
STATUTORY INSTRUMENTS

1994 No. 1433

TRANSPORT

The Railways Pension Scheme Order 1994

Made - - - - 27th May 1994

Coming into force - - 31st May 1994

Whereas a draft of this Order was laid before Parliament and approved by resolution of each House of Parliament;

Now, therefore, the Secretary of State, in exercise of the power conferred on him by section 143(3) and (4) of, and paragraphs 1(1) and 2 of Schedule 11 to, the Railways Act 1993(1) hereby makes the following Order:

Citation, commencement and interpretation

1.—(1) This Order may be cited as the Railways Pension Scheme Order 1994 and shall come into force on 31st May 1994.

(2) Subject to paragraph 1(1) of Schedule 11 to the Railways Act 1993, expressions used in this Order and in Part I or II of that Act have the same meaning in this Order as they have in that Part unless otherwise indicated.

Establishment of the Railways Pension Scheme

2.—(1) The Railways Pension Scheme is established as an occupational pension scheme in accordance with the provisions of the Schedule to this Order.

(2) The Railways Pension Scheme shall be administered and managed in accordance with those provisions.

(3) The Railways Pension Trustee Company Limited(2) is appointed the first trustee in relation to that Scheme.

Designation of the joint industry scheme

3. The Railways Pension Scheme is designated as the joint industry scheme for the purposes of Schedule 11 to the Railways Act 1993.

(1) 1993 c. 43.

(2) A company limited by shares under the Companies Act 1985 (c. 6): registered number 2934539.

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Signed by the authority of the Secretary of State for Transport

27th May 1994

Roger Freeman
Minister of State,
Department of Transport

THE SCHEDULE

Articles 2(1) and (2)

PENSION TRUST OF THE RAILWAYS PENSION SCHEME

MEANING OF WORDS USED

1. This Clause sets out the meaning of words used in the Pension Trust except where otherwise indicated.

“Accrual Rate”	means the accrual rate chosen by the Designated Employer under Clause 3D (Defined Benefit Arrangement).
“Actuary”	means the actuary appointed under Clause 6B (Actuarial Valuations) and “actuarial advice” means advice given by the Actuary.
“Arrangements”	means the benefit arrangements referred to in Clause 3C (Arrangements).
“Additional Voluntary Contributions”	means contributions over and above a Member’s normal contributions under the Scheme (if any) which the Member elects to pay to secure additional benefits.
“BRASS–SO”	means the British Railways Additional Superannuation Scheme for Senior Officers.
“Buy–out Policy”	means a policy of insurance or annuity contract which is appropriate for the purposes of section 19 of the Pensions Act.
“Children’s Pension Fraction”	means the children’s pension fraction of the spouses’ pension chosen by the Designated Employer under Clause 3D (Defined Benefit Arrangement).
“Clause”	means a clause of this Pension Trust.
“Contracting–out Laws”	means the contracting–out laws of the Pensions Act(3) (including anti–franking), and similar expressions have a corresponding meaning.
“Deed of Establishment and Participation”	means the deed referred to in Clause 3B (Participating Employer establishing or participating in a section).
“Designated Employer”	means the Participating Employer named in the Deed of Establishment and Participation as the Designated Employer for a Section, or in the case of the Pensioners “A” and “B” Sections it means the Secretary of State.
“Employee”	has the same meaning as in the Rules.
“Final Average Pay”	has the same meaning as in the Rules.

(3) 1993 c. 48.

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“Franchise Director”	has the same meaning as in section 1 of the Railways Act.
“Franchise Operator”	has the same meaning as in section 23(3) of the Railways Act.
“GMP”	has the same meaning as in the Rules.
“Government Actuary”	means the actuary appointed by the Secretary of State.
“Insurance Company”	means an insurance company to which the Insurance Companies Act 1982(4) applies, and which is authorised by section 3 or 4 of that Act to carry on ordinary long-term insurance business as defined in that Act.
“Lump Sum Death Benefit”	means the amount payable on the Member’s death at the multiple of the Member’s Final Average Pay chosen by the Designated Employer under Clause 3D (Defined Benefit Arrangement).
“Member”	means (unless stated otherwise in the Rules) an Employee who has joined the Scheme and has not ceased to be entitled to benefits under the Scheme.
“Member’s Contribution Rate”	means the contribution rate chosen by the Designated Employer under Clause 3D (Defined Benefit Arrangement).
“Minimum Pension Age”	means the age chosen by the Designated Employer under Clause 3D except in the case of the 1994 Pensioners “A” and “B” Sections and a Section governed by the rules of the Shared Cost Arrangement where it has the same meaning as in the Rules for the relevant Section.
“Participating Employer”	means an employer participating in the Scheme.
“Pensionable Pay”	has the same meaning as in the Rules.
“Pensionable Service”	means the Member’s Service after joining a Section and any additional period expressed in the Rules to be Pensionable Service.
“Pensions Act”	means the Pension Schemes Act 1993(5).
“Pensions Committee”	means a pensions committee set up as described in Clause 4 (Pensions Committee) and Appendix 4 and, in the case of the 1994 Pensioners “A” and “B” Sections, Schedule 1 to the 1994 Pensioners “A” Section. References

(4) 1982 c. 50.

(5) 1993 c. 48.

	<p>to the Pensions Committee are to the committee for the Section in question. If in relation to a particular Section (a) the Trustee is not notified that there is a Pensions Committee or (b) the Pensions Committee ceases to exist or (c) the Trustee does not delegate any powers, duties or discretions to the Pensions Committee or wholly revokes any such delegation, then all references to the Pensions Committee in this Pension Trust (other than in Appendix 4) and in the Rules are to be read as references to the Trustee.</p>
“Pooled Funds”	<p>means the common investment funds already established by the Trustee or to be established under Clause 5G (Consultation with Pensions Committees).</p>
“Preservation Laws”	<p>means the laws as to preservation of benefits set out in Chapter I of Part IV of the Pensions Act.</p>
“Protected Person”	<p>means a protected person under paragraph 5 of Schedule 11 to the Railways Act.</p>
“Railtrust Holdings Limited”	<p>means the holding company of the Trustee.</p>
“Railways Act”	<p>means the Railways Act 1993(6).</p>
“Revaluation Laws”	<p>means the laws as to revaluation of benefits set out in Part IV Chapter II of the Pensions Act.</p>
“Revenue Approval”	<p>means approval under Chapter I of Part XIV of the Taxes Act.</p>
“Rules”	<p>means in relation to a Section the rules of that Section.</p>
“Scheme”	<p>means the Railways Pension Scheme.</p>
“Secretary of State’s Guarantee”	<p>means the guarantee given by the Secretary of State to the Trustee under paragraph 11(1)(a) of Schedule 11 to the Railways Act.</p>
“Section”	<p>means the 1994 Pensioners “A” Section, the 1994 Pensioners “B” Section and any other section established under Clause 3 (The Scheme Sections).</p>
“Section Assets”	<p>means the assets attributable to a particular Section.</p>
“Service”	<p>means (unless otherwise stated in the Rules) employment with a Participating Employer.</p>
“Spouse’s Pension Fraction”	<p>means the fraction of the Member’s pension chosen by the Designated Employer under</p>

(6) 1993 c. 43.

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	Clause 3D (Defined Benefit Arrangement) for calculating the spouse's pension.
“Taxes Act”	means the Income and Corporation Taxes Act 1988(7).
“Transfer Order”	means an order under paragraph 4 of Schedule 11 to the Railways Act.
“Transfer Value Laws”	means the laws as to transfer values set out in Chapter IV of Part IV of the Pensions Act.
“Trustee”	means Railways Pension Trustee Company Limited.
“Unitised Section Assets”	means the Section Assets represented by notional units in the Pooled Funds.

2 TRUSTEE

2

Constitution

2A Each Designated Employer covenants with the Trustee that it shall not exercise any of its rights as a member of Railtrust Holdings Limited, including any right which would have the effect of amending the Memorandum and Articles of Association of the Trustee or of Railtrust Holdings Limited, without the prior written consent of 75% of the directors of the Trustee.

The Trustee may not resign from its office as trustee of the Scheme and section 36 of the Trustee Act 1925(8) shall not apply.

Any person may be a director of Railtrust Holdings Limited or of the Trustee and may benefit from a power which he is involved in exercising as a director of Railtrust Holdings Limited or of the Trustee regardless of whether he is also a Member or whether he has a direct or indirect interest in the Scheme or is a director of a Participating Employer.

25% of the directors of the Trustee may at any time take legal advice on legal action in relation to a Section independently of the other directors of the Trustee except that in the case of the 1994 Pensioners “A” and “B” Sections the agreement of the Secretary of State is also required. The expenses of that legal advice shall be met out of the Scheme assets, and shall be subject to a limit set by the Trustee which may be increased from time to time.

Delegation

2B The Trustee may delegate powers, duties or discretions to any person and on any terms (including the power to sub-delegate). In delegating powers, duties or discretions under this Clause the Trustee shall act in accordance with Clause 2G (Fiduciary Duty).

In particular with the consent of the Pension Committee concerned, the Trustee shall delegate the powers, duties and discretions set out in Appendix 5 to Pensions Committees. If, however:

- (a) the Trustee and the Designated Employer so agree; or
- (b) the Trustee is of the opinion that the Pensions Committee is unlikely to be able to perform properly any or all of the powers, duties and discretions set out in Appendix 5,

(7) 1988 c. 1.
(8) 1925 c. 19.

then the Trustee may delegate some or none of the powers, duties or discretions set out in Appendix 5 or may delegate powers, duties or discretions, different or additional to those set out in Appendix 5. In the case of the 1994 Pensioners “A” and “B” Sections the Designated Employer is the Secretary of State.

All powers, duties and discretions exercised by or delegated to a Pensions Committee shall be exercised in accordance with its fiduciary duties to the beneficiaries of the Section concerned.

The terms of any delegation by the Trustee under this Clause (including delegation of the administration of the Scheme and delegation to a Pensions Committee) shall be set out in writing and shall be subject to a regular review following consultation with the Pensions Committee and Designated Employer concerned. The first regular review shall take place not later than 3 years after the date of establishment of the Scheme (or, in the case of delegation to a Pensions Committee, not later than 3 years after the date the Trustee first delegates to that Pensions Committee) and subsequent reviews shall be carried out at intervals of not more than 3 years.

The Trustee may revoke at any time any or all of the powers, duties and discretions which it has delegated to a Pensions Committee if it is of the opinion that the Pensions Committee in question is unlikely to be able to continue to perform properly those powers, duties and discretions.

In the event that the Trustee either does not delegate its powers, duties and discretions under Rules 13, 14 and 15 of the Pensioners “A” and “B” Sections to the Pensions Committee or revokes any of these delegations, then the Secretary of State will be entitled to appoint a representative who may attend meetings of the board of the Trustee (but who will not be entitled to vote or count towards the quorum).

Expenses and Charges

2C The Trustee shall pay the expenses of the Scheme (including its own expenses through acting as a trustee and its costs of management and administration and the expenses of Railtrust Holdings Limited) out of the Scheme’s assets.

The Trustee may also pay any fee, remuneration or expenses which it considers reasonable to any of its officers or employees. The Trustee and any officer or employee of the Trustee is entitled to retain beneficially any fee or remuneration which it or he receives.

The expenses of the Scheme shall be apportioned between Sections on a basis which the Trustee decides is equitable (taking into account all relevant factors including the number of Members participating in each Section and the administration expenses attributable to those Members). Expenses properly attributable to a Section shall be met only out of the Section Assets.

On an annual basis the Trustee shall consult with each Pensions Committee (or, if there is no Pensions Committee, the Designated Employer) about the details of the annual budget for expenses in relation to its Section and shall report at the end of the year on actual expenses incurred.

Limit of Liability

2D Neither the Trustee nor its subsidiaries nor any officer or employee of the Trustee or its subsidiaries, nor any member of a Pensions Committee shall be liable for any breach of trust (whether by act or omission) not due to personal conscious wrongdoing or recklessness. No officer or employee of the Trustee or its subsidiaries nor any member of a Pensions Committee who carries on or is involved in the carrying on of the business of professional trustee shall be relieved of liability for breach of trust due to negligence.

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Trustee Insurance

2E With the consent of 51% of the Designated Employers the Trustee may insure the Scheme against any loss caused by it or its employees, officers, agents or delegates or any member of a Pensions Committee and may also insure itself and any of its employees, officers, agents or delegates and any member of a Pensions Committee against liability for breach of trust not involving the personal conscious wrongdoing or recklessness of the person concerned (and in the case of a person who carries on or is involved in the carrying on of the business of professional trustee, not involving the negligence of the person concerned). The Designated Employers and the Trustee shall agree the terms of any insurance (including terms as to payment). To the extent that the Trustee is covered by insurance and has secured payment in full from that insurance, it shall waive the protection of Clause 2D (Limit of Liability) and Clause 2F (Trustee Indemnity) shall not apply.

Trustee Indemnity

2F The Participating Employers (in such proportions as the Trustee requires) shall reimburse the Trustee for any expenses and liabilities which it incurs through acting as trustee of the Scheme but which cannot, for any reason, be met out of the Scheme's assets. This does not, however, apply to expenses and liabilities which are due to the personal conscious wrongdoing or recklessness of any officer or employee of the Trustee or its subsidiaries or any member of a Pensions Committee nor, in the case of any officer or employee of the Trustee or any member of a Pensions Committee who carries on or is involved in the carrying on of the business of professional trustee, to negligence.

The liability of the Participating Employers in each Section shall, however, be limited to the part of the total liability that the Trustee, acting on actuarial advice, certifies to be attributable to the Section concerned.

Fiduciary Duty

2G Any power, duty or discretion conferred on the Trustee or on a Pensions Committee by this Pension Trust shall be exercised in accordance with its fiduciary duties to the beneficiaries of the Scheme or the Section concerned.

3 THE SCHEME SECTIONS

3

Participation of Participating Employers

3A The Trustee shall admit to participation in the Scheme any employer which it is required to admit by an order made under paragraph 8 of Schedule 11 to the Railways Act. With the consent of the Inland Revenue the Trustee shall also admit any employer which is engaged in the railway industry within the terms of Schedule 11 to the Railways Act and may also admit any employer who in the opinion of the Trustee is associated with the railway industry to participation in the Scheme on such terms and conditions as it considers appropriate.

Participating Employer establishing or participating in a Section

Participating Employer who wants or is required to establish a new Section

Participating Employer who wants or is required to establish a new Section

3B.—(1) Except as provided in this Clause an employer who wants or is required to establish a new Section must enter into a deed with the Trustee (“the Deed of Establishment and Participation”) substantially in the form set out in Part 1 of Appendix 3:

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- (a) agreeing to comply with the Pension Trust;
- (b) establishing and naming its Section of the Scheme;
- (c) identifying itself as the Participating Employer who is to be treated as the Designated Employer for its Section; and
- (d) adopting and agreeing to comply with the rules of one of the Arrangements set out in Appendix 2; and
- (e) agrees to apply to become a member of Railtrust Holdings Limited.

The British Railways Board must with effect from 1st October 1994 enter into the Deed of Establishment and Participation set out in Part 2 of Appendix 3.

Participating Employer who wants or is required to participate in an already established Section

(2) An employer who wants or is required to participate in an already established Section must enter into a deed with the Trustee and the Designated Employer for the appropriate Section agreeing to comply with the Pension Trust and the Rules of the Section in which it wants or is required to participate. If the employer is to become the Designated Employer for the Section in lieu of the existing Designated Employer then the deed shall so recite. The Participating Employer shall agree to apply to become a member of Railtrust Holdings Limited and the Participating Employers in the Section shall execute the deed to show their agreement to the change. The new Designated Employer shall notify the Pensions Committee of the change. The Pensions Committee for the Section must consent to the new employer's participation except where the employer is required to participate in the Scheme in which case the Designated Employer shall inform the Pensions Committee.

Arrangements

3C A list of the benefit arrangements available to an employer who wants to establish a new Section and the rules governing each of these Arrangements is set out in Appendix 2.

Defined Benefit Arrangement

3D If a Designated Employer decides to adopt the Defined Benefit Arrangement the Deed of Establishment and Participation shall also set out which of the following options the Designated Employer has chosen to apply to Members of its Section:

- (a) Whether or not Pensionable Service shall be contracted-out by reference to the Scheme (in which case Clause 9 (Contracting-out) shall apply).
- (b) A Minimum Pension Age, on or between the Member's 60th and 70th birthdays (or earlier if acceptable to the Inland Revenue).
- (c) A Member's Contribution Rate, to be either nil or at a specified percentage no greater than 15% of Pensionable Pay.
- (d) An Accrual Rate of 1/100th, 1/80th or 1/60th.
- (e) Provisions for survivors' pensions as follows:
 - whether a Spouse's Pension Fraction is to apply when the Member dies before his pension has started. If it is, this shall be $\frac{1}{2}$ or $\frac{2}{3}$
 - whether a Spouse's Pension Fraction is to apply when the Member dies or after his pension has started. If it is, this shall be $\frac{1}{2}$ or $\frac{2}{3}$
 - whether a Children's Pension Fraction is to apply. If it is, this shall be $\frac{1}{2}$.
- (f) A Lump Sum Death Benefit of nil, 1, 2, 3 or 4 times the Member's Final Average Pay at the date of death.

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The Trustee may add to the above options subject to Clause 13 (Changing the Pension Trust and Rules) and to Revenue Approval.

Defined Contribution Arrangement

3E If a Designated Employer decides to adopt the Defined Contribution Arrangement, then the Deed of Establishment and Participation shall set out which of (a) to (c) and (f) of Clause 3D (Defined Benefit Arrangement) it has chosen to apply to Members of the new Section. The Designated Employer shall notify Members of the rate at which it and any other Participating Employers participating in the Section shall contribute to the Section.

Participating Employer establishing more than one Section

3F A Participating Employer may elect to establish one or more Sections which adopt the rules of any of the Arrangements and may choose differently as described in (a) to (f) of Clause 3D (Defined Benefit Arrangement) in respect of each of those Sections.

The Participating Employer's choice under (a) of Clause 3D may not differentiate between Employees who become Members except on the grounds of the nature of their employment or in other circumstances consistent with the Contracting-out Laws.

Change of Terms

3G Subject to Revenue Approval the Designated Employer and the Trustee may enter into a supplemental agreement altering any of the options contained in the Deed of Establishment and Participation. This supplemental agreement shall include a statement of how benefits shall be calculated in respect of Members' Service and contributions before the date of alteration. The Trustee shall notify the Participating Employers and Pensions Committee for the relevant Section of the terms of any supplemental agreement entered into under this Clause 3G.

New Designated Employer

3H The Designated Employer may by deed agree with the Trustee and the Participating Employers participating in its Section that another Participating Employer participating in the Section shall in future be the Designated Employer for the Section. The new Designated Employer shall agree to apply to become a member of Railtrust Holdings Limited and shall notify the Pensions Committee accordingly.

4 PENSIONS COMMITTEE

4

Setting up a Pensions Committee

4A Until the Trustee is notified that a Pensions Committee has been set up for a Section and has delegated powers to it under Clause 2B (Delegation), the Trustee shall itself exercise all powers, duties and discretions which might otherwise be delegated to or imposed on a Pensions Committee.

If a Designated Employer so decides it shall set up a Pensions Committee. The Designated Employer shall notify the Trustee as soon as the Pensions Committee has been set up and at the same time provide the Trustee with the name and address of the Chairman of the Pensions Committee. The Trustee shall then exercise its power of delegation in accordance with Clause 2B. In the case of the 1994 Pensioners "A" and "B" Sections, the Designated Participating Employer is the Secretary of State.

At the time of the exercise of its power of delegation under Clause 2B, the Trustee shall notify the relevant Pensions Committee of each available Pooled Fund.

The composition and administrative provisions governing the Pensions Committee shall be as set out in Appendix 4 except in the case of the 1994 Pensioners "A" and "B" Sections where the composition and administration is as set out in Schedule 1 to the 1994 Pensioners "A" Section.

Any person may be a member of a Pensions Committee regardless of whether he is also a Member (and may benefit from a power which he is involved in exercising as a member of the Pensions Committee) or whether he has a direct or indirect interest in the Section or is a director of a Participating Employer, Railtrust Holdings Limited or the Trustee.

The Designated Employer shall notify the Trustee as soon as possible if the Pensions Committee ceases to exist and with effect from the date it ceases to exist the Trustee shall itself exercise all powers, duties and discretions which might otherwise be delegated to or imposed on a Pensions Committee.

Delegation

4B The Pensions Committee may, when exercising any of its powers, duties or discretions, take professional advice (including advice from an independent actuary) and, with the consent of the Trustee, may delegate its powers, duties and discretions, as it considers appropriate.

Expenses

4C The expenses of each Pensions Committee and of its members shall be met out of the Section Assets.

5 ASSETS OF THE SCHEME

5

Contributions by Participating Employers

5A Each Participating Employer must contribute to the Scheme in respect of Members within each Section in which it participates at the rate or rates set out in the Rules for each Section and no Participating Employer can contribute to a Section in which it does not participate.

Payment of Participating Employers' Contributions

5B All Participating Employers' contributions shall be due either at the same times as the Members usually receive remuneration from the Participating Employers or, in the case of any lump sum payments, at the same time as the single lump sum contribution is paid by the Member. Contributions shall be immediately segregated by each Participating Employer from its own assets and held on trust for the Trustee and paid within 7 working days to the Trustee. The Participating Employer shall pay interest on such contributions where payment is late as set out in Clause 5D (Interest on Late Payment).

Payment of Members' Contributions

5C All Members' contributions shall be due and payable at the same times as remuneration from the Participating Employer is usually received and each Participating Employer may deduct the appropriate amount from that remuneration. All amounts so deducted by each Participating Employer shall be immediately segregated by the Participating Employer from its own assets and held on trust for the Trustee and paid within 7 working days to the Trustee. The Participating

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Employer shall pay interest on such contributions where payment is late as set out in Clause 5D. The Trustee may, however, agree with a Member that his contributions should be paid in some other manner.

Interest on Late Payment

5D Interest shall accrue from 7 working days after the date on which contributions fall due for payment until the date on which payment of the contributions together with interest on those contributions is received by the Trustee. Such interest shall accrue simple at 5% above the sterling base rate published by The Royal Bank of Scotland plc from time to time or at such higher rate as is actually received by the Participating Employer on the contributions. The Trustee shall use all reasonable endeavours to collect contributions within 7 working days of the date on which they fall due. The Trustee may waive payment if it considers the amount of interest to be paid is trivial.

Assets held on Trust

5E The Trustee shall hold all the contributions and other assets which it receives and the property representing them and all the income on trust to pay the benefits under the Scheme.

The assets shall be attributed to the appropriate initial Section in accordance with the terms of the Transfer Orders and after the effective date of the Transfer Orders the assets shall be dealt with as set out in the Pension Trust and Rules.

The liabilities of each Section to provide benefits to and in respect of Members and former employees and their respective dependants shall be met out of the Section Assets and the Section Assets shall not be applied to or for the benefit of any other Section at any time (other than on a transfer of Member's benefits between Sections).

The Trustee shall maintain records sufficient to show at any time:

- (a) in the case of assets other than Unitised Section Assets, the assets of the Scheme attributable to each Section; and
- (b) in the case of Unitised Section Assets, the number of units in each Pooled Fund notionally allocated to each Section.

Application of Assets

5F For the purpose of the Scheme the Trustee may in any part of the world alone or together with others acquire and dispose of any property (tangible or intangible, movable or immovable), whether or not it produces income, enter into any contract or incur any obligation, lend or borrow money or other property for any purpose (including acquiring assets), grant any mortgage or charge over or give any right of recourse against any or all of the assets of the Scheme, form and finance any company, carry on and finance any business, insure assets of the Scheme for any amount against any risk and keep assets in nominee names. The Trustee shall have all powers relating to the assets of the Scheme which it would have if it were absolutely and beneficially entitled to the assets of the Scheme.

The Trustee may also at all times and from time to time invest, hold or stand possessed of all or any of the assets of the Scheme in such manner that the said assets, or any of them, may be:

- (a) mingled with the assets of any other pension scheme or of any other fund of which the assets are or become vested in the Trustee;
- (b) held jointly with assets of another fund; or
- (c) otherwise intermixed with assets, investments or property of whatsoever kind and wheresoever situated,

without the same being separately designated or allocated as an asset of any particular pension scheme or fund.

The Trustee may not acquire any shares, securities, stocks, bonds or debentures in or issued by any Participating Employer or its holding company or subsidiaries or make any loans to any such company or any Member or acquire any interest in property which is used for the purposes of any business carried on by any Participating Employer or its holding company or subsidiaries other than (i) by means of a discretionary investment manager operating at arm's length, or (ii) in acquiring, developing or improving any interest in real property owned or occupied by or subject to a lease in favour of any Participating Employer participating in the relevant Section or its holding company or subsidiaries of the holding company, or (iii) in investing in a fund which tracks or seeks to track a recognised stock market index, investment trust or unit trust over which no Participating Employer has any direct or indirect control. At all times not more than 5% in aggregate of Section Assets may be invested in this way.

The Trustee shall ensure that the regulations relating to Pooled Funds which are authorised by it enable and oblige the Trustee:

- (a) in the case of investment of assets of the Scheme in the Pooled Fund to notionally allocate, cancel and surrender units representing undivided shares in the assets held in the Pooled Fund such that the number of units at any time notionally allocated to a particular Section accurately reflects the proportion of the assets held in the Pooled Funds attributable to that Section;
- (b) to value such assets in accordance with best market practice.

