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## SCHEDULE 1

### The New Provisions

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## APPENDIX 2—RULES OF THE CAA SECTION

### PART 2:

#### BENEFITS AND THE ADMINISTRATION OF BENEFITS

##### 23.

##### CONTRIBUTIONS TO THE CAA SECTION

###### Member's ordinary contributions

**23.1** On and after the Effective Date each Current Member shall, subject to Rules 23.7 and 23.8 and except as provided in Rule 36.3, pay contributions to the CAA Section at the rate of 6 per cent of his Earnings or 4.5 per cent in the case of Members who were contributing at the rate of 6 per cent immediately prior to 1 April 1997, provided always that:

- (a) prior to 1 April 1997 the corresponding rates on and after 1 April 1988 were 7.5 per cent and 6 per cent respectively; and
- (b) in respect of Class A Members and Class B Members who became Current Members on or after 1 June 1989 (other than Continued Rights Members) any part of a Member's Earnings to which a percentage would be applied under this Rule 23.1 and which exceeds the Permitted Maximum shall be disregarded.

The contributions of a Member under this Rule 23.1 shall be made by way of deductions by the Employer from the payments of such Member's remuneration as they are made.

###### Employer's contributions

**23.2** Each Employer shall, subject to the provisions of Rule 44 and to Rule 23.7, contribute the balance of the cost of providing the benefits of the CAA Section for its own employees under the CAA Section and for the spouses, children and dependants of its own employees.

The Employers shall forward the total of the Employers' and the Members' contributions to the Trustee on such dates as the Trustees shall require in accordance with Rule 11.

###### Members' voluntary contributions

**23.3** A Current Member may, subject as hereinafter provided, make voluntary contributions to the CAA Section in order to provide benefits under the CAA Section which shall be additional to those otherwise specified in these CAA Rules (or, in the case of Family Benefit Contributions, to provide the appropriate benefits payable from the CAA Section upon the death of the Member), provided that the provisions relating to voluntary contributions and to the benefit thereby provided shall not be such as to prejudice approval of the Scheme under Chapter I of Part XIV of the Taxes Act<sup>(1)</sup> and, in particular, voluntary contributions made under arrangements first entered into by the Member on or after 8 April 1987 shall not be used to provide a cash sum in accordance with Rule 29.

The voluntary contributions of a Member under this Rule 23.3 shall be made either by way of deductions by the Employer from the payments of such Member's remuneration as they are made or as otherwise agreed between the Member and the Trustees.

Subject as aforesaid, the types of benefit under the CAA Section to be provided in return for a Member's voluntary contributions shall be such and, except as provided below, on such terms and

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(1) 1988 c. 1.

conditions as may be arranged by the Member with the Trustees acting on the advice of the Actuary and may take the form, inter alia, of additional years to be included within Pensionable Service in the CAA Section or of additional benefit under the CAA Section to be payable upon the death of the Member or of additional pension benefits determined on a money purchase basis; provided always that the amount of benefit to be provided in return for a Member's voluntary contributions shall be the equivalent of those contributions as determined by the Trustees acting on the advice of the Actuary and provided further that in respect of additional pension benefits determined on a money purchase basis:

- (a) the additional pension benefits shall be equivalent on a money purchase basis to the voluntary contributions paid; and
- (b) the benefits shall be limited to those which are capable of being provided by the Rules; and
- (c) if the Trustees so determine, the assets and liabilities relating to such voluntary contributions to the CAA Section shall be identifiable and retained separately from other assets and liabilities of the CAA Section.

The benefits provided from such voluntary contributions shall not become payable earlier than the other Scheme benefits nor later than age 75.

Notwithstanding the above provisions and the provisions of Rule 22, a Member who starts paying voluntary contributions on a date within three months of first becoming eligible to become a Current Member shall not be required to produce evidence of health.

#### **Limit on Members' contributions**

**23.4** No Current Member shall, during any year of assessment to tax under Schedule E, pay to the CAA Section contributions of such amounts that the aggregate of such contributions and of any contributions paid by him in respect of his Service during that year to any other retirement benefits schemes in respect of that Member which are approved or seeking approval under Chapter I of Part XIV of the Taxes Act would exceed 15 per cent (or such higher percentage as the Board of Inland Revenue may in a particular case prescribe) of his total remuneration from the Employers in that year which is assessable to tax under Schedule E, provided always that for the purposes of this Rule:

- (a) there shall be excluded from total remuneration anything in respect of which tax is chargeable under Schedule E and which arises from the acquisition or disposal of shares or an interest in shares or from a right to acquire shares, or anything in respect of which tax is chargeable by virtue of section 148 of the Taxes Act<sup>(2)</sup>; and
- (b) in respect of Class A Members and Class B Members who became Current Members on or after 1 June 1989 (other than Continued Rights Members):
  - (i) the reference above in this paragraph to "other retirement benefits schemes" shall be taken to include any Associated Scheme or any other Section of the Scheme and the references to "total remuneration" shall be taken to include emoluments in respect of Associated Employment or any Connected Scheme; and
  - (ii) remuneration in excess of the Permitted Maximum shall be disregarded.

