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Linklaters LLP

LINKLATERS LLP

Date... *5 February 2014* ...

RULES OF THE CHURCH WORKERS' PENSION FUND

General Rules

Effective from 1 February 2014

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Ref ICF

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Church Workers' Pension Fund

These Rules are made as a deed on
Church of England Pensions Board.

1 February

2013⁴ by the

The Church of England Pensions Board is the current trustee of the Fund.

The Fund commenced on 1 January 1953. It was established by the Trustee under Section 27 of the Church of England (Pensions) Measure 1961.

The current Rules of the Fund were made on 15 February 2013. These Rules replace the existing Rules of the Fund with effect from 1 February 2014.

This is permitted by the existing amendment powers and these Rules shall have effect only insofar as they do not breach the restrictions on amendments contained in these powers.

However, these Rules do not affect the benefits for Members who left Service before 1 February 2014, except as described in General Rule 12.1 (Members who left Service or died before 1 February 2014); and these Rules shall have effect only insofar as they do not adversely affect any subsisting right of any Member or any survivor of a Member at the date on which these Rules are made. For this purpose, "**subsisting right**" means the same as in Sections 67A to 67I of the Pensions Act 1995 (the subsisting rights provisions).

The Trustees have informed the Actuary in writing of the alterations to be made by this deed. The Actuary has confirmed to the Trustees in writing that he or she is satisfied that the Fund would continue to satisfy the statutory standard in accordance with Section 12A of the Pension Schemes Act 1993 if the alterations were made.

The Actuary has consented to the amendments included in these Rules.

General Rules

1 Meaning of words used

"Actuary" means a fellow of the Institute and Faculty of Actuaries, who is not:

- (a) a Church Commissioner or a Trustee; or
- (b) member of the board or an employee of:
 - (i) the Church Commissioners; or
 - (ii) the Trustee.

Except when required otherwise by the Pensions Act 1995 or the Pensions Act 2004, it includes a firm of Actuaries.

"Approved Church Employment" means such spiritual or temporal work in connection with the Church of England as may be approved for the purpose of these Rules by the Trustee.

"Auto-enrolment Requirements" means the obligations applicable to an Employer under Part 1 of the Pensions Act 2008.

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

"Contracting-out Laws" means the laws on contracting-out in Part III and Chapter III of Part IV of the Pension Schemes Act 1993.

"Dependant" means anyone who is financially dependent on the Member or other person concerned, or was so dependent at the time of that person's death. This includes anyone who shares living expenses with, or receives financial support from, the Member or other person, and whose standard of living would be affected by the loss of that person's contribution or support. The Trustee's decision as to whether someone is another person's Dependant will be final. However, a person's widow, widower or surviving Civil Partner and children under the age of 23 will always be regarded as that person's Dependents. A pension will not be paid to a person who is not a "dependant" within the meaning of Schedule 28 to the Finance Act 2004.

"Defined Benefits Scheme" or **"DBS"** means The Church of England Defined Benefits Scheme which forms part of the Fund and is described in General Rule 3.2.

"Employee" means any employee or director (including a non-executive director) of an Employer.

"Employer" means an employer participating in the Fund.

"Fund" means the Church Workers' Pension Fund.

"GMP" means a guaranteed minimum pension (or accrued rights to one) under the Contracting-out Laws.

"Lump Sum Death Benefit" means the amount payable as a lump sum on the Member's death in Service. In relation to the DBS this is at the rate chosen by the Employer in Special Rule A2. In relation to the Pension Builder Scheme, this is at the rate chosen by the Employer in Special Rule B2 or C2 if it is to be other than two.

"Member" means a person who has joined the Fund.

"Normal Pension Age" means the age chosen by the Employer as described in Special Rule A2, B2 or C2.

"Participation Agreement" has the meaning given in General Rule 15.1 (inclusion in the Fund).

"Pension Builder 2014 Section" or **"PB 2014"** means the Pension Builder 2014 Section of the Pension Builder Scheme as described in General Rule 3.3.

"Pension Builder Scheme" means The Church of England Pension Builder Scheme which forms part of the Fund and is described in General Rule 3.3.

"Pension Builder Classic Section" or **"PBC"** means the Pension Builder Classic Section of the Pension Builder Scheme as described in General Rule 3.3.

"Pensionable Service" means the Member's Service after joining the Fund.

"Preservation Laws" means the laws on preservation of benefits in Chapter I of Part IV of the Pension Schemes Act 1993.

"Qualifying Service" means Pensionable Service and employment which qualified the Member for retirement benefit under any occupational pension scheme from which a transfer payment in respect of the Member has been made to the Fund, or to a "buy-out" policy and subsequently to the Fund. General Rule 3.9 will apply if the Member's Qualifying Service has been broken.

Notes:

- (a) Qualifying Service is used only for the purpose of deciding whether the Member is entitled to a preserved pension under Special Rules A8.1 or B8.1 (preserved pension) or a refund of contributions under Special Rule A8.2 or B8.2 (refund of contributions). Where the Member is entitled to a preserved pension, the amount of the pension is based on Pensionable Service. This does not affect the calculation of Pensionable Service.
- (b) Qualifying Service includes continuous Pensionable Service under the DBS, PBC and PB 2014.

"Revaluation Laws" means the laws as to revaluation of benefits introduced by the Social Security Act 1985.

"Service" means employment with an Employer.

"Spouse" means a person of either sex to whom the Member or other person is legally married at the date of death, and "widow" and "widower" are construed accordingly (except that for the purposes of the Contracting-out Laws, the terms "spouse", "widow" and "widower" have the meaning given in the Contracting-out Laws).

"Statute Enrolled Member" means a Member who has been included in the Fund by an Employer pursuant to the Employer's obligations under the Auto-enrolment Requirements, and not in consequence of any terms of the Member's contract of employment.

"Sub-Pool" means a sub-pool as referred to in General Rule 3.4 (further division of DBS).

"Transfer Value Laws" means the laws on transfer values in Chapter IV of Part IV of the Pension Schemes Act 1993.

"Trustee" means the trustee or trustees for the time being of the Fund.

2 Joining the Fund

Each Employee who is:

- (a) at least aged 16; and
- (b) in Approved Church Employment,

may join the Fund if invited to do so by the Employer and with the consent of the Trustee. However, in the case of a Statute Enrolled Member, the consent of the Trustee is not required.

The Employee must complete an application to join the Fund in the form required by the Trustee. However, the Trustee will not require the Employee to provide an application or any information which, the Employer notifies would be inconsistent with the Fund being an "auto-enrolment scheme" for the purposes of Part 1 of the Pensions Act 2008.

The Employee will be included in the Fund with effect from the date notified to him or her by the Trustee or earlier if required under the Auto-enrolment Requirements.

3 The Fund

3.1 The Fund

The Fund is a single occupational pension scheme which is made up of several Sections. A Member may receive benefits from more than one Section.

3.2 The DBS

The Defined Benefits Scheme or "DBS" is the Section of the Fund which provides benefits on a defined benefit basis. Members are entitled to accrue benefits under the DBS only if their Employer participates in the Fund on this basis in respect of the Member (see General Rule 15.1 (inclusion in the Fund)). Special Rules A describe the contributions and benefits under the DBS.

3.3 The Pension Builder Scheme

The Pension Builder Scheme is the Section of the Fund which provides benefits not provided under the DBS. Members are entitled to accrue benefits under the Pension Builder Classic Section, or "PBC", or the Pension Builder 2014 Section, or "PB 2014", of the Pension Builder Scheme only if their Employer participates in the Fund on this basis in respect of the Member (see General Rule 15.1 (inclusion in the Fund)).

The PB 2014 provides cash balance benefits and is introduced as a section of the Pension Builder Scheme with effect from 1 February 2014 and the assets and liabilities allocated to the Pension Builder Scheme are notionally divided to form the PBC and the PB 2014 with effect from that date. Special Rules B describe the contributions and benefits under the PBC and Special Rules C describe the contribution and benefits under the PB 2014.

Note: The PBC used to be known as the Pension Builder Scheme or PBS and previously as the Defined Contribution Section or DCS.

3.4 Further division of DBS

The assets and liabilities allocated to the DBS are notionally divided into a "Sub-Pool" for each Employer which participates in the DBS or the "Life Risk Pool".

Employer Sub-Pools

Where assets and liabilities are not notionally allocated to a Sub-Pool for a particular Employer, the Trustee may create such notional arrangements as it sees fit in respect of such assets and liabilities. The Trustee may transfer periodic notional premiums as calculated by the Actuary from each Employer's Sub-Pool to the Life Risk Pool, to provide for payments to be made from the Life Risk Pool to such Employer's Sub-Pool in the event of the death of a Member in Service who was employed by that Employer or where a Member retires early by reason of Incapacity and the pension is either not reduced for early payment or is enhanced.

Upon the start of a pension, a notional premium will be transferred from the relevant Employer's Sub-Pool to the Life Risk Pool on the advice of the Actuary. The pension and any survivor's pensions (including pension increases) will be paid from the Life Risk Pool.

By agreement with the Trustee, an Employer may arrange for further notional premiums (calculated on the advice of the Actuary) to be paid from such Employer's Sub-Pool to the Life Risk Pool to provide additional or increased pensions.

Other benefits will be paid from the relevant Employer's Sub-Pool.

Life Risk Pool

The Trustee will also create a notional arrangement within DBS for the provision of benefits on members' death and retirement which may be separate from or combined with any Employer's Sub-Pool, and which may also extend to the provision of benefits on the death of PBC and PB 2014 Members (known as the "Life Risk Pool").

If following an actuarial investigation of the Life Risk Pool there is a surplus or deficit in the Pool and the Actuary so recommends, further transfers may be made from the Life Risk Pool to one or more Employer Sub-Pools, or vice versa. The amounts to be transferred (and their allocation between the Pools and Sub-Pools) will be settled by the Trustee on the advice of the Actuary.

3.5 No segregation

The maintenance of Sections and Sub-Pools and other arrangements within the Fund is notional and applies for calculation purposes only. It does not affect the fact that the assets of the Fund are a single pool of assets.

3.6 Merger of Sub-Pools

If an Employer in the DBS ceases to have any Employees, the Trustee may (but need not) agree with that Employer and another Employer that the assets and liabilities of the first mentioned Employer's Sub-Pool will be transferred to the Sub-Pool of the other Employer.

3.7 Switching between Sections

If an Employer provides benefits under the DBS and either the PBC or the PB 2014 and the Employer and the Trustee allow, a Member may switch from one Section to another. A Member will also switch from one Section to another if his or her terms of employment so provide, and the Trustee agrees. If a Member switches from one Section to another, the benefits in respect of the Member's Pensionable Service in each Section will normally be calculated separately. The Member will be treated as having left Service as far as the first Section is concerned, except that:

3.7.1 the Member cannot exercise a right to transfer or buy-out until he or she has left all Service in the Fund;

3.7.2 no pension or lump sum will be paid to the Member before the Member leaves all Service in the Fund; and

3.7.3 benefits under all Sections will be paid at the same time.

However, the Trustee may decide that any of General Rules 3.7.1 to 3.7.3 will not apply to a Member.

3.8 Transfers between Sections

If the Employer and the Trustee allow, a Member who switches from one Section to another may transfer benefits from the first Section to the second. Following the transfer, the Member will have no benefits under the first Section except and to the extent required by the Contracting-out Laws. The benefits provided under the second Section in respect of the transfer will be calculated by the Trustee after considering advice from the Actuary, and

notified to the Member concerned. The Trustee will make notional reallocations between Sub-Pools as it considers reasonable, having considered actuarial advice.