Consultation with Pensions Committees

5G This Clause 5G does not apply to the 1994 Pensioners "A" and "B" Sections.

The Trustee shall consult with the Pensions Committee for each Section about the manner in which it exercises its powers under Clause 5F (Application of Assets) in relation to the relevant Section.

The Pensions Committee may from time to time determine an investment policy for its Section to establish the proportion of Section Assets to be held in each of the Pooled Funds and shall obtain the Trustee's approval to that policy. The Trustee may only withhold its approval if in its opinion the proposed policy would be likely seriously to prejudice the security of Members' interests.

The Trustee may after consulting with all the relevant Pensions Committees (i) establish new common investment funds or (ii) extend the scope of an existing Pooled Fund. It shall always establish a new Pooled Fund if at least half of all the Pensions Committees so request. The Trustee shall notify the Pensions Committee of any new Pooled Fund.

The Trustee shall provide quarterly performance reports and fund managers' reports to each Pensions Committee and shall provide such further information to the Pensions Committee as the Pensions Committee reasonably requests.

6 ACCOUNTS, ACTUARIAL VALUATIONS AND ANNUAL REPORTS

6

Accounts

6A The Trustee shall appoint an auditor to the Scheme who must be a person who is qualified by law to act as auditor of a company but may not be a Member or Participating Employer or an employee or director of a Participating Employer or of the Trustee or its subsidiaries.

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The auditor shall prepare and audit the annual accounts of the Scheme and shall submit them to the Trustee within 6 months of the date as at and to which the accounts are drawn up. The audited accounts shall be drawn in such a way as to show what part or proportion of the assets of the Scheme relates to each Section and shall comply with the laws as to the disclosure of information set out in the Pensions Act (“the Disclosure Laws”).

As soon as they are available, the Trustee shall give a copy of that part of the audited accounts which relates to a particular Section to the Chairman of the Pensions Committee and the Designated Employer for that Section. The Trustee shall also give a copy of the parts of the audited accounts which relate to the 1994 Pensioners “A” and “B” Sections to the Secretary of State as soon as they are available.

Actuarial Valuations

6B The Trustee shall appoint an actuary to the Scheme who must be a Fellow of the Institute or Faculty of Actuaries or a firm of, or a company employing, those Fellows or a person who holds a qualification obtained outside the United Kingdom which is recognised by the Institute or Faculty of Actuaries as being adequate for the performance of the role of actuary to the Scheme. In relation to the 1994 Pensioners “A” and “B” Sections and any other Section for which the Deed of Establishment and Participation so provides, the Actuary shall act jointly with the Government Actuary. In the context of those Sections references to “the Actuary” are to the Actuary and the Government Actuary and advice given by the Government Actuary in relation to those Sections is without prejudice to his powers and duties to give advice as a government adviser and vice versa.

The Trustee shall obtain actuarial valuations of the Scheme from the Actuary at intervals of not more than 3 years from the date as at which the last valuation was prepared.

The actuarial valuation for the Scheme shall be drawn in such a way as to enable each Section to be considered separately. Before preparing the valuation the Actuary shall consult with the Trustee, the Designated Employers and the Pensions Committees including consulting on the basis, methodology and assumptions for the valuation.

The Trustee shall supply a copy of each valuation to each Designated Employer and to the Chairman of each Pensions Committee, but the copy shall not include those parts of the valuation which deal only with the other Sections. The Trustee shall provide a Designated Employer or a Pensions Committee with a full copy of the valuation of the Scheme if requested to do so by either of them.

A Designated Employer may at any time obtain a further actuarial valuation from the Actuary or from another actuary in respect of its Section (except that only a valuation obtained from the Actuary shall count for the purposes of the 3-yearly valuation under the second paragraph of this Clause 6B). The expenses for any further valuations shall be met by the Participating Employers in that Section. The Pensions Committee may at any time obtain a further actuarial valuation in respect of its Section from the Actuary or from another actuary if it considers it necessary and appropriate, the expenses for which shall be payable out of the Section Assets.

Annual Reports

6C The Trustee shall prepare annual reports in relation to the Scheme which shall contain:

- (a) a copy of the audited accounts;
- (b) a copy of the latest actuarial statement;
- (c) further information as required by the Disclosure Laws.

The annual reports shall be prepared within 7 months after the end of the year to which they relate. The Trustee shall provide a copy of parts of the annual report which relate to a particular Section to the Chairman of the Pensions Committee and each Designated Employer for that Section. The

Trustee shall provide a Designated Employer or a Pensions Committee with a full copy of the annual report relating to the whole Scheme at any time if requested to do so by either of them.

7 GENERAL PROVISIONS ABOUT SCHEME BENEFITS

7

Payment of Benefits

7A Except where benefits payable under the rules of the Defined Contribution Arrangement are secured by buying an annuity contract, pensions are payable every 4 weeks in arrears. A proportionate payment shall be made for any period of less than 4 weeks. Pension shall be paid for the 4 week period in which a pensioner dies.

In the event that any payment is paid late, the Trustee may increase it to take account of the late payment.

Deduction of Tax

7B The Trustee may deduct from any payment under the Scheme any tax for which it may be liable in respect of that payment.

Beneficiary who is Incapable

7C If the Trustee considers, having regard to Clause 2G (Fiduciary Duty), that a beneficiary cannot look after his affairs (by reason of illness, mental disorder, minority, bankruptcy or otherwise) it may use any amounts due to the beneficiary for his benefit or pay them to some other person or persons to do so. The receipt of the person to whom any amount is paid shall discharge the Trustee from any obligation in respect of the amount concerned. The Trustee may also make for the beneficiary any choice which the beneficiary has under the Scheme.

Benefits not Assignable

7D If a person tries to assign or charge his benefit payable under the Scheme or if any event occurs by which all or part of the benefit would become payable to some other person, the benefit shall cease to be payable. An equivalent benefit shall be paid to, or used for the benefit of, one or more of the persons concerned and that person's Dependants or Eligible Dependants (as defined in the Rules), in such shares as the Trustee decides. But the equivalent benefit may not be paid to anyone in whose favour the person concerned tried to assign or charge the benefit.

This Clause does not apply to GMP.

Forfeiture of Benefits

7E Any payment which is not claimed within 6 years from the date it was due to be paid shall cease to be payable, unless the Trustee decides otherwise.

Notices

7F Any notice required to be given by Members shall be given in the form and within the time limit (if any) set out in the Rules or determined by the Trustee.

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Inland Revenue Limits

7G The Scheme is designed for Revenue Approval and the Trustee shall comply with all undertakings which the Inland Revenue require it to give as a condition of approving the Scheme.

The benefits set out in the Pension Trust and Rules are subject to all limits imposed by the Inland Revenue as to nature and amount either generally or specifically in relation to the Scheme. In particular, if a Member transfers between Participating Employers in different Sections, the maximum pension payable and the maximum lump sum which the Member may choose to commute under the Rules may have to be restricted. A statement of benefit limits, as required by the Inland Revenue, is included in Appendix 6.

Protected Persons

7H Where, in relation to a Protected Person, the provisions of this Pension Trust or the Rules do not satisfy the requirements of the Railway Pensions (Protection and Designation) Order 1994⁽⁹⁾, then the Pension Trust and the Rules shall be operated in relation to that person in such a way as to ensure that they do comply with that Order.

8 SCHEME BENEFITS — POWERS OF TRUSTEE

8

Commutation Triviality

8A The Trustee may pay a person a lump sum instead of a trivial pension which has become payable to that person and any trivial pensions payable on the person's death. The Trustee shall convert pension to lump sum on a basis certified as reasonable by the Actuary and approved by the Inland Revenue.

Subject always to the Contracting-out, Revaluation and Preservation Laws and to Revenue Approval, a pension may be treated as trivial only if all benefits payable to the person concerned under the Scheme and all other occupational pension schemes and free-standing AVC schemes approved under section 591 of the Taxes Act relating to the same employment are less in value than a pension of £260 a year or any greater amount consistent with those Laws and Revenue Approval.

A pension that includes GMP can only be treated as trivial in the circumstances permitted by the Contracting-out Laws.

Transfers-in

8B Except in the case of a Section which has adopted the rules of the Defined Contribution Arrangement, the Trustee must accept a transfer of assets in respect of a direction of the Secretary of State or in respect of a Transfer Order and in the case of Members who are Protected Persons shall provide benefits in respect of those assets as required by the Railway Pensions (Protection and Designation) Order 1994.

In all other circumstances, if the Designated Employer agrees and provided the transfer is made from an arrangement permitted by the Inland Revenue, the Trustee may accept a transfer of assets in respect of a person from another occupational pension scheme or a personal pension scheme or from another Section, or the surrender value of a Buy-out Policy or retirement annuity contract bought in the person's name, and shall provide such benefits consistent with Revenue Approval and with the Preservation, Revaluation and Transfer Value Laws as the Trustee decides are appropriate (after

(9) [S.I.1994/1432](#).

considering actuarial advice) and having regard to the amount of the transfer payment received. The Trustee shall collect transfer payments as promptly as possible.

Where the transferred assets represent GMPs, the transferred GMPs shall be revalued as described in Clause 9F (Transferred GMPs).

Where the transferred assets represent protected rights, the protected rights shall be used to provide GMPs equal to those to which the Member and his spouse would have been treated as entitled under the transferring scheme had the transfer not been made. Those GMPs shall be revalued as described in Clause 9F (Transferred GMPs).

Transfers-out

8C This Clause does not apply to a Section which has adopted the rules of the Defined Contribution Arrangement nor to the 1994 Pensioners “A” and “B” Sections.

Transfers to another scheme or other arrangement or to a Section which has adopted the rules of the Defined Contribution Arrangement

Transfers (not following a compulsory change in employment)

- (a) If the benefits of a Member are transferred, the amount of the transfer payment will be equal in value to the cash equivalent of the Member’s benefits calculated in accordance with the Transfer Value Laws. The Designated Employer may agree to the transfer of a higher amount (but not exceeding a share of fund) provided that the Pensions Committee is satisfied that the benefits to be provided in respect of past service in the receiving scheme, arrangement or Section are reasonable in relation to the transfer payment paid.

Transfers (following a compulsory change in employment)

- (b) If benefits are transferred following a compulsory change in employment then the amount of the transfer payment will be equal in value to the cash equivalent of the Member’s benefits calculated in accordance with the Transfer Value Laws. The Pensions Committee may decide, however, that the transfer payment should be increased to an amount equal to the Member’s Past Service Reserve, or such higher amount as the Designated Employer agrees (but not exceeding in either case a share of the fund) and provided that the Pensions Committee is satisfied that the benefits to be provided in the receiving scheme, arrangement or Section will be of the same value overall to the benefits provided under the transferring Section.

Transfers between Sections which have adopted the rules of the Shared Cost Arrangement or of the Defined Benefit Arrangement

Transfers (not following a compulsory change in employment)

- (a) If the benefits of a Member who has retained his rights under the Railway Pensions (Protection and Designation) Order 1994 are transferred within 15 months of leaving Service then the amount of the transfer payment will be equal to the Member’s Past Service Reserve. Otherwise, the amount of the transfer payment will be equal in value to the cash equivalent of the Member’s benefits calculated in accordance with the Transfer Value Laws. The benefits to be provided under the receiving Section will be calculated using the same actuarial basis and assumptions as the Actuary used to determine the amount of the transfer payment.

The Designated Employer may in either case agree to a higher transfer payment (but not exceeding a share of the fund).

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The Trustee may, having regard to Clause 2G, agree to a higher transfer payment (but not exceeding a share of fund) in relation to a Member who has retained his rights under the Railway Pensions (Protection and Designation) Order 1994 whose benefits are transferred within 15 months of leaving Service provided that the higher transfer payment:—

- (i) does not exceed the amount which is sufficient to credit the Member with Pensionable Service on a year for year basis in respect of the period of Pensionable Service in relation to which the transfer is made adjusted to take account of any difference in benefit structure between the transferring and receiving Sections; and
- (ii) shall not cause an increase in contributions under Rule 3A.

Transfers (following a compulsory change in employment)

- (b) If the benefits of a Member who is a Protected Person are transferred following a compulsory change in employment on or before 30th September 2003, the amount of the transfer payment will be calculated on a share of fund basis.

If benefits are transferred following a compulsory change in employment in the case of a Member who is not a Protected Person or who is a Protected Person but does not transfer on or before 30th September 2003 then the amount of the transfer payment will be equal to the Member's Past Service Reserve unless the Designated Employer agrees to a higher transfer payment (not exceeding a share of the fund).

The benefits to be provided under the receiving Section will be calculated using the same actuarial basis and assumptions as the Actuary used to determine the amount of the transfer payment and will be actuarially equivalent to the amount transferred to the receiving Section.

Initial transfers to Sections as a consequence of Transfer Schemes

3 In any case where the first transfer of Members' benefits are made from the Section established by the British Railways Board adopting the Rules of the Shared Cost Arrangement to another Section as a consequence of a Transfer Scheme the amount of the transfer payment will be calculated on a share of fund basis determined on the same actuarial basis as transfers under the Transfer Orders.

For the purposes of this paragraph 8C 3 "Transfer Scheme" means a transfer scheme made pursuant to section 85 of the Railways Act on or after 1st April 1994.

Pensioners and Deferred Pensioners

4 Where there is a transfer payment following a change of employment in circumstances where the Transfer of Undertakings (Protection of Employment) Regulations 1981 apply the Trustee will (taking account of the factors below) decide the liabilities (if any) in respect of relevant pensioners and deferred pensioners to be transferred to the new Employer, subject (in the case of a transfer between Franchise Operators) to the agreement of the Franchising Director. The factors to be taken into account above are the former employment of the relevant pensioners and deferred pensioners and the views of the new Employer concerned.

The amount of the transfer payment to be made in respect of the liabilities referred to above will be calculated on a share of fund basis unless the Trustee having consulted the Actuary otherwise determines.

To the extent liabilities in respect of pensioners and deferred pensioners are not transferred the Trustee will pay benefits out of the Section in which case the Pension Trust and the Rules of the Section will continue to apply.

Definition of Past Service Reserve

5 For the purposes of this Clause 8C “Past Service Reserve” means in all cases an amount equal to the value of benefits payable under the Section to and in respect of a Member based on the Member’s actual Pensionable Service, calculated by the Actuary using assumptions which include an allowance for projected increases in the Member’s Final Average Pay and increases to pensions in accordance with the Rules and adjusted to allow for the period from the date of calculation to date of payment.

Notification by Actuary

6 The Actuary will notify the Trustee and the Pensions Committees of the methods and assumptions used in calculating transfer payments and of any change to those methods and assumptions, together with the date from which the change operates.

General Provisions on Transfers

Protected Person

- (a) In any case where the Railway Pensions (Protection and Designation of Schemes) Order 1994 requires the Trustee to transfer an amount higher than the amount specified above or to provide benefits following receipt of a transfer payment which are different from those specified above, the Trustee will transfer that higher amount or provide those different benefits.

Share of Fund

- (b) Other than transfers under 8C 3 above, in any case where the amount of the transfer payment is calculated on a share of fund basis, the amount will be as determined by the Actuary after taking into account all relevant matters including the resources of the relevant Section.

Past Service Reserve

- (c) In any case where the amount of a transfer payment based on the Member’s Past Service Reserve is greater than a transfer payment based on a share of fund, the transfer payment will be limited to the transfer amount based on a share of fund. In these circumstances benefits to be granted in the receiving scheme, arrangement or Section will be equivalent in value to the amount transferred.

Reduction of Cash Equivalent

- (d) In accordance with the Transfer Value Laws the cash equivalent provided will be reduced in the event of a deficiency provided the Pensions Committee agrees.

Compulsory change in employment

- (e) For the purposes of this Clause 8C “compulsory change in employment” means in relation to a Member a change in employment following a transfer, sale or disposal of shares of an Employer (including where the Employer is a Franchise Operator) where the Member can no longer continue to accrue benefits under the Section.

Buy-Outs

8D Except in the case of a Section which has adopted the rules of the Defined Contribution Arrangement, instead of providing benefits under the Scheme in respect of a beneficiary, the Trustee may buy a Buy-out Policy in the name of the beneficiary from the UK office or branch of an Insurance Company.

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A Buy-out Policy must satisfy the Transfer Value Laws and the requirements of the Inland Revenue. In particular, the policy must provide that the annuities payable to or for the benefit of the Member and the Member's spouse shall be at least equal to their GMP under the Scheme, including revaluation in accordance with the Contracting-out Laws.

Where the Preservation and Contracting-out Laws so require, the Trustee shall obtain the consent of the Member or other beneficiary before buying the policy.

The Trustee must be reasonably satisfied that the amount paid to the Insurance Company is at least equal in value to the benefits that would otherwise have been provided in respect of the beneficiary under the Scheme.

9 CONTRACTING-OUT

9

Overrides other Provisions

9A If any Member's Service becomes Contracted-out by reference to the Scheme under the Pensions Act this Clause shall override any inconsistent provisions of the Pension Trust and Rules (other than Clause 8A (Commutation: Triviality)) except where those provisions provide contracted-out benefits additional to those set out in this Clause 9.

GMPs

9B If a Member has a guaranteed minimum in relation to the pension provided for the Member under the Scheme in accordance with sections 13—16 of the Pensions Act:

- (a) the weekly rate of the Member's pension (excluding pension provided by Additional Voluntary Contributions) from age 65 if a man or 60 if a woman ("State Pension Age") shall not be less than the guaranteed minimum;
- (b) if the Member is a man and dies leaving a widow, the weekly rate of her pension (excluding pension provided by Additional Voluntary Contributions) shall not be less than half the Member's guaranteed minimum;
- (c) if the Member is a woman and dies leaving a widower, the weekly rate of his pension (excluding pension provided by Additional Voluntary Contributions) shall not be less than half the part of the Member's guaranteed minimum that is attributable to earnings for the tax year 1988—89 and subsequent tax years.

Late Retirement

9C If a Member's pension starts after State Pension Age and the period of postponement is at least 7 weeks, the Member's GMP shall be increased from State Pension Age as follows:

- (a) the part of the GMP attributable to earnings for the tax year 1988—89 and subsequent tax years shall be increased by the percentage specified in any orders made by the Secretary of State under section 109 of the Pensions Act during the period of postponement;
- (b) the whole GMP (including the increase described in (a)) shall be increased by 1/7% for each complete 7 days of postponement.

Early Leavers

9D If a Member leaves Contracted-out Service under the Scheme before State Pension Age, the Member's GMP accrued up to leaving shall be increased by the appropriate percentage specified in

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the last order made under section 148 of the Social Security Administration Act 1992⁽¹⁰⁾ to come into force before the tax year in which the Member reaches State Pension Age or dies, if earlier. If, however, a GMP is to be transferred to a scheme, or bought out by a Buy-out Policy, under which the GMPs of early leavers are increased by another method, the Trustee may adopt that other method for the GMP in question.

Anti-Franking

9E No pension payable under the Scheme shall be less than is necessary to comply with the anti-franking requirements set out in Part IV Chapter III of the Pensions Act.

Transferred GMPs

9F Where a GMP has been transferred from another occupational pension scheme or a Buy-out Policy, the Scheme shall increase this GMP for each complete tax year after the date on which the Member left Contracted-out employment under the scheme in which the transferred GMP accrued up to State Pension Age (or earlier death).

If the transfer is from another scheme, the GMP shall be increased by the appropriate percentage specified in the last order made under section 148 of the Social Security Administration Act 1992 to come into force before the tax year in which the Member reaches State Pension Age or dies, if earlier, except that, where the Contracting-out Laws allow, the Trustee may for all or any of the tax years in question increase all or part of the transferred GMP by the method by which the GMP was being increased in the transferring scheme.

If the transfer is from a Buy-out Policy, the GMP shall be increased by the same method as was in use under the policy or such other method as is allowed under the Contracting-out Laws.

Other Contracting-out Requirements

9G This Pension Trust and the Rules have been drafted to meet the contracting-out requirements of the Pensions Act and any additional requirements contained in Memorandum No.77⁽¹¹⁾ issued by the Joint Office of the Occupational Pensions Board and the Inland Revenue Pension Schemes Office. But in the event of any conflict between the aforementioned requirements, the Trustee shall operate the Scheme in conformity with those requirements regardless of any other provisions of the Scheme except those necessary for Revenue Approval.

10 CEASING TO PARTICIPATE

10

When Participation Ceases

10A Other than as provided under the Railway Pensions (Protection and Designation) Order 1994 a Participating Employer may cease to participate in a Section by giving not less than 3 months' written notice to the Trustee and to the Pensions Committee. The Trustee and the Pensions Committee may in their discretion accept shorter notice if they consider, exceptionally, that it is appropriate.

The Trustee shall by 3 months' written notice require a Participating Employer to cease participating on any date if its continued participation would prejudice Revenue Approval. With the consent of the Inland Revenue the Trustee may permit the continued participation of a Participating Employer in

⁽¹⁰⁾ 1992 c. 5.

⁽¹¹⁾ Copies of Memorandum No. 77 are available from the Occupational Pensions Board, PO Box 2EE, Newcastle-upon-Tyne, NE99 2EE.

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a Section where the Participating Employer ceases to be associated with the Designated Employer, for such period and on such terms as the Trustee determines. Other than as provided under The Railway Pensions (Protection and Designation) Order 1994(12) the Trustee may by 3 months' written notice require a Participating Employer to cease participation if it is in liquidation or if a railways administration order (as defined in section 59 of the Railways Act 1993) has been made in respect of it or if a Participating Employer is in default of its obligations under the Pension Trust and Rules and has not taken such steps as the Trustee has required to remedy the default.

One Participating Employer in a Section ceases to Participate

10B If a Participating Employer, being one of 2 or more Participating Employers participating in a Section, ceases to participate in the Section, each Member in employment with that Participating Employer shall be treated as if, on the day the Participating Employer ceased to participate, the Member had left Service with deferred benefits or a preserved pension or, in the case of a Section which has adopted the rules of the Defined Contribution Arrangement, preserved benefits or a refund of contributions, as appropriate, under the “Early Leavers” Rule. The Trustee may decide, however, in the case of any Member who would otherwise have received a refund of contributions to provide the Member with a preserved pension.

Alternatively the Trustee may, after consulting the relevant Designated Employer and Pensions Committee, pay benefits out of the Section in respect of some or all of the Members and former employees of that Participating Employer. In this case their benefits shall continue to be governed by the Pension Trust and Rules of the Section.

Before it ceases to participate a Participating Employer who is the Designated Employer shall by deed agree with the Trustee and the Participating Employers who are continuing to participate in the Section which of them is to be the new Designated Employer for the Section after it has ceased to participate and the new Designated Employer shall apply to become a member of Railtrust Holdings Limited. The new Designated Employer shall notify the Pensions Committee accordingly.

The Trustee may, after consulting the Designated Employer, make transfer payments as described in Clause 8C (Transfers–out), or buy Buy–out Policies as described in Clause 8D (Buy–outs), in respect of all or any of the Members concerned.

All Participating Employers in a Section cease to Participate

10C If all Participating Employers in a Section cease to Participate, Clause 11 (Winding–up a Section where all Participating Employers cease to Participate) shall apply except where all the Participating Employers are franchise operators when Clause 8C shall apply.

Participating Employer transfers between Sections

10D If a Participating Employer ceases to participate in one Section and immediately starts to participate in another Section, the Members employed by that Participating Employer at the date of the change shall have their benefits calculated as if all their Pensionable Service had been with the new Section except that where the Rules relating to the new Section are different from those relating to the previous Section, each Member’s benefits accrued to the date of the change may be adjusted, as decided by the Trustee after taking actuarial advice.

The Trustee, acting on actuarial advice, shall transfer Section Assets from the First Section to the Second Section on the basis set out in Clause 8C (Transfers–out), calculated at the date the Participating Employer ceases to participate in the first Section.

(12) S.I. 1994/1432.

After consulting with the Pensions Committees of the Sections concerned the Trustee shall decide which assets shall be transferred.

11 WINDING-UP A SECTION WHERE ALL EMPLOYERS CEASE TO PARTICIPATE

11

All Participating Employers in a Section cease to Participate

11A Except (i) in the case of the 1994 Pensioners “A” and “B” Sections where Rule 16A of those Sections shall apply or (ii) where Clause 12 applies if all the Participating Employers in a Section cease to participate in that Section, benefits shall cease to accrue under the Section for all the Members and former employees of the Participating Employers. The Trustee shall wind-up the part of the Scheme appropriate to the Section as set out in the rest of this Clause.

The Trustee may defer winding-up the Section for so long as it sees fit, and in the meantime provide, out of the Section Assets, benefits for the beneficiaries concerned in accordance with the Pension Trust and Rules as if each Member in employment with a Participating Employer had left Service on the day the Participating Employer ceased to participate with deferred benefits or a preserved pension or, in the case of a Section which has adopted the rules set out at Appendix 2 Part 3, preserved benefits or a refund of contributions, as appropriate, under the “Early Leavers” Rule. In such a case the Trustee may under Clause 13 (Changing the Pension Trust and Rules) amend the Rules applying to these beneficiaries as it sees fit but not so as to impose any further liability on a Participating Employer.

