the meaning set out in Rule 6.7(c) in this Appendix.

## **SECTION 3 - CALCULATION OF PENSIONABLE SERVICE**

### **Rule 3.1 Pensionable Service**

Pensionable Service, as described in Rule 3.1 (a), shall commence on the 1st of the month following receipt by the Administrator of an application form completed in accordance with Rule 2.3 or such earlier date as the Trustees may determine.

### **Rule 3.3 Additional Pensionable Service in special cases**

In addition to the power vested in the Principal Employer (with the consent of the Trustees) under Rule 3.3, if a Member's earnings for the purposes of the calculation of his Pensionable Salary are or have been materially increased or decreased and such increase or decrease is in the opinion of the Trustees wholly or partly due to a change in his normal working pattern other than maternity leave, the duration of his Pensionable Service before such happening shall (for the purpose only of calculating the amount of any pension which may become payable to or in respect of him or of any benefit which may become so payable, the amount of which benefit is determined by reference to that of such pension) be deemed to be of such duration as the Trustees shall determine.

### **Rule 3.4 Pensionable Service in cases of ill-health**

In the event of the death of any Member who is absent from work due to illness or any other incapacity the benefits payable on his death shall be calculated by reference to his Pensionable Salary before such absence commenced.

Rule 3.4(d) of Schedule 1 shall be deemed amended accordingly.

### **Rule 3.5 Pensionable Service in other cases of absence including secondment**

The benefits referred to in Rule 3.5(d) shall be calculated by reference to the Member's Pensionable Salary before the absence commenced.

## **SECTION 4 - MEMBERS' CONTRIBUTIONS**

### **Rule 4.1 Ordinary Contributions**

With effect from 6 July 2005, Members shall contribute to the Fund at the rate of 6% of Contribution Pay.

## **SECTION 6 - BENEFITS ON RETIREMENT**

### **Rule 6.2 Retirement at Normal Retirement Date**

The pension payable to a Member on his retirement at his Normal Retirement Date shall be 1/720th of his Final Pensionable Salary multiplied by the number of months of his Pensionable Service.

### **Rule 6.4 Early retirement on the grounds of ill-health**

The following provisions shall apply in place of Rule 6.4 in Schedule 1:

- (a) A Member who notifies and satisfies the Trustees that he has left Service before Normal Retirement Date on account of incapacity arising through illness or accident being such that he is not capable of being gainfully employed and is not likely to recover therefrom to any substantial extent shall be entitled to a pension beginning on his leaving and continuing (subject to Rules 6.4(e) to (h)) for life.
- (b) The pension payable under Rule 6.4(a) shall be the amount of the pension to which the Member would have been entitled on leaving Service if he had been entitled to benefits under Section 9 of the Rules and his Pensionable Service included the period between his leaving and Normal Retirement Date and his Purchased Credits had been paid in full.
- (c) The Trustees may at the request of a Member who:
  - (i) is not entitled to a pension under Rule 6.4(a); and
  - (ii) satisfies the Trustees that he has left Service before Normal Retirement Date on account of incapacity arising from ill-health or disablement (which incapacity substantially reduces his earning capacity and is likely to be permanent)

award him a pension beginning on or after his leaving and continuing (subject to Rules 6.4(e) to (h)) for life.
- (d) The pension payable under rule 6.4(c) shall be determined by the Trustees but:
  - (i) shall not be less than the pension beginning on the Member's leaving to which, but for this rule, the Member would have been entitled under Section 9; and
  - (ii) shall not be more than the pension beginning on the day following Normal Retirement Date to which the Member would have been entitled under Section 9 if the duration of his Pensionable Service were the greater of its actual duration and half its duration as it would have been if the period between his leaving and Normal Retirement Date were Pensionable Service provided that the Trustees may (in exceptional individual circumstances) determine that this paragraph (ii) shall apply as if the actual duration of the Member's Pensionable Service included some or all (as the Trustees think fit) of the period between his leaving and Normal Retirement Date.
- (e) If a Pensioner receiving a pension under this Rule 6.4 recovers (wholly or partly) from his incapacity and re-enters Pensionable Service before Normal Retirement Date then (unless the Trustees otherwise determine or he is readmitted to membership on terms which are not consistent with this provision):
  - (i) such pension shall thereupon terminate; and
  - (ii) he shall be treated as if, when he left Service, he had become entitled to benefits under Section 9 rather than an incapacity pension under this Rule 6.4; and
  - (iii) the amount of any benefit becoming payable to or in respect of him as a result of (ii) above shall be reduced by such amount as the Trustees determine (after consulting the Actuary) having regard to:
    - (aa) the instalments of the incapacity pension already paid to him;
    - (bb) any cash sum paid in commutation of such pension under Rule 6.7;

- (cc) any notice given by him to surrender part of his pension under Section 8; and
  - (iv) his membership after re-entry shall be subject to such special terms (not to affect the approval of the Scheme as an Exempt Approved Scheme) with respect to his entitlement to pension and other matters as the Trustees think fit.
- (f) If a Pensioner receiving a pension under this Rule 6.4 recovers (wholly or partly) from his incapacity before Normal Retirement Date but is not re-admitted to membership of the Scheme the Trustees may at any time or times determine that:
- (i) the pension shall be suspended for any period not extending beyond Normal Retirement Date (restarting at the end of that period either at its original amount (as it would have been increased in the Trustees' opinion, but for the suspension) or at such reduced amount as the Trustees may determine) or reduced for any period; and
  - (ii) a pension so suspended shall restart (either at its original amount (as it would have been increased in the Trustees' opinion but for the suspension) or at such reduced amount as the Trustees may determine) or a pension so reduced shall be increased (provided it does not exceed its original amount as it would have been increased in the Trustees' opinion but for the reduction).
- (g) Where a pension has been suspended or reduced under Rule 6.4 (f) the Trustees may determine that the provisions of Sections 6 and 7 of the Rules shall either.
- (i) have no effect; or
  - (ii) have effect subject to such modification as the Trustees decide.
- (h) Where a pension has been awarded to a Pensioner under this Rule 6.4:
- (i) the Trustees may require him to undergo an examination by a qualified medical practitioner of the Trustees' choice. The Trustees may accept a certificate given by that practitioner to the effect that the Pensioner has recovered fully or in part from his incapacity as conclusive evidence of such recovery;
  - (ii) if after being required to undergo such examination the Pensioner refuses to do so or within one month (or such longer period as the Trustees may allow) fails to do so, then the Trustees may exercise their discretionary powers under this Rule relating to the Pensioner's pension on the basis of such assumptions as to his full or partial recovery from incapacity as they think fit.
  - (i) Section 8 shall in relation to a Member whose pension is terminated reduced or suspended under Rules 6.4(e) or (f) either not have effect or have effect subject to such modification if any as the Trustees determine.

#### **Rule 6.5 Early retirement following redundancy**

This Rule in Schedule 1 shall not apply.

