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**The Church of England Funded Pensions Scheme  
Deed to amend the Rules**



This deed is made on 22 July 2002 by the Church of England Pensions Board ("the Board") as the Trustee for the time being of The Church of England Funded Pensions Scheme.

**Introduction**

- 1 The Trust Deed and Rules of The Church of England Funded Pensions Scheme (the "Scheme") were made on 5 December 1997 in accordance with the Pensions Measure 1997 (the "Measure").
- 2 Clause 2 of the Trust Deed says that the Deed and the Rules may be amended or replaced from time to time by the Board with the approval (actual or, when permitted by the Measure, deemed) of the General Synod, and subject to Section 67 of the Pensions Act 1995.
- 3 In exercise of its powers under Clause 2, the Board, with the approval of the General Synod, amends the Scheme as described in this deed.

**Persons who do not join the Scheme at the first opportunity**

- 4 A new Rule 2.4 is added as follows with effect from 1 August 2002.

**"2.4 Persons who do not join the Scheme at the first opportunity**

A person who is eligible for membership of the Scheme who on or after [August 2002 does not join the Scheme at the first opportunity may join later only with the specific permission of the Board. The Board will not normally allow the person to join the Scheme within 3 years of the date on which he or she first became eligible to join. The Board will require the Member to provide evidence of good health and other information, and may restrict any benefits payable on the person's death or early retirement if the person does not provide evidence of good health satisfactory to the Board or such other information as it may require."

**Opting out**

- 5 Rule 10 (opting out) is changed with effect from 1 August 2002 by inserting the following new paragraph at the end of the Rule:

"A Member who opts out of the Scheme on or after 1 August 2002 may rejoin only with the specific permission of the Board. The Board will not normally allow the Member to rejoin within 3 years of opting out. The Board will require the Member to provide evidence of good health and other information, and may restrict any benefits payable on the Member's death or early retirement if the Member's does not provide evidence of good health satisfactory to the Board or such other information as it may require."

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## Pension sharing on divorce

6 Rule 12 (general rules about benefits) is amended, with effect from 1 December 2000, by inserting the following as Rule 12.9:

5.12.05  
"12.9 Pension sharing on divorce etc

### 12.9.1 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. If this happens, the Board will discharge its liability to the former spouse in accordance with the requirements of that Act and the Inland Revenue.

### 12.9.2 Benefits under the Scheme

If the Board provides benefits for the former spouse under the Scheme, the benefits will comply with Inland Revenue Limits and the laws on safeguarded rights in Part IIIA of the Pension Schemes Act 1993 and will be provided separately from any other benefits to which the former spouse may be entitled under the Scheme. The Board will provide the former spouse with written details of the benefits that will be provided.

### 12.9.3 Death of former spouse before a transfer payment is made

It may be that the Board intends to discharge their liability to the former spouse by making a transfer payment to another pension arrangement, but the former spouse dies before the payment is made. If this happens, the Board may (but need not) provide benefits in respect of the former spouse in one or both of the following forms, as it considers appropriate:

- 5.12.05
- (i) a lump sum death benefit payable as described in Rule 6.5 (payment of lump sum death benefits) as if the former spouse were a Member;
  - (ii) a pension or pensions for one or more of the former spouse's children, new spouse or other Dependants as described in Rule 12.9.4 (payment of survivor's pensions).

Any lump sum death benefit cannot exceed 25% of the transfer payment that would have been made to the other pension arrangement if the former spouse had not died.

The amount of any single pension cannot exceed two-thirds of the annuity that the transfer payment could have bought for the former spouse, at an available market rate, immediately before his or her death. Where more than one pension is paid, the total of all the pensions cannot exceed the amount of the annuity that could have been bought for the former spouse.

If the Board decides not to provide benefits as described above, it may (but need not) discharge its liability in respect of the former spouse in one of the other ways allowed by the Welfare Reform and Pensions Act 1999 and the Inland Revenue.

Any part of the transfer payment that is not used as described in this Rule will be retained by the Board as part of the assets of the Scheme.

12.9.4 **Payment of survivor's pensions**

A pension payable to a surviving spouse <sup>or civil partner</sup> or any other adult Dependant will be payable for life.

A pension payable to a child will be payable until the child reaches age 18. The Board may, however, pay or continue paying a pension to a child who has reached age 18 for the same period and subject to the same conditions as if the child were a Pensionable Child and the former spouse were a Member."

12.9.5 <sup>Civil Partner</sup>

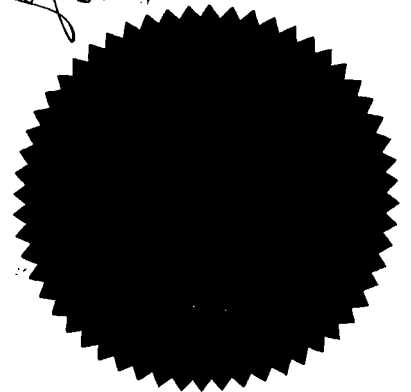
The Appendix of the Rules of the Scheme is amended, with effect from 1 December 2000, by replacing the Appendix and inserting a new Appendix, in a form as attached to this Deed.