Expenses and Sums Due

11B The Trustee shall first pay all sums due before the Participating Employers ceased to participate in the Section, including lump sums in respect of those Members who participated in the Section and who have died within 2 years before the Participating Employers ceased to participate in the Section. The Trustee shall then set aside sufficient assets to pay the expenses of the winding-up. The Trustee shall then use the rest of the Section Assets as described below.

Buying Annuities

11C The Trustee shall buy annuity or insurance policies in the names of beneficiaries.

These policies shall be with the UK office or branch of an Insurance Company. The policies shall be consistent with the Preservation Laws, the Contracting-out Laws and with Revenue Approval and shall provide benefits as nearly as practicable the same as the entitlements under the “Early Leavers” Rule of that Section.

If the Section Assets are insufficient, then unless the Rules of the Section specify a different order of priority to apply on winding-up, the following benefits under the Scheme shall be provided first and in the following order of priority (1) any benefits in respect of pensioners and of Members who reached Minimum Pension Age before the Participating Employers ceased to participate in the Section and (2) GMPs not yet payable, state scheme premiums and equivalent pension benefits for periods of non-participating employment under the National Insurance Act 1965(13).

Additional Voluntary Contributions

11D Unless either otherwise specified in the Rules or otherwise required by the Contracting-out Laws, where a Member has paid Additional Voluntary Contributions and those Additional Voluntary

(13) 1965 c. 51.

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Contributions have been invested separately from all the other assets of the Scheme, the proceeds shall be used separately to provide additional benefits for, or in respect of, the Member.

The additional benefits shall be consistent with Revenue Approval and shall comply so far as possible with any wishes made known by the Member in writing to the Trustee.

Transfers

11E The Trustee may transfer assets (including any assets applied under Clause 11F) to some other scheme, arrangement or Section in accordance with Clause 8C (Transfers-out), or in such other way as the Trustee may decide, instead of providing benefits as described in Clauses 11C (Buying Annuities) and 11D (Additional Voluntary Contributions) except that if the Section is the last Section being wound-up GMPs may not be transferred to another scheme without the approval of the Occupational Pensions Board under section 50(1) of the Pensions Act.

If the Trustee having taken actuarial advice so decides the liabilities in respect of some Members and former employees of any Participating Employer shall be met by a transfer in accordance with the above paragraph and the liabilities in respect of the remaining Members and former employees shall be met as described in Clauses 11C (Buying Annuities) and 11D (Additional Voluntary Contributions).

If the last Section has been wound-up the Member's right to a transfer or "buy-out" under the Rules shall be subject to any power which the Occupational Pensions Board has to extend the period within which the Trustee has to do what the Member requires.

Surplus Assets on Winding-up

11F If any of the Section Assets remain they shall be applied as set out in the Rules of the Section. Any additional benefits shall be secured under Clause 11C (Buying Annuities) or 11E (Transfers), as determined by the Trustee.

GMPs

11G If the Section Assets are insufficient to provide in full the GMPs and benefits to be provided before GMPs in accordance with Clause 11C (Buying Annuities), the Participating Employers participating in the Section shall immediately pay to the Trustee, in the proportions decided by the Trustee, the amount specified by the Trustee as necessary to provide the GMPs and those benefits in full.

If the last Section has been wound-up, (or if the Scheme ceases earlier to be a Contracted-out Scheme) the Trustee may pay state scheme premiums under the Pensions Act to reinstate any Members and their widows for earnings related benefits in the state scheme. If the Trustee pays state scheme premiums, the benefits otherwise to be provided on termination shall be reduced as the Trustee considers appropriate, to take account of the GMPs extinguished. Any reduction in benefits shall be consistent with the Contracting-out and Preservation Laws and the requirements of the Occupational Pensions Board.

Trivial Benefits

11H The Trustee may commute trivial benefits for a lump sum under Clause 8A (Commutation: Triviality) whether or not the benefits have become payable.

Defined Contribution Arrangement

11I In the case of a Section for which a Participating Employer has adopted the rules of the Defined Contribution Arrangement, Rule 18 of the rules of that Section shall apply in place of Clauses 11A to 11H above.

12 CHANGE OF FRANCHISE OPERATOR OR SALE OF BUSINESS

12

Participating in a Section

12A If Employees of an Employer participating in a Section change their employment in circumstances where the Transfer of Undertakings (Protection of Employment) Regulations 1981 apply then Clauses 10B, 10C and 11A will not apply where the new employer enters into a deed with the Trustee agreeing to participate in that Section and to comply with the Pension Trust and the Rules of the Section.

If the new employer is the only Employer participating in the Section it will become the Designated Employer in lieu of the former Designated Employer and the new Employer will apply to become a member of Railtrust Holdings Limited and inform the Pensions Committee.

If there is more than one new Employer then Clause 3B(2) shall apply.

Change of Franchise Operator

12B In circumstances where there is to be a change of Franchise Operator and either Clause 12A or Clause 8C above apply, then the Franchising Director may require a copy of the latest actuarial valuation in relation to the Section and confirmation by the Actuary that there has been no material change since the date of that last valuation which would affect the funding position of that Section. If the Franchising Director requires the Trustee will obtain a further actuarial valuation or will provide further information.

13 CHANGING THE PENSION TRUST AND RULES

13

Changing the Pension Trust or Rules generally

13A The Trustee may by deed, subject to the restrictions set out below and to Inland Revenue consent, change any of the trusts, powers and provisions of the Pension Trust or Rules provided that the Trustee acting on professional advice determines that the change is trivial or is required by law or in order to retain Revenue Approval. Otherwise, the Trustee must first obtain the consent of the Designated Employers except that the Trustee may (having considered actuarial advice) amend Schedule 5 and Schedule 7 of the Rules of any Section which has adopted the rules of the Shared Cost Arrangement, without the Designated Employer's consent. The Trustee shall notify each Designated Employer and each Pensions Committee of any change made under this paragraph. But any change under this Clause which has the effect of changing the Rules of the 1994 Pensioners "A" and "B" Sections requires the consent of the Secretary of State.

Changing only the Rules of a Section

13B The Trustee, the Designated Employer and the Pensions Committee for a Section shall by deed, subject to the restrictions set out below and to Inland Revenue consent, change any of the trusts, powers and provisions of the Rules of the relevant Section which the relevant Designated

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Employer and the Pensions Committee request to be made unless the Trustee considers that in all the circumstances the change would be improper or that it would not be in the best interests of the Members and beneficiaries of the Section. The Trustee shall notify all the Participating Employers participating in the Section of the change.

For the purposes of the 1994 Pensioners “A” and “B” Sections the Designated Employer is the Secretary of State.

Restrictions on Changes

13C No change may be made which:

- (i) varies the main purpose of the Scheme to provide pensions and other benefits for and in respect of Members;
- (ii) permits payment of assets to Participating Employers other than as already described under the Pension Trust and Rules or the application of assets other than for the purposes of the Scheme;
- (iii) reduces without the person’s consent the benefits in respect of a person already receiving a pension at the date of the change;
- (iv) conflicts with any provisions which have effect by virtue of an order (other than the Railways Pension Scheme Order 1994⁽¹⁴⁾ and the Schedule to it) made by the Secretary of State under Schedule 11 to the Railways Act;
- (v) prejudices Revenue Approval;
- (vi) in respect of a Protected Person, varies, cancels or overrides or would have the effect of varying, cancelling or overriding the purpose or intent or terms of, or any definition used in, any of the Clauses of the Pension Trust or Rules of the Shared Cost Arrangement or the 1994 Pensioners “A” and “B” Sections which are set out in Appendix 8, without the prior written consent of at least 75% of all the directors of the Trustee;
- (vii) alters the powers, duties and discretions of the Actuary or the Trustee without the prior written consent of 75% of all the directors of the Trustee;
- (viii) has the effect of replacing the Trustee unless the replacement trustee is a corporate body governed by a Memorandum and Articles of Association identical to those which govern the outgoing trustee and the Secretary of State has consented to the assignment to the replacement Trustee of the benefit of the guarantee in respect of the 1994 Pensioners “A” and “B” Sections.

In addition to the restrictions on amendments set out above;

- (a) the restrictions set out in Appendix 7 apply to any amendment which affects any Protected Person; and
- (b) no amendment may be made to Clause 8C in relation to a Protected Person which would have the effect of reducing the amount of the transfer payment as described in that Clause being an amount less than the amount permitted under the terms of the Railway Pensions (Protection and Designation of Schemes) Order 1994.

GOVERNING LAW

14. English law governs the Scheme and its administration.

⁽¹⁴⁾ S.I. 1994/1433.

Appendix 1

Clause 1

PART I

RULES OF THE 1994 PENSIONERS “A” SECTION

MEANING OF WORDS USED

1. This Rule sets out the meaning of words used in these Rules.

“Basic Pension”	means the annual pension which would be payable to a Member if the following Rules did not apply: Rule 8 (Other Choices for Early Leavers), Rule 10A (General), Rule 12B (GMP Increase), Rule 12C (State Graduated Retirement Benefits) and Appendix 9 to the BR Rules.
“Basic State Pension”	means an amount equal to the yearly rate of the basic state pension for a single person in force during the year in question.
“BR Pension Scheme”	means the BR Pension Scheme established by a trust deed dated 25th November 1985.
“BR Rules”	means the rules as at the commencement date of the Protection Order which govern the BR Pension Scheme.
“Contracted-out Pension”	means, on a specified date in relation to a person who is about to retire: (A) (a) the amount determined under (i) or (ii) of rule 13(2) of the BR Rules; multiplied by (b) whichever is the lesser of (i) the number of years of Contributory Membership after 5th April 1978 together with any additional period of membership granted as a result of a transfer and (ii) 40; plus (B) any pension entitlement by reference to rule 13(5) of the BR Rules; multiplied by the Normal Pension on whichever is the earlier of (a) the specified date and (b) the date of attaining State Pension Age; and divided by the Basic Pension.
“Contributory Membership”	means the aggregate of: (a) in the case of a Member who has at no time been a Part-time Employee the period during which the Member has contributed to the BR Pension Scheme under rule 11 of the BR Rules or, in

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the case of a Member who is or has at any time been a Part-time Employee, the sum of the periods during which the Member has contributed to the BR Pension Scheme under rule 11 of the BR Rules but with each period multiplied by the proportion which the number of hours per week that the Member was contracted to work in that period bears to the number of hours per week that the Member would have been contracted to work in that period had he been employed full-time; plus

- (b) in the case of a Member who was a member of the British Railways (Wages Grades) Pension Fund the period during which contributions were paid to the British Railways (Wages Grades) Pension Fund under rule 11 of that Fund or any predecessor to that rule; or
- (c) in the case of a BR Member who immediately before 1st April 1987 was a member of the New Section the period during which contributions were paid to the New Section under rule 11 of that Fund, or any predecessor to that rule.

“Earnings Cap”

means the amount specified for the purposes of section 590C of the Taxes Act(15).

“Eligible Child”

means:

- (a) any person who has not reached 18 years of age and who is the Member’s child by marriage or has been legally adopted by the Member; or
- (b) if the Trustee at its sole discretion so agrees in a specific case any other person who has not reached 18 years of age and who does not fall within (a) above who is the child of the Member or the Member’s spouse, or of a living or deceased relative of the Member and at the time of the Member’s death was dependent wholly or in a large part on the Member for support and the maintenance of his or her accustomed standard of living, or, if the child was born after the Member’s death, would be likely to have become so dependent; or
- (c) if the Trustee at its sole discretion in any individual case so agrees a person over the age of 18 years who would otherwise

(15) 1988 c. 1.

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fall within (a) or (b) above and who was in full-time education on his or her 18th birthday, so long as he or she so remains or is so handicapped physically or mentally as to be unable to earn a living.

“Eligible Dependant or Dependants”

means any person (up to a maximum of 3) other than an Eligible Child or Eligible Spouse who in the opinion of the Trustee was wholly or in a large part dependent on the Member for 2 years immediately prior to the Member’s death. Any pension paid to an Eligible Dependant is payable at the discretion of the Trustee on such terms as the Trustee decides.

“Eligible Spouse”

means the spouse to whom a Member is legally married and living with at the date of death. If more than one spouse is an Eligible Spouse the Trustee shall in its discretion determine one to be the Eligible Spouse to the exclusion of the others.

“Final Average Basic State Pension”

means the average of the Basic State Pension during the year ending on the date the Member left service with the Participating Employer or reached age 65, if earlier. If the Member was not in service with the Participating Employer for the whole of the last 12 months then the Basic State Pension at the date he left service shall be deemed to continue for the balance of the year.

“Final Average Pay”

means the greater of the average of the Member’s Pay and the Member’s Pensionable Pay during the 12 months ending on the date the Member left employment with the Participating Employer. If the Member was not in employment with the Participating Employer for the whole of the last 12 months, his Pay and Pensionable Pay shall be deemed to continue for the balance of the year for the purpose of calculating his Final Average Pay.

“Forecast GMP”

means (on any specified date):

- 1 (a) in relation to a Member who left employment with the Participating Employer, or reaches age 65 on the specified date, and where the specified date lies between 1st January and 30th June inclusive:
 - (i) the GMP at the end of the year ending on 5th April (“the said Fiscal Year”) in the previous but one calendar

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year, updated in accordance with any order made under section 148 of the Social Security Administration Act 1992 and coming into operation before the end of the calendar year in which the end of the said Fiscal Year falls

plus

- (ii) the amount of GMP which would have accrued to the Member during the interval between the end of the said Fiscal Year and the specified date if the remuneration between the upper earnings limit and lower earnings limit for National Insurance purposes received from the Participating Employer in each period of 7 days starting as a Monday (“the Relevant Earnings”) of the said period were equal to times the total of the Relevant Earnings in the said Fiscal Year and any orders made under section 148 of the Social Security Administration Act 1992⁽¹⁶⁾ were ignored;
- (b) in relation to a Member who left employment with the Participating Employer, dies or reaches age 65 on the specified date, and where the specified date lies between 1st July and 31st December inclusive, an amount calculated as in (a) but with “the said Fiscal Year” meaning the year ending on 5th April in the calendar year prior to that in which the specified date lies;
- (c) in relation to a Member who has left employment with the Participating Employer, an amount calculated as in (a), if the specified date lies between 1st January and 30th June inclusive, or (b), if the specified date lies between 1st July and 31st December inclusive, but with subparagraph (a)(ii) being ignored if the Member left service with

⁽¹⁶⁾ 1992 c. 5.

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the Participating Employer on or before the last day of the said Fiscal Year; and the interval in subparagraph (a)(ii) being replaced by the interval between the end of the said Fiscal Year and the date the Member left service with the Participating Employer

plus

- 2 (a) if the specified date lies between 1st January and 5th April inclusive or between 1st July and 31st December inclusive, 7%; or
- (b) if the specified date lies between 6th April and 30th June inclusive, 14.5%; or
- (c) such other percentage as may be determined by the Trustee on the advice of the Actuary
- of the amount ascertained in (1)(a), (1)(b) or (1)(c), as appropriate

plus

- 3 2% (or such other percentage as may be determined by the Trustee on the advice of the Actuary) of the aggregate of (1) and (2) multiplied by the number of years between the specified date and the date the Member attains State Pension Age.

“GMP”

means a guaranteed minimum pension (or accrued right to one) under the Pensions Act. But if during a period of Contributory Membership after 5th April 1978 (a) a Member did not pay Class 1 National Insurance contributions, or (b) no contracting-out certificate was in force in respect of a Member’s employment, then the GMP shall be calculated (except where the Member requests a transfer under Rule 7 (Right to Transfer or “Buy-Out”)) as if Class 1 National Insurance contributions had been paid at the contracted-out rate specified by the Contracting-out Laws throughout the said period. If during a period of Contributory Membership after 5th April 1978, a female Member paid Class 1 National Insurance contributions at a reduced rate, her GMP shall be calculated (except where the Member requests a transfer under Rule 7) as if she had paid such contributions at the contracted-out rate specified by the Contracting-out Laws apart from section 41(3) Pensions Act.

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“Guaranteed Level of Benefits”	means the Members' benefits as at 30th September 1994 under the BR Pension Scheme including Appendix 9 (whether vested or contingent), taking no account of any increases in subsequent periods other than increases made to those benefits in line with and in the same proportion as pensions subject to the Pensions (Increase) Act 1971 ⁽¹⁷⁾ .
“Joint Annuitant”	means the person for whose benefit a Member has elected to surrender part of his pension under Rule 8D (Joint Annuitant's Pension) or the corresponding rule of the BR Pension Scheme or any predecessor scheme.
“Legal Spouse”	means the spouse to whom a Member is legally married at the date of death. If more than one spouse is a Legal Spouse the Trustee shall in its discretion determine one to be the Legal Spouse to the exclusion of the others.
“Member”	means a person who falls within Rule 2 (Membership of the Section).
“Minimum Pension Age”	means the Member's 60th birthday or such other date as applied to the Member under the British Rail Pension Scheme on 30th September 1991.
“New Section”	means the New Section of the British Railways Super-annuation Fund established by a trust deed executed by the British Railways Board on 21st August 1970 ⁽¹⁸⁾ .
“Normal Pension”	means the annual pension which would be payable to a Member if the following did not apply: Rule 8 (Other Choices for Early Leavers), the second paragraph of Rule 10A (General), Rule 12B (GMP Increase), Rule 12C (State Graduated Retirement Benefits) and Appendix 9 of the BR Rules.
“Participating Employer”	means the employer with whom the Member was last employed whilst an active member of the BR Pension Scheme or any predecessor scheme.
“Part-time Employee”	means a Member whose employment with the Participating Employer did not qualify as full-time employment.
“Pay”	means (a) in the case of a Member who was remunerated at a fixed rate of pay per week, the Member's annual equivalent rate of pay and (b)

⁽¹⁷⁾ 1971 c. 56.

⁽¹⁸⁾ Copies of the British Railways Superannuation Fund can be obtained from Railway Pensions Management Limited, Stooperdale Offices, Brinkburn Road, Darlington DL3 6EH.

	<p>in the case of a Member who was remunerated at a fixed rate of pay per annum, that rate of pay, together in each case with such other remuneration as the trustee to the BR Pension Scheme may have decided (with the consent of the British Railways Board). For a Member who was a Part-time Employee it means the equivalent full-time annual rate of pay.</p>
“Pensions Committee”	<p>means a pensions committee set up as described in the Schedule.</p>
“Pension Trust”	<p>means the pension trust which governs the Scheme.</p>
“Pensionable Pay”	<p>means the Member’s Pay calculated at 1st April prior to the Section Year in question or, if later, the date of joining the BR Pension Scheme. Any retrospective change in a Member’s Pay shall be ignored for the purposes of calculating his Pensionable Pay. Subject to Rule 9A (Members who joined the BR Pension Scheme before 1st June 1989), Pensionable Pay cannot, however, exceed the Earnings Cap for the year in question. If a Member’s Pensionable Pay in any Section Year is less than the Member’s Pensionable Pay was in the preceding Section Year (and for this purpose only taking account of any retrospective change in the Member’s Pay) then the Member’s Pensionable Pay shall be the higher amount until such time as that amount is exceeded in a subsequent Section Year.</p>
“Section”	<p>means the 1994 Pensioners “A” Section.</p>
“Section Year”	<p>means a period of 12 months ending on 30th June.</p>
“State Graduated Retirement Benefit”	<p>means the aggregate of the equivalent pension benefits earned by a Member under the former state graduated pension scheme:</p> <ul style="list-style-type: none">(a) during Contributory Membership;(b) in the case of a Member whose equivalent pension benefit was transferred to the New Section, the British Railways (Wages Grades) Pension Fund or the BR Pension Scheme under rule 6 of the respective scheme, during former membership of the other pension scheme mentioned in that rule; and(c) in the case of a Member to whom rule 5 or rule 5A of the BR Rules applies, during any former membership of any one of the following schemes: the GWR, LMSR, LNER (New), LNER (Old), RCS

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or SR Sections of the British Railways Superannuation Fund, the London Transport (Administrative and Supervisory) Staff Superannuation Fund, the National Freight Salaried Staff Pension Fund or their predecessors and the British Railways (Wages Grades) Pension Fund in respect of which no payment in lieu has been made and which have not been otherwise preserved.

“State Pension Age”

means age 60 (for a woman) and age 65 (for a man) or such other dates on which state benefits first become payable.

NOTE:For the purposes of these Rules:

(1) in calculating a number of years, fractions of a year shall count proportionately. There shall be deemed to be 52.17 weeks in a year;

(2) in calculating the length of a period of membership or employment, such part of the period (counting the period of membership forward) as does not amount to a number of complete years (“the said period”) shall be counted as a fraction of a year in which:

- (a) the denominator shall be 365; and
- (b) the numerator shall be:
 - (i) the number of completed days comprised in the said period if it does not include a 29th February; or
 - (ii) one less than the number of completed days comprised in the said period if it does include a 29th February.

(3) Copies of the BR Pension Scheme and the British Railways (Wages Grades) Pension Fund can be obtained from Railways Pensions Management Limited, Stoooperdale Offices, Brinkburn Road, Darlington DL3 6EH.

MEMBERSHIP OF THE SECTION

2. Members are persons who on or before 31st March 1994 became entitled to benefits in payment or in deferment under the BR Pension Scheme, and their beneficiaries.

With the consent of the Secretary of State, the Trustee may admit to membership of the Section a person who receives a pension from or retains rights under an occupational pension scheme other than the BR Pension Scheme.

CONTRIBUTIONS BY MEMBERS

3. Members do not contribute.

BENEFITS

4. A Member shall receive a benefit at least equal to the Guaranteed Level of Benefits.

A Member who does not fall within Rule 2 above shall receive a benefit on a basis notified to him by the Trustee.

5 DEATH AFTER RETIREMENT

5

Lump Sum and Pension

5A When a Member dies after retirement a lump sum shall be payable to the Member's personal representatives (unless the Member chooses otherwise under Rule 11B (Discretionary Death Benefit Trusts)) and pensions shall be paid to the 2 youngest Eligible Children (if any) and to the Eligible Spouse or Eligible Dependents.

Lump Sum

5B The lump sum shall be:

(1) the lesser of (a) 4 times Final Average Pay and (b) 5 times each of the following but ignoring any increases paid under Rule 10A (General) and any lump sum payable from the policy proceeds under Appendix 9 of the BR Rules:

(i) the aggregate of the Basic Pension and any pension payable under Rule 8B (Additional Pension);

and

(ii) where the pension is in payment, any extra pension secured by any funds transferred to the Section under Appendix 9 of the BR Rules

multiplied by the Normal Pension (excluding any amount payable under Rules 10B, 10C or 10D) on the date of death divided by the Basic Pension;

less

(2) the aggregate of all lump sums and pension payments (if any) made to the Member.

For a Member receiving benefits under rule 16 of the BR Rules who has not yet attained Minimum Pension Age the lump sum shall be equal to (1) 4 times Final Average Pay multiplied by (2) the Normal Pension on the date of death divided by (3) the Basic Pension less (4) the aggregate of all lump sums and pension payments made to the Member since retirement.

If the Member was a Part-time Employee at the date of retirement, then the sum equal to 4 times Final Average Pay shall be multiplied by the proportion which the number of hours per week that the Member was contracted on the date of retirement to work bears to the number of hours per week that the Member would have been contracted on the date of retirement to work had he or she been employed full-time.

If however a lump sum is payable from this or another Section of the Scheme or from some other pension scheme, including a scheme to which a Member belonged before joining the Scheme, the lump sum payable under this Rule shall not when (where appropriate) aggregated with such lump sum exceed the maximum amount allowed by the Inland Revenue.

Pensions for Eligible Spouse and Eligible Children

5C The annual amount of the Eligible Spouse's and Eligible Children's pensions shall be:

(i) the Member's Normal Pension multiplied by

(ii) the fractions shown in the table in rule 22(6) of the BR Rules;

or such lesser amount as was provided under the BR Pension Scheme or any predecessor scheme but subject to the provisions of Rule 9.

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The pensions payable to the Eligible Spouse and Eligible Children shall be payable from the day following the Member's death. The Eligible Spouse's pension shall cease on the death of the Eligible Spouse.

On the death of the Eligible Spouse or the last surviving Eligible Dependant, any pension payable to the Member's Eligible Children shall be increased from the day after the death to the amount of pension which would have been payable if there had been no Eligible Spouse or Eligible Dependant at the time of the Member's death.

If the Eligible Spouse is more than 10 years younger than the Member and had not been married to the Member for 5 more years the Eligible Spouse's pension shall be reduced by 2.5% for each year by which the age difference exceeds 10 years or by such lesser amount as the Trustee may decide with the agreement of the Actuary.

Pensions for Legal Spouse and Eligible Dependents

5D If 4 weeks after the Member's death there is no Eligible Spouse then a pension shall be paid to the Member's Legal Spouse (if any) and to the Member's Eligible Dependents (if any).

The amount of the Legal Spouse's pension shall be half the annual equivalent of the Member's GMP. It shall be payable from the day following the Member's death and shall cease on the death of the Legal Spouse.

The total amount of pension payable to the Eligible Dependents (ignoring the next paragraph) and the Legal Spouse shall not exceed the pension which would have been payable to an Eligible Spouse (ignoring any age reduction). The Trustee at its discretion shall divide any pension remaining among the Eligible Dependents.

If an Eligible Dependant was more than 10 years younger than the Member then the Eligible Dependant's pension shall be reduced by 2.5% for each year by which the age difference exceeds 10 years or by such lesser amount as the Trustee may decide with the agreement of the Actuary.