#### **Rule 6.6 Early retirement in other cases**

The following provisions shall apply in place of Rule 6.6 in Schedule 1:

- (a) Any Member who has attained the age of 50 and who leaves Pensionable Service otherwise than in the circumstances referred to in Rule 6.2 (Retirement at Normal Retirement Date) or Rule 6.4 (Early retirement on grounds of ill-health) or who left the Scheme previously with an entitlement to Short Service Benefits under Section 9 may retire with the approval of the Trustees (who may refuse to give such approval without giving any reason) provided that for a Member who joined the Thorn EMI Pension Fund on or before 1 November 1988, the approval of the Trustees is only required if he wishes to retire before the age of 60. On retirement the Member shall receive a pension and/or lump sum in accordance with the provisions of Rules 6.2 and 6.7 or Section 9, as the case may be.
- (b) In such a case, the Member's pension shall be reduced by one third of 1% of the pension for each month (a part of a month in excess of 14 days counting as one month for this purpose) by which the date on which the pension begins is earlier than Normal Retirement Date provided that (unless the Principal Employer with the consent of the Trustees otherwise determines) if the Member leaves Pensionable Service on or after his 50th birthday then his Normal Retirement Date shall be treated as being the day before his 60th birthday.
- (c) Any Member who was a member of the Thorn EMI Pension Fund on or before 1 November 1988 and who leaves Pensionable Service on or after having attained the age of 50 and after completing 20 or more years of Pensionable Service, or more than 15 years of Pensionable Service if the reason for leaving is redundancy, shall have the percentage reduction appropriate to him or her under the following table applied in the following manner; for a female member, in respect of her whole period of Pensionable Service, and for a male Member, in respect of that part of his pension earned in the period of Pensionable Service falling after 1 May 1990:

Percentage reductions applied to early retirement pensions					
Years between the date the pension starts and age 60	Years of Pensionable Service up to the date of leaving				
	20 or more	19	18	17	16
1	Nil	Nil	Nil	Nil	Nil
2	Nil	Nil	Nil	Nil	4
3	Nil	Nil	Nil	4	8
4	Nil	Nil	4	8	12
5	Nil	4	8	12	16
6	4	8	12	16	20
7	8	12	16	20	24
8	12	16	20	24	28

9	16	20	24	28	32
10	20	24	28	32	36

Provided that:

- (i) years of Pensionable Service does not include any period of Pensionable Service granted in consideration of a transfer from a previous arrangement but does include service credited in respect of a transfer from the Thorn EMI Pension Fund;
- (ii) parts of year between the date of leaving Pensionable Service and age 60 are calculated on a monthly basis, the reduction for one month being one third of 1% for each month (a part of a month in excess of 14 days counting as one month).

#### **Rule 6.7 Lump sum benefits on retirement**

The following provisions shall apply in place of Rule 6.7 in Schedule 1:

- (a) Any Member who retires from Pensionable Service and who under any of the provisions of this Section becomes entitled to a pension out of the Fund may, at the time when such pension commences to be payable, elect that all or part of his pension be commuted for a lump sum (the Commuted Sum) as (according to such table as may for the time being be prescribed by the Trustees) is equivalent to:
  - (i) such pension or such part of it (as the case may be); and
  - (ii) any benefit prospectively payable in accordance with Rule 7.2 to the extent that it will cease to be payable or be reduced by reason of such commutation.
- (b) The Commuted Sum shall not exceed the limits specified in Section 10 of Schedule 1 except that the Trustees may (without seeking the Member's consent) commute the whole of a Member's pension at its commencement if it is then Trivial or after it has become Trivial (if it becomes Trivial after its commencement and its commutation would not be likely to prejudice the approval of the Scheme as an Exempt Approved Scheme), the Commuted Sum being determined in accordance with Rule 6.7(a).
- (c) A person's benefit is Trivial only if the total value of all that person's benefit from the Scheme and from all other occupational pension schemes in respect of the same employment is (in the opinion of the Trustees) less than the value of a pension of £260 a year (or such other amount as may be prescribed under sections 77(4) or 77(5) of the 1993 Act).
- (d) Commutation of any pension under this rule shall not affect any entitlement to or the amount of any other pension.

#### **Rule 6.8 Payment of lump sum benefits**

If a Member elects under Rule 6.8 to receive a lump sum benefit and then dies before his pension begins he shall be deemed to have become a Pensioner immediately before his death.

## **SECTION 7 - BENEFITS ON DEATH**

### **Rule 7.1 Lump sum benefits on death in Pensionable Service**

A Member entitled to benefits under this Appendix will not under this Rule receive a sum equal to his Contributions to the Fund.

### **Rule 7.2 Lump sum benefits on death after retirement and death in Service after Normal Retirement Date**

The following provisions shall apply in place of Rule 7.2 in Schedule 1:

- (a) On the death of a Pensioner (including a Pensioner who is entitled to a pension under Rule 6.4 (Early retirement on grounds of ill-health)) within five years after his pension began there will be payable upon Discretionary Trusts the sum of the further instalments of the Pensioner's pension which would have been payable if he had lived until the expiration of five years after his pension began and Section 11 (Pension increases) had ceased to operate on his death.
- (b) If a Pensioner entitled to a pension under Rule 6.4 (Early retirement on grounds of ill-health) dies before the earlier of Normal Retirement Date and the fifth anniversary of his leaving Service the sum which is the product of the following formula (if any) shall be payable upon Discretionary Trusts:

$$(P \times 3) - (A+G)$$

where

P is the Member's Adjusted Pensionable Salary.

A is the total of the instalments of pension and the Commuted Sum which the Pensioner had received under the Fund.

G is the sum referred to in Rule 7.2(a) above.

### **Rule 7.3 Spouse's or Specified Dependants pension on death in Pensionable Service**

The following provision shall apply in place of Rule 7.3 in Schedule 1:

If a Member dies in Pensionable Service (without his pension having become payable following an election under Rule 6.3 (Deferment of pension) or his having elected to commute his pension under Rule 6.7 or receive a lump sum under Rule 6.8) there shall be payable to his Surviving Spouse or Specified Dependant (as the case may be) a pension equal to:

- (a) if the Member died on or before Normal Retirement Date, one half of the pension the Member would have received had he remained in Pensionable Service until, and had he retired on, his Normal Retirement Date;
- (b) if the Member died after Normal Retirement Date, one half of the pension to which he would have been entitled if he had left Service immediately before he died and no commutation under Rule 6.7 (Lump sum benefits on retirement) nor surrender under Section 8 (Allocation) had been affected.

### **Rule 7.4 Spouse's or Specified Dependant's pension on death of a Pensioner**

The following provisions shall apply in place of Rule 7.4 of Schedule 1:

- (a) On the death of a Pensioner there shall be payable to the Pensioner's Surviving Spouse or Specified Dependant a pension equal to one-half of the Pensioner's pension (as it would have been if no commutation under Rule 6.7 (Lump sum benefits on retirement) nor surrender under Section 8 (Allocation) had been affected).
- (b) The pension payable under this Rule will commence at the expiration of the period to which the last instalment of the Pensioner's pension relates and continue for life.

#### **Rule 7.5 Provisions applicable to all spouse's pensions**

This Rule in Schedule 1 shall not apply.

#### **Rule 7.6 Pension for a Specified Dependant**

The following provisions shall apply in place of Rule 7.6 in Schedule 1:

- (a) A Member or Pensioner not having an only wife or husband who is or is deemed to be ordinarily resident with him may nominate any adult person or persons to be his Specified Dependant or Specified Dependants to receive the benefits under Rules 7.3 (Spouse's pension on death in Pensionable Service) and 7.4 (Spouse's pension on death of a Pensioner). Any such nomination shall be in such form and supported by such information as the Trustees require. A person so nominated shall be a Specified Dependant of the Member or Pensioner if each of the following conditions is satisfied:
  - (i) the nomination is received by the Trustees and is accepted by them (provided always that they may reject any nomination without giving any reason);
  - (ii) the Trustees are satisfied as respects any person so nominated that he was at the date when the Trustees received the nomination and remained until the death of the Member or Pensioner financially dependent or interdependent on him for the provision of the ordinary necessities of life or dependent on him because of disability;
  - (iii) the Member or Pensioner dies without leaving a Surviving Spouse; and
  - (iv) the nomination of such person remains in force at the Member's or Pensioner's death.

Any such nomination may be revoked at any time by the Member or Pensioner in writing to the Trustees. Only one such nomination may be in force at any one time.

- (b) If a Member or Pensioner leaves more than one Specified Dependant any Specified Dependant's pension shall be divided between them and the amount of pension payable to each of them shall be such amount (if any) as the Trustees determine to be appropriate having regard to the terms of the nomination and to the intent that the aggregate amount of the value of such pensions (calculated on the assumption that each of the Specified Dependants is in normal health having regard to age) shall be as nearly as may be equal to that of the Specified Dependant's pension which would have been payable if the Member or Pensioner had left a Surviving Spouse of the same age as himself.