3.9 Early leavers rejoining

General

If a Member leaves Service and later returns, the Member will not be treated as in Service for the purposes of the Fund unless he or she rejoins the Fund.

If the Member rejoins the Fund, the benefits for each period of Pensionable Service will be calculated separately, unless the Trustee agrees otherwise with the Employer.

Qualifying Service

It may be that a Member leaves Service, returns and rejoins the Fund and then leaves again before Normal Pension Age, and the period between leaving Service and rejoining the Scheme did not exceed one month or was due to a trade dispute. If this happens, the Member's Pensionable Service before and after the break will be treated as continuous (but excluding the break) for the purpose of calculating whether the Member has at least two years' Qualifying Service after the break (but not for any other purpose).

Change of Employer

It may be that a Member has Service with more than one Employer. Each period of Service will be treated separately for the purpose of these Rules unless both Employers and the Trustee agree otherwise.

4 Contributions

4.1 Contributions by Employers

Each Employer must contribute to the Fund at such rate (if any) as the Trustee from time to time determines after considering the Actuary's advice. The Trustee may decide that different Employers will contribute at different rates, having regard to the liabilities attributable to that Employer and any liabilities which are not attributable to any Employer.

If and to the extent required by Part 3 of the Pensions Act 2004, the Trustee will consult with the Employer in respect of the matters described in this Rule.

4.2 Contributions by Members

Members must contribute to the Fund as described in the relevant Special Rules.

The Special Rules also describe the basis on which a Member may pay voluntary contributions.

5 Ceasing to be eligible

A Member in Service will cease to be eligible if:

- (a) the Employer notifies him or her that he or she is no longer eligible for membership; or
- (b) the Member becomes a "qualifying person" for the purposes of the Occupational Pension Schemes (Cross-border Activities) Regulations 2005 and, if the Trustee were to accept contributions in respect of the Member, it would be in breach of Section 287 of the Pensions Act 2004 (occupational pension scheme receiving contributions from European employer).

A Member will be treated as having left Service on ceasing to be eligible. However, a Member with preserved benefits cannot choose a pension starting earlier than Normal Pension Age before actually leaving Service unless the Trustee agrees.

6 Opting out

A Member may at any time opt out of the Fund by giving notice to the Employer and the Trustee. The Member will be treated as if he or she had left Service on the day the notice expires (or on the date of the notice if no later date is specified) except that:

- (a) if the Member is a Statute Enrolled Member, the Trustee will take such steps as the Employer directs are required under the Auto-enrolment Requirements;
- (b) subject to (a) above, if the Member opts out no more than three months after joining the Fund, the Trustee and the Employer will take appropriate action so that the Member is treated as if he or she had never been included in the Fund; and
- (c) unless the Trustee agrees otherwise, no pension or retirement lump sum will be paid to the Member until the Member actually leaves Service.

If the Member's pension under the Fund starts after Normal Pension Age and if the Preservation Laws so require, it will be increased for late payment on a basis decided by the Trustee after considering advice from the Actuary.

A Member who opts out of the Fund may rejoin only with the specific permission of his or her Employer and the Trustee unless the Member rejoins on exercise of a right under the Auto-enrolment Requirements (in which case the permission of the Employer or the Trustee is not required).

7 Payment of benefits

7.1 Payment of pensions

Pensions are payable monthly, except that the Trustee may pay small pensions less often. If pensions are paid in advance, no part repayment is necessary on the pensioner's death.

A pension secured with an annuity contract will be paid in accordance with the terms of the contract. These terms may include terms about the intervals at which pensions are payable.

7.2 Purchase of pensions

Member's Accounts under PB 2014

A Member's Account under the PB 2014 will be used to buy an annuity contract from an insurance company unless the Trustee specifically decides (either for an individual or group of members or generally) to allow the Member to choose to purchase benefits under the Fund. If the Trustee does so decide (after considering the advice of the Actuary), then a Member will only have the option to purchase an annuity if required by law or if the Trustee decides to offer that option.

It may be that the Member dies before his or her Account is used as described above. In this case and if the Trustee decides to allow the Member's widow, widower, surviving Civil Partner or other Dependant nominated by the Member before death to choose to purchase a pension under the Fund, the pension paid will be as the Trustee decides.

PBC and money purchase pensions

The Trustee will secure all money purchase pensions under the Fund and will use a Member's contributions and Employee Allocations under the PBC to purchase benefits under the Fund, except where the person entitled to the benefit asks the Trustee to purchase pension by buying an annuity from an insurance company or the Trustee otherwise decides to secure the pension by buying an annuity. The Member or other person entitled to a money purchase pension must be given a reasonable opportunity to choose that the pension is secured by purchasing an annuity and to select the insurance company.

General

If benefits are secured with an insurance company, the amount of the pension will depend on the rates quoted by the insurance company and any provisions of these Rules dealing with increases to pensions, in payment and payment of benefits on death after starting to receive a pension will not apply.

If benefits are provided under the Fund:

7.2.1 the Trustee will calculate the amount of the pension after taking actuarial advice; and

7.2.2 the Trustee will decide the form of benefits which the Member may choose.

7.3 Payment of Lump Sum Death Benefits

The Trustee will pay any Lump Sum Death Benefits under the Fund to one or more of the Beneficiaries within such period as is consistent with the payment being an "authorised

member payment" for the purposes of Section 160 of the Finance Act 2004. If the Trustee decides to pay the benefit to more than one of the Beneficiaries it will pay it in such shares as it decides. If the benefit is not paid within two years of the Trustee being notified of the Member's death it will be paid to the Member's personal representatives.

The "**Beneficiaries**" are:

- 7.3.1 the Member's widow, widower or surviving Civil Partner;
- 7.3.2 the Member's grandparents and their descendants, and the Spouses, Civil Partners, widows, widowers and surviving Civil Partners of those descendants;
- 7.3.3 the Member's Dependants;
- 7.3.4 any person with an interest in the Member's estate, except the Crown, the Duchy of Lancaster or the Duke of Cornwall; and
- 7.3.5 any person including a charity nominated by the Member in writing to the Trustee or to the trustees of any scheme for which a transfer has been made on a block basis to the Fund and which has been notified to the Trustee.

The Trustee may use all or part of the amount payable for the benefit of one or more of the Beneficiaries, instead of paying it direct to the Beneficiaries concerned.

So long as only Beneficiaries can become entitled to the benefit, the Trustee may:

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

However, no Lump Sum Death Benefit will be paid if there are no surviving Beneficiaries when the Member dies.

8 General rules about benefits

8.1 Recovery of tax and other charges

The Trustee will deduct from any payment or payments under the Fund any tax for which the Trustee may be liable in respect of it.

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

8.2 Loss of right to benefits

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

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

- 8.2.1** an Employer may require the Trustee to reduce or forfeit a person's benefits if the person owes money to the Employer and the debt arises from a criminal, negligent or fraudulent act or omission (in which case the Trustee will pay the Employer an amount equal to the debt or, if less, the value of the person's benefits);
- 8.2.2** the Trustee may reduce or forfeit a person's benefits if the person owes money to the Fund;
- 8.2.3** the Trustee may forfeit any benefits that are payable in respect of a Member to a person who is convicted of the Member's murder or manslaughter, or any other offence of which unlawful killing of the Member is an element (including aiding, abetting, counselling or procuring the Member's death); and
- 8.2.4** a benefit will cease to be payable if the person entitled to it under these Rules tries to assign or charge it; or if any other event occurs by which all or part of the benefit would, if it belonged to that person absolutely, become payable to some other person. If this happens, the Trustee will pay an equivalent benefit to, or for the benefit of, one or more of:
 - (i) the person who was entitled to the original benefit; and
 - (ii) that person's widow, widower, surviving Civil Partner or Dependants.

However, the Trustee will not pay a benefit to anyone in whose favour a person has tried to assign or charge the benefits.

If the Trustee decides to pay a discretionary benefit to more than one person, the Trustee will pay it in such shares as it decides; and

- 8.2.5** the Trustee may also reduce a person's benefits, or decide that a person's benefits will be forfeited, in any other circumstances allowed by Sections 91 and 92 of the Pensions Act 1995.

However, General Rules 8.2.1 and 8.2.4 do not apply to GMPs, and this General Rule 8.2 does not apply to any lump sum or instalment of pension that falls due for payment before the benefit otherwise ceases to be payable.

8.3 Beneficiary who is incapable

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

The Trustee may pay all or part of a benefit to a person who is aged 16 or over. The receipt of that person is a complete discharge for the amount paid and the Trustee will have no further responsibility in relation to the payment.

8.4 Evidence of health

Benefits payable on the death of a Member or incapacity retirement will be subject to any restrictions imposed by the Trustee or by any insurance company with which they are reinsured. The Trustee may decide that these benefits will also be reduced for any such Member who is unable to complete a medical questionnaire to the Trustee's satisfaction or whose death or incapacity results from a cause specified in a notice to Members.

The Trustee may decide that benefits payable on a Member's death in Service will also be limited if:

- 8.4.1** the Member is killed by (or as a result of) an act or event that kills a number of Members; and
- 8.4.2** the Trustee considers it necessary to limit the benefits that would otherwise be payable, in order to maintain the solvency of the Fund.

However, the benefits payable on a Member's death in Service will always be at least equal in value to those that would have been payable if the Member had left Service with a preserved pension on the day before his or her death and will always be at least the amount which the Employer directs is required under the Auto-enrolment Requirements.

8.5 Tax status of the Fund

The Fund is a "registered pension scheme" for the purposes of Part 4 of the Finance Act 2004. If (without this Rule) the Trustee would be required to make a payment under the Fund that would be "unauthorised" by virtue of Section 160 of that Act (payments by registered pension schemes), the payment will be treated as discretionary and will not be made unless the Trustee decides otherwise (which it need not do).

Before 6 April 2006, the Fund was approved under Chapter 1 of Part 14 of the Income and Corporation Taxes Act 1988 (retirement benefit schemes). As a condition of this approval, the Fund was subject to various requirements including limits on the benefits and contributions that could be paid. The details of these limits are contained in previous legislation, and in IR12 (2001) "Practice Notes on the Approval of Occupational Pension Schemes".

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

8.6 Contracting-out

The Trustee will operate the Fund in accordance with the Contracting-out Laws that apply to salary-related contracted-out schemes.

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

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

In spite of any provision of these Rules, a Member cannot choose a pension that starts before Normal Pension Age unless the Trustee is satisfied that the pension will satisfy the requirements of this Rule without any additional cost to the Fund.

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

9 Pension sharing

9.1 Compliance with pension sharing orders

It may be that an order or other provision under Section 28(1) of the Welfare Reform and Pensions Act 1999 or equivalent Northern Ireland laws (activation of pension sharing) requires all or part of a Member's benefits to be transferred to the Member's former Spouse or Civil Partner. If this happens, the Trustee will discharge its liability to the former Spouse or Civil Partner in accordance with the requirements of that Act. The Trustee may recover charges in respect of pension sharing costs as allowed by that Act.

9.2 Benefits under the Fund

If the Trustee provides benefits for the former Spouse or Civil Partner under the Fund, the benefits will be provided separately from any other benefits to which the former Spouse or Civil Partner may be entitled under the Fund. The Trustee will provide the former Spouse or Civil Partner with written details of the benefits that will be provided.