The pension payable to an Eligible Dependant shall be payable from the date following the Member's death and shall be payable for 10 years or until the earlier death of the Eligible Dependant. Thereafter the pension may be continued at the discretion of the Trustee and on such terms as the Trustee shall determine.

6 EARLY LEAVERS

6

Deferred Benefits

6A A Member entitled to deferred benefits who falls within Rule 2(a) shall receive benefits (as set out in Rule 4) from Minimum Pension Age.

Increases

6B The deferred pension, calculated as at the date the Member ceased to be an active member of the BR Pension Scheme shall be increased before payment with effect from the date the Member left service with the Participating Employer until the date the pension becomes payable, by the same percentage increase as a pension subject to the Pensions (Increase) Act 1971(19) would increase during that period if it had become payable on the date the Member left service with the Participating Employer (or, if greater, by the percentage required by the anti-franking requirements of the Contracting-out Laws).

(19) 1971 c. 56.

The deferred lump sum shall be increased by multiplying by the Normal Pension and dividing by the Basic Pension.

Benefits on the death of an Early Leaver

6C If a Member with deferred benefits dies before Minimum Pension Age then Rule 5 (Death after Retirement) shall apply as if the Member had retired immediately before death with a Normal Pension.

7 RIGHT TO TRANSFER OR “BUY-OUT”

7

Member’s Right to Transfer or “Buy-Out”

7A A Member who left the BR Pension Scheme and remains entitled to deferred benefits under rule 25 of the BR Rules can require the Trustee by application in writing to use the cash equivalent of the deferred benefits in whichever of the following ways (or combination of them) the Member chooses:

- (a) to buy one or more Buy-out Policies (see Rule 7B (Requirements for “Buy-Out” Policies)) from one or more Insurance Companies chosen by the Member;
- (b) to acquire rights under another occupational pension scheme or under a personal pension scheme or under another Section of the Scheme (see Rule 7C (Requirements for Transfers)).

The cash equivalent shall be calculated by the Trustee on the basis of advice from the Actuary which complies with the Transfer Value Laws.

The Trustee may allow a Member who does not have a right to a cash equivalent to choose a transfer or a “buy-out” as described in this Rule. The Trustee may impose such conditions on the exercise of this choice as it thinks fit.

The Member can exercise his right by application in writing to the Trustee at any time up to a year before Minimum Pension Age (or, if later, 6 months after leaving employment with the Participating Employer).

Requirements for “Buy-Out” Policies

7B A Buy-out Policy must satisfy the Transfer Value Laws and the requirements of the Inland Revenue. In particular, the policy must provide that the annuities payable to or for the benefit of the Member and the Member’s spouse shall be at least equal to their GMP under the Section, including revaluation in accordance with the Contracting-out Laws.

Requirements for Transfers

7C The receiving scheme must be (a) an occupational pension scheme with Revenue Approval or which otherwise satisfies the Inland Revenue’s requirements, or (b) a personal pension scheme approved under Chapter IV of Part XIV of the Taxes Act, or (c) a “statutory scheme” as defined in section 612(1) of that Act.

If the Member’s cash equivalent includes accrued rights to GMP, the transfer must also satisfy the requirements of the Contracting-out Laws.

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8 OTHER CHOICES FOR EARLY LEAVERS

8

Early Benefits

8A A Member entitled to deferred benefits may elect to receive his benefits on a date earlier than Minimum Pension Age (but not earlier than age 50). If the Member did not make this choice immediately on leaving employment with his Participating Employer, the agreement of the Trustee is required.

The benefits shall be reduced by the percentages set out in Appendix 4 to the BR Rules, but the percentages may be amended by the Trustee on the advice of the Actuary.

If an election under this Rule would result in the pension payable to the Member being less than the aggregate of:

- (i) the State Graduated Retirement Benefit; and
- (ii) whichever is the lesser on the date the pension would become payable of the Contracted-out Pension and the Forecast GMP;

the election shall not be permitted.

The Trustee must be reasonably satisfied that the reduced benefits are at least equal in value to the deferred benefits (including future increases) that would otherwise have been provided.

Additional Pension

8B A Member who is about to become a pensioner may, by notice in writing to the Trustee, elect to convert part or all of his lump sum into an additional pension for life payable from the date the lump sum becomes payable. Conversion shall be on the basis that £1 per annum of pension is equivalent to a lump sum of £12.

An election under this Rule shall not affect the pension payable after death to a Member's spouse, dependants or children.

A Member cannot make an election under this Rule 8B (Additional Pension) if he has made an election under Rule 8C (Additional Lump Sum).

Additional Lump Sum

8C A Member who is about to become a pensioner may, by notice in writing to the Trustee, elect to commute a proportion of his pension for an additional lump sum but may not commute so much of his pension as would make the pension remaining but for Rule 12B (GMP Increase) and Rule 12C (State Graduated Retirement Benefits) less than 75% of the Normal Pension.

Commutation shall be on the basis that £1 per annum of pension is equivalent to a lump sum of £12.

An election under this Rule 8C (Additional Lump Sum) shall not affect the pension payable after death to a Member's spouse, dependants or children.

A person may not commute so much pension as would provide an additional lump sum which, when added to the lump sum payable on retirement under rule 14 of the BR Rules, produces a total which exceeds:

- (i) 3/80ths of Pay on the earlier of the date the Member left employment with the Participating Employer and the date the Member attained age 65

multiplied by

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- (ii) the number of years of the Member's employment with the Participating Employer (excluding any years after the attainment of State Pension Age and subject to a maximum of 40)

multiplied by

- (iii) the Normal Pension on the date the pension becomes payable

and divided by

- (iv) the Basic Pension

or such greater sum as is agreed with the Inland Revenue.

A person may not commute so much pension as would make the pension remaining but for Rule 12B (GMP Increase) and Rule 12C (State Graduated Retirement Benefits) less than the aggregate of:

- (i) the State Graduated Retirement Benefit; and
- (ii) whichever is the lesser on the date the pension becomes payable of the Contracted-out Pension and the Forecast GMP.

A Member cannot make an election under this Rule 8C (Additional Lump Sum) if he has made an election under Rule 8B (Additional Pension).

Joint Annuitant's Pension

8D.—(1) A Member about to become a pensioner may, by notice in writing to the Trustee, elect to surrender part of his pension in order to provide a pension payable to another person (referred to in this Rule as a "Joint Annuitant"). The Joint Annuitant must be named in the election and may be either the Member's spouse or someone dependent on the Member.

(2) The pension payable to a Joint Annuitant shall be payable from the day following the Member's death and shall cease on the Joint Annuitant's death.

(3) Subject to paragraphs (5) and (9), the pension payable to the Joint Annuitant shall be 15% of the Member's Normal Pension at the date of death.

(4) Unless paragraph (9) applies, the basis on which the election may be made is as set out in Appendix 2 to the BR Rules.

(5) The maximum pension which may be surrendered under this Rule is that pension which would result in the pension to the Joint Annuitant being equal to the pension remaining payable to the Member but for Rules 8B (Additional Pension), 8C (Additional Lump Sum) and 8E (Early Retirement Level Pension Option), Rule 12B (GMP Increase) and Rule 12C (State Graduated Retirement Benefits).

(6) If any election under paragraphs (1) to (5) would result in the pension payable but for Rule 12B (GMP Increase) and Rule 12C (State Graduated Retirement Benefits) being less than the aggregate of:

- (i) the State Graduated Retirement Benefit; and
- (ii) whichever is the lesser on the date the pension becomes payable of the Contracted-out Pension and the Forecast GMP;

the election shall not be permitted.

(7) Any election under Rule 8A (Early Benefits), 8B (Additional Pension) or 8C (Additional Lump Sum) must be made before an election is made under this Rule.

(8) An election under this Rule shall be revoked if the Member or the Joint Annuitant dies before the Member's pension becomes payable.

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(9) Rule 19(9) of and Appendix 8 to the BR Rules applies to a Member who was a member of the British Railways (Wages Grades) Pension Fund prior to July 1974 and who before that date elected for and was granted a joint pension in accordance with rule 21 of the rules of that Fund as they stood on 30th June 1974.

Early Retirement Level Pension Option

8E A Member who is about to become a pensioner and whose pension starts on or after age 50 but not less than one year before State Pension Age may elect, by notice in writing to the Trustee, to have the pension increased before that age and reduced after it, so that:

- (i) the pension from the Section before State Pension Age is greater than the pension but for this Rule; and
- (ii) at State Pension Age the pension but for Rule 12B (GMP Increase) and Rule 12C (State Graduated Retirement Benefits) reduces by:
 - (a) (subject to the following paragraph) th of Final Average Basic State Pension multiplied by the number of years of the Member's Pensionable Service
 - multiplied by
 - (b) the Normal Pension at State Pension Age
 - and divided by
 - (c) the Basic Pension.

The pension calculated under (a) above shall be reduced as necessary to ensure that the pension receivable after State Pension Age but for Rule 12B (GMP Increase) and Rule 12C (State Graduated Retirement Benefits) and ignoring any application of Rule 10A (General) after the election is made, is not less than whichever is the greater:

- (1) half the pension but for this Rule, Rule 12B (GMP Increase) and Rule 12C (State Graduated Retirement Benefits); and
- (2) the aggregate of (i) the State Graduated Retirement Benefit and (ii) whichever is the lesser on the date the pension becomes payable of the Contracted-out Pension and the Forecast GMP.

The basis on which the election may be made is set out in Appendix 3 to the BR Rules.

An election under this Rule does not affect the pension payable after death to a Member's spouse, dependants or children.

Any election under Rule 8A (Early Benefits), 8B (Additional Pension), 8C (Additional Lump Sum) or 8D (Joint Annuitant's Pension) must be made before an election is made under this Rule.

9 SPECIAL PROVISIONS FOR CERTAIN MEMBERS

9

Member who joined the BR Pension Scheme before 1st June 1989

9A In the case of a Member who joined or is treated as having joined the BR Pension Scheme before 1st June 1989, the references to the Earnings Cap do not apply.

Pension for spouse of a Member who ceased to contribute to the BR Pension Scheme before 1st July 1986 and dies on or after 1st July 1988

9B On the death on or after 1st July 1988 of a Member who ceased to contribute to the BR Pension Scheme before 1st July 1986 and who is either;

- (a) a female Member; or
- (b) a male Member who was not married at the date he ceased to contribute to the BR Pension Scheme to his wife at the time of his death;

a pension shall be payable to the Member's spouse for life.

The pension payable shall be one half of the Member's pension at the date of his death but ignoring the exercise of any option under Rule 8E (Early Retirement Level Pension Option) or rule 20 of the BR Rules.

If the Member's spouse was more than 10 years younger than the Member and had not been married to the Member for 5 or more years then the spouse's pension payable under this Rule shall be reduced by 2.5% for each year by which the age difference exceeds 10 years or by such lesser amount as the Trustee may decide with the agreement of the Actuary.

Pension for widow of a Member who ceased to contribute to the BR Pension Scheme before 1st July 1986 and dies on or after 16th September 1991

9C On the death after 16th September 1991 of a Member who ceased to contribute to the BR Pension Scheme before 1st July 1986 and who is a male Member who was married on the date he died and where the couple were married at the date the Member ceased to contribute then if the pension payable to the widow but for this Rule is less than one half of the Member's pension payable at the date of his death ignoring the exercise of any option under Rule 8E (Early Retirement Level Pension Option) or rule 20 of the BR Rules then the said widow's pension (herein referred to as half pension) shall be increased under this Rule to an amount equal to the said half pension.

Member who ceased to contribute to the BR Pension Scheme between 1st July 1986 and 30th June 1988 and dies after 16th September 1991

9D If on the death after 16th September 1991 of a Member who ceased to contribute to the BR Pension Scheme between 1st July 1986 and 30th July 1988 the pension payable to an Eligible Spouse or an Eligible Dependant but for this Rule is less than the pension set out in the following paragraph then the pension payable to the adult dependant shall be increased to the amount set out below.

The level of Eligible Spouse's or Eligible Dependant's pension referred to above is one half of the Member's pension at the time of death or, if the Member had exercised the option under Rule 8E (Early Retirement Level Pension Option) or rule 20 of the BR Rules and died before attaining State Pension Age, one half of the pension payable from that age under rule 20(1)(ii) of the BR Rules subject to any increases granted under Rule 10 (Pension Increases).

If the pension is payable to an Eligible Spouse, where the marriage took place less than 5 years before the Member died, or to an Eligible Dependant, then the pension in the above paragraph shall be reduced by 2.5% for each year by which the Eligible Spouse or Eligible Dependant was more than 10 years younger than the Member or such lesser amount as the Trustee may decide with the agreement of the Actuary.

Special Lump Sum for Members who left the BR Pension Scheme with preserved benefits between 1st July 1988 and 30th June 1992

9E Members who left the BR Pension Scheme with preserved benefits between 1st July 1988 and 30th June 1992 and who at the date of leaving the BR Pension Scheme had attained the age of 50

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and completed 5 years' Beneficial Membership (as defined in the BR Rules) shall receive a special lump sum in accordance with rule 14A of the BR Rules.

This Rule does not apply to a Member who attained State Pension Age before 6th April 1988 unless that Member made an election under rule 15(1)(a)(A) of the BR Rules.

10 PENSION INCREASES

10

General

10A Every time official pensions referred to in the Pensions (Increase) Act 1971⁽²⁰⁾ are increased under that Act each pension in payment shall increase by the same proportion as an official pension which began for the purposes of section 8(2) of the Pensions (Increase) Act 1971 on whichever was the earlier of the date the Member left service with the Participating Employer or the date the Member attained age 65.

The pension increase for a Member who has attained 65 years of age shall be calculated as if the pension had been reduced by the annual equivalent of the GMP since the date of attaining 65 years of age.

The pension increase for an Eligible Spouse or for an Eligible Dependant or Eligible Dependents shall be calculated as if the pension (or total pensions if there are more than one Eligible Dependant) had been reduced by half the annual equivalent of the Member's GMP at whichever was the earlier of (a) the date the Member died and (b) the date the Member attained State Pension Age.

Where GMP is payable (whether to a Member, an Eligible Spouse, Eligible Dependant or Legal Spouse), the part of the GMP that is attributable to earnings for the tax year 1988—89 and subsequent tax years shall be increased in each year by the percentage specified in any order made by the Secretary of State under section 109 of the Pension Schemes Act 1993 (which is approximately equal to the percentage rise in the cost of living in each year, with a maximum of 3% per year compound).

Members who left Employment or reach Minimum Pension Age before 1st July 1986

10B Pensions for Members who were members of the New Section or the British Railways (Wages Grades) Pension Fund and who left employment with the Participating Employer or reached State Pension Age before 1st July 1986 shall continue to receive the increases granted under rule 27A of the rules of the New Section and the British Railways (Wages Grades) Pension Fund.

BR Pension Scheme increases on 1st July 1988

10C All pensions in payment from the BR Pension Scheme on 1st July 1988 and all preserved pensions for Members who left the BR Pension Scheme before 1st July 1988 with a preserved benefit under rule 25(3) of the BR Rules and pensions in respect of Members who were active members of the BR Pension Scheme on 1st July 1988 and who attained State Pension Age before 6th April 1988 and who made no election under rule 15(1)(A)(a) of the BR Rules shall be calculated on the basis that they shall be increased by the greater of (a) £4 per week and (b) 15% with effect from 1st July 1988.

No increase shall be paid, however, to or in respect of a Member whose period of Contributory Membership commenced on or after 1st April 1987.

No increase shall be made to the pension payable to a Joint Annuitant under paragraph (9) of Rule 8D (Joint Annuitant's Pension).

(20) 1971 c. 56.

For a Member who ceased to contribute to the BR Pension Scheme before 1st July 1988, any spouse's or adult dependant's pensions contingently payable under the BR Rules as they stood at the date the Member ceased to contribute to the BR Pension Scheme shall be increased by the greater of (a) £4 per week and (b) 15% with effect from 1st July 1988.

BR Pension Scheme increases on 16th September 1991

10D For a Member who ceased to contribute to the BR Pension Scheme before 16th September 1991 and whose pensions were in payment on that date any spouse's or adult dependant's pensions contingently payable under the BR Rules, following the death of the Member under the BR Rules as they stood at the date the Member ceased to contribute to the BR Pension Scheme, shall be calculated on the basis that they shall be increased by the greater of (a) £2 per week and (b) 8.5%, with effect from 16th September 1991.

For a Member who ceased to contribute to the BR Pension Scheme before 16th September 1991 and whose pension was not in payment on that date any spouse's or adult dependant's pensions contingently payable under the BR Rules as they stood at the date the Member ceased to contribute to the BR Pension Scheme, shall be increased by 8.5% with effect from 16th September 1991.

11 GENERAL RULES ABOUT BENEFITS

11

Off-Set for Crime or Fraud

11A If a Member was dismissed from employment with the Participating Employer because he had incurred a monetary obligation to or caused a financial loss to the Participating Employer arising out of a criminal or fraudulent act or omission or, if the Member resigned to avoid such dismissal, the Participating Employer may require that the benefits in respect of the Member (other than GMPs and benefits arising out of a transfer payment) shall be reduced by an amount that the Trustee determines on actuarial advice to be equivalent to the obligation. If the obligation is greater than the value of the benefits which may be reduced, the benefits shall cease to be payable. If the Participating Employer requests, the Trustee shall pay to the Participating Employer the amount of the obligation or, if less, the value of the reduction in benefits. The Member shall be given a certificate specifying the amount of the obligation and of the reduction in benefits. If the amount of the obligation is disputed, no reduction in benefits shall be made until the obligation has become enforceable under the order of a court or arbitrator appointed (failing agreement between the Member and the Participating Employer) by the President of the Law Society or, in Scotland, by the Sheriff.

Discretionary Death Benefit Trusts

11B The lump sum death benefit shall be paid to the Member's personal representatives unless the Member notifies the Trustee in writing that he wants the lump sum to be applied as set out in the following paragraph.

If the Member so notifies the Trustee, the lump sum death benefit shall be paid to one or more of the Beneficiaries (as defined below) or used for their benefit in such shares as the Trustee decides. But if the benefit is not paid within 2 years of the Member's death, it shall be paid to the Member's personal representatives, unless there is no will of the Member under which it shall pass and the successor on the Member's intestacy is the Crown or the Duchy of Lancaster or Cornwall, in which case no benefit shall be payable. Interest shall only be added if the Trustee so decides and Inland Revenue limits are not exceeded.

The "Beneficiaries" are the Member's widow or widower, the Member's grandparents and their descendants, his spouse's grandparents and their descendants and the spouses, widows or widowers

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of those decendants, the Member's Dependants, any person (except the Crown or the Duchy of Lancaster or Cornwall) with an interest in the Member's estate and any person nominated by the Member in writing to the Trustee.

So long as no-one other than Beneficiaries can become entitled, the Trustee may:

- (a) direct that all or part of the lump sum be held by itself 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) direct payment of all or part of the lump sum to the trustee of any other existing trust.

A Member who made an election under rule 41 of the BR Rules shall be treated as having notified the Trustee under this Rule.

Members with no Personal Representatives

11C If a sum not exceeding £5,000 or such limit as may be determined by Regulations made by the Treasury which further amend regulation 1 of the Superannuation (Various Service) Regulations 1938(21) is payable to a Member's personal representatives and the Member has for the time being no personal representatives, the Trustee may pay the amount due to such person at such times and in such manner as it thinks fit in order that the sum may be applied as part of the Member's estate or for the benefit of the spouse, relatives or dependants as the Trustee may determine. The Section shall not be liable to make any further payment in respect of the Member.

If a Member dies intestate in circumstances where but for this paragraph the residuary estate would fall to be treated as bona vacantia, nothing shall be payable to the Member's estate.

12 CONTRACTING-OUT AND STATE GRADUATED RETIREMENT BENEFITS

12

Override

12A If a Member's employment with his Participating Employer was Contracted-out under the Pensions Act, either by reference to the BR Pension Scheme or by reference to rights under such other schemes in relation to which the Member was admitted to the Section under Rule 2 (Membership of the Section), then Clause 9 of the Pension Trust (Contracting-Out) shall apply except where this Rule provides contracted-out benefits additional to those set out in Clause 9.

GMP Increase

12B From whichever is the later, State Pension Age or the date the pension becomes payable, the pension which apart from this Rule is payable to a Member who has retired shall be increased by the excess (if any) of the annual equivalent of the GMP over the Contracted-out Pension.

The pension which apart from this Rule is payable to the Eligible Spouse of a Member shall be increased by the excess (if any) of half the annual equivalent of the Member's GMP over the aggregate of (1) half of the amount determined in rule 13(2) of the BR Rules multiplied by whichever is the lesser of the number of years of contracted-out membership or 40 and (2) any pension increases under Rule 10A (Pension Increases—General) in respect of (1), but excluding any such increases after the Member attained State Pension Age.

(21) S.I. 1938/304 amended by the Administration of Estates (Small Payments) Act 1965 c. 32; section 1(1)(c).

State Graduated Retirement Benefits

12C In this Rule 12C the expression “non-participating employment” has the same meaning as in the National Insurance Act 1965(22).

A Member shall be absolutely and indefeasibly entitled to State Graduated Retirement Benefits if the Member has been in non-participating employment in relation to any other scheme for the provision of relevant benefits (as defined in Chapter I of Part XIV of the Taxes Act) and which is seeking Revenue Approval from which the liability for the payment to the Member of State Graduated Retirement Benefits and any other pension benefits to which he is entitled under the Scheme apart from a GMP shall be mutually inclusive.

A Member’s State Graduated Retirement Benefits shall not be capable of surrender and any option in respect of a Member’s pension shall be restricted in order to ensure that this requirement is satisfied.

If a Member who is prospectively entitled to State Graduated Retirement Benefits under the Section becomes entitled to a refund of the whole or part of any contributions paid by him during any period of non-participating employment, the Trustee shall be entitled to deduct from such refund such sum as it shall consider appropriate within the limits permissible in terms of the National Insurance Act 1965.

If a person to whom this Rule applies dies leaving a spouse, the spouse’s weekly pension shall be subject to a minimum of half the guaranteed minimum.

SURPLUS ASSETS

13. If an actuarial valuation of the Section by the Actuary shows that the Section Assets (excluding the assets retained in the Special Reserve Fund described below and excluding any guarantee payments due after the date of the valuation) are likely to be more than sufficient to provide the benefits for Members as at the date of that valuation, then the Trustee, having considered actuarial advice and subject to the approval of the Secretary of State, shall use the surplus assets in the following order, unless the Trustee with the consent of the Secretary of State and the Pensions Committee otherwise determines within six months of the date of delivery of the valuation:

(1) If, prior to the date 6 months after the date of the valuation, payments have been made either in cash or in some other form, under the terms and conditions of the Secretary of State’s Guarantee, an amount equal in value to the accumulated value of the payments so made or if less the surplus assets, shall be retained in a “special reserve fund” established within this Section (the “Special Reserve Fund”). The Trustee shall invest the Special Reserve Fund at the direction of the Secretary of State subject to the terms and conditions of the Secretary of State’s Guarantee and Clause 5F.

(2) Up to 40% of the surplus assets remaining may then be used to provide additional benefits above the Guaranteed Level of Benefits. An amount equal to one and a half times the value of any benefit increases granted shall be retained in the Special Reserve Fund.

For the purposes of this Rule the actuarial valuation shall be the 3 yearly valuation under Clause 6B of the Pensions Trust (unless the Secretary of State and the Trustee agree otherwise).

SHORTFALL

14. If and whenever an actuarial valuation by the Actuary of the Section shows that the value of its liabilities relating to Members as at the date of that valuation (which liabilities for the purposes of the valuation shall include additional benefits granted following the existence of a surplus under Rule 13 (Surplus Assets) exceeds the value of the assets of that Section (excluding any assets retained in the Special Reserve Fund (as described in Rule 13)) then together:

(22) 1965 c. 51.

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- (i) (a) the assets of the Special Reserve Fund having a net present value of up to 60% of the shortfall shall be transferred out of the Special Reserve Fund to meet this shortfall; and
- (b) Members' benefits in payment or deferment shall not be increased until either (i) the completion of such period as is necessary to provide an amount equal in value to 40% of the shortfall or (ii) the Guaranteed Level of Benefits equals or exceeds the Members' benefits in payment or in deferment, whichever occurs first,

until such time as either:

- (aa) no shortfall remains; or
- (bb) all the assets of the Special Reserve Fund have been applied fully; or
- (cc) Members' benefits have been reduced in value by not increasing benefits in payment or in deferment until such time as they become equal to or less than the Guaranteed Level of Benefits,

whichever occurs first.

- (ii) If (cc) occurs first under (i)(b) above, and there still remains a shortfall, then further assets of the Special Reserve Fund shall be applied by the Trustee having a net present value up to the remaining shortfall until either no shortfall remains or all the assets of the Special Reserve Fund have been so applied, whichever occurs first. If however all the assets of the Special Reserve Fund have been applied under (i)(a) above first, and there still remains a shortfall, then the Trustee shall reduce the value of Members' benefits further by not increasing benefits in payment or in deferment until such time as they become equal to or less than the Guaranteed Level of Benefits or no shortfall remains, whichever is first.
- (iii) If there remains a shortfall after Members' benefits have been reduced in value by not increasing benefits in payment or in deferment until such time as they become equal to or less than the Guaranteed Level of Benefits and all the assets of the Special Reserve Fund have been fully applied the terms of the Secretary of State's Guarantee shall apply.
- (iv) For the purposes of this Rule the actuarial valuation shall be the 3 yearly valuation under Clause 6B of the Pension Trust (unless the Secretary of State and the Trustee agree otherwise).