#### **Rule 7.7 Reduction in spouse's or Specified Dependant's pension**

The reduction applicable under this Rule is 21/2% of the pension multiplied by the number of complete years of age disparity in excess of 10, except that the reduction will not apply if the Member or Pensioner joined the Thorn EMI Pension Fund before April 1978 or had been married to his Surviving Spouse for more than 10 years in the case of a Member or, in the case of a Pensioner, had been married to his Surviving Spouse when he left Service and had at his death been married to her for more than 10 years.

#### **Rule 7.8 Children's allowances**

The following provisions shall apply in place of Rule 7.8 in Schedule 1:

- (a) If a Member dies in Service (without his pension having become payable following an election under Rule 6.3 (Deferment of pension) or his having effected commutation under Rule 6.7 (Lump sum benefits on retirement)) there shall become payable an allowance in respect of his Children of the following amounts:
  - (i) if and so long as a Surviving Spouse's or Specified Dependant's pension is payable in respect of the Member, the following fraction of the amount specified in whichever of Rule 7.3(a) or (b) (Spouse's or Specified Dependant's pension on death in Pensionable Service) would have applied if there were no provision for reduction in Rule 7.7 (Reduction in spouse's or Specified Dependant's pension):
    - (A) if and so long as there is one Eligible Child, 2/5ths
    - (B) if and so long as there are two Eligible Children, 3/5ths
    - (C) if and so long as there are three Eligible Children, 4/5ths and
    - (D) if and so long as there are more than three Eligible Children, the whole; and
  - (ii) if and so long as no Surviving Spouse's or Specified Dependant's pension is so payable, twice the following fraction of the amount specified in whichever of Rule 7.3 (a) or (b) (Spouse's or Specified Dependant's pension on death in Pensionable Service) would have applied if a pension were so payable and there were no provision for reduction under Rule 7.7 (Reduction in spouse's or Specified Dependant's pension):
    - (A) if and so long as there is one Eligible Child, 2/5ths
    - (B) if and so long as there are two Eligible Children, 3/5ths
    - (C) if and so long as there are three Eligible Children, 4/5ths and
    - (D) if and so long as there are more than three Eligible Children, the whole.
- (b) On the death of a Member who has left Pensionable Service entitled to Short Service Benefits, and of a Pensioner, there shall be payable an allowance in respect of his Children of the following amounts:
  - (i) if and so long as a Surviving Spouse's or Specified Dependant's pension is payable (in the case of a Pensioner) half the following fraction of his pension and (in the case of a Member who left Pensionable Service entitled to Short Service Benefits), half the following fraction of his pension as it would have been if he were living and as it would have been if no commutation under Rule 6.7 (Lump sum benefits on retirement) nor

surrender under Section 8 (Allocation) had been effected and his pension had begun on the day following Normal Retirement Date:

- (A) if and so long as there is one Eligible Child, 2/5ths
  - (B) if and so long as there are two Eligible Children, 3/5ths
  - (C) if and so long as there are three Eligible Children, 4/5ths and
  - (D) if and so long as there are more than three Eligible Children, the whole;
- (ii) if and so long as no Surviving Spouse's or Specified Dependant's pension is payable, twice the amount of the allowance calculated in accordance with paragraph (i) of this paragraph (b).

#### **Rule 7.9 Duration and payment of Children's allowances**

Rule 7.9 in Schedule 1 shall apply save that if the Member's pension has commenced before his death then the Children's allowance shall commence on the 1st of the month following his death.

#### **Rule 7.11 Meaning of Eligible Child**

For the purpose of this Appendix,

**Child** means in relation to a deceased Member, Pensioner or Deferred Pensioner:

- (a) his legitimate child (whether or not born before he died)
- (b) his adopted child and
- (c) any other child with respect to whom the Trustees are of the opinion that he stood at the time of his death in loco parentis to such child or that such child was (or would have been if it had been born before he died) wholly or substantially dependent on him for the provision of all or any of the ordinary necessities of life; and

**Eligible Child** means:

- (a) a Child who is under the age of 16 years or
- (b) a Child who is aged 16 or over and under 21 years who in the opinion of the Trustees is in full-time education or vocational training and with respect to whom the Trustees determine that it shall be an Eligible Child and so that every such determination shall have effect for the period and subject to the conditions specified in it and be subject to revocation.

### **SECTION 8 - ALLOCATION**

#### **Rule 8.5 Restrictions on amount of Allocation**

An Allocation shall not affect any entitlement or the amount of any benefit payable under Section 7 (Benefits on death) other than that specified in Rule 7.2 (Lump sum benefits on death after retirement and death in Pensionable Service after Normal Retirement Date).

## **SECTION 9 - PRESERVATION OF BENEFITS ON LEAVING PENSIONABLE SERVICE**

References to spouse and Dependants in Section 9 of Schedule 1 shall be deemed to be references to Surviving Spouse and Specified Dependants for the purposes of this Schedule.

### **Rule 9.8 Death before Short Service Benefits come into payment**

The following provisions shall apply in place of Rule 9.8 in Schedule 1.

- (a) On the death of a Deferred Pensioner the following benefits shall be payable:
  - (i) a pension calculated in accordance with Rule 9.8(b) to his Surviving Spouse or Specified Dependant beginning on the day following the Deferred Pensioner's death and continuing for life;
  - (ii) an allowance calculated in accordance with Rule 7.8(b) in respect of his Children;
  - (iii) if no Surviving Spouse's or Specified Dependant's pension is payable under paragraph (a)(i) above, the sum specified in Rule 9.8(c) below, which the Trustees shall hold on Discretionary Trusts.
- (b) The pension payable under Rule 9.8(a)(i) above shall be one half of that of the Deferred Pensioner's pension as it would have been if he were living and his pension had begun on the day following Normal Retirement Date and no commutation under Rule 6.7 (Lump sum benefits on retirement) nor surrender under Section 8 (Allocation) had been effected. Such amount (unless the Member's last or only period of Pensionable Service began before April 1978 or the Member was married to his Surviving Spouse when he left Service and had at his death been married to her for more than 10 years) shall be reduced if the Surviving Spouse or Specified Dependant is more than 10 years younger than the Deferred Pensioner by  $2\frac{1}{2}\%$  thereof multiplied by the number of years of age disparity in excess of 10, provided that such a reduction shall not apply to any part of the relevant pension which relates to Service which has been contracted-out (or treated as contracted-out) by reference to the Scheme on a final salary basis on or after 6 April 1997 by reference to section 9(2B) of the 1993 Act, save to the extent that the Actuary certifies that it exceeds the minimum amount of pension (if any) required to be paid to the Deferred Pensioner's spouse under the reference scheme prescribed under regulations made under section 12A of the 1993 Act (The statutory standard).
- (c) The sum referred to in Rule 9.8(a)(iii) above is five times the yearly amount of the Deferred Pensioner's pension as it would have been if he were living and his pension had begun (without reduction for early commencement) and Section 11 (Pension Increases) had ceased to operate on his death.

### **Rule 9.10 Refunds of contributions**

The following provision shall apply in place of Rule 9.10(a)

- (a) A Member who leaves Pensionable Service before Normal Retirement Date without becoming entitled to a pension under Rule 6.4 (Early retirement on the grounds of ill-health) and who is not entitled to Short Service Benefits shall be entitled, at his option, to either:
  - (i) a pension equal to the amount payable in accordance with Rule 9.3; or

- (ii) a sum equal to his Contributions less a deduction under paragraph 18.1 of the Overriding Appendix (GMP Model Rules) in respect of any contributions equivalent premium payable, (and if the Member is leaving Pensionable Service, but is remaining in Service, less a further deduction of an amount equal to the tax payable on the sum received by the Member),

the option to be exercisable by the Member by application in writing to the Trustees within 90 days (or such longer period as the Trustees in his case allow) after he leaves Pensionable Service.

#### **Rule 9.16 General provisions relating to transfers**

References in this Rule to spouse, child and Dependant shall be deemed to include, for the purposes of this Appendix, references to Surviving Spouse, Child, Eligible Child and Specified Dependant as appropriate.