#### **Cessation of Members' contributions**

**23.5** A Member shall stop paying contributions to the CAA Section on ceasing to be a Current Member of the CAA Section or, if earlier, upon completion of the shortest period of Pensionable Service for which the pension payable from Normal Pension Date calculated in respect of the Member under Rule 24.1 would be equal to 2/3rds of the Member's Final Pensionable Earnings, except that a Current Member may continue to pay voluntary contributions to the CAA Section prior

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(2) Section 148 was substituted by the Finance Act 1998 (c. 36), section 58(1) and (4).

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to the payment to him of any retirement benefit from the CAA Section for so long as he remains in Service in the CAA Section after Normal Pension Date if the Trustees so agree, subject always to the other provisions of this Rule and provided that the approval of the Scheme under Chapter I of Part XIV of the Taxes Act shall not be prejudiced by it.

### **Return of surplus voluntary contributions**

- (a) (a) The provisions of the CAA Section permitting a Member to make voluntary contributions to the CAA Section shall be subject to the provisions of Part III of Schedule 6 to the Finance Act 1989<sup>(3)</sup> relating to the return of surplus funds.
- (b) The Administrator shall comply with the requirements of Regulation 5 of The Retirement Benefits Schemes (Restriction on Discretion to Approve) (Additional Voluntary Contributions) Regulations 1993<sup>(4)</sup> and where the CAA Section is the leading scheme in relation to a Member, with the requirements of Regulation 6 of those Regulations so far as they concern main schemes. If those Regulations are amended or replaced by any other Regulations then this paragraph will have effect as if it had been amended or replaced accordingly.

The terms **leading scheme** and the **main scheme** shall have the same meaning as is given to them in those Regulations.

### **Suspending or reducing contributions**

**23.7** If a report from the Actuary discloses a surplus in the CAA Section at any date sufficient to permit the suspension or reduction of contributions, the Sponsoring Section Employer may, as an arrangement to be made in accordance with the provisions of Rule 10.3 and subject always to the provisions of the Pensions Act 1995, authorise the suspension or reduction of payment of contributions to the CAA Section under Rule 23.2 and/or under Rule 23.1 above for a period not exceeding forty years from the date at which the surplus arose. Any suspension of contributions in accordance with this paragraph shall not be regarded as a termination of liability to contribute to the CAA Section as described in Rule 44.

A suspension or reduction of contributions payable to the CAA Section under Rule 23.1 by one or more Members specified by the Sponsoring Section Employer may be authorised by the Sponsoring Section Employer upon the basis that there shall be a corresponding increase in the contributions payable to the CAA Section by the Employer for such period as the Actuary shall advise. The contributions of a Member which have been suspended or reduced in accordance with this paragraph may be increased as determined by the Sponsoring Section Employer but not to a level greater than the level of the Member's ordinary contributions applicable under Rule 23.1.

### **Members' Contribution Options**

- (a) (a) With effect from 1 April 1995 a Member whose contributions under Rule 23.1 were at the rate of 7.5% of Earnings and who satisfied the conditions notified to Members by the Trustees could elect by notice in writing to the Trustees before 30 September 1995 that his ordinary contributions to the Scheme under Rule 23.1 should be at the reduced rate of 6% of Earnings with effect from 17 May 1990. Such reduced rate is reduced further to 4.5% with effect from 1 April 1997.

The additional 1.5% of Earnings paid by such a Member under Rule 23.1 from 17 May 1990 up to the date of such election shall be treated as voluntary contributions paid by the Member and applied under Rule 23.3 to purchase additional Pensionable Service or, at the discretion of the Trustees

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(3) 1989 c. 26.

(4) S.I.1993/3016.

having regard to the requirements of the Board of Inland Revenue, shall be regarded as Family Benefit Contributions and dealt with as described in Rule 48.2 or if appropriate Rule S14.

- (b) A Member whose contributions under Rule 23.1 were at the rate of 6% of Earnings could before 30 September 1995 elect by notice in writing to the Trustees to pay contributions to the Scheme at the rate of 7.5% of Earnings. Any such election made after 1 April 1995 would be in respect of Earnings from 17 May 1990. Any arrears of contributions for the period from 17 May 1990 up to the date of such election should be paid either in the form of a lump sum equal to the amount of the contribution arrears accumulated with compound interest at the rate of 3% per annum or in instalments as agreed with the Trustees having regard to the requirements of the Board of Inland Revenue.

With effect from 1 April 1997 the rate of 7.5% referred to above in this paragraph is replaced by 6 per cent.