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

It may be that the Trustee intends to discharge its liability to the former Spouse or Civil Partner by making a transfer payment to another pension arrangement, but the former Spouse or Civil Partner dies before the payment is made. If this happens, the Trustee may (but need not) provide benefits in respect of the former Spouse or Civil Partner in any of the ways allowed by the Welfare Reform and Pensions Act 1999.

Any part of the intended transfer payment that is not used as described in this Rule will be retained by the Trustee as part of the general assets of the Fund.

10 Discretionary benefits

10.1 Serious ill-health lump sums

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

The Trustee will convert pension to lump sum on a basis decided by the Trustee and certified as reasonable by the Actuary.

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

10.2 Lump sums instead of small pensions

It may be that the value of a person's benefits under the Fund (including any death benefits) does not exceed £2,000, or is otherwise so small that the Trustee could pay a trivial commutation lump sum or a trivial commutation lump sum death benefit instead of those benefits. If so, the Trustees may pay a lump sum instead of those benefits. However, the Trustees may do this only if the lump sum would be authorised for the purposes of Part 4 of the Finance Act 2004 and allowed by the Contracting-out Laws.

The Trustee will convert pension to lump sum on a basis decided by the Trustee and certified as reasonable by the Actuary.

10.3 Discretionary benefits

At the request of the Employer (or at the discretion of the Trustee, but only with the agreement of the Employer) and subject to the payment of such additional contributions (if any) as the Trustee considers appropriate (for which purpose the Trustee will consider advice from the Actuary), the Trustee will provide:

- 10.3.1** increased or additional benefits in respect of any Member;
- 10.3.2** benefits in respect of any Member different, or on different terms, from those set out elsewhere in the Rules; or
- 10.3.3** benefits in respect of any Employee or former Employee or any Spouse, widow, widower, Civil Partner or Dependant of a former Employee.

Any benefits provided under this Rule will be consistent with the Contracting-out, Preservation, Revaluation, and Transfer Value Laws and authorised for the purposes of Part 4 of the Finance Act 2004 unless the Trustee decides otherwise.

11 Transfers to and from the Fund

11.1 Transfers from other pension schemes and arrangements

The Trustee may accept a transfer of assets or surrender value in respect of any person from another pension scheme or arrangement.

The Trustee will use the assets or surrender value to provide benefits for the person concerned on such basis as the Trustee considers to be appropriate after considering the advice of the Actuary. The benefits must comply with the Contracting-out, Preservation, Revaluation and Transfer Value Laws, and be consistent with the Fund's tax status as a registered pension scheme under Part 4 of the Finance Act 2004.

11.2 Transfers to other pension schemes and arrangements

Instead of providing benefits under the Fund for any person, the Trustee may transfer such assets as it considers appropriate (after considering advice from the Actuary) to another pension scheme or arrangement or to an insurance company, so that benefits will be provided under the other scheme or arrangement, or by the insurance company, for the person concerned. The Trustee may transfer assets in respect of part only of a person's benefits under the Fund.

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

11.3 Securing benefits with insurance policies and annuity contracts

If the Trustee has bought an insurance policy or annuity contract to secure all or part of a person's benefits under the Fund, the Trustee may transfer it into the person's name at any time. If the Trustee does this, this person will cease to be entitled to those benefits under the Fund.

Any transfer under this General Rule must comply with the Contracting-out and Preservation Laws.

12 Special provisions

12.1 Members who left Service or died before 1 February 2014

The benefits for Members who left Service or died before 1 February 2014 (and the benefits payable on their deaths) will be as described in the rules in force (or as described elsewhere in these Rules) except that:

- 12.1.1 General Rule 8.5 (tax status of the Fund) will apply so that, if the Trustee would otherwise be required to make a payment that would be "unauthorised" by virtue of Section 160 of the Finance Act 2004, the payment will be treated as discretionary and will not be made unless the Trustee decides otherwise (which it need not do);
- 12.1.2 the exceptions set out in General Rules 8.2.1 to 8.2.5 apply except where the Member's pension started before 6 April 2006;
- 12.1.3 the Special Rules which provide for payment of a pension to a Civil Partner or a child of the Member's Civil Partner will apply on the death of any Member on or after 1 December 2005 (but the amount of the pension will be calculated in accordance with the provisions of the Fund in force when the Member left Service);
- 12.1.4 the provisions introduced into the Special Rules consequential on the Employment Equality (Age) Regulations 2006 apply to and in respect of any Member in Service on 1 December 2006; and
- 12.1.5 regardless of when the Member left Service, "Spouse", "widow" and "widower" have the meaning given in General Rule 1.

However, the General Rules will apply in place of any corresponding provisions of the previous rules.

12.2 Overseas Members

If the Employer allows, an Employee of an Employer which is not resident in the UK may join the Fund. The Employer and the Trustee may agree special terms to apply to the Member (including, in particular, as to the calculation of contributions and benefits) and the Member must comply with these terms.

An Employer will not allow an Employee to join the Fund under this Rule if the Employee would be a "qualifying person" for the purposes of the Occupational Pension Schemes (Cross-border Activities) Regulations 2005 and, if the Trustee were to accept contributions in respect of the Employee, it would be in breach of Section 287 of the Pensions Act 2004 (occupational pension scheme receiving contributions from European employer).

12.3 Members with benefits that may exceed the annual allowance

Application of this Rule

This Rule applies to Members if:

- 12.3.1 the value of the benefits that would otherwise accrue to them under the Fund in any tax year (i.e. the "pension input amount") would exceed the amount of the "annual allowance" for that tax year under Section 227 of the Finance Act 2004 (annual allowance charge); and
- 12.3.2 the Trustee agrees it shall apply.

Limits on the Member's annual accrual

For Members to whom this Rule applies, the total value of the benefits that accrue to them under the Fund in any year will be limited (if necessary) so that no annual allowance charge arises under Section 227 of the Finance Act 2004.

If the value of any benefits that accrue to the Member under the Fund in any year is limited by the previous paragraph, the effect will be offset at the earliest time in any later years where higher accrual is possible without giving rise to an annual allowance charge.

Members who have paid additional voluntary contributions

It may be that the Member pays or has paid additional voluntary contributions to the Fund. If so, the benefits derived from those contributions will be ignored for the purposes of this Rule, and may therefore give rise to an annual allowance charge.

Assets of the Fund

12.4 Assets held on trust

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

The assets of the Fund will be divided notionally into Sections and such Sub-Pools as described in General Rule 3. However, the assets of the Fund (including assets held for the purpose of calculating money purchase benefits) are held as a common trust fund from which all the benefits are provided. No Member or other person entitled to benefits is entitled to any specific assets of the Fund.

12.5 Management and assets

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

- 12.5.1 acquire and dispose of any property (tangible or intangible, movable or immovable), whether or not it produces income;
- 12.5.2 enter into any contract or incur any obligation;
- 12.5.3 lend or borrow money or other property for any purpose (including acquiring assets);
- 12.5.4 grant any mortgage or charge over or give away right of recourse against any or all of the assets in the Fund;
- 12.5.5 form and finance any company;
- 12.5.6 carry on and finance any business;
- 12.5.7 insure assets in the Fund for any amount against any risk;
- 12.5.8 keep assets in nominee names; and
- 12.5.9 exercise their powers under Section 34(1) of the Pensions Act 1995 (power of investment and delegation) to make an investment of any other kind as if they were absolutely entitled to the assets in the Fund.

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

12.6 Participation in common investment funds

If the Trustee decides to pool assets with other occupational pension schemes in common investment funds, the Trustee may exercise its powers under Rule 14.2 (delegation) to delegate investment functions to the trustee or administrator of the common investment fund. The functions that may be delegated include:

- 12.6.1 the Trustee's powers under Rule 13.2;
- 12.6.2 any discretion to make any decision about investments;
- 12.6.3 the power to delegate investment functions on behalf of the Trustee to a fund manager in accordance with Section 34 of the Pensions Act 1995 (power of investment and delegation);

12.6.4 the duty to be satisfied that the fund manager has appropriate knowledge and experience and is carrying out his or her work competently and in accordance with Section 36 of the Pensions Act 1995 (choosing investments); and

12.6.5 the power to appoint any professional advisors under Section 47 of the Pensions Act 1995 (professional advisers).

12.7 Expenses and trustee liabilities

The Trustee will pay the expenses of the Fund from the Fund's assets. This includes all expenses and liabilities incurred by a trustee or former trustee through acting as a trustee of the Fund. It also includes any costs incurred in connection with actual or anticipated legal proceedings, including (if the Trustee thinks fit) costs incurred by any other person involved in those proceedings (e.g. representatives of any class of member).

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

12.7.1 expenses or liabilities incurred through wilful wrongdoing or which are covered by insurance under General Rule 14.5 (trustee insurance); or

12.7.2 fines or penalties of the kind mentioned in Section 256 of the Pensions Act 2004 (no indemnification for fines or civil penalties).

If the Trustee so requires, the Employers, in such shares as the Trustee decides, will reimburse the Fund for any expenses and liabilities that are paid from the Fund's assets or meet any expenses and liabilities directly.

12.8 Accounts and actuarial valuations

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

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

13 Trustees

13.1 Appointment

The Church of England Pensions Board is the present Trustee of the Fund. The Trustee may resign or be removed by the General Synod. If the Trustee resigns or is removed, the General Synod will appoint a new trustee which must be a trust corporation. These powers may not, however, be exercised in any way that conflicts with any arrangements made under Sections 24.1 to 24.3 of the Pensions Act 2004 (requirement for member-nominated trustees and directors).

13.2 Delegation

The Trustee may delegate powers, duties or discretions to any person and on any terms (including terms that allow the sub-delegate to delegate).

13.3 Trustee charges

A person conducting trust business may be appointed on terms and remuneration agreed with the Trustee. These charges will be expenses of the fund and Rule 13.4 (expenses and trustee liabilities) will apply.

13.4 Limit of liability

A trustee will not be liable for any negligence, default, breach of duty or breach of trust except wilful wrongdoing.

Note: This Rule is subject to Section 33 of the Pensions Act 1995 (investment powers: duty of care). Section 33 limits the extent to which liability for breach of any obligation to take care or exercise skill in the performance of any investment functions can be excluded or restricted.

13.5 Trustee insurance

The Trustee may insure the Fund against any loss caused by it or any of its delegates. The Trustee may also insure itself against liability for breach of trust not involving wilful wrongdoing. The premiums may be paid from the Fund's assets unless the insurance covers fines or penalties of a kind mentioned in Section 256 of the Pensions Act 2004 (no indemnification for fines or civil penalties).

If the Trustee is insured, it will waive the protection of General Rule 14.4 (limit of liability).

13.6 Indemnity and protection from loss

The Employers will jointly and severally indemnify each trustee and former trustee against any expenses and liabilities which are incurred through acting as a trustee of the Fund but which cannot, for any reason, be met from the Fund's assets. But this does not apply to expenses and liabilities which are incurred through wilful wrongdoing or covered by insurance under General Rule 14.5 (trustee insurance).