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The common seal of  
**The Church of England Pensions Board**  
was put on this deed in the presence of:

*R.G. Radford*

Secretary



5.12.05

inserted by  
JA 7

(Rule 12.7)

**Appendix  
Inland Revenue Limits**

**Extra definitions used in this Appendix**

For the purposes of this Appendix, the following terms have the following meanings:

"Aggregate Retirement Benefit" means the aggregate of:

- (a) the Member's pension under the Scheme and any Associated Scheme; and
- (b) the pension equivalent of the Member's Lump Sum Retirement Benefit.

"Associated Employer". An employer is associated with another employer if one is controlled by the other, or both are controlled by a third party. Control has the meaning in Section 840 of ICTA (meaning of "control" in certain contexts) or, in the case of a close company, Section 416 of ICTA (meaning of "associated company" and "control").

"Associated Scheme" means any Relevant Scheme providing benefits in respect of Relevant Service.

"Class A Member" means any Member who is not a Class B or Class C Member.

"Class B Member" means any Member:

- (a) who joined the Scheme on or after 17 March 1987 and before 1 June 1989 (but only if the Scheme started before 14 March 1989); or
- (b) who may be treated as a Class B Member by virtue of previous membership of a Relevant Scheme,

and, in either case, has not opted to become a Class A Member.

"Class C Member" means any Member who joined the Scheme before 17 March 1987, or who joined subsequently and may be treated as a Class C Member by virtue of previous membership of a Relevant Scheme, and, in either case, has not opted to become a Class A Member.

"Connected Scheme" means any Relevant Scheme which is connected with the Scheme in relation to the Member in that:

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

"Controlling Director" means a Member who, at any time on or after 17 March 1987 and in the last 10 years before the Relevant Date, has, in relation to the Employer, been both within the definition of a director in Section 612(1) of ICTA (interpretative provisions) and within paragraph (b) of Section 417(5) of ICTA (meaning of "director").

"Dependant" includes a spouse or former spouse entitled to a pension on the Member's death.

"Earnings Cap" means the amount specified for the purposes of Section 590C of the Income and Corporation Taxes Act 1988.

"Final Remuneration" means the greater of:

- (a) the highest Remuneration upon which tax liability has been determined for any one of the five years preceding the Relevant Date being the aggregate of:
  - (i) the basic pay for the year in question; and

- (ii) the yearly average, over three or more consecutive years ending with the expiry of the corresponding basic pay year, of any Fluctuating Emoluments. For the purpose of this calculation, (A) Fluctuating Emoluments of a year other than the basic pay year may be increased in proportion to the increase in the Index from the last day of that year up to the last day of the basic pay year and (B) Remuneration that is received after the Relevant Date and upon which tax liability has been determined will be treated as a Fluctuating Emolument if (i) it was earned or qualified for prior to the Relevant Date and (ii) the yearly average of three or more consecutive years begins no later than the commencement of the basic pay year; or

- (b) the yearly average of the total emoluments from the Employer which are assessable to income tax under Case I or II of Schedule E and upon which tax liability has been determined for any three or more consecutive years ending not earlier than 10 years before the Relevant Date. Where such emoluments are received after the Relevant Date but are earned or qualified for prior to that date, they may be included, but only if the yearly average of three or more consecutive years begins no later than the commencement of the year ending with the Relevant Date.

For the purpose of these calculations:

- (1) Remuneration and total emoluments do not include any amounts which arise from the acquisition or disposal of shares or any interest in shares or from a right to acquire shares (except where the shares or rights, etc. which give rise to such an amount liable to tax under Schedule E were acquired before 17 March 1987) or anything in respect of which tax is chargeable by virtue of Section 148 of ICTA (payments on retirement or removal from office or employment);
- (2) in relation to a Controlling Director, Final Remuneration shall be the amount ascertained in accordance with (b) above and (a) above shall not apply;
- (3) in relation to any other employee whose Remuneration in any year subsequent to 5 April 1987 used for the purpose of calculating benefits has exceeded £100,000 (or such other figure as may be prescribed by the Treasury), Final Remuneration shall not exceed the amount ascertained in accordance with (b) above and (a) above shall not apply, unless the individual chooses to adopt £100,000 (or such other figure as may be prescribed by the Treasury);
- (4) where Final Remuneration is computed by reference to any year other than the last complete year ending on the Relevant Date, the Member's Remuneration or total emoluments of any year may be increased in proportion to any increase in the Index from the last day of that year up to the Relevant Date. For a Class C Member this paragraph (4) shall not apply to the calculation of the maximum Lump Sum Retirement Benefit unless the Member's aggregate total benefits are similarly increased beyond the maximum amount which could be paid but for this paragraph and/or the increase mentioned in (a)(ii)(A) above and then only to the same proportionate extent;