### **SECTION 11 - PENSION INCREASES**

The following provisions shall have effect in place of Rules 11.1 and 11.2:

#### **Rule 11.1 Increases in current pensions**

- (a) Each Pensioner's pension beginning before State Pension Age shall be increased by the Lower Percentage on each 1st April falling within the period:
  - (i) beginning on the later of 1st April 1992 and the commencement of his pension; and
  - (ii) ending on his attainment of State Pension Age;
- (b) The Excess of each Pensioner's pension beginning or continuing on or after State Pension Age shall be increased by the Lower Percentage on each 1st April occurring on or after the latest of 1st April 1992, the commencement of his pension and his attainment of State Pension Age;
- (c) The Excess of each Surviving Spouse's or Specified Dependant's pension shall be increased by the Lower Percentage on each 1st April occurring on or after the later of 1 April 1992 and the commencement of that pension;
- (d) Notwithstanding the above rules of this Section, in a case to which Rule 7.6(b) (relating to Members leaving more than one Specified Dependant) applies, Rule 11.1(c) above shall have effect subject to such modification as the Trustees either generally or in any category of cases or in any individual case determine to be appropriate;
- (e) A prospective or currently payable Beneficiary's pension or Children's allowance shall increase in like manner as if it were a Surviving Spouse's pension and the amount of the Guaranteed Minimum Pension were nil.

#### **Rule 11.2 Increases in deferred benefits**

The Excess of each Deferred Pensioner's prospective pension shall be increased by the Higher Percentage on each 1st April falling within the period:

- (a) beginning on the later of 1 April 1992 and the date of his leaving Pensionable Service; and

- (b) ending on the day before the earlier of his attainment of Normal Retirement Date and the commencement of his pension

### **Rule 11.3 Augmentation of benefits**

Rule 11.3 in Schedule 1 shall apply.

The following additional Rule shall apply.

### **Rule 11.4 Application of increases**

- (a) This section relates to:

- (i) all pensions (other than those solely attributable to Non-Participating Employment or Service in Contracted-out Employment) and
  - (ii) all Children's allowances
- payable under the Fund

- (b) In this section:

Excess means

- (i) in relation to Rule 11.2 - the annual amount of the excess (if any) of the Deferred Pensioner's prospective pension over 52 times his Guaranteed Minimum Pension (as it would have been without the increases referred to in its definition) on the termination of his Service in Contracted-out Employment plus any increase in such annual amount under Rule 11.2;
- (ii) in relation to Rule 11.1(b) - the annual amount of the excess (if any) of the Pensioner's pension over 52 times his Guaranteed Minimum Pension (ignoring any increases to that Guaranteed Minimum Pension) plus any increase in such annual amount under Rule 11.1(b);
- (iii) in relation to Rule 11.1(c) - the annual amount of the excess (if any) of the Surviving Spouse's or Specified Dependant's pension (subject to the Overriding Appendix (GMP Model Rules)) over 52 times her Guaranteed Minimum Pension (if any) (ignoring any increases to that Guaranteed Minimum Pension), plus any increase in such annual amount under Rule 11.1(c).

**Higher Percentage** means the smaller of:

- (i) 5% and
- (ii) the percentage (if any) by which the Index published in the January immediately before the relevant 1st April exceeds the Index published in the January immediately before that January

divided by 12 and then multiplied by the smaller of 12 and the number of complete months since the Deferred Pensioner left Pensionable Service.

**Lower Percentage** means

- (a) in respect of Pensionable Service prior to 6<sup>th</sup> August 2005 the smaller of
  - (i) 5%; and
  - (ii) the percentage (if any) by which the Index in the January immediately before the relevant 1st April exceeds the Index published in the January immediately before that January; and
- (b) in respect of Pensionable Service on and after 6th August 2005 the smaller of
  - (i) such percentage as is specified in section 51(4)(b) of the Pensions Act 1995 from time to time in relation to any specified period of Pensionable Service; and
  - (ii) the percentage (if any) by which the Index in the January immediately before the relevant 1st April exceeds the Index published in the January immediately before that January

divided by 12 and then multiplied by the smaller of 12 and the number of complete months since the Member, Deferred Pensioner or Pensioner left Pensionable Service.”

## Appendix F

This Appendix shall apply to:

- those Members who joined the Thorn EMI Pension Fund before 6 March 1996 and who joined this Scheme on 1 October 1996; and
- who were entitled to benefits under the provisions of the Thorn EMI Pension Fund for executive members.

The Rules in Schedule 1, as they apply to Category C Members, shall apply to the Members covered by this Appendix, as altered:

- in accordance with Appendix E to Schedule 1; and
- as follows:

### SECTION 1 - INTRODUCTION

#### Rule 1.1 Interpretation

**Normal Retirement Date** means the date on which a member attains the age of 62.

### SECTION 6 - BENEFITS ON RETIREMENT

#### Rule 6.2 Retirement at Normal Retirement Date

The pension payable to a Member on his retirement at his Normal Retirement Date shall be 2/3rds of his Final Pensionable Salary, made up of:

- (i) a standard benefit of 1/720th of the Member's Final Pensionable Salary multiplied by the number of months of his Pensionable Service; and
- (ii) a top-up benefit equal to the balance (the top-up element).

The top-up element is for the purposes of the calculation of benefits payable in the event of the Member leaving Pensionable Service before Normal Retirement Date, deemed to have been earned uniformly over the Member's period of Pensionable Service as an executive member.

## Appendix G

This Appendix shall apply to:

- those Members who joined the Thorn EMI Pension Fund before 6 March 1996 and who joined this Scheme on 1 October 1996; and
- who were entitled to benefits under the provisions of the Thorn EMI Pension Fund for former members of the Software Sciences Pension Scheme.

The Rules in Schedule 1, as they apply to Category C Members, shall apply to the Members covered by this Appendix, as altered

- in accordance with Appendix E to Schedule 1; and
- as follows:

### SECTION 1 - INTRODUCTION

#### Rule 1.1 Interpretation

***Final Pensionable Salary*** means in relation to a Member entitled to benefits under this Appendix, the product of the following formula:

$E/3$

as defined in Appendix E to Schedule 1 (save that the LEL deduction shall not apply).

### SECTION 3 - CALCULATION OF PENSIONABLE SERVICE

Pensionable Service for Members entitled to benefits in accordance with this Appendix shall be as defined in Rule 3.1, multiplied by the ratio A/B where:

- A is the Member's complete years of potential relevant employment (such as has been notified to the Member for the purpose of this Rule) to age 65; and
- B is the Member's complete years of potential membership to age 65 of the Software Sciences Pension Scheme, the Thorn EMI Pension Fund, the Data Sciences Pension Scheme and such other scheme or schemes as may be notified as being relevant for the purposes of this Rule.

### SECTION 4 - MEMBERS' CONTRIBUTIONS

#### Rule 4.1 Ordinary Contributions

With effect from 6 July 2005, Members shall contribute to the Fund at the rate of 7% of Pensionable Salary.

## **SECTION 6 - BENEFITS ON RETIREMENT**

Members entitled to benefits in accordance with this Appendix who were in service by reference to the Thorn EMI Pension Fund on 31 March 1991 are entitled to an additional benefit in respect of their Pensionable Service before 1 November 1991 calculated according to the following formula:

$LEL \times 1/720 \times \text{the number of months of Pensionable Service to 30 October 1991}$

LEL being 75% of 52 times the Lower Earnings Limit in force at the Salary Review immediately prior to the earlier of:

- (a) the date the Member leaves Pensionable Service; and
- (b) the date 5 years before his Normal Retirement Date.

## **SECTION 7 - BENEFITS ON DEATH**

### **Rule 7.1 Lump sum benefits on death in Pensionable Service**

The sum payable under Rule 7.1 is a sum equal to the Member's Contributions to the Fund.

### **Rule 7.3 Spouse's or Specified Dependant's pension on death in Pensionable Service**

The pension payable to the Member's Surviving Spouse or Specified Dependant if the Member dies in Pensionable Service either before or after his Normal Retirement Date is equal to four-ninths of the Member's Adjusted Pensionable Salary.