13.7 Corporate trustee

Where there is a corporate trustee:

- 13.7.1 the officers and employees (and the former officers and employees) of the corporate trustee will not be liable for any negligence, default, breach of duty or breach of trust except:
 - (i) wilful wrongdoing; and
 - (ii) any liability in relation to the corporate trustee itself that, under company law, cannot be excluded;
- 13.7.2 the Employers will jointly and severally indemnify the officers and employees (and the former officers and employees) of the corporate trustee under General Rule 14.6, to the same extent as if they were individual trustees;
- 13.7.3 the Employers will also jointly and severally indemnify those officers and employees against any expenses and liabilities incurred in relation to the corporate trustee itself and in connection with its activities as a trustee of the Fund except:
 - (i) expenses or liabilities incurred through wilful wrongdoing or covered by insurance under General Rule 14.5 (trustee insurance); and
 - (ii) liabilities of the kind mentioned in Section 235(3) of the Companies Act 2006, to which a qualifying pension scheme indemnity must not apply (if and to the extent that this section applies to the Trustee); and
- 13.7.4 the Trustee may insure the Fund under General Rule 14.5 against any loss caused by those officers and employees (and former officers and employees) and may insure the officers and employees (and former officers and employees) themselves under General Rule 14.5 as if they were individual trustees.

13.8 Professional Trustee

This General Rule 14 is modified as follows in relation to anyone who acts as a trustee of the Fund, or as an officer of a corporate trustee, in the course of a business or profession of acting as a professional pension trustee and whom the Trustee (acting without the participation of the person in question) decides that this General Rule should apply (a "Professional Trustee"):

- 13.8.1 in spite of General Rule 14.3, no amount may be paid from the Fund's assets to reimburse a current or former Professional Trustee for any expenses or liabilities incurred through their own negligence;
- 13.8.2 in spite of General Rule 14.4 (limit of liability), a Professional Trustee will be liable for negligence as well as wilful wrongdoing;
- 13.8.3 in spite of General Rule 14.6 (indemnity and protection from loss), the Employers will not indemnify a Professional Trustee or former Professional Trustee against any expenses or liabilities incurred through their own negligence;
- 13.8.4 in spite of General Rule 14.5 (trustee insurance), any cost of insuring a Professional Trustee against liability for their own negligence may not be paid from the Fund's assets;

13.8.5 in spite of General Rule 14.7 (corporate trustee), any Professional Trustee who is an officer or employee of a corporate trustee will be liable for negligence as well as wilful wrongdoing; and

13.8.6 General Rule 14.7 (corporate trustee) does not apply to a Professional Trustee except that:

- (i) the officers and employees of a Professional Trustee will not be liable for negligence (but this does not affect any liability of the Professional Trustee, under general law, for the negligence of its officers and employees); and
- (ii) any insurance under Rule 14.7.4 may cover loss caused by a Professional Trustee who is an officer of a corporate trustee.

14 Participating employers

14.1 Inclusion in the Fund

The Trustee may allow any employer to participate in the Fund.

Each Employer which wishes to participate in the Fund will enter into a written agreement ("**Participation Agreement**") with the Trustee, agreeing to comply with the Rules. This Participation Agreement will state whether the Employer has chosen to provide benefits either under Special Rules A, Special Rules B or Special Rules C. Special Rules A2, B2 and C2 set out the matters to be covered in the Participation Agreement.

An Employer may elect:

14.1.1 to provide benefits under the DBS and under either PBC or PB 2014; or

14.1.2 to provide benefits under only one of the DBS, PBC or PB 2014.

An Employer may not provide benefits under both the PBC and PB 2014 unless the Trustee agrees otherwise.

14.2 Ceasing to participate

An Employer may cease to participate in the Fund by giving not less than three months' written notice to the Trustee. The Trustee may, in its absolute discretion, accept shorter notice if it considers there are exceptional circumstances making this appropriate.

The Trustee may, by written notice to an Employer, require the Employer to cease participating in the Fund if:

14.2.1 for at least a year it will then have had no Employee in Pensionable Service; or

14.2.2 it is in default of its obligations under the Fund and has not taken such steps as the Trustee has required to remedy the default.

Any such notice may be withdrawn at any time before the expiry of its period by service of a further written notice to that effect.

When an Employer in the DBS ceases to participate in the Fund, all Members still in Service with that Employer will be treated as having left Service. The Trustee may make such arrangements as it sees fit for the management of assets and liabilities of the Employer's Sub-Pool including transfer to other arrangements within the DBS, unless it decides, in respect of all or any of the Members concerned, to make transfer payments as described in General Rule 11.2 or buy-out policies as described in General Rule 11.3.

All powers exercised by the Employer under the Fund (including powers to request or agree to any matter) will, when the Employer has ceased to participate, be exercisable by the Trustee. The Trustee may not, however, impose any liability on the Employer to contribute to the Fund any amounts that had not become due before the Employer ceased to participate.

If the Actuary calculates, using assumptions which, in the Actuary's view, are appropriate for the purposes of the calculation, that the assets relating to the Employer exceed its liabilities relating to the Employer, the Trustee may provide increases to some or all

benefits or additional benefits in respect of all or any of the Employer's Members, equivalent in total to not more than 90% of the excess.

14.3 Apportionment of debt for the purposes of Section 75 of the Pensions Act 1995

The Trustee may enter into any arrangement it thinks fit to modify the amount of any debt that might otherwise have been treated as due from an Employer under Section 75 of the Pensions Act 1995. However, the arrangement must comply with the requirements of Section 75 of that Act and the Occupational Pension Schemes (Employer Debt) Regulations 2005 (the "**Employer Debt Regulations**"), and the Trustee must comply with these requirements when entering into such an arrangement. Such arrangement includes (without limitation) entering into a Flexible Apportionment Arrangement, a Scheme Apportionment Arrangement, an Approved Withdrawal Arrangement, a Regulated Apportionment Arrangement or a Withdrawal Arrangement (each term as defined in the Employer Debt Regulations).

15 Termination

15.1 Time of termination

The General Synod may terminate the Fund by written resolution notified to the Trustee.

The Trustee may terminate the Fund when or at any time after the last Employer ceases to participate in the Fund.

15.2 Effect of termination

Any Members who are in Service when the Fund terminates will be treated as having left Service with preserved pensions, regardless of the length of their Qualifying Service.

After the Fund terminates, the Trustee will continue to provide benefits in accordance with the Rules. However, no further contributions will become payable, unless required by a schedule of contributions under Part 3 of the Pensions Act 2004 (scheme funding) or any schedule of contributions in force under Section 58 of the Pensions Act 1995.

15.3 Reopening the Fund

At any time before the Trustee decides to wind up the Fund, the Trustee may decide to reopen the Fund, so that Employees can again start qualifying for benefits.

16 Winding up the Fund

16.1 Time of winding up

The Trustee will wind up the Fund upon the Fund's termination.

16.2 Use of assets

When the winding up starts, the Trustee will set aside sufficient assets to pay the expenses of the Fund until the winding up has been completed. The Trustee will then use the rest of the Fund assets as described in General Rules 17.3 to 17.7 below.

16.3 Securing benefits with insurance policies and annuity contracts

The Trustee will buy an insurance policy or annuity contract in the name of each person entitled to benefits under the Fund, except those for whom the Trustee pays a lump sum under General Rule 17.4 (winding-up lump sums) or makes a transfer under General Rule 17.5 (transfers to other pension schemes and arrangements). If the Trustee has bought suitable policies or contracts before the winding up starts, the Trustee may transfer them into the names of people entitled to benefits.

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

16.4 Winding-up lump sums

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

16.5 Transfers to other pension schemes and arrangements

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

16.6 Insufficient assets

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

However, Section 73 does not apply to assets that represent the value of any rights in respect of money purchase benefits under the Fund. Any assets representing the value of money purchase benefits (including additional voluntary contributions) and, if and to the extent that they are money purchase benefits, benefits under the PBC or PB 2014 will be used to provide those benefits.

Any assets then remaining will be used to satisfy any remaining liabilities of the Fund in the following order of priority:

16.6.1 benefits in respect of pensioners and of Members who have reached Normal Pension Age (as defined in the Special Rules) before termination;

16.6.2 GMPs not yet payable;

16.6.3 all other benefits in such order as the Trustee decides.

In this General Rule 17.6, "**money purchase benefits**" has the same meaning as for the purposes of Section 73 of the Pensions Act 1995.

17. Alterations to the Fund

17.1 General

Subject to Section 67 of the Pensions Act 1995 (restriction on powers to alter schemes) the Trustee may at any time, with the written consent of the Actuary, amend, alter, delete or modify or add to all or any of the provisions of these Rules:

Provided that:

- (a) the powers conferred by this Rule shall not be exercised in such a manner as to authorise any payment to be made out of the Fund to an Employer or in such a manner as to change the main purpose of the Fund from the provision of pension benefits;
- (b) the powers conferred by this Rule shall not be exercised in such a manner as would, in the opinion of the Actuary, substantially prejudice the rights or interests of any of the persons who are Members or beneficiaries of the Fund at the date when the powers are exercised.

17.2 Participation Agreement

A Participation Agreement may be modified in the manner set out in the Special Rules.

18. Governing law

English law governs the Fund and its administration.

Executed for and on behalf of
The Church of England Pensions Board

} *Bernadette J. Hounley*

RULES OF THE CHURCH WORKERS' PENSION FUND

Special Rules A – Defined Benefit Scheme

Effective from 1 February 2014

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Special Rules A

Defined Benefit Scheme

These Special Rules A are the rules governing the DBS (see General Rule 3).

A1 Meaning of words used

"Accrual Rate" means the accrual rate chosen by the Employer as described in Special Rule A2 (Participation Agreement).

"Annual Review Date" means the date selected by the Employer under Special Rule A2.

"Final Pensionable Salary" means the amount of Pensionable Salary received in the last year before the Member leaves Service or dies, whichever occurs first.

If the Member was not in Service for the whole of the last year, actual basic salary received in that period will be scaled up appropriately.

"Incapacity" means physical or mental incapacity which, to the satisfaction of his or her Employer and the Trustee, prevents a Member from both performing the duties of his or her office and doing any other remunerated work. Before deciding whether a Member is suffering from Incapacity, the Trustee must obtain evidence from a registered medical practitioner that the Member is (and will continue to be) incapable of carrying on his or her occupation. The decision of the Trustee and the Employer will then be final.

"Member's Contribution Rate" means the rate (if any) chosen by the Employer as described in Special Rule A2.

"Pensionable Salary" means the Member's basic salary from his or her Employer (together with such other allowances as the Employer may agree with the Trustee and notify to the Member) subject to any State Pension Deduction chosen by his or her Employer under Special Rule A2.

"Permitted Period" means the period during which a Statute Enrolled Member has a statutory right under the Auto-enrolment Requirements to opt out of the Scheme.

"Survivor's Pension Fraction" means the fraction of the Member's pension chosen by the Employer for any one or more purposes, as described in Special Rule A2 for calculating the pension for a widow, widower or surviving Civil Partner.

Note: Words defined in the General Rules have the same meaning in these Special Rules A.