- (5) for Class A Members Final Remuneration shall not exceed the Earnings Cap;
- (6) for the purpose of calculating the maximum Lump Sum Retirement Benefit of a Class B Member, Final Remuneration shall not in any event exceed £100,000 (or such other figure as may be prescribed by the Treasury);
- (7) for an employee who remains, or is treated as remaining, in Service but by reason of incapacity is in receipt of a much reduced Remuneration (i.e. under a sick pay or permanent health insurance scheme) for more than 10 years up to the Relevant Date, Final Remuneration may be calculated under (a) or (b) above as at the cessation of normal pay and increased in accordance with the index;
- (8) the total amount of any profit related pay (whether relieved from income tax or not) may be classed as pensionable remuneration and treated as a Fluctuating Emolument;
- (9) an early retirement pension in payment from the Employer may not be included in Final Remuneration.

**Notes:** Except as in paragraph (1) above, benefits in kind may be taken into account when they are assessed to income tax as emoluments under Schedule E, and will normally be regarded as Fluctuating Emoluments. If benefits are not so assessable, they may not be included as part of Final Remuneration except with the agreement of the Pension Schemes Office.

For the purpose of providing immediate benefits at the Relevant Date, Final Remuneration may be calculated on the appropriate basis above using Remuneration assessable to tax under Case I or II of Schedule E and upon which tax liability has not been determined. On determination of this liability, Final Remuneration must be recalculated. Should this result in a lower Final Remuneration, then benefits in payment should be reduced if this is necessary to ensure that they do not exceed the maximum allowable based on the lower Final Remuneration. Where Final Remuneration is greater, it will be possible to augment benefits in payment but such augmentation must take the form of a non-commutable pension.

Where immediate benefits are not being provided or where a transfer payment is to be made in respect of accrued pension benefits, then Final Remuneration may only be calculated using Remuneration assessable to income tax under Case I or II of Schedule E and upon which tax liability has been determined.

Where Fluctuating Emoluments have not been paid for the full three years, they should be averaged over the period from the commencement of their entitlement to payment (or the beginning of the three year period, if later) to the end of the relevant basic pay year. Where it is proposed to include in Final Remuneration a Fluctuating Emolument which was payable in a single year only, however, the agreement of the Pension Schemes Office of the Inland Revenue must be sought.

**"Fluctuating Emoluments"** are any part of any employee's earnings which are not paid on a fixed basis and are additional to the basic wage or salary. They include overtime, commission, bonuses or benefits in kind as long as they are assessable to tax under Case I or II of Schedule E and profit related pay (see paragraph (8) of the definition of Final Remuneration). Directors' fees may rank as Fluctuating Emoluments according to the basis on which they are voted.

**"Former Spouse"** means anyone to whom Pension Credit Rights have been or are to be allocated following a Pension Sharing Order, agreement or equivalent provision.

**"ICTA"** means the Income and Corporation Taxes Act 1988 and any statutory amendment, modification or re-enactment thereof.

**"Index"** means the Government's Index of Retail Prices.

**"Lump Sum Retirement Benefit"** means the total value of all retirement benefits payable in any form other than non-commutable pension under this and any Associated Scheme.

**"Negative Deferred Pension"** means the amount by which the Member's pension or deferred pension under the Scheme which is attributable to Service with the Employers is reduced at the Relevant Date by section 31 of the Welfare Reform and Pension Act 1999 or under corresponding Northern Ireland Legislation, following a Pension Sharing Order, agreement or equivalent provision. For this purpose, Service with the Employers includes all periods of service with other employers which are treated as Service with the Employers where a transfer payment has been made to the Scheme in respect of that other service.

**"Pension Credit"** means a credit under section 29(1)(b) of the Welfare Reform and Pensions Act 1999 or under corresponding Northern Ireland legislation.

**"Pension Credit Benefit"** in relation to a scheme means the benefits payable under the Scheme attributable (directly or indirectly) to a Pension Credit.

**"Pension Credit Rights"** means rights to future benefits under a scheme which are attributable (directly or indirectly) to a pension Credit.

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

**"Pension Debit Member"** means a Member whose benefits have been permanently reduced by a Pension Debit. Such a Member will either be;

- (a) a Member who is a controlling director of a company which is his or her employer if he or she is a director of the company to whom paragraph (b) of section 417(5) of the Taxes Act 1988 applies either at the date on which the marriage was dissolved or annulled, or at any time within the period of 10 years before that date or;
- (b) a Member whose earnings at the date at which his or her marriage was dissolved or annulled exceeded 1/4 of the Permitted Maximum for the year of assessment in which the dissolution or annulment occurred. Earnings for these purposes shall be taken to be the total emoluments:
  - (i) which were paid to the Member in consequence of pensionable service to which the Scheme relates during the year of assessment before the year of assessment in which the marriage was dissolved or annulled, and
  - (ii) from which tax was deducted in accordance with the Income Tax (Employments) Regulations 1993.