Following the date of a subsequent actuarial valuation the net present value of the existing shortfall and the application of assets and reduction of benefits (if any) described above will be reviewed and new or different terms may be agreed between the Secretary of State and the Trustee.

APPLICATION OF ASSETS

15. The Trustee shall determine at all times the strategic investment policy of the Section with the consent of the Secretary of State and the Pensions Committee and shall exercise the Trustee's powers under Clause 5F of the Pension Trust (Application of Assets) in accordance with the terms and conditions necessary to allow it to provide annually the Trustee's full certificate in accordance with the Secretary of State's Guarantee.

As soon as reasonably practicable and not later than three months after the Trustee has obtained (pursuant to Clause 6B of the Pension Trust (Actuarial Valuations)) an actuarial valuation for the Section, the Trustee shall, after consulting the Actuary, obtain the consent of the Secretary of State and the Pensions Committee for the continuance or variation of the investment policy for the Section in accordance with the terms and conditions of the Secretary of State's Guarantee.

16 WINDING-UP THE SECTION

16

Time of Termination

16A The Secretary of State may if he so decides obtain a further actuarial valuation from the Actuary and may at any time on or before 31st December 2012 with the agreement of the Trustee or after 31st December 2012 having consulted the Trustee and the Pensions Committee, direct the Trustee by notice in writing to wind-up the Section. The Section shall be wound-up as set out in Clauses 11B to 11H (Winding-up a Section where all Participating Employers cease to Participate) of the Pension Trust except that the Secretary of State shall exercise all powers, duties and discretions of the Trustee under those Clauses in place of the Trustee. The Trustee shall have no power to defer the winding-up (as described in Clause 11A of the Pension Trust).

Use of Assets on Termination

16B If any assets remain (excluding the assets retained in the “Special Reserve Fund” (as described in Rule 13 (Surplus Assets))) an amount equal to (or if less, up to) the accumulated value of the payments (if any) made under the Secretary of State’s Guarantee, but not previously transferred to the Special Reserve Fund under Rule 13, shall be transferred to that Special Reserve Fund. If any assets of the Section remain after this transfer, 40% of those assets shall be used by the Trustee (having considered actuarial advice) to provide additional benefits above the Guaranteed Level of Benefits for all or any of the beneficiaries on a basis agreed with the Pensions Committee and consistent with Revenue Approval. An amount equal to one and a half times the value of these additional benefits shall be transferred to the Special Reserve Fund.

On winding-up the Section under Clause 11 of the Pension Trust (Winding-up a Section where all Participating Employers Cease to Participate) when the assets of the Section (excluding the Special Reserve Fund) are not sufficient to provide benefits equal in value to the entitlements under the Section of the Members and other beneficiaries concerned, then together:

- (i) (a) the assets of the Special Reserve Fund having a net present value of up to 60% of the shortfall shall be applied to meet this shortfall; and
- (b) Members' benefits in payment or in deferment shall not be increased until either (i) the completion of such period as is necessary to provide an amount equal in value to 40% of the shortfall or (ii) the Guaranteed Level of Benefits equals or exceeds Members' benefits in payment or in deferment, whichever occurs first,

until such time as either:

- (aa) no shortfall remains; or
- (bb) all the assets of the Special Reserve Fund have been applied fully; or
- (cc) Members' benefits have been reduced in value by not increasing benefits in payment or deferment until such time as they become equal to or less than the Guaranteed Level of Benefits,

whichever occurs first.

- (ii) If (cc) above occurs first under (i)(b) and there still remains a shortfall, then further assets of the Special Reserve Fund shall be applied having a net present value up to the remaining shortfall until either no shortfall remains or all the assets of the Special Reserve Fund have been so applied, whichever occurs first. If however all the assets of the Special Reserve Fund have been applied under (i)(a) above first, and there still remains a shortfall, then the value of Members' benefits shall be

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further reduced by not increasing benefits in payment or in deferment until such time as they become equal to or less than the Guaranteed Level of Benefits or no shortfall remains, whichever is first.

If any assets of the Special Reserve Fund remain following winding-up under Rule 16, they shall be applied at the discretion of the Secretary of State;

- (iii) if there still remains a shortfall after Members' benefits have been reduced in value by not increasing benefits in payment or in deferment until such time as they become equal to or less than the Guaranteed Level of Benefits and all the assets of the Special Reserve Fund have been fully applied, the terms of the Secretary of State's Guarantee shall apply.

GUARANTEE

17. In accordance with the Secretary of State's Guarantee the Secretary of State may in the circumstances specified in that Guarantee provide that the powers, duties or discretions conferred on the Trustee in relation to this Section shall be exercisable by such other person and for such period as the Secretary of State determines.

CHANGING THE RULES

18. The Rules of the Section may be changed as set out in Clause 13 (Changing the Pension Trust and Rules) and in accordance with the terms of the Secretary of State's Guarantee.
Rule 1

Schedule to Appendix 1

PENSIONS COMMITTEE

The Secretary of State shall establish the Pensions Committee and the Trustee shall exercise its power of delegation to the Pensions Committee in accordance with Clause 4 of the Pension Trust (Pensions Committee) except that Clause 2B(b) of the Pension Trust (Delegation) shall not apply. The Secretary of State can remove the Pensions Committee in accordance with the terms of the Guarantee and appoint a replacement, provided that the replacement Pensions Committee is composed in an identical manner to that described below.

Composition

The Pensions Committee shall be composed of seven Members' appointees ("Members' Appointees") and seven appointees of the Secretary of State ("Government Appointees") for the initial two years and thereafter composed of five Member Appointees and five Government Appointees.

Appointees

- (a) Government Appointees

The Secretary of State shall appoint the Government Appointees.

- (b) Members' Appointees

One Members' Appointee shall be appointed for an initial period of two years by each of the following:

- National Union of Rail Maritime & Transport Workers

- Associated Society of Locomotive Engineers & Firemen
- Transport Salaried Staffs' Association
- British Transport Pensioners' Federation
- Confederation of Shipbuilding and Engineering Unions
- Retired Railway Officers' Society.
- British Transport Officers' Guild

At the end of this 2 year period the Pensions Committee shall arrange for the five Members' Appointees to be elected by the Members of the Section in such a manner as the Pensions Committee determines at or before that time.

The Trustee shall be notified of the manner in which the Pensions Committee has decided to regulate its affairs and of the procedures for election of the Members' Appointees. Any changes to the manner in which the Pensions Committee regulates its affairs shall be notified to the Trustee by the Chairman.

Chairman and Deputy Chairman of the Committee

The Pensions Committee shall elect a Chairman and Deputy Chairman of the Pensions Committee. Initially, the post of Chairman shall be held by a Government Appointee and the post of Deputy Chairman shall be held by a Members' Appointee. The posts shall alternate annually between a Government Appointee and a Members' Appointee.

Secretary

Railways Pension Management Limited shall be Secretary to the Pensions Committee for a period of three years (or such longer period as the Pensions Committee may determine) from the date the Pensions Committee is established.

Procedure at Committee Meetings

At all meetings of the Pensions Committee, a quorum shall consist of 50% of the Members' Appointees and 50% of the Government Appointees. One of those present must be either the Chairman or Deputy Chairman. No resolution of the Pensions Committee shall be regarded as carried unless it has been approved by the majority of the Members present.

The Pensions Committee shall maintain Minutes of all its meetings and the Chairman shall ensure that copies of those Minutes, together with copies of agenda for meetings and all other committee papers are sent promptly to the Trustee.

Appendix 1 PART 2

RULES OF THE 1994 PENSIONERS "B" SECTION

Except as provided below the Rules of the 1994 Pensioners "B" Section are identical to the rules governing the 1994 Pensioners "A" Section.

MEANING OF WORDS USED

1. "Section" means the 1994 Pensioners "B" Section.

MEMBERSHIP OF THE SECTION

2. Members are persons who between 1st April and 30th September 1994 became entitled to benefits in payment or on deferment under the BR Pension Scheme and their beneficiaries.

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TRANSFER TO THE 1994 PENSIONERS “A” SECTION (“the “A” Section”)

17. The Trustee shall, at the direction of the Secretary of State, transfer all the liabilities of the Section and all Section Assets to the 1994 Pensioners “A” Section, so that as from the date of transfer Members shall receive benefits from the 1994 Pensioners “A” Section of the same amount as their benefits under the Section and the Section shall for all purposes be deemed to have been wound up.

Appendix 2

THE ARRANGEMENTS AND RULES GOVERNING THE ARRANGEMENTS

The Arrangements of the Scheme are the Shared Cost Arrangement, the Defined Benefit Arrangement and the Defined Contribution Arrangement.

Clause 3C

PART 1

RULES OF THE SHARED COST ARRANGEMENT

MEANING OF WORDS USED

1. This Rule sets out the meaning of words used in these Rules.

“Added Years”	means the total of (a) added years of Pensionable Service granted under Rule 4E (Additional Contributions from Professionals and Senior Officers) and (b) in respect of a BR Member, added years of Pensionable Service granted under the BR Pension Scheme.
“Antedated Membership”	means membership which qualifies under Rule 4D (Additional Contributions by BR Members and Members who are Protected Persons for Antedating Membership) for any additional period of Pensionable Service and any additional periods of Pensionable Service granted by virtue of additional membership granted under the BR Pension Scheme.
“Basic Pension”	means the annual pension which would be payable to a Member if the following Rules did not apply: Rule 6 (Elections at Retirement), Rule 18A (Pension Increases), Rule 19B (GMP Increase), Rule 19C (State Graduated Retirement Benefits) and Schedule 3.
“Basic State Pension”	means an amount equal to the yearly rate of the basic state pension for a single person in force during the year in question.
“BR Member”	means a Member who was a member of the BR Pension Scheme on 30th September 1994.
“BR Pension Scheme”	means the BR Pension Scheme established by a trust deed dated 25th November 1985.
“BR Rules”	means the rules as at the commencement date of the Protection Order which govern the BR Pension Scheme.
“Contracted-out Pension”	means, on a specified date, in relation to a person who has retired or is about to retire

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whose pension is payable other than under Rule 5C (Members in Service after Age 65):

- (1) (A) (a) the amount determined under (i) or (ii) of Rule 5A(2) (Retirement between Minimum Pension Age and Age 65); multiplied by (b) whichever is the lesser of (i) the number of years of Contributory Membership after 5th April 1978 together with any additional period of membership granted as a result of a transfer and (ii) 40; plus
- (B) any pension entitlement by reference to Rule 5A(6) of the BR Rules; multiplied by
- (2) the Normal Pension on whichever is the earlier of (a) the specified date and (b) the date of attaining State Pension Age; and divided by
- (3) the Basic Pension.

In relation to a person who is about to retire whose pension is payable under Rule 5C (Members in Service after Age 65) “Contracted-out Pension” means:

- (4) the amount calculated in item (1); plus
- (5) 4% of item (4) multiplied by the number of complete periods of 6 calendar months between the date the Member attained State Pension Age and the date of ceasing to be a Member.

“Contributory Membership”

means the aggregate of:

- (a) in the case of a Member who has at no time been a Part-time Employee the period during which the Member has contributed to the BR Pension Scheme under rule 11 of the BR Rules and to the Section under Rule 3B (Normal Contributions by Members) or, in the case of a Member who is or has at any time been a Part-time Employee, the sum of the periods during which the Member has contributed to the BR Pension Scheme under rule 11 of the BR Rules and to the Section under Rule 3B (Normal Contributions by Members) but with each period multiplied by the proportion which the number of hours per week that the Member was contracted to work in that period bears to the number of hours per week that the Member would have been

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- contracted to work in that period had he been employed full-time; plus
- (b) in the case of a Member who was a member of the British Railways (Wages Grades) Pension Fund the period during which contributions were paid to the British Railways (Wages Grades) Pension Fund under rule 11 of that Fund or any predecessor to that rule; or
 - (c) in the case of a BR Member who immediately before 1st April 1987 was a member of the New Section the period during which contributions were paid to the New Section under rule 11 of that Fund, or any predecessor to that rule.

“Earnings Cap”

means the amount specified for the purposes of section 590C of the Taxes Act.

“Eligible Child”

means:

- (a) any person who has not reached 18 years of age and who is the Member’s child by marriage or has been legally adopted by the Member; or
- (b) if the Trustee at its sole discretion so agrees in a specific case any other person who has not reached 18 years of age and who does not fall within (a) above who is the child of the Member or the Member’s spouse, or of a living or deceased relative of the Member and at the time of the Member’s death was dependent wholly or in large part on the Member for support and the maintenance of his or her accustomed standard of living, or, if the child was born after the Member’s death, would be likely to have become so dependent; or
- (c) if the Trustee at its sole discretion in any individual case so agrees a person over the age of 18 years who would otherwise fall within (a) or (b) above and who was in full-time education on his or her 18th birthday, so long as he or she so remains or is so handicapped physically or mentally as to be unable to earn a living.

“Eligible Dependant or Dependants”

means any person (up to a maximum of 3) other than an Eligible Child or Eligible Spouse who in the opinion of the Trustee was wholly or in large part dependent on the Member for 2 years immediately prior to the Member’s death. Any pension paid to an Eligible Dependant is

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	payable at the discretion of the Trustee on such terms as the Trustee decides.
“Eligible Spouse”	means the spouse to whom a Member is legally married and living with at the date of death. If more than one spouse is an Eligible Spouse the Trustee shall in its discretion determine one to be the Eligible Spouse to the exclusion of the others.
“Employee”	means an employee or executive director of a Participating Employer and includes an employee working a probationary period prior to a permanent appointment.
“Final Average Basic State Pension”	means the average of the Basic State Pension during the year ending on the date the Member leaves Service or reaches age 65, whichever is earlier. If the Member was not in Service for the whole of the last 12 months then the Basic State Pension at the date he leaves Service shall be deemed to continue for the balance of the year.
“Final Average Pay”	means the greater of the average of the Member’s Pay and the Member’s Pensionable Pay during the 12 months ending on the date the Member leaves Service or reaches age 65, whichever is earlier. If the Member was not in Service for the whole of the last 12 months, his Pay and Pensionable Pay shall be deemed to continue for the balance of the year for the purpose of calculating his Final Average Pay.
“Forecast GMP”	means (on any specified date): <ul style="list-style-type: none">(a) in relation to a Member who leaves Service, dies or reaches age 65 on the specified date, and where the specified date lies between 1st January and 30th June inclusive:<ul style="list-style-type: none">(i) the GMP at the end of the year ending on 5th April (“the said Fiscal Year”) in the previous but one calendar year, uprated in accordance with any order made under section 148 of the Social Security Administration Act 1992 and coming into operation before the end of the calendar year in which the end of the said Fiscal Year falls;plus(ii) the amount of GMP which would have accrued to the

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- Member during the interval between the end of the said Fiscal Year and the specified date if the remuneration between the upper earnings limit and lower earnings limit for National Insurance purposes received from the Participating Employer in each period of 7 days starting on a Monday (“the Relevant Earnings”) of the said period were equal to times the total of the Relevant Earnings in the said Fiscal Year and any orders made under section 148 of the Social Security Administration Act 1992(23) were ignored;
- (b) in relation to a Member who leaves Service, dies or reaches age 65 on the specified date, and where the specified date lies between 1st July and 31st December inclusive, an amount calculated as in (a) but with “the said Fiscal Year” meaning the year ending on 5th April in the calendar year prior to that in which the specified date lies;
 - (c) in relation to a Member who has left Service, an amount calculated as in (a), if the specified date lies between 1st January and 30th June inclusive, or (b), if the specified date lies between 1st July and 31st December inclusive, but with subparagraph (a)(iii) being ignored if the Member left Service on or before the last day of the said Fiscal Year; and the interval in subparagraph (a)(ii) being replaced by the interval between the end of the said Fiscal Year and the date the Member left Service;
- plus
- (a) if the specified date lies between 1st January and 5th April inclusive or between 1st July and 31st December inclusive, 7%; or

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- (b) if the specified date lies between 6th April and 30th June inclusive, 14.5%; or
 - (c) such other percentage as may be determined by the Trustee on the advice of the Actuary;
- of the amount ascertained in (1)(a), (1)(b) or (1)(c), as appropriate; plus 2% (or such other percentage as may be determined by the Trustee on the advice of the Actuary) of the aggregate of (1) and (2) multiplied by the number of years between the specified date and the date the Member attains State Pension Age.

“GMP”

means a guaranteed minimum pension (or accrued right to one) under the Pensions Act. But if during a period of Contributory Membership after 5th April 1978 (a) a Member did not pay Class 1 National Insurance contributions, or (b) no contracting-out certificate was in force in respect of a Member’s employment, then the GMP shall be calculated (except where the Member requests a transfer under Rule 10A (Member’s Right to Transfer or “Buy-out”)) as if Class 1 National Insurance contributions had been paid at the contracted-out rate specified by the Contracting-out Laws throughout the said period. If during a period of Contributory Membership after 5th April 1978, a female Member paid Class 1 National Insurance contributions at a reduced rate, her GMP shall be calculated (except where the Member requests a transfer under Rule 10A) as if she had paid such contributions at the contracted-out rate specified by the Contracting-out Laws apart from section 41(3) of the Pensions Act.

“Incapacity”

means bodily or mental incapacity or physical infirmity which, in the opinion of the Trustee on such evidence as it may require, shall prevent, otherwise than temporarily, the Member carrying out his duties, or any other duties which in the opinion of the Trustee are suitable for him.

“Joint Annuitant”

means the person for whose benefit a Member has elected to surrender part of his pension under Rule 6C (Joint Annuitant’s Pension).

“Legal Spouse”

means the spouse to whom a Member is legally married at the date of death. If more than one spouse is a Legal Spouse the Trustee shall in

	its discretion determine one to be the Legal Spouse to the exclusion of the others.
“Member”	means an Employee who has joined the Section and has not ceased to be entitled to benefits under the Section.
“Minimum Pension Age”	means the Member’s 60th birthday.
“New Section”	means the New Section of the British Railways Super–annuation Fund(24) established by the trust deed executed by the British Railways Board on 21st August 1970.
“Normal Pension”	means the annual pension which would be payable to a Member if the following did not apply: Rule 6 (Elections at Retirement), the second paragraph of Rule 18A (Pension Increases), Rule 19C (GMP Increases), Rule 19D (State Graduated Retirement Benefits) and Schedule 3.
“Participating Employer”	means an employer participating in the Section.
“Part–time Employee”	means an Employee who is designated in his contract of employment and notified to the Trustee by his Participating Employer as a part–time employee.
“Pay”	means (a) in the case of a Member who is remunerated at a fixed rate of pay per week, the Member’s annual equivalent rate of pay and (b) in the case of a Member who is remunerated at a fixed rate of pay per annum, that rate of pay, together in each case with such other remuneration as the Trustee, with the consent of the Participating Employer, from time to time decides. For a Member who is a Part–time Employee it means the equivalent full–time annual rate of pay.
“Pensionable Pay”	means the Member’s Pay calculated at 1st April prior to the Section Year in question or, if later, the date of joining the Section. Any retrospective change in a Member’s Pay shall be ignored for the purposes of calculating his Pensionable Pay. Subject to Rule 17A (Members who joined the BR Pension Scheme before 1st June 1989), Pensionable Pay cannot, however, exceed the amount of the Earnings Cap for the year in question. If a Member’s Pensionable Pay in any Section Year is less than the Member’s Pensionable

(24) Copies of the British Railways Superannuation Fund can be obtained from Railway Pensions Management Limited, Stooperdale Offices, Brinkburn Road, Darlington DL3 6EH.

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	<p>Pay was in the preceding Section Year (and for this purpose only taking account of any retrospective change in the Member's Pay) then the Member's Pensionable Pay shall be the higher amount until such time as that amount is exceeded in a subsequent Section Year.</p>
"Pensionable Service"	<p>means the Member's Service after joining the Section together with any additional period credited to the Member by the Participating Employer or the Trustee as a result of a transfer payment or the exercise of a discretion and any additional period of Pensionable Service stated to be granted under the Rules other than under Rule 4F (Additional Contributions for Senior Officers), but Pensionable Service does not include the Member's Service after opting-out (see Rule 16 (Opting-Out)).</p> <p>In the case of a Part-time Employee his Pensionable Service shall be adjusted by multiplying it by the proportion which the number of hours per week that the Member was contracted to work bears to the number of hours per week that the Member would have been contracted to work had he been employed full time.</p>
"Pension Trust"	<p>means this pension trust which governs the Scheme.</p>
"Policy"	<p>has the meaning given in Schedule 3 and Schedule 4.</p>
"Preserved Benefits"	<p>has the meaning given in Schedule 11.</p>
"Preserved Death Benefit"	<p>has the meaning given in Schedules 1 and 2.</p>
"Preserved Lump Sum"	<p>has the meaning given in Schedules 2 and 10.</p>
"Preserved Pension"	<p>has the meaning given in Schedules 1 and 2.</p>
"Qualifying Membership"	<p>means Pensionable Service whilst a member of any pension scheme of the Participating Employer.</p>
"Section"	<p>means in relation to a particular Designated Employer the Shared Cost Section for that Participating Employer.</p>
"Section Pay"	<p>means the Member's Pensionable Pay during the Section Year in question less an amount equal to 1 P times the Basic State Pension at 1st April prior to the start of the Section Year in question.</p>
"Section Year"	<p>means a period of 12 months ending on 30th June.</p>

“Service”	means employment as an Employee.
“State Graduated Retirement Benefit”	means the aggregate of the equivalent pension benefits earned by a Member under the former state graduated pension scheme: <ul style="list-style-type: none">(a) during Contributory Membership;(b) in the case of a Member whose equivalent pension benefit was transferred to the New Section, the British Railways (Wages Grades) Pension Fund or the BR Pension Scheme under rule 6 of the respective scheme, during former membership of the other pension scheme mentioned in that rule; and(c) in the case of a Member to whom Rule 17C or Rule 17D applies, during any former membership of an Existing Salaried Staff Superannuation Fund (as defined in Schedule 1) or the British Railways (Wages Grades) Pension Fund, in respect of which no payment in lieu has been made and which have not been otherwise preserved.
“State Pension Age”	means age 60 (for a woman) and age 65 (for a man) or such other ages on which basic state pension benefits first become payable.
“Wages Grades Credited Membership”	means membership granted under Schedule 2.

NOTE:For the purposes of these Rules:

(1) In calculating a number of years, fractions of a year shall count proportionately. There shall be deemed to be 52.17 weeks in a year.

(2) In calculating the length of a period of membership or employment, such part of the period (counting the period of membership forward) as does not amount to a number of complete years (“the said period”) shall be counted as a fraction of a year in which:

- (a) the denominator shall be 365; and
- (b) the numerator shall be:
 - (i) the number of completed days comprised in the said period if it does not include a 29th February; or
 - (ii) one less than the number of completed days comprised in the said period if it does include a 29th February.

2 JOINING THE SECTION

2

Joining

2A Each Employee whose contract of service says that he is eligible to join the Section or who has a right under paragraph 8 of Schedule 11 to the Railways Act may join immediately on the Monday coincident with or immediately after starting Service. The Trustee shall include an Employee in the

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Section automatically if the Employee's contract of service so provides or if provided for by an order of the Secretary of State under paragraph 4 of Schedule 11 to the Railways Act, consistent always with Revenue Approval.

An Employee who does not join the Section at the first opportunity may join later only with the specific permission of the Participating Employer.

With the consent of the Trustee, a Participating Employer may vary the above requirements of this Rule for any of its Employees or a class of its Employees.

Applications to join the Section must be made in the form required by the Trustee.

A Member ceases to be eligible in the circumstances set out in Rule 15 (Ceasing to be Eligible).

A Member who has opted out may rejoin only in the circumstances set out in Rule 16 (Opting Out).

Evidence of Health

2B Unless an Employee is included in the Section automatically under Rule 2A, either the Participating Employer or the Trustee may at its discretion require the Employee to pass a medical examination to its satisfaction before admission to the Section.

3 NORMAL CONTRIBUTIONS BY PARTICIPATING EMPLOYERS AND MEMBERS

3

Normal Contributions by Participating Employers

3A Each Participating Employer shall contribute at a rate equal to 1.5 times the amount contributed under Rule 3B (Normal Contributions by Members), Rule 4D (Additional Contributions by BR Members and Members who are Protected Persons for Antedating Membership) and Rule 4E (Additional Contributions from Professionals and Senior Officers) by those of its Employees who are Members. But the Designated Employer (acting on actuarial advice) can decide in respect of Employees in its Section that a higher multiple is appropriate.

Each Participating Employer may deduct from his contributions due under this Rule the total of any contributions paid under Rule 4B (Additional Contributions by Participating Employers) during the period.

Normal Contributions by Members

3B A Member in Pensionable Service shall contribute for each Monday that he is a Member at the rate of 5% of the weekly equivalent of the Member's Section Pay (or 2.5% of the Member's Pensionable Pay if greater). But the Designated Employer and the Trustee can agree that a different contribution rate is appropriate subject to the Actuary's confirmation that the revised rates are sufficient to secure the solvency of the Section.