A2 Participation Agreement

A2.1 Requirement for Participation Agreement

This Special Rule A2 applies if an Employer chooses to participate in the DBS in respect of some or all Employees (see General Rule 15.1 (Inclusion in the Fund)). If this happens, the Employer must enter into an Agreement with the Trustee which is the "Participation Agreement". The Participation Agreement must specify the following matters:

- (i) whether or not Employees' Pensionable Service will be contracted-out by reference to the Fund (in which case General Rule 8.6 (contracting out) will apply);
- (ii) a Normal Pension Age, on or after the Member's 60th birthday;
- (iii) Member's Contribution Rate to be either nil or at a specified percentage;
- (iv) the Annual Review Date for the purpose of calculating Member's contributions;
- (v) an Accrual Rate of $1/100^{\text{th}}$, $1/80^{\text{th}}$ or $1/60^{\text{th}}$ or such other rate agreed with the Trustee;
- (vi) provisions for survivor's pensions as follows:
 - (a) a Survivor's Pension Fraction is to apply when the Member dies before his or her pension has started. This will be $1/2$ or $2/3$;
 - (b) a Survivor's Pension Fraction is to apply when the Member dies after his or her pension has started. This will be $1/2$ or $2/3$ except that for Members in contracted-in Service the Survivor's Pension Fraction may be nil.
 - (c) whether the pension for a widow, widower or surviving Civil Partner on death in Service is to be related to the Member's accrued pension or prospective pension; and
 - (d) any provision for children's pensions;
- (vii) a "State Pension Deduction" from Pensionable Salary of nil or up to 1.5 times the lower earnings limit for National Insurance Contributions;
- (viii) a Lump Sum Death Benefit of two, three or four times the Member's Final Pensionable Salary at the date of death;
- (ix) whether or not pensions for Members who leave Service before Normal Pension Age because of Incapacity will be reduced for early payment and, if there is to be no reduction, whether or not the pension will be calculated as if Pensionable Service included the period between the Member's leaving Service and Normal Pension Age; and
- (x) whether or not the Employer intends the DBS to satisfy the Auto-enrolment Requirements.

An Employer may, with the consent of the Trustee, choose differently in respect of any of (ii) to (x) above in respect of different Employees or groups of Employees.

The Participation Agreement may, at the discretion of the Trustee, include other provisions whether or not consistent with those referred to at (ii) to (x) above, but always consistent with the Preservation and Contracting out Laws (where the Employer elects that its Employees' Pensionable Service will be contracted out by reference to the Fund).

A2.2 Amendments to Participation Agreement

An Employer and the Trustee may enter into a supplemental agreement altering any of the terms contained in that Employer's Participation Agreement. A supplemental agreement may also provide that some or all Employees will be included in the PBC or PB 2014 for future Pensionable Service (instead of the DBS) with effect from a date specified in the supplemental agreement. Any supplemental agreement will include a statement of how benefits will be calculated in respect of Employees' Service and contributions before the date of alteration.

The Trustee will comply with any applicable requirements of Section 67 to 67I of the Pensions Act 1995 (modification of schemes) in relation to any supplemental agreement.

A3 Contributions by Members

A3.1 Basic contributions by Members

A Member in Service will pay contributions to the Fund at the Member's Contribution Rate of Pensionable Salary at the latest Annual Review Date (or the date he or she joined the Fund if later). However, if the Member's Contribution Rate is nil, the Member is not required to contribute.

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

A3.2 Additional voluntary contributions

The Trustee may but need not allow a Member in Service to pay additional voluntary contributions ("AVCs") to the Fund. However, a Member cannot pay total contributions (AVCs plus basic contributions) of more than 100% of his or her total earnings in any tax year unless the Trustee agrees.

If the Trustee allows a Member to pay AVCs, it may impose any conditions it thinks reasonable (including as to amounts that can be paid, the time at which payments can be paid, and the method of payment).

Each Member's AVCs will be used to provide additional benefits. The Member and the Trustee will agree the form of these benefits, or the Trustee will decide their form if they cannot be agreed. If any benefits are money purchase benefits and any money purchase pension is secured with an annuity contract, the Member must be given the opportunity to select the insurance company.

A4 Pensions for Members

A4.1 Normal Pension Age

A Member who leaves Service at Normal Pension Age will receive a pension for life calculated as the Accrual Rate of Final Pensionable Salary for each complete year of Pensionable Service, plus an additional proportion for each additional day.

A4.2 Late retirement

A Member who stays in Service after Normal Pension Age will receive a pension when he or she leaves Service. The pension will be calculated as described at Special Rule A4.1 based on all the Member's Pensionable Service up to the date of leaving Service.

Note: If a Member opts out of the Fund on or after Normal Pension Age and before leaving Service, General Rule 6 (Opting out) will apply. The Member's pension will be increased for the period between opting out and the date it starts on a basis decided by the Trustee and certified as reasonable by the Actuary.

A4.3 Early retirement

A Member who leaves Service before Normal Pension Age but after reaching age 55 may with the consent of the Trustee and the Employer choose an immediate pension. The pension will be calculated as described in Special Rule A4.1, but then reduced for early payment on a basis the Trustee decides and certified as reasonable by the Actuary. If a Member's Normal Pension Age has been changed from an earlier date, Trustee and

Employer consent to immediate payment of pension is not normally needed from that earlier date. Further, the Trustee will not normally apply a reduction for payment from the earlier date in respect of benefits attributable to Pensionable Service before the date of change to the earlier date.

The Trustee must be reasonably satisfied that the benefits (including death benefits) for a Member who retires under this Special Rule are at least equal in value to the benefits to which the Member would otherwise have become entitled on leaving Service (see Special Rule A8.1 (preserved pension)).

A4.4 Incapacity retirement

A Member who leaves Service before Normal Pension Age because of Incapacity may with the consent of the Trustee and his or her Employer choose an immediate pension.

The Member's pension will be calculated as described in Special Rule A4.3 (disregarding the usual age limit of 55) unless the Trustee and Employer agree otherwise, as follows.

The Trustee and the Employer may agree that the pension will be calculated as described in Special Rule A4.3 (disregarding the usual age limit of 55) but either:

- (i) without any reduction for early payment; or
- (ii) without any reduction for early payment and as if Pensionable Service included the period between the Member's leaving and Normal Pension Age.

Such agreement (if any) will be recorded in the Participation Agreement described in Special Rule A2.1 (Requirement for Participation Agreement).

Until Normal Pension Age, the Trustee may from time to time require evidence of the Member's continued Incapacity. If they are not satisfied, the Member's pension may be reduced, or may be suspended for any period or periods before Normal Pension Age. If the pension is suspended, it may, at the end of the suspension period, be reinstated either in full or at a reduced rate. The Trustee may adjust any benefits payable on the Member's death as the Trustee and the Employer agree to be appropriate.

The Trustee must be reasonably satisfied that the benefits (including death benefits) for a Member who retires under this Special Rule are at least equal in value to the benefits to which the Member would otherwise have become entitled on leaving Service (see Special Rule A8 (early leavers)).

If the Member leaves Service and receives benefits under this Special Rule A4.4, Special Rule A4.3 (early retirement) does not apply.

A5 Choices at retirement

A5.1 Lump sum

A Member may give up pension for a lump sum payable when the pension is due to start. The Member can choose a lump sum of any amount up to the maximum permitted as a "pension commencement lump sum" under Part 4 of the Finance Act 2004. For this purpose, the Trustee will treat the DBS, PBC and PB 2014 as if they were separate schemes, unless it specifically decides otherwise. However, the Member must keep a pension at least equal to his or her GMP (if any).

The Trustee will convert pension to lump sum on a basis decided by the Trustee and confirmed as reasonable by the Actuary.

A5.2 Optional Dependant's pension

If the Trustee allows, a Member may give up pension to provide a pension on his or her death for one or more of his or her Dependants (additional to any pension under Special Rule A7 (pensions on the Member's death)). The Member must keep a pension at least equal to his or her GMP (if any) and may not give up so much pension as to provide Dependants' pensions under this Special Rule greater in total than the pension he or she has kept for himself (including any pension given up for a lump sum) and the total of all Dependants' pensions under the Fund cannot exceed the maximum permitted "dependant's scheme pension" under Part 4 of the Finance Act 2004.

The Trustee will convert Member's pension to Dependant's pension in accordance with the advice of the Actuary.

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

A6 Lump Sum Death Benefit

A6.1 Lump Sum Death Benefit

A Lump Sum Death Benefit will be paid if a Member dies:

A6.1.1 in Service and before pension starts; or

A6.1.2 within 5 years after starting to receive a pension.

The benefit will be calculated as described in Special Rule A6.2 or A6.3 (as appropriate) and will be paid in accordance with General Rule 7.3 (payment of Lump Sum Death Benefits).

However, no Lump Sum Death Benefit will be paid if there are no surviving beneficiaries when the Member dies.

A6.2 Member dies in Service before pension starts

The benefit will be equal to the Lump Sum Death Benefit.

A6.3 Member dies in the 5 years after pension starts

The benefit will be equal to the pension payments which would have been made during the remainder of the five year period if the Member had not died (but disregarding any future increases).

A7 Pensions on the Member's death

A7.1 Pensions for widows, widowers and surviving Civil Partners

If a Member dies leaving a widow, widower or surviving Civil Partner, the widow, widower or surviving Civil Partner will receive a pension for life except where, subject to the Contracting-out Laws, the Member dies after starting to receive a pension and the Employer elected that the Survivor's Pension Fraction would be nil in such cases.

The pension for a widow, widower or surviving Civil Partner will be calculated as described in Special Rule A7.3, A7.4, A7.5 or A7.6 as appropriate.

A7.2 Children's pensions

If the Participation Agreement so specifies, the Trustee will provide children's pensions of such amount and to such persons as the Participation Agreement requires and subject to any restrictions set out in the Participation Agreement.

A7.3 Other Dependant's pension

If a Member dies and no pension is payable under Special Rule A7.1 above to a widow, widower or surviving Civil Partner, the Employer may (but need not) direct the Trustee to pay a pension to one or more of the Member's Dependents. This pension may be calculated as a pension payable to a widow, widower or surviving Civil Partner. However, the Trustee may pay a pension of a smaller amount and reduce or stop any pension in payment as it sees fit.

A7.4 Member dies in Service before pension starts

Subject to Special Rule A7.7, the pension will be calculated as the Survivor's Pension Fraction of either (i) or (ii) below (as chosen by the Employer under Special Rule A2.1 (requirement for Participation Agreement)):

- (i) the pension the Member would have received if he or she had stayed in Pensionable Service until Normal Pension Age, based on Final Pensionable Salary at the date of the Member's death (i.e. a "prospective pension"); or
- (ii) the pension calculated as described in Special Rule A4.1 (Normal Pension Age) based on the Member's Pensionable Service and Final Pensionable Salary at the date of the Member's death.

A7.5 Member dies after pension starts

Subject to Special Rule A7.7, the pension will be calculated as the Survivor's Pension Fraction of the pension payable to the Member at his or her death, or which would have been payable if the Member had not given up any pension for a lump sum or Dependant's pension, as appropriate.

A7.6 Member with preserved pension

Subject to Special Rule A7.7, if the Member dies before Normal Pension Age and before the pension starts, the pension will be calculated as the Survivor's Pension Fraction of the preserved pension calculated as described in Special Rule A8.1, including the increases described in Special Rule A8.1 up to date of death.

A7.7 Young widow, widower or surviving Civil Partner

If the widow, widower or surviving Civil Partner was more than 10 years younger than the Member, the pension will be reduced by an amount decided by the Trustee on the advice of the Actuary. It will not be reduced to less than the GMP for a widow, widower or surviving Civil Partner.

A8 Early leavers

A8.1 Preserved pension

A Member who leaves Service before Normal Pension Age with at least 2 years' Qualifying Service will receive a pension for life from Normal Pension Age of an amount calculated as described in Special Rule A4.1 (Normal Pension Age).

The pension will be increased before payment as follows:

- (i) the pension in excess of GMP will be increased by the percentage required by the Revaluation Laws; and
- (ii) the GMP will be increased as required by the Contracting out Laws.

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

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

A8.2 Refund of contributions

A Member who leaves Service before Normal Pension Age without becoming entitled to an immediate or preserved pension will receive an amount which will be calculated as follows:

A8.2.1 in the case of a Statute Enrolled Member who opts out within the Permitted Period, an amount calculated in accordance with the Auto-enrolment Requirements;

A8.2.2 in all other cases, a refund of his or her own contributions to the Fund (if any).