### **Rule 7.4 Spouse's or Specified Dependant's pension on death of a Pensioner**

On the death of a Pensioner there shall be payable to the Pensioner's Surviving Spouse or Specified Dependant a pension equal to two-thirds of the Pensioner's pension (as it would have been if there had been no commutation under Rule 6.7 (Lump sum benefits on retirement) nor surrender under Section 8 (Allocation)), except that:

- (a) if death occurs within five years of the Pensioner's pension commencing, the pension payable to the Pensioner's Surviving Spouse or Specified Dependant will continue at the same rate as the Pensioner was receiving until the end of the said five year period; and
- (b) at the end of the said five year period or if death occurs five or more years after the Pensioner's pension commenced, then the pension payable to the Surviving Spouse or Specified Dependant will be equal to two-thirds of the Pensioner's pension as aforesaid.

## Appendix H

This Appendix shall apply to:

- those Members who joined the Thorn EMI Pension Fund before 6 March 1996 and who joined this Scheme on 1 October 1996; and
- who were entitled to benefits under the provisions of the Thorn EMI Pension Fund for former members of the executive category of the Software Sciences Pension Scheme.

The Rules in Schedule 1, as they apply to Category C Members, shall apply to the Members covered by this Appendix as altered;

- in accordance with Appendix E to Schedule 1; and
- as follows:

### SECTION 1 - INTRODUCTION

#### Rule 1.1 Interpretation

**Normal Retirement Date** means the date on which a Member attains the age of 62.

The LEL deduction in the definition of Final Pensionable Salary in Appendix E shall not apply.

### SECTION 3 - CALCULATION OF PENSIONABLE SERVICE

Pensionable Service for Members entitled to benefits in accordance with this Appendix shall be as defined in Rule 3.1, multiplied by the ratio A/B where:

- A is the Member's complete years of potential relevant employment (such as has been notified to the Member for the purpose of this Rule) to age 62; and
- B is the Member's complete years of potential membership to age 62 of the Software Sciences Pension Scheme, the Thorn EMI Pension Fund, the Data Sciences Pension Scheme and such other scheme or schemes as may be notified as being relevant for the purposes of this Rule.

### SECTION 4 - MEMBERS' CONTRIBUTIONS

#### Rule 4.1 Ordinary Contributions

With effect from 6 July 2005, Members shall contribute to the Fund at the rate of 7% of Pensionable Salary

### SECTION 6 - BENEFITS ON RETIREMENT

#### Rule 6.2 Retirement at Normal Retirement Date

The pension payable to a Member on his retirement at his Normal Retirement Date shall be two thirds of his Final Pensionable Salary, made up of:

- (a) a standard benefit of 1/720th of the member's Final Pensionable Salary multiplied by the number of months of his Pensionable Service; and
- (b) a top-up benefit equal to the balance (the top-up element).

The top-up element is, for the purposes of the calculation of benefits payable in the event of the Member leaving Pensionable Service before Normal Retirement Date, deemed to have been earned uniformly over the Member's period of Pensionable Service as an executive member.

Members entitled to benefits in accordance with this Appendix who were in service by reference to the Thorn EMI Pension Fund on 31 March 1991 are entitled to an additional benefit in respect of their Pensionable Service before 1 November 1991 calculated according to the following formula:

$LEL \times 1/720 \times \text{the number of months of Pensionable Service to 30 October 1991}$

LEL being 75% of 52 times the Lower Earnings Limit in force at the Salary Review immediately prior to the earlier of:

- (a) the date the Member leaves Pensionable Service; and
- (b) the date 5 years before his Normal Retirement Date.

## **SECTION 7 - BENEFITS ON DEATH**

### **Rule 7.1 Lump sum benefits on death in Pensionable Service**

The sum payable under Rule 7.1 is a sum equal to the Member's Contributions to the Fund.

### **Rule 7.3 Spouse's or Specified Dependant's pension on death in Pensionable Service**

The pension payable to the Member's Surviving Spouse, or Specified Dependant if a Member dies in Pensionable Service either before or after Normal Retirement Date is equal to two-thirds of the pension the Member would have received had he remained in Pensionable Service until, and had retired on, his Normal Retirement Date

## SCHEDULE 2

### Provisions relating to the Money Purchase Category of the Scheme

#### SECTION A.1 - INTRODUCTION

##### A.1.1 Interpretation

In this Schedule, the words and expressions set out below shall, unless inconsistent with the subject or context, have the following meanings:

**Adjusted Pensionable Salary** means a Member's or Life Member's Pensionable Salary, adjusted to take account of any salary reviews since the last Annual Salary Review (or since the date of joining the Scheme, if later).

**Annual Salary Review** means 1 October each year for sales staff and executive general managers and 1 July each year for all other staff, or such alternative dates as the Principal Employer shall nominate as such, being dates upon which a person's remuneration is reviewed.

**Dependent Child** means, in relation to a Member, a person who (a) is a child, stepchild, adopted child or illegitimate child of the Member (but excluding an illegitimate child of the Member whose identity is not notified to the Trustees prior to any benefit becoming payable under these Rules to or in respect of the Member), or any other Dependant who, in the opinion of the Trustees, was at the date of the Member's death living as a child of the Member's family and who (b) in each case, in the opinion of the Trustees, is under the age of 18 or is still in full time education or full time vocational training.

**General Fund** means the fund maintained by the Trustees at the direction of the Principal Employer in accordance with Rule A. 11.6.

**Incapacity** means such physical or mental deterioration which in the opinion of the Trustee is serious enough to prevent the Member from following his or her normal employment, or which seriously impairs his or her earning capacity.

**Index** means the Government's index of retail prices for all items.

**Member's Account** means in respect of a Money Purchase Category Member, such amount as the Trustees decide represents the aggregate of:

- (a) the Member's contributions to the Scheme;
- (b) the Employers' contributions to the Scheme in respect of the Member under Section A.5;
- (c) any transfer payments received by the Scheme in respect of the Member; and
- (d) a fair share (as determined by the Trustees, having taken the advice of the Actuary) of the income, gains and losses arising on the Money Purchase Fund.

**Money Purchase Category** means the category of membership constituted by the Rules set out in this Schedule 2.

**Money Purchase Category Member** means a Member who has been invited to pay contributions and receive benefits on the basis set out in this Schedule 2 and who is admitted to membership of the

Scheme in accordance with Rules A.2.1 or A.2.2 and who will remain as such until the effective date of any notice given under Rule A.2.1(d) or the date on which he or she leaves Service, whichever is the earlier (and references in this Schedule to a Member shall be references to a Money Purchase Category Member).

**Money Purchase Fund** means all the cash and other assets from time to time held by or on behalf of the Trustees for the purposes of the Money Purchase Category which shall be segregated from the cash and other assets comprising the Fund as defined in Schedule 1.

**Normal Retirement Date** means in relation to a Money Purchase Category Member, the date upon which the Member attains age 65.

**Pensionable Salary** means in respect of a Money Purchase Category Member:

- (a) the Member's basic annual salary or wages (including statutory sick pay and statutory maternity pay) plus any fixed shift premium; or
- (b) at the Member's option (if he or she earns sales commission under the payment by results system), 75% of his or her annual on-target earnings,

fixed at each Annual Salary Review (or the date of joining the Scheme, if later), subject to the limits set out in Section 10 of Schedule 1.

**Pensionable Service** means (subject to Rule A.3.2 (Absence from work) and Rule A.3.3 (Maternity leave)) the last or only period of Service as a Money Purchase Category Member but not including any period of Service after Normal Retirement Date or, if earlier, after the effective date of any notice given under Rule 2.1 to cease contributing to the Scheme whilst remaining in Service.

**Personal Pension Scheme** has the meaning given to it by section 1 of the 1993 Act.

**Retirement Date** means in respect of a Member, the Member's Normal Retirement Date or (if the Member so elects and his or her Employer agrees) either:

- (a) a date later than Normal Retirement Date but no later than when the Member leaves Service or, if the Member left Pensionable Service before Normal Retirement Date, no later than when he or she ceases all employment and, in any event, not later than age 70; or
- (b) a date earlier than Normal Retirement Date but not earlier than when the Member leaves Service and not earlier than his or her 50th birthday (unless the Member is leaving on account of Incapacity).