If the Member is a Part-time Employee he shall contribute at the appropriate rate multiplied by the proportion which the number of hours per week that the Member is contracted to work on that Monday bears to the standard number of hours per week worked by a full-time Employee in his category of employment. If the Member is a Part-time Employee who is contracted to work a different number of hours in alternate weeks then the number of hours per week shall be averaged for the purpose of calculating his contributions.

If a Member's contributions due under this Rule 3B have been outstanding for a period of time considered by the Trustee to be excessive then the Trustee may treat that Member as having opted out under Rule 16 (Opting Out) with effect from a date fixed by the Trustee.

A Member is not required to contribute if he has 40 years' Pensionable Service.

4 ADDITIONAL CONTRIBUTIONS BY MEMBERS AND PARTICIPATING EMPLOYERS

4

Additional Voluntary Contributions by Members

4A A Member in Pensionable Service may pay Additional Voluntary Contributions, subject to a minimum contribution of £2 per week or such lesser amount as the Trustee agrees. If the Trustee so requires, a Member must give notice (in the form required by the Trustee) of his intention to start or stop paying or vary payment of Additional Voluntary Contributions.

A Member's Additional Voluntary Contributions shall be applied as set out in Schedule 3.

If there is a surplus of a Member's Additional Voluntary Contributions which cannot be used to provide benefits within Inland Revenue limits, the Trustee shall repay the surplus to the Member or, if the Member is dead, the Member's personal representatives. Surplus shall be calculated in accordance with The Retirement Benefits Schemes (Restriction on Discretion to Approve) (Additional Voluntary Contributions) Regulations 1993(25) and the Trustee shall at all times comply with the requirements of those Regulations.

Additional Contributions by Participating Employers

4B If a Member makes Additional Voluntary Contributions under Rule 4A (Additional Voluntary Contributions by Members) his Participating Employer shall make an additional contribution in respect of the Member. The additional contribution shall be equal to the Member's Additional Voluntary Contributions or, if less, 5% of the Member's Pensionable Pay and shall be applied as set out in Appendix 3. But the Participating Employer may notify the Trustee:—

- (i) that this Rule shall not apply to a Member who starts to make Additional Voluntary Contributions after a date decided by the Participating Employer ("the relevant date") (except that a Participating Employer shall continue to make additional contributions under this Rule in respect of a Protected Person who becomes a Member after the relevant date and whose previous employer was also making or was treated as making additional contributions under the equivalent rule of its Section, such additional contributions to be of the same amount as his previous employer was making or was treated as making); and
- (ii) that contributions paid by the Participating Employer in respect of any Member (including a Protected Person who becomes a Member after the relevant date) under this Rule shall not be increased after the relevant date.

If the Participating Employer does so notify the Trustee, the Trustee shall notify the Member.

However, if and for so long as the Participating Employer makes no contributions under Rule 3A (Normal Contributions by Participating Employers) the Participating Employer shall make no contributions under this Rule 4B and instead the Section Assets shall be applied to meet the Participating Employer's obligations under this Rule 4B.

(25) S.I. 1993/3016.

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Additional Contributions by Protected Persons who transferred from certain railway pension schemes to the New Section

4C A Protected Person who transferred from railway pension schemes set out in Schedule 1 to the New Section shall continue to pay any additional contributions required under that Schedule.

Additional Contributions by Members who are Protected Persons for Antedating Membership

4D A Member who is a Protected Person and who pays (or was paying under the BR Pension Scheme) contributions for antedating membership shall pay (or continue to pay) contributions on the terms set out in Schedule 9.

Additional Contributions from Professionals and Senior Officers

4E If a Member who was employed on account of professional or other special qualifications applies in writing to his Participating Employer he shall be granted Added Years of such amount as the Participating Employer decides on the advice of the Actuary and subject to not prejudicing Revenue Approval.

The Member shall contribute such sums and be subject to such terms and conditions as the Trustee decides, acting on the advice of the Actuary.

If the Member leaves Service before all contributions due under this Rule have been paid (other than as a result of death or Incapacity), the Added Years granted shall, subject to the following paragraph, be reduced by the Trustee on the advice of the Actuary.

If the Member's contributions were payable from the date of grant of Added Years until a date specified by the Trustee under this Rule and equal to:

- (i) contributions under Rule 3B (Normal Contributions by Members) (or under rule 11(2) of the BR Pension Scheme, as appropriate)

multiplied by;

- (ii) the number of Added Years

and divided by;

- (iii) the number of years between the date of grant of Added Years and the date specified by the Trustee under this Rule

then the Added Years shall be reduced to;

- (iv) the Added Years, but for this paragraph

multiplied by;

- (v) the number of years during which contributions have been paid under this Rule, ignoring any contributions which have been refunded

and divided by;

- (vi) the number of years between the date of grant and the date specified by the Trustee under this Rule.

The Participating Employer may permit a Member to whom the above paragraph applies to have the reduction wholly or partially waived on the payment by the Member of a lump sum determined by the Trustee on the advice of the Actuary.

Additional Contributions for Senior Officers who were members of BRASS–SO

4F A Member who is designated by his Participating Employer and notified to the Trustee as a senior officer who is not eligible to be granted Added Years under Rule 4E (Additional Contributions from Professionals) may elect to pay additional contributions described in Schedule 4 which shall be applied as set out in that Schedule.

5 BENEFITS FOR MEMBERS AT RETIREMENT

5

Retirement between Minimum Pension Age and Age 65

5A.—(1) A Member who leaves Service at or after Minimum Pension Age and before or at age 65 shall receive a pension payable from the day after the date of leaving Service and ceasing on death.

(2) Subject to paragraph (5) below the annual pension for each year of Pensionable Service (other than Pensionable Service to which paragraph (3) or (4) below apply) shall be either:

- (i) 1/60th of Final Average Pay less 1/40th of Final Average Basic State Pension; or
- (ii) 1/120th of Final Average Pay,

whichever is the greater.

(3) The annual pension for each year of Wages Grades Credited Membership shall be that amount which it was determined by the Participating Employer on the advice of the actuary to the British Railways (Wages Grades) Pension Fund should be granted in respect of credited membership of that Fund.

- (a) (4) (a) Subject to this paragraph and to paragraph (5), the annual pension for each year of additional Pensionable Service granted under paragraph (1) or (2) of Schedule 1 shall be 1/60th of Final Average Pay.
- (b) The annual pension for each year of additional Pensionable Service granted under paragraph (5) of Schedule 1 shall be that amount which it was determined by the employer on the advice of the actuary to the British Railways Superannuation Fund should be granted in respect of credited membership of the New Section.

(5) If a Member has more than 40 years of Pensionable Service the pension under paragraphs (2), (3) and (4) shall be based on the first 40 years of Pensionable Service, different types of Pensionable Service being assumed to occur in the following order:

- (1) Rule 17D (BR Members who joined the British Railways (Wages Grades) Pension Fund on 14th August 1967, 7th April 1975 or 6th April 1978),
- (2) Rule 17C (BR Members who transferred from certain railway pension schemes to the New Section),
- (3) Schedule 2 para 5,
- (4) Schedule 1 para 5,
- (5) Added Years,
- (6) Antedated Membership,
- (7) Schedule 1 para (2)(b),
- (8) Schedule 1 para (9)(b),
- (9) any period of additional Pensionable Service granted as a result of a transfer-in, and
- (10) Contributory Membership.

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(6) The annual pension determined under paragraphs (2), (3) and (4) shall be increased by the greater of:

- (i) th of Final Average Pay less th of Final Average Basic State Pension; or
- (ii) th of Final Average Pay,

multiplied by each year of Pensionable Service prior to 7th April 1991, subject to a maximum of 40 years.

(7) In addition, any Preserved Pension granted and any additional pension granted under paragraph (10) of Schedule 1 shall be payable.

(8) If a Member's Pensionable Pay was reduced on returning to the United Kingdom following service abroad during which Pensionable Pay was at a higher rate than the Pensionable Pay for a similar post in the United Kingdom, the Member shall be granted an additional pension as determined by the Actuary in respect of the excess contributions which the Member and his Participating Employer have paid during service abroad provided that this does not prejudice Revenue Approval.

(9) If (a) the pension certified by the Actuary to be equivalent to:

- (i) the Member's accumulated contributions;

less

- (ii) the lump sum payable under Rule 5B (Lump Sum on Retirement between Minimum Pension Age and Age 65),

is greater than

- (b) the pension payable in accordance with paragraphs (2) to (8) above, disregarding any pension or period of membership which is in respect of former membership of a pension scheme to which the Member did not contribute, and before exercising any election under Rule 6 (Elections at Retirement), the Member shall receive an additional pension equal to the difference between (a) and (b).

Lump Sum on Retirement between Minimum Pension Age and Age 65

5B A Member who leaves Service at or after Minimum Pension Age and before or at age 65 shall receive a lump sum payable on the day after the date of leaving Service.

The amount of the lump sum shall be the aggregate of:

- (a) (i) whichever is the lesser of 1/40th of Final Average Pay or 3/10ths of Final Average Basic State Pension; multiplied by
- (ii) whichever is the lesser of the number of years of the Member's Pensionable Service or 40;

and

- (b) (i) whichever is the lesser of th of Final Average Pay or 3/4ths of Final Average State Flat-Rate Pension; multiplied by
- (ii) the number of years of the Member's Pensionable Service prior to 7th April 1991, subject to a maximum of 40 years.

In addition, any Preserved Lump Sum shall be payable.

Members in Service after Age 65

5C A Member who is still in Service after age 65 shall be treated for all the purposes of the Section as if he left Service on reaching age 65.

Early Retirement through Incapacity

5D A Member who leaves Service because of Incapacity before Minimum Pension Age having completed at least 5 years' Qualifying Membership shall receive immediate benefits calculated as described in Rule 5A (Retirement between Minimum Pension Age and Age 65) and Rule 5B (Lump Sum on Retirement between Minimum Pension Age and Age 65) and payable from the day after the date of leaving Service.

A Member who has less than 40 years' Pensionable Service shall receive an additional annual pension equal to the amount determined under Rule 5A(2)(i) or (ii) multiplied by the lesser of:

- (a) 40 less the number of years of Pensionable Service;
- (b) the number of years between the date of leaving Service and the date of attaining Minimum Pension Age; and
- (c) 10.

In the case of a Member who is a Part-time Employee, this additional pension shall be multiplied by the proportion which the number of hours per week that the Member was contracted on the date of leaving Service to work bears to the number of hours per week that the Member would have been contracted on the date of leaving Service to work had he been employed full-time.

If in the opinion of the Trustee a Member receiving a pension under this Rule recovers sufficiently before Minimum Pension Age to be able to earn an income, the Trustee may from time to time until Minimum Pension Age in its discretion reduce or suspend the pension as it deems the circumstances justify.

A claim for benefit under this Rule shall be inadmissible if it is not delivered to the Trustee within 1 year of the Member leaving Service, unless the Trustee in its discretion decides otherwise.

6 ELECTIONS AT RETIREMENT

6

Additional Pension

6A A Member who is about to retire may, by notice in writing to the Trustee, elect to convert part or all of his lump sum into an additional pension for life payable from the date the lump sum becomes payable. Conversion shall be on the basis that £1 per annum of pension is equivalent to a lump sum of £12.

An election under this Rule shall not affect the pension payable after death to a Member's spouse, dependants or children.

A Member cannot make an election under this Rule 6A (Additional Pension) if he has made an election under Rule 6B (Additional Lump Sum).

Additional Lump Sum

6B A Member who is about to retire may, by notice in writing to the Trustee, elect to commute a proportion of his pension for an additional lump sum but may not commute so much of his pension as would make the pension remaining but for Rule 19B (GMP Increase) and Rule 19C (State Graduated Retirement Benefits) less than 75% of the Normal Pension.

Commutation shall be on the basis that £1 per annum of pension is equivalent to a lump sum of £12.

An election under this Rule shall not affect the pension payable after death to a Member's spouse, dependants or children.

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A person may not commute so much pension as would provide an additional lump sum which, when added to the lump sum payable under Rule 5B (Lump Sum on Retirement between Minimum Pension Age and Age 65), produces a total which exceeds:

- (i) $\frac{3}{8}$ ths of Pay on the earlier of the date of leaving Service and the date the Member attained age 65;

multiplied by

- (ii) the number of years of the Member's Service (excluding any years after the attainment of State Pension Age and subject to a maximum of 40);

multiplied by

- (iii) the Normal Pension on the date the pension becomes payable;

and divided by

- (iv) the Basic Pension;

or such greater sum as is agreed with the Inland Revenue.

A person may not commute so much pension as would make the pension remaining but for Rule 19B (GMP Increase) and Rule 19C (State Graduated Retirement Benefits) less than the aggregate of:

- (i) the State Graduated Retirement Benefit; and
- (ii) whichever is the lesser on the date the pension becomes payable of the Contracted-out Pension and the Forecast GMP.

A Member cannot make an election under this Rule 6B if he has made an election under Rule 6A.

Joint Annuitant's Pension

6C.—(1) A Member who is about to retire may, by notice in writing to the Trustee, elect to surrender part of his pension in order to provide a pension payable to another person (a "Joint Annuitant"). The Joint Annuitant must be named in the election and may be either the Member's spouse or someone dependent on the Member.

(2) The pension payable to a Joint Annuitant shall be payable from the day following the Member's death and shall cease on the Joint Annuitant's death.

(3) Subject to paragraphs (5) and (9), the pension payable to the Joint Annuitant shall be 15% of the Member's Normal Pension at the date of death.

(4) The basis on which the election may be made is as set out in Schedule 5.

(5) The maximum pension which may be surrendered under this Rule is that pension which would result in the pension to the Joint Annuitant being equal to the pension remaining payable to the Member but for Rules 6A (Additional Pension), 6B (Additional Lump Sum), 6D (Early Retirement Level Pension Option), Rule 19B (GMP Increase) and Rule 19C (State Graduated Retirement Benefits).

(6) If any election under paragraphs (1) to (5) would result in the pension payable but for Rule 19B (GMP Increase) and Rule 19C (State Graduated Retirement Benefits) being less than the aggregate of:

- (i) the State Graduated Retirement Benefit; and
- (ii) whichever is the lesser on the date the pension becomes payable of the Contracted-out Pension and the Forecast GMP,

the election shall not be permitted.

(7) Any election under Rule 6A (Additional Pension) or 6B (Additional Lump Sum) or Rule 11A (Early Benefits) must be made before an election is made under this Rule.

(8) An election under this Rule shall be revoked if the Member or the Joint Annuitant dies before the Member's pension becomes payable.

(9) Schedule 6 applies to a Member who was a member of the British Railways (Wages Grades) Pension Fund prior to 1st July 1974 and who before that date elected for and was granted a joint pension in accordance with rule 21 of the rules of that Fund as they stood on 30th June 1974.

Early Retirement Level Pension Option

6D A Member who is about to retire and whose pension starts on or after age 50 but before State Pension Age may elect, by notice in writing to the Trustee, to have the pension increased before that age and reduced after it, so that:

- (i) the pension from the Section before State Pension Age is greater than the pension but for this Rule; and
- (ii) at State Pension Age the pension but for Rule 19B (GMP Increase) and Rule 19C (State Graduated Retirement Benefits) reduces by:
 - (a) (subject to the following paragraph) th of Final Average Basic State Pension multiplied by the number of years of the Member's Pensionable Service; multiplied by
 - (b) the Normal Pension at State Pension Age; and divided by
 - (c) the Basic Pension.

The amount calculated under (a) above shall be reduced as necessary to ensure that the pension receivable after State Pension Age but for Rule 19B (GMP Increase) and Rule 19C (State Graduated Retirement Benefits) and ignoring any application of Rule 18A (Pension Increases) after the election is made, is not less than whichever is the greater of:

- (1) half the pension but for this Rule, Rule 19B (GMP Increase) and Rule 19C (State Graduated Retirement Benefits); and
- (2) the aggregate of (i) the State Graduated Retirement Benefit; and (ii) whichever is the lesser on the date the pension becomes payable of the Contracted-out Pension and the Forecast GMP.

The basis on which the election may be made is set out in Schedule 7.

An election under this Rule does not affect the pension payable after death to a Member's spouse, dependants or children.

Any election under Rule 6A (Additional Pension), 6B (Additional Lump Sum), 6C (Joint Annuitant's Pension) or Rule 11A (Early Benefits) must be made before an election is made under this Rule.

7 DEATH IN SERVICE ON OR BEFORE AGE 65

7

Lump Sum and Pension

7A If a Member dies in Service on or before age 65 a lump sum shall be payable to the Member's personal representatives (unless the Member chooses otherwise under Rule 18C (Discretionary Death Benefit Trusts) and pensions shall be paid to the two youngest Eligible Children (if any) and to the Eligible Spouse or Eligible Dependants.

Lump Sum

7B The lump sum shall be four times the Member's Final Average Pay.

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In the case of a Member who was a Part-time Employee at the date of death, the lump sum shall be multiplied by the proportion which the number of hours per week which the Member was contracted to work at the date of death bears to the number of hours per week that the Member would have been contracted on the date of death to work had he been employed full-time.

If, however, a lump sum is payable from another section of the Scheme or from some other pension scheme, including a scheme to which a Member belonged before joining the Scheme, the lump sum payable under this Rule shall not when (where appropriate) aggregated with such lump sum exceed the maximum amount allowed by the Inland Revenue.

Pensions for Eligible Spouse and Eligible Children

7C The annual amount of the Eligible Spouse’s and Eligible Children’s pensions shall be:

- (i) the pension the Member would have received under Rule 5D (Early Retirement through Incapacity) if he had retired through Incapacity immediately before his death;

multiplied by

- (ii) the fractions shown in the following table:

Status at the date of the Member’s death	Eligible Spouse	Youngest Eligible Child for the time being	Second youngest Eligible Child for the time being
Eligible Spouse or Eligible Dependant alive	1/2	1/4	1/8
No Eligible Spouse or Eligible Dependant alive	—	1/2	1/4

The pension payable to an Eligible Spouse under this Rule shall be payable from the day following the Member’s death and shall cease on the death of the Eligible Spouse.

If the Eligible Spouse is more than 10 years younger than the Member and had not been married to the Member for 5 or more years, the Eligible Spouse’s pension shall be reduced by 2.5% for each year by which the age difference exceeds 10 years or by such lesser amount as the Trustee may decide with the agreement of the Actuary.

The pensions in respect of Eligible Children shall be payable from the day following the Member’s death. When an Eligible Spouse or the last surviving Eligible Dependant dies, any pension payable to the Member’s Eligible Children shall be increased from the day after the death to the amount of pension which would have been payable if there had been no Eligible Spouse or Eligible Dependant at the time of the Member’s death.

Pensions for Legal Spouse and Eligible Dependants

7D If 4 weeks after the Member’s death there is no Eligible Spouse alive then a pension shall be payable to the Member’s Legal Spouse (if any) and to the Member’s Eligible Dependants (if any).

The amount of the Legal Spouse’s pension payable shall be half the annual equivalent of the Member’s GMP. It shall be payable from the day following the Member’s death and shall cease on the death of the Legal Spouse.

The total amount of pension payable to the Eligible Dependants (ignoring the next paragraph) and to the Legal Spouse shall not exceed the pension which would have been payable to an Eligible Spouse ignoring any young spouse reduction. The Trustee at its discretion shall divide any pension remaining among the Eligible Dependants.

If an Eligible Dependant was more than 10 years younger than the Member then the Eligible Dependant's pension shall be reduced by 2.5% for each year by which the age difference exceeds 10 years or by such lesser amount as the Trustee may decide with the agreement of the Actuary.

The pension payable to an Eligible Dependant shall be payable from the day following the Member's death and shall be payable for 10 years or until the earlier death of the Eligible Dependant. Thereafter the pension may be continued at the discretion of the Trustee and on such terms as the Trustee shall determine.

8 DEATH AFTER RETIREMENT

8

Lump Sum and Pension

8A When a Member dies after retirement a lump sum shall be payable to the Member's personal representatives (unless the Member chooses otherwise under Rule 18C (Discretionary Death Benefit Trusts)) and pensions shall be paid to the two youngest Eligible Children (if any) and to the Eligible Spouse or Eligible Dependants.

Lump Sum

8B The lump sum shall be:

(1) the lesser of (a) four times Final Average Pay and (b) five times each of the following but ignoring any increases paid under Rule 18A (Pension Increases) and any lump sum payable from the Policy proceeds under Schedule 3:

(i) the aggregate of the Basic Pension and any pension payable under Rule 6A (Additional Pension);

and

(ii) where the pension is in payment, any extra pension secured by any funds transferred to the Section under paragraph 5 of Schedule 3 multiplied by the Normal Pension on the date of death divided by the Basic Pension; less

(2) the aggregate of all lump sums and pension payments (if any) made to the Member.

For a Member receiving benefits under Rule 5D (Early Retirement through Incapacity) who has not yet attained Minimum Pension Age the lump sum shall be equal to (1) four times Final Average Pay multiplied by (2) the Normal Pension on the date of death divided by (3) the Basic Pension less (4) the aggregate of all lump sums and pension payments made to the Member since retirement.

If the Member was a Part-time Employee at the date of retirement, then the sum equal to four times Final Average Pay shall be multiplied by the proportion which the number of hours per week that the Member was contracted on the date of retirement to work bears to the number of hours per week that the Member would have been contracted on the date of retirement to work had he or she been employed full-time.

If, however, a lump sum is payable from another section of the Scheme or from some other pension scheme, including a scheme to which a Member belonged before joining the Scheme, the lump sum payable under this Rule shall not when (where appropriate) aggregated with such lump sum exceed the maximum amount allowed by the Inland Revenue.

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Pensions for Eligible Spouse and Eligible Children

8C The annual amount of the Eligible Spouse's and Eligible Children's pensions shall be:

- (i) the Member's Normal Pension;

multiplied by

- (ii) the fractions shown in the table in Rule 7C (Pensions for Eligible Spouse and Eligible Children).

The pensions payable to the Eligible Spouse and Eligible Children shall be payable from the day following the Member's death. The Eligible Spouse's pension shall cease on the death of the Eligible Spouse.

On the death of the Eligible Spouse or the last surviving Eligible Dependant, any pension payable to the Member's Eligible Children shall be increased from the day after the death to the amount of pension which would have been payable if there had been no Eligible Spouse or Eligible Dependant at the time of the Member's death.

If the Eligible Spouse is more than 10 years younger than the Member and had not been married to the Member for 5 or more years the Eligible Spouse's pension shall be reduced by 2.5% for each year by which the age difference exceeds 10 years or by such lesser amount as the Trustee may decide with the agreement of the Actuary.

Pensions for Legal Spouse and Eligible Dependents

8D If 4 weeks after the Member's death there is no Eligible Spouse then a pension shall be paid to the Member's Legal Spouse (if any) and to the Member's Eligible Dependents (if any).

The amount of the Legal Spouse's pension shall be half the annual equivalent of the Member's GMP. It shall be payable from the day following the Member's death and shall cease on the death of the Legal Spouse.

The total amount of pension payable to the Eligible Dependents (ignoring the next paragraph) and the Legal Spouse shall not exceed the pension which would have been payable to an Eligible Spouse (ignoring any age reduction). The Trustee at its discretion shall divide any pension remaining among the Eligible Dependents.

If an Eligible Dependant was more than 10 years younger than the Member then the Eligible Dependant's pension shall be reduced by 2.5% for each year by which the age difference exceeds 10 years or by such lesser amount as the Trustee may decide with the agreement of the Actuary.

The pension payable to an Eligible Dependant shall be payable from the date following the Member's death and shall be payable for 10 years or until the earlier death of the Eligible Dependant. Thereafter the pension may be continued at the discretion of the Trustee and on such terms as the Trustee shall determine.

9 EARLY LEAVERS

9

Deferred Benefits

9A A Member who leaves Service before Minimum Pension Age shall receive benefits from Minimum Pension Age of:

- (a) a pension calculated as described in Rule 5A (Retirement between Minimum Pension Age and Age 65); and

- (b) a lump sum calculated as described in Rule 5B (Lump Sum on Retirement between Minimum Pension Age and Age 65) multiplied by the Normal Pension on the date the pension becomes payable and divided by the Basic Pension.

The pension shall be increased before payment with effect from the date of leaving Service until the date the pension becomes payable, by the same percentage increase as a pension subject to the Pensions (Increase) Act 1971(26) would increase during that period if it had become payable on the date the Member left Service (or, if greater, by the percentage required by the Revaluation Laws).

GMP

9B If a Member leaves Service with deferred benefits and a GMP, the Member's GMP shall be increased and, where appropriate, transferred in accordance with Clause 9 of the Pension Trust (Contracting-out).

Benefits on the death of an Early Leaver

9C If a Member with deferred benefits dies before Minimum Pension Age then Rule 8 (Death after Retirement) shall apply as if the Member had retired immediately before death with a Normal Pension.

10 RIGHT TO TRANSFER OR "BUY-OUT"

10

Member's Right to Transfer or "Buy-Out"

10A A Member who leaves Service with deferred benefits at least a year before Minimum Pension Age can require the Trustee by application in writing to use the cash equivalent of the deferred benefits in whichever of the following ways (or combination of them) the Member chooses:

- (a) to buy one or more Buy-out Policies (see Rule 10B (Requirements for Buy-Out Policies)) from one or more Insurance Companies chosen by the Member;
- (b) to acquire rights under another occupational pension scheme or under a personal pension scheme or under another Section of the Scheme (see Rule 10C).