In either case, the payment will be reduced by tax at such rate as applies from time to time.

If the Member's Service was contracted out under the Fund:

- (a) the Trustee will pay a contributions equivalent premium under Section 55(2) of the Pension Schemes Act 1993 (payment of state scheme premiums on termination of certified status); and
- (b) the Member's refund of contributions will be further reduced by the amount described in Section 61 of that Act (deduction of contributions equivalent premium from refund of scheme contributions).

If the Member leaves Service with at least 3 months' Qualifying Service and so chooses, the Trustees will provide a cash transfer sum in accordance with Chapter 5 of Part 4 of the Pension Schemes Act 1993 (early leavers, cash transfer sums and contribution refunds), instead of a refund of the Member's own contributions.

A9 Choices for early leavers

A9.1 Right to transfer or buy out

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

A9.2 Early pension

If the Trustee agrees, a Member entitled to a preserved pension may choose a pension starting earlier than Normal Pension Age but no earlier than age 55, (unless the Member is suffering from Incapacity) in which case it will be reduced on a basis decided by the Trustee and certified as reasonable by the Actuary.

The Trustee must be reasonably satisfied that the benefits (including death benefits) for a Member who retires under this Special Rule are at least equal in value to the benefits that would otherwise have been provided under Special Rule A8.1.

A9.3 Other choices at retirement

A Member entitled to a preserved pension may choose to give up pension for a lump sum or to provide a pension for a nominated Dependant as described in Special Rule A5 (choices at retirement).

A10 Members away from work

A10.1 General rule

Members will normally be treated as having left Service if they are away from work and stop receiving contractual pay from the Employers. However, the Employer and the Trustee may agree to treat any Member who is away from work or on secondment as still in Service for so long as they think fit.

The Employer and the Trustee may agree special terms (consistent with the Contracting out Laws) to apply to any Member's contributions and benefits for any period during which the Member is away from work. Any agreed special terms will be notified to the Member.

A10.2 Family leave

The benefits payable in respect of any period of absence due to family leave commencing on or after 1 February 2013 will be calculated as notified to the Trustee by the Employer from time to time. However, the Employer's policy must be no less favourable than is required from time to time by any applicable legislation.

A11 Pension increases

A11.1 Date of increase

Each pension in payment will increase in each year on a date decided by the Trustee.

A11.2 Pension attributable to Pensionable Service before the adoption date

Each pension in payment attributable to Pensionable Service before the adoption date will increase by the lower of:

A11.2.1 the increase in the retail price index over a reference period decided by the Trustee; and

A11.2.2 5%.

Note: Pension for this purpose includes GMP.

A11.3 Pension attributable to Pensionable Service on or after the adoption date

The rate at which pension attributable to Pensionable Service on or after the adoption date increases depends on the choice made by the Employer for the purposes of the Participation Agreement with effect from the adoption date. The Employer had two options:

A11.3.1 the pension can increase in the same way as described in Special Rule A11.2; or

A11.3.2 the pension can increase in the same way as described in Special Rule A11.2 except that the figure of 2.5% is substituted for the figure of 5% for the purposes of Special Rule 11.2.2.

If the Employer has not made the choice described in this Rule A11.3, the whole pension will increase as described in Special Rule A11.2.

A11.4 Pensions which have been in payment for less than 12 months

If a pension has been in payment for less than 12 months, it may be increased by a smaller amount than that described in Special Rule 11.2 or 11.3 subject to any legal minimum.

A11.5 Pensions on death in Service or Incapacity

This Special Rule applies where:

A11.5.1 an Employer has opted for the purposes of Special Rule A2.1(vi)(c) that a pension on death in Service is related to "prospective pension"; or

A11.5.2 an Employer has opted for the purposes of Special Rule A2.1(ix) that pension will be calculated as if Pensionable Service included the period between the Member's leaving Service and Normal Pension Age,

and, in either case, the Employer has selected pension increases in respect of Pensionable Service on or after the adoption date as described in Special Rule A11.3.2.

Where this applies, the whole pension will be treated as attributable to Pensionable Service on or after the adoption date except and to the extent that it is actually attributable to Pensionable Service before the adoption date.

A11.6 Discretionary increase

The Trustee will regularly review pensions in payment and may increase them further by such amount as it decides, having considered actuarial advice.

A11.7 Transfers in and additional voluntary contributions

Any pension attributable to transfers in or to additional voluntary contributions will not increase as described in this Special Rule A11. They will increase on the basis notified to the Member.

A11.8 The adoption date

For the purpose of this Rule, "the adoption date" means the effective date of a reduction in the maximum percentage by which a pension can be increased from 5% per annum compound to 2.5% per annum compound as notified by the Employer to Members and the Trustee.

A12 Part-time employment

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

RULES OF THE CHURCH WORKERS' PENSION FUND

Special Rules B – The Pension Builder Classic Section of the Pension Builder Scheme

Effective from 1 February 2014

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Special Rules B

Pension Builder Classic Section of the Pension Builder Scheme

These Special Rules B are the rules governing the PBC (see General Rule 3).

B1 Meaning of words used

"Annual Review Date" means the date selected by the Employer under Special Rule B2.

"Employer Allocation" has the meaning given in Special Rule B3.3

"Final Pensionable Salary" means the amount of Pensionable Salary received in the last year before the Member leaves Service or dies, whichever occurs first.

If the Member was not in Service for the whole of the last year, actual basic salary received in that period will be scaled up appropriately.

"Incapacity" means physical or mental incapacity which, to the satisfaction of his or her Employer and the Trustee, prevents a Member from both performing the duties of his or her office and doing any other remunerated work. Before deciding whether a Member is suffering from Incapacity, the Trustee must obtain evidence from a registered medical practitioner that the Member is (and will continue to be) incapable of carrying on his or her occupation. The decision of the Trustee and the Employer will then be final.

"Member's Contribution Rate" means the rate (if any) chosen by the Employer as described in Special Rule B2.

"Pensionable Salary" means the Member's basic salary from his or her Employer (together with such other allowances as the Employer may agree with the Trustee and notify to the Member) subject to any deduction chosen by his or her Employer under Rule B2.1(iv).

"Permitted Period" means the period during which a Statute Enrolled Member has a statutory right under the Auto-enrolment Requirements to opt out of the Scheme.

Note: Words defined in the General Rules have the same meaning in these Special Rules B.

B2 Participation Agreement

B2.1 Requirement for Participation Agreement

This Special Rule B2 applies if an Employer chooses to participate in the PBC in respect of some or all Employees (see General Rule 15.1 (inclusion in the Fund)). If this happens, the Employer must enter into an agreement with the Trustee which is the "**Participation Agreement**". The Participation Agreement must specify the following matters:

- (i) a Normal Pension Age, on or after the Member's 60th birthday;
- (ii) the Member's Contribution Rate, to be either nil or at a specified percentage or specified percentages;
- (iii) the Annual Review Date for the purpose of calculating Member's contributions; and
- (iv) whether or not a deduction equal to the lower earnings limit for National Insurance contributions will be applied to Pensionable Salary;
- (v) the multiple of Final Pensionable Salary to be used for the purposes of calculating the lump sum death in Service benefit payable under Special Rule B6.2.1 if it is to be other than two;
- (vi) whether or not the Employer intends the PBC to satisfy the Auto-enrolment Requirements. However, the Employer may only designate PBC for this purpose if the Trustee specifically agrees. References in these Rules to compliance with the Auto-enrolment Requirements only apply if the Trustee has agreed that the Employer may designate PBC for this purpose.

An Employer may choose differently in respect of any of (i) to (vi) above in respect of different Employees or groups of Employees.

The Participation Agreement may, at the discretion of the Trustee, include other provisions whether or not consistent with those referred to at (i) to (vi) above, but always consistent with the Preservation Laws.

B2.2 Amendments to Participation Agreement

An Employer and the Trustee may enter into a supplemental agreement altering any of the terms contained in that Employer's Participation Agreement. A supplemental agreement may also provide that some or all Employees will be included in the DBS or PB 2014 for future Pensionable Service (instead of the PBC) with effect from a date specified in the supplemental agreement. Any supplemental agreement will include a statement of how benefits will be calculated in respect of Employees' Service and contributions before the date of alteration.

The Trustee will comply with any applicable requirements of Section 67 to 67I of the Pensions Act 1995 (modification of schemes) in relation to any supplemental agreement.

B3 Contributions and Allocation

B3.1 Basic contribution by Members

A Member in Service will pay contributions to the Fund at the Member's Contribution Rate of Pensionable Salary at the latest Annual Review Date (or the date he or she joined the Fund if later). However, if the Member's Contribution Rate is nil, the Member is not required to contribute.

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

B3.2 Additional voluntary contributions

The Trustee may but need not allow a Member in Service to pay additional voluntary contributions ("**AVCs**") to the Fund. However, a Member cannot pay total contributions (AVCs plus basic contributions) of more than 100% of his or her total earnings in any tax year unless the Trustee agrees.

If the Trustee allows a Member to pay AVCs, it may impose any conditions it thinks reasonable (including as to amounts that can be paid, the time at which payments can be paid, and the method of payment).

Each Member's AVCs will be used to provide additional benefits. The Member and the Trustee will agree the form of these benefits, or the Trustee will decide their form if they cannot be agreed. If any benefits are money purchase benefits and any money purchase pension is secured with an annuity contract, the Member must be given the opportunity to select the insurance company.

B3.3 Employer Allocations

The Trustee will designate part or all of an Employer's contributions to the Fund as an "**Employer Allocation**" in respect of a Member. The Employer Allocation is at such a rate as the Employer agrees with the Trustee from time to time and notifies to Members in writing. However, the Employer Allocation must be:

B3.3.1 at a rate consistent with the benefits under the PBC being "average salary benefits" for the purpose of the Pension Schemes Act 1993; and

B3.3.2 subject to Special Rule B2.1(v) at least equal to the amount required to be allocated by reason of the Auto-enrolment Requirements.

B3.4 Use of contributions and Employer Allocations

The Trustee will use the Member's contributions and Employer Allocations to provide a pension for the Member as described in Special Rule B4. However, subject to compliance with the Auto-enrolment Requirements (as notified by the Employer to the Trustee), the Trustee may decide to use Member contributions and Employer Allocations to provide benefits on the Member's death.

B4 Pensions for Members

B4.1 Normal Pension Age

A Member who leaves Service at Normal Pension Age will receive a pension for life.

The Trustee will calculate the pension by converting Member's contributions and Employer Allocations on the basis of tables provided by the Actuary from time to time together with bonuses at the rate declared from time to time by the Trustee having regard to the advice of the Actuary.

B4.2 Late retirement

A Member who stays in Service after Normal Pension Age will receive a pension on leaving Service. The pension will be calculated as described in Special Rule B4.1 based on Member contributions and Employer Allocations to the date of leaving Service and increased as decided by the Trustee and certified as reasonable by the Actuary.

Note: If a Member opts out of the Fund on or after Normal Pension Age and before leaving Service, General Rule 6 (opting out) will apply. The Member's pension will be increased for the period between opting out and the date it starts on a basis decided by the Trustee and certified as reasonable by the Actuary.

B4.3 Early retirement

A Member who leaves Service before Normal Pension Age but after reaching age 55 (unless by reason of Incapacity) may, with the consent of the Trustee and the Employer, choose an immediate pension. The pension will be calculated as described in Special Rule B4.1 but reduced for early payment on a basis decided by the Trustee and certified as reasonable by the Actuary.