**"Pension Sharing Order"** means any order or provision as is mentioned in section 28(1) of the Welfare Reform and Pensions Act 1999 or Article 25(1) of the Welfare Reform and Pensions (Northern Ireland) Order 1999.

**"Pensionable Service"** means Service that qualifies the Member for retirement benefits under the Scheme.

**"Relevant Date"** means the date of retirement, leaving Pensionable Service or death as the case may be.

**"Relevant Scheme"** means any other scheme with or seeking Revenue Approval and also, in respect of a Class A Member who is a Controlling Director, any retirement annuity contract or trust scheme approved under Chapter III of Part XIV or any personal pension scheme approved under Chapter IV of Part XIV of ICTA insofar as it provides benefits secured by contributions in respect of Relevant Service.

**"Remuneration"** in relation to any year means the aggregate of the total emoluments for the year in question from the Employer and which are assessable to income tax under Schedule E but excluding any amounts which arise from the acquisition or disposal of shares or any interest in shares or a right to acquire shares or anything in respect of which tax is chargeable by virtue of Section 148 of ICTA and, in respect of a Class A Member, excluding any emoluments in excess of the Earnings Cap.

"Retained Death Benefits" means any lump sum benefits payable on the Member's death in respect of previous employments or periods of self-employment (whether alone or in partnership) from:

- (a) retirement benefits schemes with or seeking Revenue Approval or relevant statutory schemes as defined in Section 611A of ICTA (definition of relevant statutory scheme);
- (b) funds to which Section 608 of ICTA applies (superannuation funds approved before 6 April 1980);
- (c) retirement benefits schemes which have been accepted by the Inland Revenue as "corresponding" in respect of a claim made on behalf of the Member for the purposes of Section 596(2)(b) of ICTA (schemes with corresponding approval);
- (d) retirement annuity contracts approved under Chapter III of Part XIV of ICTA (retirement annuities);
- (e) term life provisions under personal pension schemes approved under Chapter IV of Part XIV of ICTA (personal pension schemes); or
- (f) transfer payments from overseas schemes held in a type of arrangement defined in (a), (d) or (e) above.

If the Retained Death Benefits do not exceed £2,500 in total, they may be ignored.

If the Member is not a Controlling Director and his or her earnings in the 12 months after entry to the Scheme (in this context including any other Relevant Scheme providing benefits in respect of service with the current Employer) do not exceed one quarter of the Earnings Cap, benefits from these sources, other than those transferred into the Scheme, will not be treated as Retained Death Benefits.

"Relevant Service" means service with the Employer or an Associated Employer or, except in relation to a Class A Member who is a Controlling Director of either employer, an employer who is associated with the Employer only by virtue of a permanent community of interest.

#### Benefit limits for Class A Members

Notwithstanding anything to the contrary in the Scheme provisions, the benefits payable to a Class A Member or his or her Dependants or other beneficiaries in respect of him or her shall not, when aggregated with all benefits of a like nature provided under all Associated Schemes exceed the limits set out below:

- 1 The Member's Aggregate Retirement Benefit shall not exceed:
  - 1.1 on retirement at any time between attaining age 50 and attaining age 75, except before Retiring Age on grounds of incapacity, a pension of 1/60th of Final Remuneration for each year of Relevant Service (not exceeding 40 years) or such greater amount as will not prejudice Revenue Approval of the Scheme;
  - 1.2 on retirement at any time before Retiring Age on grounds of incapacity, a pension of the amount which could have been provided at Retiring Age in accordance with paragraph 1.1 above, Final Remuneration being computed as at the actual date of retirement;
  - 1.3 on leaving Pensionable Service before attaining age 75, a pension of 1/60th of Final Remuneration for each year of Relevant Service prior to leaving Pensionable Service (not exceeding 40 years) or such greater amount as will not prejudice Revenue Approval of the Scheme. The amount computed may be increased by 5% for each complete year or, if greater, in proportion to any increase in the Index which has occurred between the date of termination of Pensionable Service and the date on which the pension begins to be payable. Any further increase necessary to comply with Social Security legislation is also allowable.

Benefits for a Class A Member are further restricted to ensure that his or her total retirement benefit from the Scheme and from

any Associated Scheme or Connected Scheme does not exceed a pension of 1/30th of the Earnings Cap for each year of service, subject to a maximum of 20/30ths. For the purpose of this limit, service is the aggregate of Relevant Service and any period of service which gives rise to benefits under a Connected Scheme provided that no period is to be counted more than once.