**Scheme Pension** means in respect of each Money Purchase Category Member, such amount of annual pension as is provided for the Member at retirement by the Member's Account, having regard to the elections made by the Member under the terms of Rules A.6.1, A.6.2 and A.6.3, and which is certified as the reasonable equivalent thereof by the Actuary and does not exceed Inland Revenue limits;

A.1.2 Save as otherwise provided in Rule A.1.1 and unless inconsistent with the subject or context, the words and expressions in this Schedule shall have the same meanings as set out in Rule 1.1 of Schedule 1.

A.1.3. Save as otherwise provided or unless inconsistent with the subject or context, the Rules in Sections 1 (Introduction), 10 (Inland Revenue limits), 13 (Status of the Scheme and taxation), 14

(Administration), 15 (Alterations in and additions to the Rules) and 16 (Termination and winding-up) of Schedule 1 shall apply generally in relation to the membership and benefits payable under this Schedule 2 (as amended, where appropriate), and the Rules in the remaining Sections of Schedule 1 shall apply where and in the manner specifically stated in this Schedule.

A.1.4 All references to the Fund in the Rules in Schedule 1 shall be deemed to be references to the Money Purchase Fund to the extent that those Rules apply to the Money Purchase Category.

## **General**

A.1.5 The Money Purchase Fund is held as a common trust fund out of which all benefits are to be provided. No Beneficiary is entitled to any specific part of the Money Purchase Fund and any allocation of assets to a particular Member's Account is for benefit calculation purposes only.

**[THE PROVISIONS OF THIS ORIGINAL DATA SCIENCES SECTION A.2 WERE NOT INCORPORATED]**

## **SECTION A.2 - ELIGIBILITY AND MEMBERSHIP**

### **A.2.1. Eligibility**

### **A.2.2 Waiver of eligibility conditions**

### **A.2.3 Application for membership**

## **SECTION A.3 TRANSFERS, ABSENCES AND SECONDMENT**

**[ORIGINAL DATA SCIENCES RULES A.3.1 AND A.3.2 WERE NOT INCORPORATED]**

### **A.3.1 Transfers**

### **A.3.2 Absence from work**

### **A.3.3 Maternity leave**

- (a) Rules 3.7(a) to (d) in Schedule 1 shall apply.
- (b) The remainder of this Rule A.3.3, namely Rules A.3.3(c) to (e) shall apply in relation to a female Member who is absent on or after 1 October as described in Rule 3.7(a) and who has a statutory right to return to work under Section 79 of ERA 1996. It regulates the benefits under the Scheme of a Protected Female Member (defined below) in respect of any period of maternity absence beginning on the date Pensionable Service ceased under Rules 3.7(b)(i) or (ii) and ending on the Return Date (defined below) (the Extended Maternity Period). Such a female Member is referred to in this Rule A.3.3 as a Protected Female Member.
- (c) In relation to a Protected Female Member, the Return Date shall be the earlier of:
  - (i) the date she notifies her Employer that she will not be returning to work; and

- (ii) the last date on which she had a statutory right to return to work under section 79 of ERA 1996.
- (d) A Protected Female Member who does not return to work with the Employer on or before the Return Date shall be treated as leaving Pensionable Service and benefits shall be payable in accordance with Section 8.
- (e) If a Protected Female Member dies before the Return Date, the death benefits set out in Rules A.7.1 and A.7.2 shall be payable using, in the case of the benefits payable under Rule A.7.1, her Adjusted Pensionable Salary (as defined in Rule A. 1.1) on that date.

## **SECTION A. 4. MEMBERS CONTRIBUTIONS**

### **A.4.1. Ordinary contributions**

Subject to Rules A.3.2 (Absence from work), A.3.3 (Maternity leave) and Section 10 of Schedule 1 (Inland Revenue limits), every Money Purchase Category Member shall contribute to the Money Purchase Fund while in Pensionable Service at the rate of 3% of Pensionable Salary per annum.

### **A.4.2 Duration of contributions**

Contributions shall commence with the first payment of salary following the date of becoming a Member and cease on the Member's Normal Retirement Date, or leaving Pensionable Service, if earlier.

### **A.4.3 Voluntary contributions**

- (a) A Money Purchase Category Member may, subject to the restrictions in Rule A.4.3(b) and while in Pensionable Service, make voluntary contributions to the Scheme on such terms as the Trustees may determine in order to increase the amount credited to his or her Member's Account and may increase, decrease or discontinue such contributions at such time and on such terms as may be agreed with the Trustees (who shall comply with the requirements of section 111 of the 1993 Act).
- (b) The restrictions referred to in Rule A.4.3(a) are that:
  - (i) the Member's voluntary contributions (together with all the Member's other contributions to the Scheme and to all other Relevant Schemes which relate to Service with any of the Employers) shall not exceed 15% of the Member's Remuneration (or such greater amounts as will not prejudice approval of the Scheme as an Exempt Approved Scheme);
  - (ii) the voluntary contributions shall not be such that the additional benefits secured would prejudice approval of the Scheme as an Exempt Approved Scheme; and
  - (iii) except in relation to a Member whose voluntary contributions are treated by the Commissioners of Inland Revenue as having commenced on or before 7 April 1987, no part of any retirement pension provided by voluntary contributions may be commuted for a lump sum.

For the purposes of this Rule, Relevant Scheme and Remuneration shall have the meanings given to them in Rule 10.1 of Schedule 1.

- (c) The voluntary contributions shall be reduced or discontinued whenever necessary to avoid contravention of (a) or (b) above. They shall also be discontinued when the Money Purchase Category Member ceases to be in Pensionable Service unless the Trustees (consistent with continued approval of the Scheme as aforesaid) agree otherwise.

**[ORIGINAL DATA SCIENCES RULES A.4.4 – A.4.6 WERE NOT INCORPORATED]**

**A.4.4 Deduction of Contributions**

**A.4.5 Maximum contributions**

**A.4.6 Return of surplus funds**

**SECTION A.5 - EMPLOYERS CONTRIBUTIONS**

**A.5.1 Ordinary contributions**

- (a) Each of the Employers shall, subject to the following provisions of this Rule A.5.1 and to Section 10 of Schedule 1 (Inland Revenue limits), pay to the Trustees, in accordance with the schedule of payments prepared pursuant to and in accordance with section 87 of the Pensions Act 1995, in respect of each of its employees who are Money Purchase Category Members, contributions to the Scheme at the rate of 5% of Pensionable Salary per annum.
- (b) Rule 5.4 in Schedule 1 (as amended) shall apply.
- (c) An Employer may, with the written agreement of the Principal Employer, by giving written notice to the Trustees, reduce, suspend or vary its liability to make future contributions to the Scheme in respect of any Money Purchase Category Member or group of Money Purchase Category Members. All Members who are affected by such action shall be notified by the Trustees.
- (d) Rule A.5.1(c) shall not affect an Employer's liability to make those contributions which have already become due and payable.
- (e) Employers' contributions shall be paid by the Employers to the Trustees or as the Trustees shall direct.
- (f) The Principal Employer may from time to time direct that an Employer's obligations under Rule A.5.1 (a) are to be satisfied by a transfer (to the extent specified by the Principal Employer) from amounts retained in the General Fund under Rule A.11.6.

**SECTION A.6 - BENEFITS ON RETIREMENT**

**A.6.1 Entitlement to benefit**

- (a) On or with effect from a Member's Retirement Date the Trustees shall use the Member's Account to provide benefits for or in respect of the Member in the form of the Scheme Pension, subject to the exercise by the Member of the options referred to in this Rule A.6.1 and Rules A.6.2 and A.6.3.
- (b) Where a Member's Retirement Date falls after his or her Normal Retirement Date and the Member is a Pre-1989 Member, the Trustees shall, before the Member's Retirement Date, if the Member so elects:

- (i) use part or all of the Member's Account to provide a lump sum payable to the Member on a date agreed between the Member and the Trustees falling on or after the Member's Normal Retirement Date; and
  - (ii) apply the Member's Account as provided in Rules A.6.1(a) and A.6.2(a) notwithstanding that the Member is continuing in Service.
- (c) A Member may elect that:
- (i) the Scheme Pension be payable for a guaranteed period in accordance with Rule A. 11.3; and/or
  - (ii) the Scheme Pension (subject to Sections 51 to 54 of the Pensions Act 1995 (Annual increase in rate of pension etc.)) be subject to increases in payment in accordance with Section A.9.

in which events the Member's Scheme Pension will be reduced appropriately.