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

B5 Choices at retirement

B5.1 Lump sum

A Member may give up pension for a lump sum payable when the pension is due to start. The Member can choose a lump sum of any amount up to the maximum permitted as a "pension commencement lump sum" under Part 4 of the Finance Act 2004. For this purpose, the Trustee will treat the PB 2014, DBS and PBC as if they were separate schemes, unless it specifically decides otherwise. However, the Member must keep a pension equal to his or her GMP (if any).

The Trustee will convert pension to lump sum on a basis decided by the Trustee and confirmed as reasonable by the Actuary.

B5.2 Optional Dependant's pension

If the Trustee allows, a Member may give up pension to provide a pension on his or her death for one or more of his or her Dependents (additional to any pension under Special Rule B7). The Member must keep a pension at least equal to his or her GMP (if any) and

may not give up so much pension as to provide Dependents' pensions under this Rule greater in total than the pension he or she has kept for himself or herself (including any pension given up for a lump sum) and the total of all Dependant's pensions under the Fund cannot exceed the maximum permitted "dependant's scheme pension" under Part 4 of the Finance Act 2004.

The Trustee will convert Member's pension to Dependant's pension in accordance with the advice of the Actuary.

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

B6 Lump Sum Death Benefit

B6.1 Lump Sum Death Benefit

A Lump Sum Death Benefit will be paid if a Member dies:

B6.1.1 in Service and before pension starts; or

B6.1.2 after leaving Service and before pension starts; or

B6.1.3 within 5 years after starting to receive a pension if the Member's pension is paid from the Fund.

The benefit will be calculated as described in Special Rule B6.2 or B6.3 or B6.4 (as appropriate) and will be paid in accordance with General Rule 7.3 (payment of Lump Sum Death Benefits).

However, no Lump Sum Death Benefit will be paid if there are no surviving beneficiaries when the Member dies.

B6.2 Member dies in Service before pension starts

If the Member dies in Service before pension starts, the lump sum will be equal to the greater of:

B6.2.1 twice the Member's Final Pensionable Salary; and

B6.2.2 an amount which the Actuary advises is equivalent in value to the Member's accrued pension less the value of any pension payable to a widow, widower or surviving Civil Partner on the Member's death.

The Trustee and the Employer may agree that a different multiple will apply for the purposes of Special Rule B6.2.1 and such agreement will be recorded in the Participation Agreement (see Special Rule B2.1) or an amendment to it (see Special Rule B2.2). Any such different rate must be advised to affected Members.

B6.3 Member dies after leaving Service and before pension starts

If the Member dies after leaving Service and before pension starts, the lump sum will be an amount which the Actuary advises is equivalent in value to the Member's accrued pension less the value of any pension payable to a widow, widower or surviving Civil Partner on the Member's death.

B6.4 Member dies in the five years after pension starts

The benefit will be equal to the pension payments which would have been made during the remainder of the five year period if the Member had not died (but disregarding any future increases).

Note: This Special Rule 6.4 only applies if the Member's pension is paid from the Fund. See General Rule 7.2.

B7 Pensions on the Member's death

B7.1 Pensions for widows, widowers and surviving Civil Partners

If a Member dies before pension starts or after pension starts (but only if contributions have been paid to provide a pension on the Member's death after retirement) and leaving a widow, widower or surviving Civil Partner, the widow, widower or surviving Civil Partner will receive a pension for life.

The pension for a widow, widower or surviving Civil Partner will be calculated as described in Special Rule B7.2 or B7.3 as appropriate.

B7.2 Member dies before pension starts

If the Member dies before pension starts, the pension will be an amount calculated on the basis of tables provided by the Actuary from time to time together with bonuses at the rate declared from time to time by the Trustee having regard to the advice of the Actuary.

B7.3 Member dies after pension starts

If the Member dies after pension starts, the pension will equal:

- (i) the amount calculated by converting contributions (if any) paid to provide a pension on the Member's death after retirement on the basis of tables provided by the Actuary from time to time together with bonuses at the rate declared from time to time by the Trustee having regard to the advice of the Actuary;
- (ii) any amount required by the Contracting-out Laws; and
- (iii) any amount calculated as described in Rule B5.2 (optional Dependant's pension).

Note: this Special Rule B7.3 only applies if a pension is paid from the Fund. See General Rule 7.2.

B8 Early leavers

B8.1 Preserved pension

A Member who leaves Service before Normal Pension Age with at least 2 years' Qualifying Service will receive a pension for life from Normal Pension Age calculated by the Trustee on the advice of the Actuary and in a manner consistent with the requirements of Part 4 of the Pension Schemes Act 1993. The pension will be increased before payment as follows:

B8.1.1 any GMP will be increased as required by the Contracting-out Laws; and

B8.1.2 the pension in excess of GMP will be increased by the percentage required by the Revaluation Laws on the basis that the "average salary method" referred to in Schedule 3 to the Pension Schemes Act 1993 applies.

B8.2 Refund of contributions

A Member who leaves Service before Normal Pension Age without becoming entitled to an immediate or preserved pension will receive an amount which will be calculated as follows:

B8.2.1 in the case of a Statute Enrolled Member who opts out within the Permitted Period, an amount calculated in accordance with the Auto-enrolment Requirements;

B8.2.2 in all other cases, a refund of his or her own contributions to the Fund (if any).

In either case, the payment will be reduced by tax at such rate as applies from time to time

If the Member leaves Service with at least 3 months' Qualifying Service and so chooses, the Trustees will provide a cash transfer sum in accordance with Chapter 5 of Part 4 of the Pension Schemes Act 1993 (early leavers, cash transfer sums and contribution refunds), instead of a refund of the Member's own contributions.

B9 Choices for early leavers

B9.1 Right to transfer or buy out

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

B9.2 Early pension

If the Trustee agrees, a Member entitled to a preserved pension may choose a pension starting earlier than Normal Pension Age but no earlier than age 55, (unless the Member is suffering from Incapacity) in which case it will be reduced on a basis decided by the Trustee and certified as reasonable by the Actuary.

The Trustee must be reasonably satisfied that the benefits (including death benefits) for a Member who retires under this Rule are at least equal in value to the benefits that would otherwise have been provided under Rule B8.1.

B9.3 Other choices at retirement

A Member entitled to a preserved pension may choose to give up pension for a lump sum or to provide a pension for a nominated Dependant as described in Special Rule B5 (choices at retirement).

B10 Members away from work

B10.1 General rule

Members will normally be treated as having left Service if they are away from work and stop receiving contractual pay from the Employers. However, the Employer and the Trustee may agree to treat any Member who is away from work or on secondment as still in Service for so long as they think fit.

The Employer and the Trustee may agree special terms (consistent with the Contracting out Laws) to apply to any Member's contributions and benefits for any period during which the Member is away from work. Any agreed special terms will be notified to the Member.

B10.2 Family leave

The benefits payable in respect of any period of absence due to family leave commencing on or after 1 February 2013 will be calculated as notified to the Trustee by the Employer from time to time. However, the Employer's policy must be no less favourable than is required from time to time by any applicable legislation.

B11 Increases to pensions in payment

Note: This Special Rule B11 only applies if a pension is paid from the Fund. See General Rule 7.2.

B11.1 Date of increase

Each pension in payment will increase in each year on a date decided by the Trustee.

B11.2 Rate of increase

Any part of a pension attributable to contributions paid before 6 April 1997 will increase in accordance with any bonus declarations made by the Trustee from time to time as described in Special Rule B4.1. The Trustee may declare different bonuses in relation to different pensions or parts of pension or Members.

The remainder of the pension will increase as follows:

B11.2.1 any part of a pension in payment attributable to contributions paid on or after 6 April 1997 and before 6 April 2006 will increase at least by the lower of:

- (a) the increase in the retail prices index over a reference period decided by the Trustee; and
- (b) 5%.

B11.2.2 any part of a pension in payment attributable to contributions paid on or after 6 April 2006 will increase as described in Special Rule B11.2.1 except that the figure of 2.5% is substituted for the figure 5%.

The Trustee may declare a further bonus or bonuses from time to time in respect of contributions paid on or after 6 April 1997 and may declare different bonuses in relation to different pensions or parts of pensions or Members.

B11.3 Pensions which have been in payment for less than 12 months

If a pension has been in payment for less than 12 months, it may be increased by a smaller amount than that described in Special Rule B11.2 subject to any legal minimum.

B11.4 Guaranteed minimum pensions

Where a GMP is payable, the increases described in Special Rule B11.2 apply to the GMP. The GMP will always increase as required by the Contracting-out Laws.

RULES OF THE CHURCH WORKERS' PENSION FUND

Special Rules C – The Pension Builder 2014 Section of the Pension Builder Scheme

Effective from 1 February 2014

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Special Rules C

Pension Builder 2014 Section of the Pension Builder Scheme

These Special Rules C are the rules governing the PB 2014 (see General Rule 3).

C1 Meaning of words used

"Account" has the meaning given in Special Rule C4.

"Employer Allocation" has the meaning given in Special Rule C3.3

"Incapacity" means physical or mental incapacity which, to the satisfaction of his or her Employer and the Trustee, prevents a Member from both performing the duties of his or her office and doing any other remunerated work. Before deciding whether a Member is suffering from Incapacity, the Trustee must obtain evidence from a registered medical practitioner that the Member is (and will continue to be) incapable of carrying on his or her occupation. The decision of the Trustee and the Employer will then be final.

"Member's Contribution Rate" means the rate (if any) chosen by the Employer as described in Special Rule C2.

"Normal Pension Age" means the Member's 65th birthday or such other date as the Employer may agree with the Trustee and notify to the Member.

"Pensionable Salary" means either (i) the Member's basic salary from his or her Employer together with such other allowances as the Employer may agree with the Trustee and notify to the Member or (ii) such other amount as the Employer may agree with the Trustee and notify to the Member.

"Permitted Period" means the period during which a Statute Enrolled Member has a statutory right under the Auto-enrolment Requirements to opt out of the Scheme.

Note: Words defined in the General Rules have the same meaning in these Special Rules C.

C2 Participation Agreement

C2.1 Requirement for Participation Agreement

This Special Rule C2 applies if an Employer, with the consent of the Trustee, chooses to participate in the PB 2014 in respect of some or all Employees (see General Rule 15.1 (inclusion in the Fund)). If this happens, the Employer must enter into an agreement with the Trustee which is the "**Participation Agreement**". The Participation Agreement must specify the following matters:

- (i) a Normal Pension Age if the Employer and the Trustee agree it shall be other than age 65;
- (ii) the Member's Contribution Rate, to be either nil or at a specified percentage or specified percentages;
- (iii) any allowances which the Trustee and the Employer agree are to be included in Pensionable Salary;
- (iv) the meaning of Pensionable Salary if the Employer and the Trustee agree that part (ii) of the definition in Special Rule C1 is to apply;
- (v) the multiple to be used for the purposes of calculating the lump sum death in Service benefit payable under Special Rule C6.2.1 if it is other than two; and
- (vi) whether or not the Employer intends the PB 2014 to satisfy the Auto-enrolment Requirements in respect of some or all of its Employees.

An Employer may choose differently in respect of any of (i) to (vi) above in respect of different Employees or groups of Employees.

The Participation Agreement may, at the discretion of the Trustee, include other provisions whether or not consistent with those referred to at (i) to (vi) above, but always consistent with the Preservation Laws.

