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SCHEDULE 1

The New Provisions

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APPENDIX 3—RULES OF THE NATS SECTION

PART 2:

BENEFITS AND THE ADMINISTRATION OF BENEFITS

38.

PAYMENT OF PENSIONS

Payment of pensions

38.1 Pensions from the NATS Section shall be payable by monthly instalments in advance, the first payment being due on the day on which the pension becomes payable.

38.2 Subject always to Rule 39 the amount of each instalment of pension hereunder shall be 1/12th of the annual amount, provided that the annual amount of any pension payable from the NATS Section shall where it is not a multiple of 12 pence be rounded up to the next multiple of 12 pence above.

38.3 A pension payable from the NATS Section to or in respect of a Member of the NATS Section shall cease with the last instalment falling due before the death of the recipient of such pension, except as described in Rule 27.2 and Rule 38.4.

38.4 A pension payable from the NATS Section to or in respect of a Qualifying Child shall cease with the last instalment falling due before the earlier of (i) the attainment of age 18 by the Qualifying Child, and (ii) the death of the Qualifying Child, provided always that:

- (i) if at the date of (i) above the Qualifying Child is in receipt of full-time educational or full-time or substantially full-time vocational training of at least two years' duration the emoluments for which (if any) receivable by the Qualifying Child are of such amount as should in the opinion of the Trustees be ignored the pension shall continue to be payable until such education or training ceases or until the Qualifying Child attains age 25 whichever is the earliest; and
- (ii) for the purposes of this Rule education or training shall not be regarded as ceasing upon the occurrence of any break therein which the Trustees consider to be of short duration or incidental in the course of such education or training.

Change in manner of payment and variable pension option

- (a) (a) Subject always to Appendix 4 and Appendix 5, at the request of or with the consent of a Member or other beneficiary a benefit payable from the NATS Section to or in respect of him may at the discretion of the Trustees be payable in a different manner or in a different form from that described in these NATS Rules and the amount thereof may be adjusted appropriately provided always that:
 - (i) the total benefits in respect of him shall not be less than the Trustees after consultation with the Actuary consider to be actuarially equivalent; and
 - (ii) this Rule shall not be operated in such a way as to cause the pension to which a Member or his Spouse is entitled in accordance with Appendix 5 to be payable for less than such person's lifetime.
- (b) The provisions of paragraph (a) above may at the request of a Member be applied to increase the amount of the Member's pension in course of payment from the NATS Section prior to State Pensionable Age so that such pension immediately prior to that age shall,

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as far as may be practicable, be equal to the aggregate immediately after that age of the Member's pension from the NATS Section and the State pension payable to the Member. For this purpose the State pension payable to the Member shall be taken to be the full rate of basic State pension payable to a single person as at the date of commencement of the Member's pension from the NATS Section.

The application of this paragraph (b) shall be subject to paragraph (a) above except that:

- (i) it shall be applied at the option of the Member and not at the discretion of the Trustees; and
- (ii) by request in writing to the Trustees, a Member may exercise such option or cancel the exercise of such option within the period of three months after commencement of payment of his pension from the NATS Section subject to any terms imposed by the Trustees in order to satisfy the requirements (if any) of the Board of Inland Revenue.

Any alteration to a Member's pension from the NATS Section as a result of the application of this paragraph (b) shall be disregarded in the calculation of the Member's Relevant Pension.

Method of payment of benefits

38.6 Every person entitled to receive a pension or other benefit under the NATS Section shall notify the Trustees, or as they may direct, of the bank or building society in the United Kingdom or address to which the pension or other benefit may be sent. Subject to Rule 22, such payment will be made in sterling to such person's bank or building society account in the United Kingdom or by cheque crossed "a/c payee only" and sent through the post at the risk of the recipient to the address last notified to the Trustees or as the Trustees shall determine having regard to a request from the recipient.