For this purpose of calculating the Member's Aggregate Retirement Benefit and total retirement benefit, the pension equivalent of any Lump Sum Retirement Benefit is one-twelfth of its total cash value.

- 2 The Member's Lump Sum Retirement Benefit shall not exceed:
  - 2.1 on retirement at any time between attaining age 50 and attaining age 75, except before Retiring Age on grounds of incapacity, 3/80ths of Final Remuneration for each year of Relevant Service (not exceeding 40 years) or such greater amount as will not prejudice Revenue Approval of the Scheme;
  - 2.2 on retirement at any time before Retiring Age on grounds of incapacity, the amount which could have been provided at Retiring Age in accordance with paragraph 2.1 above, Final Remuneration being computed as at the actual date of retirement;
  - 2.3 on leaving Pensionable Service before attaining age 75, a lump sum of 3/80ths of Final Remuneration for each year of Relevant Service prior to leaving Pensionable Service (not exceeding 40 years) or such greater amount as will not prejudice Revenue Approval of the Scheme. The amount computed may be increased in proportion to any increase in the Index which has occurred between the date of termination of Pensionable Service and the date on which the benefit is first paid.

#### Contribution limits for Class A Members

Notwithstanding anything to the contrary in the Schemes provisions, the contributions paid to the Scheme by a Class A Member in a year of assessment shall not exceed either:

- (a) when aggregated with the Member's contributions to any other exempt approved schemes, 15% of the Member's Remuneration; or
- (b) when aggregated with the Member's contributions to any schemes which are Associated or Connected Schemes, 15% of the Earnings Cap.

#### Benefit limits for Class B Members and Class C Members

Notwithstanding anything to the contrary in the Scheme provisions, the benefits payable to a Class B or a Class C Member or to his or her Dependants or other beneficiaries in respect of him or her shall not, when aggregated with all benefits of a like nature provided under all Associated Schemes, exceed the limits set out below:

- 1 The Member's Aggregate Retirement Benefit shall not exceed:
  - 1.1 on retirement at or before Retiring Age, a pension of 1/60th of Final Remuneration for each year of Relevant Service (not exceeding 40 years) or such greater amount as will not prejudice Revenue Approval of the Scheme;
  - 1.2 on retirement at any time before Retiring Age on grounds of incapacity, a pension of the amount calculated in accordance with paragraph 1.1 above as if the Member had remained in Relevant Service until Retiring Age, Final Remuneration being computed as at the actual date of retirement;
  - 1.3 on retirement after Retiring Age, a pension of the greatest of:
    - 1.3.1 the amount calculated in accordance with paragraph 1.1 above on the basis that the actual date of retirement was the Member's Retiring Age;

- 1.3.2 the amount which could have been provided at Retiring Age in accordance with paragraph 1.1 above increased either actuarially in respect of the period of deferment or in proportion to any increase in the Index during that period; and
- 1.3.3 where the Member's total Relevant Service has exceeded 40 years, the aggregate of 1/60th of Final Remuneration for each year of Relevant Service before Retiring Age (not exceeding 40 such years) and of a further 1/60th of Final Remuneration for each year of Relevant Service after Retiring Age, with an overall maximum of 45 reckonable years.
- Final Remuneration being computed in respect of 1.3.1 and 1.3.3 above as at the actual date of retirement, but subject always to paragraph 3 below;
- 1.4 on leaving Pensionable Service before Retiring Age, a pension of 1/60th of Final Remuneration for each year of Relevant Service prior to leaving Pensionable Service (not exceeding 40 years) or such greater amount as will not prejudice Revenue Approval of the Scheme. The amount computed may be increased by 5% for each complete year or, if greater, in proportion to any increase in the Index which has occurred between the date of termination of Pensionable Service and the date on which the pension begins to be payable. Any further increase necessary to comply with Social Security legislation is also allowable.
- 2 The Member's Lump Sum Retirement Benefit shall not exceed:
- 2.1 on retirement at or before Retiring Age, 3/80ths of Final Remuneration for each year of Relevant Service (not exceeding 40 years) or such greater amount as will not prejudice Revenue Approval of the Scheme;
- 2.2 on retirement at any time before Retiring Age on grounds of incapacity, the amount calculated in accordance with paragraph 2.1 above as if the Member had remained in Relevant Service until Retiring Age, Final Remuneration being computed as at the actual date of retirement;
- 2.3 on retirement after Retiring Age, the greatest of:
- 2.3.1 the amount calculated in accordance with paragraph 2.1 above on the basis that the actual date of retirement was the Member's Retiring Age;
- 2.3.2 the amount which could have been provided at Retiring Age in accordance with paragraph 2.1 above, together with an amount representing interest thereon; and
- 2.3.3 where the Member's total Relevant Service has exceeded 40 years, the aggregate of 3/80ths of Final Remuneration for each year of Relevant Service before Retiring Age (not exceeding 40 such years) and of a further 3/80ths of Final Remuneration for each year of Relevant Service after Retiring Age, with an overall maximum of 45 reckonable years,
- Final Remuneration being computed in respect of 2.3.1 and 2.3.3 above as at the actual date of retirement, but subject always to paragraph 3 below;
- 2.3 on leaving Pensionable Service before Retiring Age, a lump sum of 3/80ths of Final Remuneration for each year of Relevant Service prior to leaving Pensionable Service (not exceeding 40 years) or such greater amount as will not prejudice Revenue Approval of the Scheme. The amount computed as aforesaid may be increased in proportion to any increase in the Index which has occurred between