The cash equivalent shall be calculated by the Trustee on the basis of advice from the Actuary which complies with the Transfer Value Laws.

The Trustee may allow a Member who does not have a right to a cash equivalent to choose a transfer or a "Buy-out" as described in this Rule. The Trustee may impose such conditions on the exercise of this choice as it thinks fit.

The Member can exercise this right by application in writing to the Trustee at any time up to a year before Minimum Pension Age (or, if later, 6 months after leaving Service).

Requirements for Buy-Out Policies

10B A Buy-Out Policy must satisfy the Transfer Value Laws and the requirements of the Inland Revenue. In particular, the policy must provide that the annuities payable to or for the benefit of the Member and the Member's Spouse shall be at least equal to their GMP under the Section, including revaluation in accordance with the Contracting-out Laws.

(26) 1971 c. 56.

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Requirements for Transfer

10C The receiving scheme must be (a) an occupational pension scheme with Revenue Approval or which otherwise satisfies the Inland Revenue's requirements, or (b) a personal pension scheme approved under Chapter IV of Part XIV of the Taxes Act, or (c) a "statutory scheme" as defined in section 612(1) of that Act.

If the Member's cash equivalent includes accrued rights to GMP, the transfer must also satisfy the requirements of the Contracting-out Laws.

11 OTHER CHOICES FOR EARLY LEAVERS

11

Early Benefits

11A A Member entitled to deferred benefits (see Rule 9 (Early Leavers)) may elect to receive his benefits on a date earlier than Minimum Pension Age (but not earlier than age 50). If a Member does not make a choice under this Rule 11 (Other Choices for Early Leavers) immediately on leaving Service, the agreement of the Trustee is required.

The benefits shall be reduced as set out in Schedule 8.

If an election under this Rule would result in the pension payable to the Member being less than the aggregate of:

- (i) the State Graduated Retirement Benefit; and
- (ii) whichever is the lesser on the date the pension would become payable of the Contracted-out Pension and the Forecast GMP,

the election shall not be permitted.

The Trustee must be reasonably satisfied that the reduced benefits are at least equal in value to the deferred benefits (including future increases) that would otherwise have been provided under Rule 9 (Early Leavers).

Choices at Retirement

11B A Member entitled to deferred benefits may choose to give up lump sum for additional pension or pension for additional lump sum or to provide an additional pension for a nominated Eligible Dependant or spouse or to elect an early retirement level pension option (see Rule 6 (Elections at Retirement)). But any election under Rule 6A (Additional Pension) or Rule 6B (Additional Lump Sum) must be made before an election is made under Rule 11A.

EARLY LEAVERS REJOINING

12. If a Member leaves Service but later returns and rejoins the Section having retained his right to deferred benefits in respect of the first period, each period of Service shall be treated separately unless his Participating Employer at the date of rejoining, with the consent of the Member and the Trustee and subject to Revenue Approval, decides that the 2 periods shall be treated as continuous or unless otherwise provided under the Pension Trust.

If the break in Service is for maternity however, Rule 14 (Maternity) shall apply.

13 MEMBERS AWAY FROM WORK

13

General Principle

13A A Member who is away from work and has not opted out of the Section (see Rule 16 (Opting out)) shall be treated as still in Pensionable Service for so long as he receives contractual pay or statutory sick pay.

Rule 13D (Benefits for Members away from Work) shall apply when calculating the Member's benefits.

Temporary Absence through Injury or Ill-Health

13B The Designated Employer may decide to treat any Member who is away from work due to injury or ill-health as still in Pensionable Service, so long as there is a definite expectation that the Member shall return to work. A Member in receipt of benefits under a long-term disability scheme of his Participating Employer shall usually be regarded as still in Pensionable Service for as long as benefits are payable to the Member under that scheme.

Rule 13D (Benefits for Members away from Work) shall apply when calculating the Member's benefits.

Secondment

13C The Designated Employer may decide to treat any Member who is on secondment as still in Pensionable Service for up to 3 years (or longer if the Inland Revenue permits), so long as there is a definite expectation that the Member shall return to Service and he does not join another occupational pension scheme with Revenue Approval or a personal pension scheme or a "statutory scheme" as defined in section 612(1) of the Taxes Act.

Rule 13D (Benefits for Members away from Work) shall apply when calculating the Member's benefits.

Benefits for Members away from Work

13D If a Member is treated as still in Pensionable Service and contributions have been paid or (with the consent of the Trustee) deemed to have been paid in full in respect of the period of absence his benefits shall remain as if he had not been away from work. If the Member is treated as still in Pensionable Service but contributions have not been paid in full the Trustee may decide any special provisions (consistent with Revenue Approval and the Contracting-out Laws) to apply to the Member's contributions and benefits in respect of the period of absence.

If the Member is not treated as still in Pensionable Service, the Member shall be treated as having left Service.

MATERNITY

14. A period of absence for pregnancy or confinement shall count as Pensionable Service for so long as the Member receives contractual pay or statutory maternity pay. The Designated Employer and the Trustee may agree any special provisions (consistent with Revenue Approval and the Contracting-out Laws) to apply to the Member's contributions and benefits in respect of this period.

If the Member stops receiving contractual pay or statutory maternity pay before returning to work, the Participating Employer may agree to treat her as still in Pensionable Service. The Participating Employer and Trustee may also agree any special provisions (consistent with the Contracting-out Laws and Revenue Approval) to apply to the Member's contributions and benefits in respect of this period but she shall always be covered for benefit under Rule 7 (Death in Service on or before Age 65) until the earlier of:

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- (i) her notifying her Participating Employer that she is not to return to work;
- (ii) her employment being terminated; and
- (iii) her statutory maternity leave (as extended by her Participating Employer by reason of illness) ends.

If the Member is not treated as still in Pensionable Service, she shall be treated as if she had left Service. But if she exercises a statutory right to return to work, her Pensionable Service shall be treated as continuous (but excluding the break).

CEASING TO BE ELIGIBLE

15. Unless the Railways Pensions (Protection and Designation) Order 1994⁽²⁷⁾ applies, a Member shall cease to be eligible if his contract of service is varied so that he is no longer eligible for membership. The Member shall be treated as if he had left Service on the day he ceased to be eligible except that a Member with deferred benefits cannot choose an early pension under Rule 11A (Early Benefits) before actually leaving Service.

If a Member who has ceased to be eligible later satisfies the conditions for joining the Section (see Rule 2 (Joining the Section)), the Member may rejoin the Section as described in Rule 2, in which case the Member's benefits shall be calculated in accordance with Rule 12 (Early Leavers Rejoining). Any period between ceasing to be eligible and rejoining the Section shall not count as Pensionable Service.

OPTING OUT

16. A Member may at any time opt out of the Section by giving 3 months' notice to the Participating Employer and the Trustee. The Member shall be treated as if he had left Service on the day the notice expires except that:

- (a) if the Member gives notice to opt out within a month after joining the Section, the Participating Employer and the Trustee shall take appropriate action so that the Member is treated as never having been included in the Section;
- (b) no pension or lump sum shall be paid to the Member until the Member actually leaves Service (or reaches age 60, if earlier).

A Member who opts out of the Section may rejoin the Section only with the consent of the Participating Employer and the Trustee.

17 SPECIAL PROVISIONS FOR CERTAIN MEMBERS

17

Members who joined the BR Pension Scheme before 1st June 1989

17A In the case of Members who joined or are treated as having joined the BR Pension Scheme before 1st June 1989, the references to the Earnings Cap do not apply unless otherwise required by the Inland Revenue.

Members who were members of the BR Pension Scheme on 16th September 1991

17B A Member who was an active member of the BR Pension Scheme on 16th September 1991 and who had one or more years of non-pensionable service and who was in service before 14th August 1967 which the Trustee, with the consent of the Designated Employer, treats as non-

(27) S.I. 1994/1432.

pensionable shall be granted an additional 8 weeks of Pensionable Service in respect of each such year of non-pensionable service (with a proportionate amount for each part year).

BR Members who transferred from certain railway pension schemes to the New Section

17C BR Members who transferred from railway pension schemes set out in Schedule 1 to the New Section shall receive additional benefits as set out in that Schedule.

BR Members who joined the British Railways (Wages Grades) Pension Fund on 14th August 1967, 7th April 1975 or 6th April 1978

17D BR Members referred to a Schedule 2 who joined the British Railways (Wages Grades) Pension Fund on 14th August 1967, 7th April 1975 or 6th April 1978 shall receive additional benefits as set out in that Schedule 2.

18 GENERAL RULES ABOUT BENEFITS

18

Pension Increases

18A Every time official pensions referred to in the Pensions (Increase) Act 1971⁽²⁸⁾ are increased under that Act each pension in payment shall increase by the same proportion as an official pension which began for the purposes of section 8(2) of the Pensions (Increase) Act 1971 on whichever is the earlier of the date the Member left Service or the date the Member attained age 65.

The pension increase for a Member who has retired and has attained 65 years of age shall be calculated as if the pension had been reduced by the annual equivalent of the GMP since the date of attaining 65 years of age.

The pension increase for an Eligible Spouse or for an Eligible Dependant or Eligible Dependents shall be calculated as if the pension (or total pensions if there are more than one Eligible Dependant) had been reduced by half the annual equivalent of the Member's GMP at whichever was the earlier of (a) the date the Member died and (b) the date the Member attained State Pension Age.

Where GMP is payable (whether to a Member who has retired, an Eligible Spouse or Legal Spouse), the part of the GMP that is attributable to earnings for the tax year 1988—89 and subsequent tax years shall be increased in each year by the percentage specified in any order made by the Secretary of State under section 109 of the Pensions Act (which is approximately equal to the percentage rise in the cost of living in each year, with a maximum of 3% per year compound).

Off-Set for Crime or Fraud

18B If a Member is dismissed from Service because he has incurred a monetary obligation to or caused a financial loss to the Participating Employer arising out of a criminal or fraudulent act or omission or, if the Member resigns to avoid such dismissal, the Participating Employer may require that the benefits in respect of the Member (other than GMPs and benefits arising out of a transfer payment) shall be reduced by an amount that the Trustee determines on actuarial advice to be equivalent to the obligation. If the obligation is greater than the value of the benefits which may be reduced, the benefits shall cease to be payable. If the Participating Employer requests, the Trustee shall pay to the Participating Employer the amount of the obligation or, if less, the value of the reduction in benefits.

(28) 1971 c. 56.

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The Member shall be given a certificate specifying the amount of the obligation and of the reduction in benefits. If the amount of the obligation is disputed, no reduction in benefits shall be made until the obligation has become enforceable under the order of a court or arbitrator appointed (failing agreement between the Member and the Participating Employer) by the President of the Law Society or, in Scotland, by the Sheriff.

Discretionary Death Benefit Trusts

18C The lump sum death benefit shall be paid to the Member's personal representatives unless the Member notifies the Trustee in writing that he wants the lump sum to be applied as set out in the following paragraph.

If the Member so notifies the Trustee, the lump sum death benefit shall be paid to one or more of the Beneficiaries (as defined below) or used for their benefit in such shares as the Trustee decides. But if the benefit is not paid within 2 years of the Member's death, it shall be paid to the Member's personal representatives, unless there is no will of the Member under which it shall pass and the successor on the Member's intestacy is the Crown or the Duchy of Lancaster or Cornwall, in which case no benefit shall be payable. Interest shall only be added if the Trustee so decides and Inland Revenue limits are not exceeded.

The "Beneficiaries" are the Member's widow or widower, the Member's grandparents and their descendants, his spouse's grandparents and their descendants and the spouses, widows or widowers of those descendants, the Member's Dependants, any person (except the Crown or the Duchy of Lancaster or Cornwall) with an interest in the Member's estate and any person nominated by the Member in writing to the Trustee.

So long as no-one other than Beneficiaries can become entitled, the Trustee may:

- (a) direct that all or part of the lump sum be held by itself 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) direct payment of all or part of the lump sum to the trustee of any other existing trust.

A BR Member who made an election under rule 41 of the BR Rules shall be treated as having notified the Trustee under this Rule 18C.

Members with no Personal Representatives

18D If a sum not exceeding £5,000 or such limit as may be determined by Regulations made by the Treasury which further amend regulation 1 of the Superannuation (Various Service) Regulations 1938⁽²⁹⁾ is payable to a Member's personal representatives and the Member has for the time being no personal representatives, the Trustee may pay the amount due to such person at such times and in such manner as it thinks fit in order that the sum may be applied as part of the Member's estate or for the benefit of the spouse, relatives or dependants as the Trustee may determine. The Section shall not be liable to make any further payment in respect of the Member.

If a Member dies intestate in circumstances where but for this paragraph the residuary estate would fall to be treated as bona vacantia, nothing shall be payable to the Member's estate.

Discretionary Benefits

18E At the request of a Participating Employer and if the Participating Employer pays any additional contributions that the Actuary has certified as being the amount required to meet the full cost of providing the benefits then the Trustee shall provide the following benefits:

⁽²⁹⁾ S.I. 1938/3043 as amended by the Administration of Estates (Small Payments) Act 1965 (c. 32) section 1(1)(c).

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- (a) increased or additional benefits in respect of any Member;
- (b) benefits in respect of any Member different, or on different terms, from those set out elsewhere in the Rules; or
- (c) benefits in respect of any Employee or former Employee or any spouse or dependant of a former Employee (or for any other person for whom the Inland Revenue permit the Section to provide benefits).

If however the Participating Employer does not meet the full cost as certified by the Actuary, the consent of the Trustee (having considered actuarial advice) is required before any of these benefits can be provided.

Any benefits provided under this Rule shall be consistent with the Contracting-out, Preservation, Revaluation and Transfer Value Laws and with Revenue Approval.

19 CONTRACTING-OUT AND STATE GRADUATED RETIREMENT BENEFITS

19

Override

19A If a Member's Service becomes Contracted-out by reference to the Scheme under the Pensions Act, Clause 9 of the Pension Trust (Contracting-out) shall apply except where this Rule provides Contracted-out benefits additional to those set out in Clause 9.

GMP Increase

19B From whichever is the later, State Pension Age or the date the pension becomes payable, the pension which apart from this Rule is payable to a Member who has retired shall be increased by the excess (if any) of the annual equivalent of the GMP over the Contracted-out Pension.

The pension which apart from this Rule is payable to the Eligible Spouse of a Member shall be increased by the excess (if any) of half the annual equivalent of the Member's GMP over the aggregate of (1) $\frac{1}{2}$ of the amount determined in Rule 5A(2) multiplied by whichever is the lesser of the number of years of Contracted-out Membership or 40 and (2) any pension increases under Rule 18A (Pension Increases) in respect of (1), but excluding any such increases after the Member attained State Pension Age.

State Graduated Retirement Benefits

19C In this Rule 19C the expression "non-participating employment" has the same meaning as in the National Insurance Act 1965(30).

A Member shall be absolutely and indefeasibly entitled to State Graduated Retirement Benefits if the Member has been in non-participating employment in relation to any other scheme for the provision of relevant benefits (as defined in Chapter I of Part XIV of the Taxes Act) and which is seeking Revenue Approval from which the liability for the payment to the Member of State Graduated Retirement Benefits has been transferred to the Section. Such State Graduated Retirement Benefits and any other pension benefits to which he is entitled under the Scheme apart from a GMP shall be mutually inclusive.

A Member's State Graduated Retirement Benefits shall not be capable of surrender and any option in respect of a Member's pension shall be restricted in order to ensure that this requirement is satisfied.

(30) 1965 c. 51.

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If a Member who is prospectively entitled to State Graduated Retirement Benefits under the Section becomes entitled to a refund of the whole or part of any contributions paid by him during any period of non-participating employment, the Trustee shall be entitled to deduct from such refund such sum as it shall consider appropriate within the limits permissible in terms of the National Insurance Act 1965.

If a person to whom this Rule applies dies leaving a spouse, the spouse's weekly pension shall be subject to a minimum of half the guaranteed minimum.

SURPLUS ASSETS

20. If an actuarial valuation of the Section by the Actuary shows that the Section Assets together with future income and future contributions due under Rule 3 (Normal Contributions by Participating Employers and Members) and Rule 4 (Additional Contributions by Members and Participating Employers) are likely to be more than sufficient to provide the benefits for Members of the Section then the Designated Employer and the Trustee and the Pensions Committee may agree to use some or all of the surplus assets in some way consistent with Revenue Approval, unless the Actuary determines the surplus is trivial or that it would be prudent to retain that surplus within the Section.

SHORTFALL

21. If an actuarial valuation of the Section by the Actuary shows that the Section Assets together with future income and future contributions due under Rule 3 (Normal Contributions by Participating Employers and Members) and Rule 4 (Additional Contributions by Members and Participating Employers) are unlikely to be sufficient to provide the benefits for Members of the Section then paragraph (i) below shall apply and subject thereto, unless the Designated Employer and the Trustee agree within 6 months of the signing of the valuation arrangements to make good the shortfall, the shortfall shall be made good in the following way:

- (i) the Actuary shall calculate the proportion of the shortfall that relates to liabilities in respect of Preserved Benefits and specify those liabilities as a percentage of total liabilities of the Section. Unless the Actuary determines that liabilities in respect of Preserved Benefits represent less than 2.5% of the shortfall, the Participating Employers shall make payments (on a proportionate basis considered by the Trustee to be equitable) sufficient to meet in full the proportion of the shortfall referable to Preserved Benefits. If the Actuary at any time determines that liabilities in respect of Preserved Benefits represent less than 2.5% of the shortfall then this paragraph shall cease to apply for the purposes of the present and any future valuation;
- (ii) the contribution rate referred to in Rule 3A (Normal Contributions by Participating Employers) shall initially revert to 1.5. Subsequently the contributions of Members shall be increased in accordance with Rule 3B (Normal Contributions by Members) and contributions of Participating Employers shall be increased in accordance with Rule 3A (Normal Contributions by Participating Employers) as determined by the Actuary but subject to a maximum Participating Employer contribution of 130% of the Participating Employer's normal long term funding rate of the Section as determined by the Actuary at the date of the valuation, unless the Designated Employer agrees to a higher rate. The Actuary shall determine the rate and period over which the increased contributions shall apply after consulting the Trustee, the Pensions Committee and the Designated Employer;
- (iii) if there is still a shortfall after Member and Participating Employer contributions have been increased under (ii) above the benefits of Members in respect of future service shall be reduced calculated on such reasonable basis as may be agreed

between the Designated Employer and the Trustee (after considering actuarial advice) and which is consistent with Revenue Approval.

22 WINDING-UP THE SECTION

22

Time and manner of winding-up

22A The Section shall be wound-up as set out in Clause 11 of the Pension Trust.

Priority of Benefits

22B If the assets attributable to the Section are insufficient then after consulting the Actuary, the Trustee shall provide the following benefits first and in the following order:

(1) to pay all costs, charges and expenses incurred or to be incurred by the Trustee in relation to the termination of the Section;

(2) to pay costs, charges or expenses incurred by the Trustee before the winding-up commenced;

(3) to provide lump sums payable on the day the winding-up commenced and pensions in respect of those Members who are in receipt of a pension, at the rate in force on the day the winding-up commenced, with allowance for statutory increases, if any;

(4) to provide benefits payable on the death of any person in receipt of a pension, at the rate in force on the day the winding-up commenced with allowance for statutory increases, if any;

(5) in so far as they have not already been secured, GMPs and accrued rights to such benefits;

(6) state scheme premiums;

(7) State Graduated Retirement Benefits;

(8) in respect of each Member who is paying or has paid or in respect of whom have been paid additional contributions under Rule 4A (Additional Voluntary Contributions by Members) and Rule 4B (Additional Contributions by Participating Employers) including contributions that would have been paid by the Participating Employer but for the last paragraph of Rule 4B, the benefits secured in respect of each Member under Schedule 3;

(9) benefits resulting from transfer credits;

(10) deferred benefits under Rule 9 (Early Leavers) at the rate applicable on the date the winding-up commenced, with allowance for statutory increases before and after retirement;

(11) benefits (vested or contingent) which have not already been provided;

(12) increases, which have not already been provided for, to pensions already in payment and to Preserved Benefits for the periods prior to retirement and after retirement pension increases by analogy with pension increases under Rule 18A (Pension Increases).

Surplus Assets on winding-up

22C If any of the Section Assets remain, the Actuary shall calculate what proportion of those remaining assets relates to Members who are Protected Persons and what proportion relates to Members and beneficiaries who are not Protected Persons but have the right to remain Members of the Section (together known as "Protected Members") and what proportion relates to Members who are not Protected Members.

The proportion relating to Members who are Protected Members shall be applied by the Trustee having considered actuarial advice to secure such additional benefits for those Protected Members as

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the Trustee in its discretion may decide, consistent with Revenue Approval. Any balance remaining shall be paid to the Participating Employers in such shares as the Trustee determines.

In respect of the proportion relating to Members and beneficiaries who are not Protected Members 40% shall be used by the Trustee (having considered actuarial advice) to provide increased or additional benefits for all or any of them on a basis agreed with the Pensions Committee and consistent with Revenue Approval. The remaining assets shall be paid to the Participating Employers in such proportions as the Trustee in its discretion sees fit having considered actuarial advice and with the consent of the Designated Employer.

CHANGING THE RULES

23. The Rules of the Section may be changed as set out in Clause 13 (Changing the Pension Trust and Rules).
Rule 17C

SCHEDULE 1 TO THE RULES OF THE SHARED COST ARRANGEMENT

BR MEMBERS WHO TRANSFERRED FROM CERTAIN RAILWAYS PENSION SCHEMES TO THE NEW SECTION

In this Schedule the following words have the following meaning:

“Existing Salaried Staff Super-annuation Fund”	means any one of the GWR, LMSR, LNER (New), LNER (Old), RCS or SR Sections of the British Railways Superannuation Fund, the London Transport (Administrative and Supervisory) Staff Superannuation Fund, National Freight Salaried Staff Pension Fund ⁽³¹⁾ or their predecessors.
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(1) A Member who, immediately prior to joining the New Section on 14th September 1970, was a member of an Existing Salaried Staff Superannuation Fund, shall be granted additional Pensionable Service equal to the aggregate of:

(i) any additional period of membership of the said fund which may have been granted under the rule dealing with transfers from outside employment;

and

(ii) the period during which the Member contributed to the said fund.

(2) A Member who, immediately prior to joining the New Section on 7th April 1975, was a member of an Existing Salaried Staff Superannuation Fund shall be granted:

(a) a period of Pensionable Service equal to the aggregate of:

(i) item (i) in (1) above; and

(ii) the period prior to 14th September 1970 during which the Member contributed to the said Fund;

and

⁽³¹⁾ Copies of the Funds mentioned can be obtained from British Rail, Euston House, 24 Eversholt Street, PO Box 100, London NW1.

(b) an additional period of membership equal to 4 years 205 days.

(3) A Member who immediately prior to joining the New Section on 14th September 1970, 7th April 1975 or 6th April 1978 was a member of the British Transport Commission (Male Wages Grades) Pension Scheme⁽³²⁾ shall be granted a death benefit and a preserved pension equal respectively to the death benefit and pension he had accrued in the said Scheme on the date he left it without any reduction under rule 31 of the rules of the said Scheme.

(4) A Member who immediately before joining the New Section on 14th September 1970, 7th April 1975 or 6th April 1978 was a member of one of the following pension schemes:

- (i) the Atlantic Steam Navigation Co.Ltd. Staff Pension Scheme;
 - (ii) the Cheshire County Council Superannuation Fund — Divided;
 - (iii) the Grand Union Canal Co. Superannuation Fund;
 - (iv) the Great Northern Railway Superannuation Fund;
 - (v) the Greater London Council Superannuation Fund;
 - (vi) the Hay's Wharf Companies Superannuation Fund (Section B);
 - (vii) the Lee Conservancy Board — Employees' Scheme;
 - (viii) the Scottish Bus Group Pension Fund;
 - (ix) the Superannuation Fund Association of Chaplins Ltd.;
 - (x) the Thos. Bantock & Co. Superannuation Fund;
 - (xi) the Thos. Cook & Son Staff Pension & Provident Fund;
 - (xii) the Great Eastern Railway New Pension Supplemental Fund;
 - (xiii) the North Eastern Railways Servants' Pension Society;
 - (xiv) the London Midland and Scottish Railway (L.N.W.) Provident and Pension Society;
 - (xv) the London Midland and Scottish Railway (North Staffordshire Section) Friendly Society;
- shall be granted such additional benefits as were determined by the actuary to the New Section.

(a) (5) (a) This paragraph applies to Members who, immediately prior to joining the New Section between 14th September 1970 and 7th April 1975 inclusive:

(A) were entitled to a pension under what has become:

- (i) chapter 1, item 1;
 - (ii) chapter 3, item 13;
 - (iii) chapter 5, item 4;
 - (iv) chapter 6, item 1 (salaried staff);
 - (v) chapter 6, item 2;
 - (vi) chapter 11, item 2;
 - (vii) chapter 11, item 3;
 - (viii) chapter 12, item 1;
- or
- (ix) chapter 14, item 3

(32) Copies of the British Transport Commission (Male Wages Grades) Pension Scheme can be obtained from Railway Pensions Management Limited, Stoooperdale Offices, Brinkburn Road, Darlington DL3 6EH.