C2.2 Amendments to Participation Agreement

An Employer and the Trustee may enter into a supplemental agreement altering any of the terms contained in that Employer's Participation Agreement. A supplemental agreement may also provide that some or all Employees will be included in the DBS or PBC for future Pensionable Service (instead of the PB 2014) with effect from a date specified in the supplemental agreement. Any supplemental agreement will include a statement of how benefits will be calculated in respect of Employees' Service and contributions before the date of alteration.

The Trustee will comply with any applicable requirements of Sections 67 to 67I of the Pensions Act 1995 (modification of schemes) in relation to any supplemental agreement.

C3 Contributions and Allocation

C3.1 Basic contributions by Members

A Member in Service will pay contributions to the Fund at the Member's Contribution Rate of Pensionable Salary from time to time. However, if the Member's Contribution Rate is nil, the Member is not required to contribute.

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

C3.2 Additional voluntary contributions

The Trustee may but need not allow a Member in Service to pay additional voluntary contributions ("**AVCs**") to the Fund. However, a Member cannot pay total contributions (AVCs plus basic contributions) of more than 100% of his or her total earnings in any tax year unless the Trustee agrees.

If the Trustee allows a Member to pay AVCs, it may impose any conditions it thinks reasonable (including as to amounts that can be paid, the time at which payments can be paid, and the method of payment).

Each Member's AVCs will be used to provide additional benefits. The Member and the Trustee will agree the form of these benefits, or the Trustee will decide their form if they cannot be agreed. If any benefits are money purchase benefits, and money purchase pension is secured with an annuity contract, the Member must be given the opportunity to select the insurance company.

C3.3 Employer Allocations

The Trustee will designate part or all of an Employer's contributions to the Fund as an "**Employer Allocation**" in respect of a Member. The Employer Allocation is at such a rate as the Employer agrees with the Trustee from time to time and notifies to Members in writing. However, the Employer Allocation must be:

- C3.3.1** at a rate consistent with the benefits under the PB 2014 being "average salary benefits" for the purpose of the Pension Schemes Act 1993; and
- C3.3.2** at least equal to the amount required to be allocated by reason of the Auto-enrolment Requirements if the Employer wishes to designate the PB 2014 for the purposes of the Auto-enrolment Requirements.

C4 Member's Accounts

C4.1 Opening an Account

A notional account will be opened for each Member in Service (the "**Account**").

C4.2 Credits and debits

Each Account will be credited with:

- (i) the Member's contributions (if any);
- (ii) the Employer Allocations in respect of the Member;
- (iii) any bonuses declared under Special Rule C4.3 (bonuses);
- (iv) any increase to the Member's Account under Special Rule C8.1 (preserved benefits); and
- (v) any transfers made to the Fund in respect of the Member while the Member is accruing benefits under the PB 2014.

The Trustee may debit from a Member's Account any expenses which are specific to the Member, or a reasonable proportion of the expenses of the PB 2014, but in either case may do so only if such expenses are not met by the Employers (either by inclusion in contribution rates or directly) or the Trustee decides it is not appropriate for them to be met from the general assets of the Fund.

C4.3 Bonuses

The Trustee may from time to time declare bonuses having regard to the advice of the Actuary. The Trustee may declare a different bonus in respect of different Members or in respect of different parts of a Member's Pensionable Service.

C5 Pensions for Members

C5.1 Normal Pension Age

If a Member leaves Service at or after Normal Pension Age, the Member's Account will be used to provide benefits selected by the Member from the following range:

- (i) a lump sum payable to the Member;
- (ii) a pension payable to the Member;
- (iii) a pension payable to one or more of the Member's Spouse, civil partner or Dependants starting on the Member's death;
- (iv) a lump sum payable as described in General Rule 7.3 (Payment of Lump Sum Death Benefits) following the Member's death; and
- (v) any other form of benefit which the Trustee decides to offer.

All the benefits must be authorised payments for the purposes of Part 4 of the Finance Act 2004. In particular, any lump sum is restricted to the maximum permitted as a "pension commencement lump sum" under Part 4 of the Finance Act 2004 and for this purpose, the Trustee will treat the PB 2014, DBS and PBC as if they were separate schemes, unless it specifically decides otherwise.

A Member may also start to receive such benefits before leaving Service if the Trustee agrees.

The Trustee may withdraw options from the above range at any time.

Any pension will be secured as described in General Rule 7.2.

Note: As at 1 February 2014, General Rule 7.2 requires that any pension under the PB 2014 is secured by purchasing an annuity except where the Trustee agrees that the Member or other beneficiary may secure pension under the Fund. More details are set out in that General Rule.

C5.2 Early retirement

If a Member leaves Service before Normal Pension Age but after reaching age 55 (or by reason of Incapacity), the Member may, with the consent of the Trustee and the Employer, choose to receive immediate benefits. The Member may also choose to receive immediate benefits under this Rule before leaving Service if the above conditions are met and the Trustee agrees to payment while the Member remains in Service.

The Member's Account will be used to provide benefits as described in Special Rule C5.1. However, the Member's Account will be reduced for early payment on a basis decided by the Trustee unless the Trustee decides not to reduce the Member's Account.

The Trustee must be reasonably satisfied that the benefits (including death benefits) for a Member who retires under this Rule are at least equal to the benefits which are required to be provided under the Preservation Laws.

C6 Lump Sum Death Benefit

C6.1 Lump Sum Death Benefit

A Lump Sum Death Benefit will be paid if a Member dies:

C6.1.1 in Service and before pension starts; or

C6.1.2 after leaving Service and before pension starts; or

C6.1.3 within 5 years after starting to receive a pension, where the pension is provided under the Fund and the Trustee has agreed that a lump sum will be payable.

The benefit will be calculated as described in Special Rule C6.2 or C6.3 or C6.4 (as appropriate) and will be paid in accordance with General Rule 7.3 (payment of Lump Sum Death Benefits). However, the Trustee may decide to allow the Member's widow, widower, surviving Civil Partner or other Dependant nominated by the Member before death to choose to purchase a pension under the Fund instead of a lump sum under this Rule 6. If the Trustee does so decide, the pension will be equal in value to the lump sum otherwise payable, as decided by the Trustee having considered the advice of the Actuary, and General Rule 7.2 (purchase of pensions) will apply.

No death benefit will be paid if there are no surviving beneficiaries when the Member dies.

C6.2 Member dies in Service before pension starts

If the Member dies in Service before pension starts, the lump sum will be equal to the aggregate of:

C6.2.1 twice the Member's Pensionable Salary received in the last year before the Member dies (and if the Member was not in Service for the whole year, the actual amount of Pensionable Salary will be scaled up appropriately); and

C6.2.2 the balance of the Member's Account at the date of death.

The Trustee and the Employer may agree that a different multiple will apply for the purposes of Special Rule C6.2.1 and such agreement will be recorded in the Participation Agreement (see Special Rule C2.1) or any amendment to it (see Special Rule C2.2). Any such different rate must be advised to affected Members.

C6.3 Member dies after leaving Service and before pension starts

If the Member dies after leaving Service and before pension starts, the lump sum will be the balance of the Member's Account at the date of death.

C7 Benefits on the Member's death after retirement

This Special Rule C7 applies if:

- C7.1.1** the Member with the consent of the Trustee had opted for benefits to be provided under the Fund; and
- C7.1.2** the Trustee and the Member had agreed when the Member started to receive benefits that a pension and/ or lump sum will be payable on the Member's death.

If this Special Rule applies and a Member dies after starting to receive benefits a pension and/or lump sum will be payable.

Any lump sum will be calculated as agreed when the Member started to receive a pension and paid in accordance with General Rule 7.3 (payment of Lump Sum Death Benefits).

Any pension will be paid to the Members' surviving widow or widower, Civil Partner or Dependant (provided in the latter case that the Dependant (a) was nominated for this purpose by the Member before he or she started to receive a pension and (b) the Dependant qualifies as a dependant within the meaning of the Finance Act 2004). The pension will be of such amount and payable on such terms as the Member and the Trustee agreed when the Member started to receive benefits.

C8 Early leavers

C8.1 Preserved benefits

A Member who leaves Service before Normal Pension Age with at least 2 years' Qualifying Service will receive benefits from Normal Pension Age. Benefits will be provided from the Member's Account as described in Special Rule C4.1. The Member's Account will be increased before payment as required by the Revaluation Laws on the basis that the "average salary method" referred to in Schedule 3 to the Pension Schemes Act 1993 applies.

Note: Qualifying Service includes continuous Pensionable Service under the DBS, PBC and PB 2014.

C8.2 Refund of contributions

A Member who leaves Service before Normal Pension Age without becoming entitled to immediate or preserved benefits will receive an amount which will be calculated as follows:

C8.2.1 in the case of a Statute Enrolled Member who opts out within the Permitted Period, an amount calculated in accordance with the Auto-enrolment Requirements;

C8.2.2 in all other cases, a refund of his or her own contributions to the Fund (if any).

In either case, the payment will be reduced by tax at such rate as applies from time to time

If the Member leaves Service with at least 3 months' Qualifying Service and so chooses, the Trustee will provide a cash transfer sum in accordance with Chapter 5 of Part 4 of the Pension Schemes Act 1993 (early leavers, cash transfer sums and contribution refunds), instead of a refund of the Member's own contributions.

C9 Choices for early leavers

C9.1 Right to transfer or buy out

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

C9.2 Early pension

If the Trustee agrees, a Member entitled to preserved benefits may choose to start receiving benefits starting earlier than Normal Pension Age but no earlier than age 55, (unless the Member is suffering from Incapacity). Benefits will be provided from the Member's Account as described in Special Rule C4.1. However, the Account will be reduced on a basis decided by the Trustee unless the Trustee decides that the Member's Account should not be reduced.

The Trustee must be reasonably satisfied that the benefits (including death benefits) for a Member who retires under this Rule are at least equal to the benefits that are required under the Preservation Laws.

C10 Members away from work

C10.1 General rule

Members will normally be treated as having left Service if they are away from work and stop receiving contractual pay from the Employers. However, the Employer and the Trustee may agree to treat any Member who is away from work or on secondment as still in Service for so long as they think fit.

The Employer and the Trustee may agree special terms to apply to any Member's contributions and benefits for any period during which the Member is away from work. Any agreed special terms will be notified to the Member.

C10.2 Family leave

The benefits payable in respect of any period of absence due to family leave will be calculated as notified to the Trustee by the Employer from time to time. However, the Employer's policy must be no less favourable than is required from time to time by any applicable legislation.

C11 Increases to pensions in payment

C11.1 Application of this Special Rule

This Special Rule C11 applies only if:

C11.1.1 the Member with the consent of the Trustee had opted on retirement for benefits to be provided under the Fund (see General Rule 7.2); or

C11.1.2 a widow, widower, surviving Civil Partner or other Dependant nominated by the Member before death with the consent of the Trustee had opted to be provided with a pension under the Fund (see General Rule 7.2).

In either case, this Special Rule C11 shall only apply if the Trustee has so agreed.

C11.2 Date of increase

Each pension in payment under the Fund may increase in each year if the Trustee so decides and on a date decided by the Trustee.

C11.3 Rate of increase

Subject to any applicable statutory requirements, a pension will increase in accordance with any bonus declarations made by the Trustee from time to time as described in Special Rule C4.3. The Trustee may declare different bonuses in relation to different pensions or parts of pension or Members.

The Trustee may also agree an alternative rate of increase with the Member or [widow, widower, surviving Civil Partner or other Dependant nominated by the Member before death] immediately before the pension starts. Subject to any applicable statutory requirement, the rate agreed with a [widow, widower, surviving Civil Partner or other Dependant nominated by the Member before death] may be nil.