the date of termination of Pensionable Service and the date on which the benefit is first paid.

- 3 If a Member elects to take any part of his or her benefits under the Scheme in advance of actual retirement, the limits set out in paragraphs 1 and 2 above shall apply as if the Member had retired at the date of the election as aforesaid, no account being taken of subsequent Relevant Service, save that the maximum amount of any uncommuted pension not commencing immediately may be increased either actuarially in respect of the period of deferment or in proportion to any increase in the Index during that period.
- 4 The preceding provisions of this Appendix shall be modified in their application to a Member who is a Controlling Director as follows:
- 4.1 the amount of the maximum Aggregate Retirement Benefit in paragraph 1 and of the maximum Lump Sum Retirement Benefit in paragraph 2 shall be reduced, where necessary for Revenue Approval of the Scheme, to take account of any corresponding benefits under retirement annuity contracts or trust schemes approved under Chapter III of Part XIV of ICTA or under personal pension schemes approved under Chapter IV of Part XIV of ICTA;
- 4.2 where retirement takes place after Retiring Age but not later than the Member's 70th birthday, paragraph 1.3.2 and 1.3.3 and paragraph 2.3.2 and 2.3.3 shall not apply, and if retirement is later than the attainment of that age, those paragraphs shall apply as if the Member's 70th birthday had been specified in the Rules as his or her Retiring Age, so as not to treat as Relevant Service after Retiring Age any Relevant Service before the Member reaches the age of 70;
- 4.3 where paragraph 3 applies to the Member, the rate of the actuarial increase referred to therein in relation to any period of deferment prior to his or her attaining the age of 70, shall not exceed the percentage increase in the Index during that period.

#### Contribution limits for Class B Members and Class C Members

The total contributions paid by a Class B Member or a Class C Member in a year of assessment to this and any Associated Scheme shall not exceed 15% of the Member's Remuneration for that year.

#### Other limits on benefits relating to all Members

- 1 Lump sum death benefit
- The lump sum benefit (exclusive of any refund of the Member's own contributions not applied specifically to secure the payment of benefits on the Member's death and any interest thereon) payable on the death of a Member while in Relevant Service or (having left Pensionable Service with a deferred pension) before the commencement of his or her pension, shall not, when aggregated with all benefits of a like nature under all Associated Schemes, exceed the greater of:
- 1.1 £5,000; and
- 1.2 4 times the greatest of:
- 1.2.1 the annual rate (subject, for a Class A Member, to the Earnings Cap) of the Member's basic salary or wages at the date of death or leaving Pensionable Service together with the yearly average of Fluctuating Emoluments received in the three years (or the whole period of Relevant Service if less) up to the date of death or leaving Pensionable Service; and
- 1.2.2 the Member's total emoluments (subject, for a Class A Member, to the Earnings Cap) of any selected period of 12 months ending not earlier than 36 months before the date of death;

1.2.3 Final Remuneration disregarding paragraphs (1), (2) and (3) of that definition;

less Retained Death Benefits.

## 2 Dependants' pensions

Any pension for a Dependant, when aggregated with the pensions, other than those provided by surrender or allocation of the Member's own pension, payable to that Dependant under all Associated Schemes, shall not exceed an amount equal to 2/3rds of the maximum Aggregate Retirement Benefit payable to the Member immediately before death as described above. Where the death of the Member occurs whilst in Relevant Service before Retiring Age the maximum is that which would have been appropriate if the Member had retired on grounds of incapacity on the date of death with no retained benefits from previous employments.

If pensions are payable to more than one Dependant of a Member, the aggregate of all Dependants' pensions payable in respect of the Member under this and all Associated Schemes will not exceed the full amount of the maximum Aggregate Retirement Benefit described in the previous paragraph of this Appendix.

## 3 Increases of pensions in payment

The maximum amount of a pension ascertained in accordance with the previous provisions of this Appendix, less any pension which has been commuted for a lump sum or the pension equivalent of any benefits in lump sum form and any pension surrendered to provide a Dependant's pension, may be increased by 3% for each complete year or, if greater, in proportion to any increase in the Index since the pension commenced.