### **A.6.2 Commutation**

- (a) A Member may (subject to Rule 3.2(a) in Schedule 1 and Rule A.4.3(b)(iii)) elect to commute all or part of his or her Scheme Pension and/or any benefits payable on his or her death, for a lump sum payable at his or her Retirement Date on a basis to be determined by the Trustees and notified to the Member.
- (b) If a person's benefit is trivial (within the meaning set out Rule A.6.2(c)), the Trustees may, under this Rule A.6.2(b), pay a person, in lieu of his or her Scheme Pension and/or of any benefits payable on his or her death, a lump sum of such amount as the Trustees shall determine, calculated on a basis certified as reasonable by the Actuary.

This power may be exercised only if its exercise does not prejudice approval of the Scheme as an Exempt Approved Scheme.

- (c) For the purpose of Rule A.4.6.2(b), a person's benefit is trivial only if the total value of all that person's benefit from the Scheme and from all other occupational pension schemes in respect of the same employment is (in the opinion of the Trustees) less than the value of a pension of £260 a year (or such other amount as may be prescribed under Sections 77(4) or 77(5) of the 1993 Act).
- (d) If a Member becomes entitled to payment of a pension in what the Trustees consider to be exceptional circumstances of serious ill-health the Trustees may pay the Member in lieu of the whole or any part of that pension a lump sum of such amount as they shall determine, calculated on a basis certified as reasonable by the Actuary.

### **A.6.3 Optional pension for spouse and Dependants**

- (a) A Member may with the consent of the Trustees elect in writing to surrender part of his or her Scheme Pension at Retirement Date, subject to Rule A.6.3(b), in order to provide a pension for his or her spouse and/or any Dependants nominated by the Member.
- (b) The option in Rule A.6.3(a) is subject to the following conditions:
  - (i) it may be exercised only when the Member's Scheme Pension becomes payable;

- (ii) the aggregate of the spouse's and Dependants' pensions under this Rule A.6.3 shall be equal in value to the part of the Member's Scheme Pension surrendered, calculated on a basis certified as reasonable by the Actuary or by another actuary qualified for the purpose;
- (iii) the option may not be exercised so that the annual amount of a spouse's or Dependant's pension would be less than the limit specified in Rule A.6.2(b) at the time of surrender;
- (iv) the aggregate annual amount of the spouse's and Dependants' pensions provided under this Rule A.6.3 shall not exceed the annual amount of the Member's Scheme Pension after surrender but before commutation under Rule A.6.2;
- (v) if the spouse or nominated Dependant dies before the Member but after the first instalment of the Member's Scheme Pension has become payable, the Member's Scheme Pension after surrender shall not be affected; and
- (vi) any pension payable to a spouse or Dependant under this Rule A.6.3 shall be payable for such period as may be agreed between the Member and the Trustees or failing such agreement the pension shall be payable for life or until such Dependant, if a child, ceases to fulfil the conditions set out at (b) of the definition of Dependent Child in Rule A.1.1.

**[THE PROVISIONS OF ORIGINAL DATA SCIENCES RULE A.6.4. WERE NOT INCORPORATED]**

#### **A.6.4 Supplementary provisions**

### **SECTION A.7 - BENEFITS ON DEATH**

#### **A.7.1 Death of a Money Purchase Category Member in Service on or before Normal Retirement Date**

On the death of a Money Purchase Category Member on or before Normal Retirement Date, the Trustees shall (subject to the Trustees receiving sufficient funds from the insurance policies maintained under Rule 7.13 of Schedule 1 or from the Employer under Rule A.5.1 or Rule A.7.3):

- (a) pay in accordance with Rule A.7.4 a lump sum equal to four times the Member's Adjusted Pensionable Salary at the rate applicable at date of death; and
- (b) apply a further lump sum equal to three times the Member's Adjusted Pension Salary and the sum of the Member's Account to pay an additional amount by way of a lump sum and/or to provide pensions to such one or more of the Member's spouse, Dependent Children or other Dependants as the Trustees shall in their absolute discretion decide in accordance with Rule A.7.5.

#### **A.7.2 Death of a Money Purchase Category Member in Service after Normal Retirement Date**

On the death of a Money Purchase Category Member in Service after Normal Retirement Date but before the Member has exercised the options under Rules A.6.1, A.6.2 and A.6.3, the Trustees shall in their absolute discretion use the Member's Account to provide either or both of the following benefits:

- (a) a lump sum payable in accordance with Rule A.7.4; and/or

- (b) a pension or pensions to any one or more of the Member's spouse, Dependent Children or other Dependents.

**[THE PROVISIONS OF ORIGINAL DATA SCIENCES RULE A.7.3 WERE NOT INCORPORATED]**

#### **A.7.3 Insurance**

#### **A.7.4 Distribution of lump sum death benefits**

Any lump sum death benefits becoming payable under this section (including those deriving from additional voluntary contributions or transfer payments) shall be held under the Discretionary Trusts (as defined in Rule 1.1 in Schedule 1, save that references to the Fund in that definition shall, for the purposes of this Schedule 2, be deemed to be references to the General Fund).

**[THE PROVISIONS OF ORIGINAL DATA SCIENCES RULE A.7.5 WERE NOT INCORPORATED]**

#### **A.7.5 Supplementary provisions**

### **SECTION A.8 - BENEFITS ON LEAVING PENSIONABLE SERVICE**

#### **A.8.1 Application of this section**

On the termination of Pensionable Service of a Money Purchase Category Member before Normal Retirement Date otherwise than by death and in circumstances where the Money Purchase Category Member does not elect to receive the benefits payable on early retirement under Rule A.6.1 (if that Rule applies), the Money Purchase Category Member shall be entitled to receive the benefits specified in either Rule A.8.2 or Rule A.8.3 (as appropriate).

#### **A.8.2 Return of Contributions**

- (a) If:
- (i) the Money Purchase Category Member has not completed two years of Qualifying Service; and
  - (ii) no transfer payment under Rule A.3.2 (Transfers) has been received in respect of the Money Purchase Category Member's rights under a Personal Pension Scheme,

the Trustees shall pay a lump sum equal to:

- (aa) the amount certified by the Actuary as attributable to contributions which the Money Purchase Category Member has made to the Scheme under Rule A.4.1 (Ordinary contributions); plus
- (bb) the amount certified by the Actuary as attributable to voluntary contributions which the Money Purchase Category Member has made under Rule A.4.3 (Voluntary contributions); plus
- (cc) the amount (subject to any restrictions under Rule 3.2 (Transfers) of Schedule 1) certified by the Actuary as attributable to any contributions made by the Money

Purchase Category Member to a Transfer Scheme in respect of which a transfer payment has been received by the Trustees under Rule 3.2; less

(dd) the amount of any tax or duty for which the Trustees are liable in respect thereof.

For the avoidance of doubt the amounts certified by the Actuary under clauses (aa) to (cc) above shall take into account any investment gains or losses on the contributions referred to.

### **A.8.3 Deferred benefits**

(a) If:

- (i) the Money Purchase Category Member has completed two years or more of Qualifying Service; or
- (ii) a transfer payment in respect of the Money Purchase Category Member's rights under a Personal Pension Scheme has been received under Rule A.3.2 (Transfers),

the Money Purchase Category Member may choose to leave the Member's Account in the Money Purchase Fund so as to provide benefits in accordance with Rules A.6.1, A.6.2 and A.6.3.

(b) If the Money Purchase Category Member ceased to be in Pensionable Service more than one year before Normal Retirement Date the amount of any bonuses or investment yield which the Trustees decide arise from or in respect of the Member's Account during the period from cessation of Pensionable Service until the Member's Retirement Date shall in accordance with section 84(3) of the 1993 Act be added to the Member's Account in the manner in which they would have been applied if his or her Pensionable Service had not terminated.