## 4 Additional voluntary contributions

If any Member makes voluntary contributions to the Scheme to secure additional benefits for himself and/or his or her Dependants and such contributions commence on or after 8 April 1987, any retirement benefits so secured must be in the form of non-commutable pension except to the extent to which the provisions of the Scheme allow commutation of trivial pensions or on the grounds of serious ill-health.

Where the application of the limits in this Appendix requires the amount of the Aggregate Retirement Benefit to be restricted and the Member has paid additional voluntary contributions to supplement scheme benefits, that restriction shall first be effected on those supplementary benefits so as to permit the repayment of the surplus additional voluntary contributions, subject to Section 599A of ICTA (charge to tax: payments out of surplus funds).

## Benefits for Pension Debit Members

Notwithstanding anything to the contrary in the Scheme provisions, the benefits for a Pension Debit Member are additionally subject to the following limits, subject to compliance with Social Security legislation:

- 1 The pension shall not exceed the Aggregate Retirement Benefit less the Negative Deferred Pension in this scheme and the Negative Deferred Pension in any Associated Scheme and, furthermore in the case of a Class A Member the Negative Deferred Pension in any Connected Scheme.
- 2 The lump sum from this and any Associated Scheme shall not exceed;
  - 2.1 for Pension Debit Members who are Class A Members or Class B Members, an amount determined by 2.25 x initial annual pension payable;
  - 2.2 for Pension Debit Members who are Class C Members, an amount equal to the greater of:

2.2.1 2.25 x the initial annual pension payable; and

2.2.2 the maximum amount that could have been paid if there had been no Pension Debit, less 2.25 x the Negative Deferred Pension.

For the purposes of this paragraph, the initial annual pension should be calculated on the following basis;

- (a) if the pension payable for the year changes, the initial pension payable should be taken;
- (b) it should be assumed that the Pension Debit Member will survive for a year;
- (c) the effect of commutation should be ignored.

3 On the death of the Pension Debit Member, any pension for a Dependant shall not exceed 2/3 x the maximum amount that could have been paid if there had been no Pension Debit, less the Negative Deferred Pension and the Negative Deferred Pension in any Associated Scheme and, in the case of a Class A Member, the Negative Deferred Pension in any Connected Scheme. Where more than one pension is to be paid the total of all the pensions cannot exceed 100% of the maximum amount that could have been paid if there had been no Pension Debit, less the Negative Deferred Pension and the Negative Deferred Pension in any Associated Scheme and, in the case of a Class A Member, the Negative Deferred Pension in any Connected Scheme.

## Transfers in respect of Pension Debit Members

- 1 Where a transfer payment is received and the transferor informs the Trustees of the details of a Pension Debit relating to the transfer payment, the Pension Debit must be taken into account, if appropriate, in the calculation of any limit on benefits for that Member. If a transfer of the fund underlying the benefits for the Member is made to a scheme approved under Chapter I Part XIV of the Act or a scheme approved under Chapter IV Part XIV of the Act, the Trustees must give full details of the Pension Debit to the receiving scheme.
- 2 Where the Trustees make a transfer out in relation to a Pension Debit Member, the Trustees will give to the receiving scheme full details of the Pension Debit and a lump sum certificate specifying the maximum permissible lump sum.

## Benefits for Former Spouses

- 1 Pension Credit Benefits under the Scheme must be provided separately from any other benefits for the same individual as a Member or a Dependant of a Member.
- 2 Participation in the Scheme may be offered to the Former Spouse either where the requirement of the previous paragraph is satisfied, or where the Former Spouse only has Pension Credit Benefits under the Scheme.
- 3 Subject to compliance with Social Security legislation, the following limits apply to the Former Spouse in relation to any Pension Credit Benefit.
  - 3.1 A pension may be paid to the Former-Spouse only if he or she has reached age 50 or is suffering from Incapacity and at the same time taking benefits on Incapacity grounds arising from Service as an Employee under the Scheme. A Former Spouse may not defer the start of the pension beyond his or her 75th birthday. If the Former-Spouse is aged 75 or over at the date the Pension Sharing Order is implemented, the pension must come into payment immediately. The pension may not be commuted, surrendered or assigned except in accordance with the Rules. There is no limit on the amount of the



- pension. The pension must be payable for life unless it is fully commuted under 3.6 and may be guaranteed.
- 3.2 No lump sum may be paid to the Former Spouse if the Member (who was formerly married to the Former Spouse) has already received a Lump Sum Retirement Benefit from the Scheme before the date of the implementation by the Scheme of the Pension Sharing Order, agreement or equivalent provision.
- No lump sum may be paid to the Former Spouse where all of the Pension Credit Rights under the Scheme have been transferred into the Scheme with a lump sum nil certificate.
- Otherwise the Trustees may allow or require a Former Spouse to take a lump sum in commutation for part of the pension, at the time the pension first becomes payable. The lump sum is limited to a maximum of 2.25 times the initial annual pension. For this purpose, the initial annual pension should be calculated on the following bases:
- 3.2.1 if the pension payable for the year changes, the initial pension payable should be taken;
- 3.2.2 it should be assumed that the Former Spouse will survive for a year;
- 3.2.3 the effect of commutation should be ignored.
- 3.3 Any lump sum provided on the death of a Former Spouse before benefits come into payment is limited to 25% of what would have been the cash equivalent of the Pension Credit Rights at the date of death. The balance of the cash equivalent may (but need not) be used to provide a non-commutable pension to a Dependant of the Former-Spouse. The amount of any pension payable to a Dependant is limited to a maximum of 2/3rds of the amount of the pension that could have been paid to the Former Spouse at the date of death had the whole of the cash equivalent of the Pension Credit Rights been used to purchase an annuity at an available market rate. For the purpose of determining the pension which could have been paid to the Former Spouse, it should be assumed that the Former Spouse was aged 50 at the date of death, where he or she died at an earlier age. Where more than one pension is to be paid the total of all the pensions cannot exceed the amount of the pension that could have been paid to the Former Spouse.
- 3.4 Where the Former Spouse dies after pension has come into payment, a non-commutable pension may be payable to a Dependant of the Former Spouse.
- The amount of any pension payable to a Dependant is limited to a maximum of 2/3rds of the initial annual pension which was paid to the Former Spouse as increased by any rise in the Index since the commencement of the Former Spouse's pension. Where more than one pension is to be paid the total of all the pensions cannot exceed the amount of the initial annual pension which was paid to the Former Spouse, as increased by any rise in the Index since the start of the Former Spouse's pension. For these purposes initial annual pension should be calculated on the same basis as in 3.2.
- Where the Former Spouse selected a guarantee not exceeding 5 years and the guarantee period has not expired, the remaining balance of the pension instalments may be paid as a lump sum. Where the Former Spouse selected a guarantee exceeding 5 years and the guarantee period has not expired, the remaining balance of the pension instalments must be paid in pension form to an individual or individuals.
- 3.5 It may be that the Former Spouse is allowed to surrender part of his or her pension, on the date it becomes payable (but not where the pension is paid in the form of income drawdown), for a pension payable to a Dependant on the death of the Former Spouse. If this is allowed, the amount of pension surrendered cannot exceed the reduced pension that the Former Spouse retains.
- 3.6 Full commutation of the Pension Credit Rights on the grounds of triviality or exceptional circumstances of serious ill-health is permitted when the pension first becomes payable. Where the Former Spouse is also entitled to benefits under the Scheme arising from Service as an Employee, for the purposes of determining the aggregate value of the total benefits payable to the member under any Rule relating to triviality, benefits from Pension Credit Rights must be included; and full commutation of the Pension Credit Rights on the grounds of triviality is permitted only where benefits arising from Service as an Employee are simultaneously commuted.
- 3.7 A transfer of Pension Credit Rights may be made to another scheme or arrangement only if the Inland Revenue's requirements are satisfied and confirmation is given to the receiving scheme or arrangement, that the transfer value consists wholly or partly of Pension Credit Rights for the benefit of a Former Spouse.
- 3.8 Where a transfer payment is received which consists wholly or partly of Pension Credit Rights in the former scheme or arrangement, the transfer payment relating to the Pension Credit Rights or the part of the transfer payment relating to the Pension Credit Rights must be separately identified. Furthermore the benefits provided must comply with the requirements set out above in respect of the transferred-in Pension Credit Rights. The individual in respect of whom the transfer is received will acquire the status of a Former Spouse in the scheme in relation to the transferred-in Pension Credit Benefits. Such Pension Credit Benefits will not count towards any limit on other benefits for that person.
- 3.9 If a Former Spouse dies after a Pension Sharing Order, agreement or equivalent provision is made but before it is implemented, the following benefits may be paid.
- 3.9.1 A lump sum death benefit may be paid. The lump sum is limited to 25% of what would have been the cash equivalent of the fund which would have provided the Pension Credit Rights for the Former Spouse. The balance of the fund may be used to provide a non-commutable pension to a Dependant of the Former Spouse.
- 3.9.2 The amount of pension payable to any Dependant is limited to a maximum of 2/3rds of the amount of the pension that could have been paid to the Former Spouse at the date of death if the whole of what would have been the cash equivalent of the fund which would have provided the Pension Credit Rights had been used to purchase an annuity at an available market rate. Where more than one pension is to be paid the total of all the pensions cannot exceed the amount of the pension that could have been paid to the Former Spouse.
- 3.10 Any pensions payable on the death of a Former Spouse must be payable for life, except that pensions paid to children must cease on the attainment of age 18 or, if later, on the cessation of full time education. Such pensions may be fully commuted, however, for a lump sum on the grounds of triviality at the time such a pension becomes payable.