### **A.8.4 Death whilst entitled to a deferred benefit**

On the death of a Member who has left Pensionable Service and is entitled to a deferred benefit from the Scheme the Trustees shall use the Member's Account to provide in their absolute discretion either or both of the following benefits:

- (a) a lump sum payable in accordance with Rule A.8.7(d); and/or
- (b) a pension or pensions to any one or more of the Member's spouse, Dependent Children or other Dependents.

### **A.8.5 Transfers**

A Member who is entitled to the benefits described in Rule A.8.3 may elect for the Trustees to make a transfer payment in lieu of his or her rights under Rule A.8.3 pursuant to Rule A.8.6 (if it applies).

### **A.8.6 Statutory transfers to other schemes and buy-outs**

Subject to sections 93, 93A and 94 of the 1993 Act (Right to a cash equivalent), if a Member ceases to be in Pensionable Service at least one year prior to Normal Retirement Date without becoming entitled to receive any benefits, and the Member has accrued rights to benefits under the Scheme at that time,

then the Member may in writing require the Trustees to apply the whole of the Member's cash equivalent in:

- (a) making a transfer payment to another Transfer Scheme or a Personal Pension Scheme; and/or
- (b) purchasing from an Insurance Company chosen by the Member and willing to accept payment of the cash equivalent a policy or pension contract; and/or
- (c) subscribing to another pension arrangement which satisfies prescribed requirements,

pursuant to the right conferred by sections 93 to 101 of the 1993 Act (Transfer Values) as amended.

#### **A.8.7 Supplementary Provisions**

- (a) The benefits payable under Rules A.8.1 to A.8.5 inclusive shall not exceed the Inland Revenue limits set out in Section 10 of Schedule 1.
- (b) The allocation of the amounts to be paid or applied in accordance with Rule A.8.4 shall be at the absolute discretion of the Trustees having made such enquiries (if any) as they shall deem appropriate as to the financial circumstances of the potential Beneficiaries at the date of the Member's death.
- (c) The provisions of Rule 9.16 of Schedule 1 (General provisions relating to transfers) shall apply (where appropriate) but as if the references to Rules 9.13, 9.14 and 9.15 were references to rule A.8.6(a), (b) and (c) (as appropriate).
- (d) Any lump sum benefit becoming payable under this Section (including those deriving from additional voluntary contributions or transfer payments) shall be held under the Discretionary Trusts (as defined in Rule 1.1 in Schedule 1, save that references to the Fund in that definition shall, for the purposes of this Schedule 2, be deemed to be references to the General Fund).

### **SECTION A. 9 - PENSION INCREASES AND AUGMENTATIONS**

#### **A.9.1 Increases in current pensions**

Subject to the coming into force of Sections 51 to 54 of the Pensions Act 1995, any pension payable to a Pensioner (and to his spouse or any Dependant, including a Dependant Child) secured with an Insurance Company may, at the election of the Member (given in accordance with Rule A.6.4(a)), be of a fixed yearly amount not exceeding 3% per annum (or such greater amount as will not prejudice approval of the Scheme as an Exempt Approved Scheme) or subject to increases not exceeding the increase in the Index.

**[THE PROVISIONS OF ORIGINAL DATA SCIENCES RULES A.9.2 WERE NOT INCORPORATED]**

#### **A.9.2 Augmentation of benefits**

**[THE PROVISIONS OF SECTION A.10 OF THE ORIGINAL DATA SCIENCES RULES WERE NOT INCORPORATED]**

### **SECTION A.10 – FORFEITURE AND ALIENATION**

#### **A.10.1 Lien and forfeiture**

**A.10.2 Restrictions on alienation and forfeiture**

**A.10.3 Forfeiture of unclaimed benefits**

**[THE PROVISIONS OF SECTION A.11 OF THE ORIGINAL DATA SCIENCES RULES WERE NOT INCORPORATED]**

**A.11 – ADMINISTRATION**

**A.11. 1 Actuarial investigation**

**A.11.2 Investment**

**A.11.3 Duration of pensions**

**A.11.4 Minors**

**A.11.5 Protection for the Trustees**

**A.11.6 Excess funds**

**A.11.7 Annuity in satisfaction of Member's rights**

**[THE PROVISIONS OF SECTION A.12 OF THE ORIGINAL DATA SCIENCES RULES WERE NOT INCORPORATED]**

**SECTION A.12 – TERMINATION AND WINDING UP**

**A.12.1 Withdrawal of an individual Employer**

**A.12.2 Entitlement to benefit**

**A.12.3 Transfer to a Receiving Scheme**

**A.12.4 Payment of benefits on a winding up**

### **Special Terms**

From the Deed of Merger dated 3 December 1997

Certain of the Transferring Beneficiaries who transferred from other schemes to the Thorn Fund (before transferring to the DS Scheme) are entitled to benefits from the DS Scheme on special terms, which are set out in documents issued to the individuals concerned at the time of the said transfers. Those terms are not contained in the DS Scheme Deed but shall nevertheless be deemed to be included within the Relevant Benefit Provisions and the individuals concerned shall be entitled to benefits from the IBM Plan (or, where appropriate, the IBM GLA Plan) calculated and payable in accordance with those special terms.

### **Investment Management Charges**

The annual investment management charge relating to the investment of the contributions made to the Data Sciences money purchase section of the IBM Plan, by and in respect of Transferring Beneficiaries who become members of that section of the IBM Plan pursuant to this Deed of Merger, shall be paid by the employers contributing to that section on the same basis to that applying under the money purchase section of the DS Scheme prior to the Merger Date. The arrangements for the payment of investment management charges relating to any other part of the money purchase section of the IBM Plan shall remain unaffected by this provision.

### **Deed of Amendment dated 9 December 2004**

In relation to former members of the Data Sciences Pension Scheme whose membership was transferred to the Plan consequent to a Deed of Merger dated 3<sup>rd</sup> December 1997 with effect from 15<sup>th</sup> December 1997, and who accrue defined benefits under the Plan in accordance with the relevant benefit provisions of the Data Sciences Pension Scheme as set out in Appendix 1 of the said Deed of Merger, they shall with effect from 6<sup>th</sup> July 2005 contribute to the Plan as follows:-

- (a) In relation to former Thorn EMI Pension Fund members, whose relevant benefit provisions are governed by Appendix E and F to Schedule 1 of the Definitive Trust Deed dated 25 July 1994 (as amended) at a rate of 6% of Contribution Pay;
- (b) In relation to former Software Sciences Pension Scheme members, whose relevant benefit provisions are governed by Appendix G and H to Schedule 1 of the Definitive Trust Deed dated 25 July 1994 (as amended) at a rate of 7% of Pensionable Salary; and

In relation to former Category B Members of the Data Sciences Pension Scheme at a rate of 6% of Pay.

### **Deed of Amendment dated 30 March 2006**

In relation to former members of the DS Scheme whose membership was transferred to the Plan consequent to a Deed of Merger dated 3<sup>rd</sup> December 1997 with effect from 15<sup>th</sup> December 1997, and who accrue defined benefits under the Plan in accordance with the Relevant Benefit Provisions of the DS Scheme as set out in Appendix 1 of the Deed of Merger, the amendments set out in clauses 5 to 15 above [***of the Deed of Amendment dated 30 March 2006***] shall apply mutatis mutandis to the Relevant Benefit Provisions.

### **Deed of Amendment dated 18 December 2006**

In relation to former members of the DS Scheme whose membership was transferred to the Plan consequent to a Deed of Merger dated 3rd December 1997 with effect from 15th December 1997, and who accrue defined benefits under the Plan in accordance with the Relevant Benefit Provisions of the DS Scheme as set out in Appendix 1 of the Deed of Merger, the amendments set out in clauses 8 to 31 above [***of the Deed of Amendment dated 18 December 2006***] shall apply mutatis mutandis to the Relevant Benefit Provisions.