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of the booklet issued under the Contracts of Employment Act 1972(33) entitled “Pensions and Pension Schemes — Customary Practices” which forms the Appendix to clause 1 of the Schedule to the Pension Trust of the B.R. (1974) Pension Fund;

- (B) were entitled to a pension under the London Transport Board Ex Gratia One Per Cent Pension Scheme;
- (C) were entitled to a pension under the supplemental arrangements for certain members of the Great Western Railway Engineermen and Firemen’s Mutual Assurance Sick and Superannuation Society, or the supplemental arrangements for certain members of the Great Western Railway Pension Society;
- (D) were members of the British Railways (Wages Grades) Pension Fund and immediately prior to joining that Fund had one of the entitlements mentioned in items (A), (B) or (C);

or

- (E) were members of the LNER Section of the British Railways Superannuation Fund, and immediately prior to joining that Section were members of the British Railways (Wages Grades) Pension Fund and immediately prior to joining that Fund had one of the entitlements mentioned in items (A), (B) or (C).
- (b) A Member to whom this paragraph applies shall be granted a period of Pensionable Service equal to the credited membership granted under rule 5(5)(b) of the British Railways Superannuation Fund.
- (a) (6) (a) This paragraph applies to a Member to whom paragraph (1) or (2) applies who immediately prior to joining the New Section was paying additional contributions (other than short term arrears) to an Existing Salaried Staff Superannuation Fund in respect of antedating or Added Years of membership.
- (b) The Member shall pay to the Section the additional contributions which would have been paid to the said Fund had the Member remained a member of it.
- (c) Subject to sub-paragraph (6)(d), the Member shall be granted an additional period of Pensionable Service equal to the period of antedated membership or added years of membership for which the Member was paying the additional contributions.
- (d) If on ceasing to be a Member before Minimum Pension Age and if Rule 5D (Early Retirement through Incapacity) and Rule 7 (Death in Service on or before Age 65) do not apply, the additional period of Pensionable Service shall be reduced to:
 - (i) the said additional period of Pensionable Service but for this sub-rule (6)(d);
 multiplied by
 - (ii) the number of years during which the additional contributions have been paid to the said Fund, to the New Section, the BR Pension Scheme and to the Section ignoring any such contributions which have been refunded;
 and divided by
 - (iii) the number of years during which the Member would have paid the additional contributions if the Member had remained in the said Fund until Minimum Pension Age.
- (e) With the consent of the Participating Employer, the Trustee may permit a Member to whom sub-paragraph (6)(d) applies to have the reduction required under that sub-paragraph waived on the payment by the Member of a lump sum determined by the Trustee on the advice of the Actuary.

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(7) Where before joining the New Section a Member was re-admitted as a member of an Existing Salaried Staff Superannuation Fund after receiving benefit from that Fund, benefits from the New Section shall be reduced to the extent the Trustee thinks equitable.

(8) Where before joining the New Section a Member was a member of an Existing Salaried Staff Superannuation Fund and was subject to special conditions in respect of membership, benefits from the Fund shall be adjusted in such manner as the Trustee thinks equitable.

- (a) (9) (a) This paragraph applies to a Member who, immediately prior to joining the New Section on 14th September 1970, was a member of the British Railways (Wages Grades) Pension Fund.
- (b) The Member shall be granted an additional period of Pensionable Service equal to the aggregate of:
 - (i)
 - (a) in relation to a Member who joined the British Railways (Wages Grades) Pension Fund on 14th August 1967, the greater of:
 - (A) 4 months for each complete year of service between the age of 25 and 1st October 1954 up to a maximum of 7 years; or
 - (B) one year for each complete year of service between 2nd October 1947 and 1st October 1954 up to a maximum of:

Member's Age on 14th August 1967	Maximum additional years of Membership
58	7
57	6
56	5
55	4
54	3
53	2
52	1
51 or less	Nil

- (ii) any additional period of membership of the British Railways (Wages Grades) Pension Scheme which may have been granted under the rule dealing with additional benefits purchased by transfer values received;
- and
- (iii) the period during which the Member contributed to the said Fund.
- (c) If immediately prior to joining the British Railways (Wages Grades) Pension Fund he was a member of the British Transport (Male Wages Grades) Pension Scheme, the Member shall be granted the benefit specified in sub-paragraph 3.
- (d) If immediately prior to joining the British Railways (Wages Grades) Pension Fund the Member was a member of a contributory pension scheme to which the British Railways Board contributed other than the British Transport Commission (Male Wages Grades) Pension Scheme, the Member shall be granted:
 - (i) a Preserved Death Benefit equal to the capital sum death benefit accrued in the relevant contributory pension scheme on the date of leaving it except that the part provided by the employer shall be limited to £125;

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and

- (ii) a Preserved Pension equal to the pension accrued in the relevant contributory pension scheme on the date of leaving it except that the part provided by the employer shall be limited to £24.05 per annum.

(10) A Member who immediately before joining the New Section on 14th September 1970 was a member of the LNER Section of the British Railways Superannuation Fund who had previously transferred from the British Railways (Wages Grades) Pension Fund shall be granted such additional pension (if any) as may have been determined by the Principal Employer (as defined in the BR Rules) to be necessary in order for the accrued benefits in the New Section on 14th September 1970 in respect of pensionable service prior to joining the said LNER Section to be no worse than if the Member had transferred directly from the British Railways (Wages Grades) Pension Fund to the New Section on 14th September 1970.

Rule 17E

SCHEDULE 2 TO THE RULES OF THE SHARED COST ARRANGEMENT

BR MEMBERS WHO JOINED THE BRITISH RAILWAYS (WAGES GRADES) PENSION FUND (“THE WAGES FUND”) ON 14TH AUGUST 1967, 7TH APRIL 1975 OR 6TH APRIL 1978

(1) A Member who joined the Wages Fund on 14th August 1967 and who did not before 1st April 1987 transfer to the New Section shall be granted a period of additional Pensionable Service equal to whichever is the greater of:

- (A) 4 months for each complete year of service between attaining age 25 and 1st October 1954 up to a maximum of 7 years;

or

- (B) one year for each complete year of service between 2nd October 1947 and 1st October 1954 up to a maximum period of:

Age of Member on 14th August 1967	Maximum period of Pensionable Service
58	7 years
57	6 years
56	5 years
55	4 years
54	3 years
53	2 years
52	1 year
51 or less	Nil

(2) A Member who immediately prior to joining the Wages Fund on 14th August 1967 was a member of:

- (i) a pension scheme mentioned in part 2, 3 or 4 of Schedule 10;
- (ii) the Pullman Car Company Limited Male Wages Grades Employees Superannuation Fund and Life Assurance Scheme;

- (iii) the British Transport Commission Staff Assurance Scheme (W. H. Smith & Sons Pension Fund);
- (iv) the Frank Mason & Co. Ltd. Staff Pension Scheme; or
- (v) the Sharpness Docks Pension Scheme,

and who did not before 1st April 1987 transfer to the New Section shall be subject to the provisions set out in part 1 of Schedule 10.

(a) (3) (a) This paragraph applies to a Member who immediately prior to joining the Wages Fund on 7th April 1975 or 6th April 1978 was a member of the British Transport Commission (Male Wages Grades) Pension Scheme, and who did not subsequently transfer to the New Section.

(b) The Member shall be granted a Preserved Death Benefit and a preserved pension equal respectively to the death benefit and pension he had accrued in the said Scheme on the date he left it without any reduction under rule 31 of the rules of the said Scheme.

(4) A Member who immediately before joining the Wages Fund on 7th April 1975 or 6th April 1978 was a member of one of the following pension schemes:

- (i) the London Midland and Scottish (L.N.W.) Provident and Pension Society;
- (ii) the London Midland and Scottish (North Staffordshire Section) Friendly Society;
- (iii) the Metropolitan Railway Pension Fund;
- (iv) the North Eastern Railway Servants' Pension Society;
- (v) the Great Western Railway Locomotive and Carriage Department Sick Fund Society;
- (vi) the Great Western Railway Inspectors' and Foremen's Special Pension Fund;
- (vii) Thos. Bantock & Co. Benevolent and Pension Fund⁽³⁴⁾;

and who did not subsequently transfer to the New Section shall be granted such additional benefits as the actuary to the Wages Fund determined should be granted in that Fund.

(a) (i) This paragraph applies to Members who immediately prior to joining the Wages Fund on 7th April 1975 were entitled to a pension under scheme numbers 123—126, 220, 221, 223, 225, 227, 229, 251—253, 321, 322 or 340 of part 2 of Schedule 10, and who did not subsequently transfer to the New Section.

(ii) Members who immediately prior to joining the Wages Fund on 14th August 1967 were entitled to a pension under scheme numbers 123—126, 220, 221, 223, 225, 227, 229, 251—253, 321, 322 or 340 of part 2 of Schedule 10 may elect, within such time limit as may be imposed by the Participating Employer, that this paragraph shall apply to them instead of paragraph (1), and instead of paragraph (2) insofar as it relates to the said schemes.

(b) A Member to whom this paragraph applies shall be granted a period of Pensionable Service equal to the period of credited membership granted in the Wages Fund under the provisions of rule 5(5)(b) of the Wages Fund.

Rule 4A

⁽³⁴⁾ Copies of the Schemes mentioned can be obtained from Railway Pensions Management Limited, Stooperdale Offices, Brinkburn Road, Darlington DL3 6EH.

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SCHEDULE 3 TO THE RULES OF THE SHARED COST ARRANGEMENT BRASS 2 POLICY

In this Schedule the following terms have the following meaning:

“Insurer”	means the person or persons or corporation with whom the Policy is effected.
“Policy”	means annuity policies or life assurance policies issued by any Insurance Company in which the Trustee has invested the contributions received under Rules 4A (Additional Voluntary Contributions by Members) and 4B (Additional Contributions by Participating Employers).

1. The Trustee shall immediately pay to the Insurer all contributions received from the Members and the Participating Employers under Rules 4A and 4B.

2. The benefits under the Policy shall become payable only when a Member becomes entitled to a benefit under the Section other than a deferred benefit under Rule 9A (Deferred Benefits).

3. When a Member who leaves Service with deferred benefits exercises his right under Rule 10A (Member’s Right to Transfer or “Buy-out”), a lump sum equal to the proceeds of the Policy in respect of the Member shall be added to the transfer payment.

4. When as a consequence of the death of a Member any person or persons become entitled to a benefit from the Section, then the proceeds of the Policy shall be used, in such proportions as the Trustee determines to provide benefits for that person or persons.

5. When a Member becomes entitled to the proceeds of the Policy, those proceeds shall be transferred from the Policy to the Scheme to be used to secure in the Section additional pension using a factor of 12 per 1 per annum of pension. The Member must receive as a minimum a lump sum under the Rules equal to the lesser of:

(A) the amount of the Policy proceeds;

and

(B) the maximum total amount of lump sum payable under the Rules.

Subject always to the Inland Revenue limits set out in Schedule 6.

6. If a benefit becomes payable from the Section to or in respect of a Member, and that benefit is less than it would have been but for Inland Revenue limits then an amount shall be payable to or in respect of the Member equal to the lesser of:

(A) that part of the proceeds of the Policy attributable to the Member’s contributions under Rule 4A;

and

(B) a sum equal to the value of the difference between:

(i) the benefits which would be payable under these Rules if Inland Revenue limits did not apply;

and

(ii) the benefits actually payable under the Rules.

Rule 4F

SCHEDULE 4 TO THE RULES OF THE SHARED COST ARRANGEMENT BRASS–SO

In this Schedule the following terms have the following meanings:—

“Insurer”	means a person or persons or corporation with whom the Policy is effected.
“Policy”	means the policy or policies issued in the name of the Trustee by any Insurance Company to which payment has been made under paragraph 3 below.
“BRASS–SO Added Years”	means the number of added years determined by the Participating Employer under paragraph 5 below.
“Person Entitled”	means a person who is in receipt of benefit under the Section (other than a refund of contributions) following the death of a Member.

1. The Member shall contribute at the rate which is specified by his Participating Employer (following actuarial advice) at the date upon which he elects to pay additional contributions pursuant to Rule 4F (Additional Contributions for Senior Officers).

This rate may be revised in the event:

- (i) of the Member being granted additional BRASS–SO Added Years in accordance with paragraph 5 below;
- (ii) the Member and his Participating Employer agreeing to an increase in that rate from the next 1st July;
- (iii) the Member’s Participating Employer agreeing to a reduction in that rate in circumstances where:
 - (a) the Member has reached Minimum Pension Age; or
 - (b) the proceeds of the Member’s Policy are likely to exceed Inland Revenue limits (see Clause 7G);

and Revenue Approval would not be prejudiced.

Contributions under this paragraph shall cease on the date the Member leaves Service, dies or attains Minimum Pension Age (or such later date as the Member and Participating Employer have agreed) whichever is earlier.

2. The Participating Employer shall deduct contributions payable under paragraph 1 above from the earnings of Members employed by it and shall pay to the Trustee on 1st July each year the amount specified at paragraph 3. Immediately on receipt of that amount the Trustee shall pay to the Insurer:

- (a) an amount equal to the total amount payable under paragraph 1 above during the following year on the assumption that Members employed by it continue to contribute during the whole of that year;

plus

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(b) an amount equal to the amount received under paragraph 2 above in the year ending on the previous day;

less

(c) the amount calculated under (a) above on 1st July in the previous year; and

less

(d) any amounts refunded by the Insurer to the Trustee during the year ending on the previous day.

3. The Participating Employer shall contribute such amounts as it determines on the advice of the Actuary to be necessary to meet the cost of providing the BRASS–SO Added Years described at paragraph 5 in respect of Members employed by it. These contributions shall be paid in accordance with Clause 5B of the Pension Trust (Payment of Participating Employers' Contributions).

4. Following a Member's election under Rule 4F his Participating Employer shall determine the number of added years to be granted to him. The number of years so determined may subsequently be increased if the Member and his Participating Employer so agree. No such determination shall prejudice Revenue Approval.

5. Subject to the following paragraphs of this Schedule whenever a payment (other than refund of contributions payable otherwise than on death) is made under the Section to or in respect of a Member there shall be paid to the recipient of that payment an amount equal to the difference between the payment and the payment which would have been made under the Section if the BRASS–SO Added Years had been granted to the Member under Rule 4E.

6. When benefits (other than a refund of contributions) become payable under the Section to a Member who has ceased to contribute under paragraph 7 the proceeds of the Policy in respect of the Member shall become payable.

7. Subject to the following paragraphs of this Schedule the proceeds of the Policy shall be paid to the Member as a lump sum.

8. The Member may elect, within 4 weeks of the proceeds of the Policy becoming payable, that all or part of the proceeds shall be applied to purchase a pension payable to one or more of:

(a) the Member himself with effect from the date upon which he becomes entitled to benefit as described in paragraph 7;

(b) the Member's Spouse or Eligible Dependants with effect from the date of the Member's death.

The terms of this pension shall be agreed between the Member and the Trustee.

9. The Member shall be deemed to have made an election under paragraph 9:

(i) In respect of so much of the proceeds of the Policy payable under paragraph 7 as may not, as a result of Inland Revenue limits, be paid to the Member as a lump sum in accordance with paragraph 8.

(ii) In respect of so much of the proceeds of the Policy as exceeds Inland Revenue limits.

10. Following the death of any Member in respect of whom the proceeds of the Policy have not become payable, the proceeds of the Policy in respect of the Member shall become payable to the Person Entitled.

11. Subject to the following paragraphs of this Schedule the proceeds of the Policy shall be paid to the Person Entitled as a lump sum.

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12. The Person Entitled may, however, within 4 weeks of the proceeds of the Policy becoming payable, elect that all or part of the proceeds shall be applied to purchase a pension payable to him.

The terms of this pension shall be agreed between the Person Entitled and the Trustee.

13. The Person Entitled shall be deemed to have made an election under paragraph 13:

- (i) in respect of so much of the proceeds of the Policy payable under paragraph 11 as may not, as a result of Inland Revenue limits, be paid to the Person Entitled as lump sum in accordance with paragraph 12;
- (ii) in respect of so much of the proceeds of the Policy as exceeds Inland Revenue limits.

14. If a Member ceases to contribute under paragraph 1 before Minimum Pension Age other than as a result of death or following retirement through Incapacity the Member's BRASS-SO Added Years shall (unless his Participating Employer otherwise determines in circumstances where Revenue Approval is not prejudiced) be reduced in the same proportion which the period during which the Member has paid contributions under paragraph 1 bears to the period from the date his contributions commenced to Minimum Pension Age.

Rule 6C

SCHEDULE 5 TO THE RULES OF THE SHARED COST ARRANGEMENT

JOINT ANNUITY FACTORS

Tables showing the amount of pension which a Member has to surrender under Rule 6C (Joint Annuitant's Pension) in order to provide a Joint Annuitant with a pension equal to 15% of the Normal Pension. If the pension to be provided is other than 15% of the Normal Pension, the amount to be surrendered is to be found by proportion.

(1) Joint Annuitant older than Member

Age Difference (annuitant– pensioner) (years)	Male Member		Female Member	
	Female Joint Annuitant	Male Joint Annuitant	Female Joint Annuitant	Male Joint Annuitant
	(per cent)	(per cent)	(per cent)	(per cent)
25	0.5	0.3	0.2	0.1
24	0.5	0.4	0.2	0.1
23	0.6	0.4	0.3	0.2
22	0.7	0.5	0.3	0.2
21	0.7	0.5	0.3	0.2
20	0.8	0.6	0.3	0.2
19	0.9	0.7	0.4	0.3
18	1.0	0.7	0.4	0.3
17	1.1	0.8	0.5	0.3
16	1.3	0.9	0.5	0.4

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Age Difference (annuitant– pensioner) (years)	Male Member		Female Member	
	Female Joint Annuitant (per cent)	Male Joint Annuitant (per cent)	Female Joint Annuitant (per cent)	Male Joint Annuitant (per cent)
15	1.4	1.0	0.6	0.4
14	1.5	1.1	0.7	0.5
13	1.7	1.2	0.7	0.5
12	1.9	1.3	0.8	0.5
11	2.0	1.4	0.9	0.6
10	2.2	1.5	1.0	0.7
9	2.4	1.7	1.1	0.7
8	2.6	1.8	1.2	0.8
7	2.8	1.9	1.3	0.9
6	3.0	2.1	1.4	0.9
5	3.2	2.3	1.5	1.0
4	3.5	2.4	1.7	1.1
3	3.7	2.6	1.8	1.2
2	3.9	2.8	1.9	1.3
1	4.2	3.0	2.1	1.4

(2) Joint Annuitant younger than Member

Age Difference (annuitant– pensioner) (years)	Male Member		Female Member	
	Female Joint Annuitant (per cent)	Male Joint Annuitant (per cent)	Female Joint Annuitant (per cent)	Male Joint Annuitant (per cent)
0	4.5	3.2	2.2	1.5
1	4.7	3.4	2.4	1.6
2	5.0	3.6	2.5	1.7
3	5.3	3.8	2.7	1.9
4	5.5	4.1	2.8	2.0
5	5.8	4.3	3.0	2.1
6	6.1	4.5	3.2	2.3

NOTES

1. Subject to note 2, the age difference between the Joint Annuitant and the Member shall be taken as the difference between their calendar years of birth.
2. The calendar year of birth of a Member whose pension became payable under Rule 5D (Early Retirement through Incapacity) before attaining age 55 shall be taken as the calendar year 55 years before the pension commenced and the age difference calculated as in note 1.
3. For age differences outside the range of the tables the percentages shall be determined by the Actuary.

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Age Difference (annuitant– pensioner) (years)	Male Member		Female Member	
	Female Joint Annuitant (per cent)	Male Joint Annuitant (per cent)	Female Joint Annuitant (per cent)	Male Joint Annuitant (per cent)
7	6.3	4.8	3.3	2.4
8	6.6	5.0	3.5	2.6
9	6.9	5.3	3.7	2.7
10	7.2	5.5	3.9	2.9
11	7.4	5.8	4.0	3.0
12	7.7	6.1	4.2	3.2
13	8.0	6.3	4.4	3.4
14	8.2	6.6	4.6	3.5
15	8.5	6.9	4.7	3.7
16	8.7	7.1	4.9	3.9
17	9.0	7.4	5.1	4.1
18	9.3	7.7	5.3	4.2
19	9.5	7.9	5.4	4.4
20	9.7	8.2	5.6	4.6
21	9.9	8.5	5.7	4.7
22	10.2	8.7	5.9	4.9
23	10.4	9.0	6.1	5.1
24	10.6	9.2	6.2	5.2
25	10.8	9.5	6.3	5.4
26	11.0	9.7	6.5	5.6
27	11.2	9.9	6.6	5.7
28	11.4	10.1	6.8	5.9
29	11.6	10.4	6.9	6.0
30	11.8	10.6	7.0	6.2
31	11.9	10.8	7.1	6.3
32	12.1	11.0	7.3	6.5
33	12.3	11.2	7.4	6.6

NOTES

1. Subject to note 2, the age difference between the Joint Annuitant and the Member shall be taken as the difference between their calendar years of birth.
2. The calendar year of birth of a Member whose pension became payable under Rule 5D (Early Retirement through Incapacity) before attaining age 55 shall be taken as the calendar year 55 years before the pension commenced and the age difference calculated as in note 1.
3. For age differences outside the range of the tables the percentages shall be determined by the Actuary.

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Age Difference (annuitant– pensioner) (years)	Male Member		Female Member	
	Female Joint Annuitant (per cent)	Male Joint Annuitant (per cent)	Female Joint Annuitant (per cent)	Male Joint Annuitant (per cent)
34	12.4	11.4	7.5	6.7
35	12.6	11.5	7.6	6.9

NOTES

1. Subject to note 2, the age difference between the Joint Annuitant and the Member shall be taken as the difference between their calendar years of birth.
2. The calendar year of birth of a Member whose pension became payable under Rule 5D (Early Retirement through Incapacity) before attaining age 55 shall be taken as the calendar year 55 years before the pension commenced and the age difference calculated as in note 1.
3. For age differences outside the range of the tables the percentages shall be determined by the Actuary.

Rule 6C

**SCHEDULE 6 TO THE RULES OF
THE SHARED COST ARRANGEMENT
MEMBERS WHO WERE MEMBERS OF THE
BRITISH RAILWAYS (WAGES GRADES) PENSION
FUND AND ELECTED FOR A JOINT PENSION**

In this Schedule the following words have the following meaning:

“Elector”	means the BR Member who elected for and was granted a joint pension under the British Railways (Wages Grades) Pension Fund.
“Joint Pensioner”	means the person in whose favour the election was made.
“Old Pension”	means the pension which would have been payable under the rules of the British Railways (Wages Grades) Pension Fund as they stood on 30th June 1974 if service had terminated then at normal retirement age.

(1) The Elector is deemed to have made the election only in respect of the Old Pension.

(2) On the death of the Elector, a pension shall be payable to the Joint Pensioner from the day after the Elector’s death and ceasing on the Joint Pensioner’s death. The said pension shall be the Old Pension multiplied by factor A (as set out below).

(3) When an Elector retires the pension shall be reduced by the Old Pension multiplied by factor B (as set out below).

(4) If, before an Elector leaves Service:

(i) the Elector notifies the Trustee that he or she wishes to revoke the election;

or

(ii) the Joint Pensioner dies;

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or

(iii) the Joint Pensioner (being the spouse of the Elector) ceases to be married to the Elector, the election shall be revoked and benefits payable to and in respect of the Elector shall be calculated as if the election had never been made.

(5) If an Elector makes an election under paragraph (1) of Rule 6C (Joint Annuitant’s Pension), the pension payable to the Joint Annuitant under Rule 6C shall be reduced by the amount specified in paragraph (2) above.

FACTOR A

Joint Pensioner older than Elector

If Joint Pensioner is older than Elector by (years)	Male Member		Female Member	
	Female Joint Annuitant	Male Joint Annuitant	Female Joint Annuitant	Male Joint Annuitant
10	.83	.89	.91	.95
9	.82	.87	.90	.94
8	.80	.86	.89	.93
7	.79	.85	.88	.92
6	.78	.84	.87	.91
5	.77	.83	.87	.90
4	.75	.81	.86	.90
3	.74	.80	.85	.89
2	.73	.79	.84	.88
1	.72	.77	.83	.87

Joint Pensioner younger than Elector

If Joint Pensioner is younger than Elector by (years)	Male Member		Female Member	
	Female Joint Annuitant	Male Joint Annuitant	Female Joint Annuitant	Male Joint Annuitant
0	.70	.76	.83	.86
1	.69	.75	.82	.85
2	.68	.74	.81	.85
3	.67	.73	.80	.84
4	.66	.71	.79	.83
5	.65	.70	.78	.82

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If Joint Pensioner is younger than Elector by (years)	Male Member		Female Member	
	Female Joint Annuitant	Male Joint Annuitant	Female Joint Annuitant	Male Joint Annuitant
6	.65	.69	.77	.81
7	.64	.68	.77	.80
8	.63	.67	.76	.80
9	.62	.66	.75	.79
10	.61	.65	.74	.78
11	.60	.64	.74	.77
12	.60	.63	.73	.77
13	.59	.63	.73	.76
14	.58	.62	.73	.75
15	.57	.61	.72	.75
16	.56	.60	.72	.74
17	.55	.59	.71	.73
18	.55	.58	.71	.73
19	.55	.57	.70	.72
20	.54	.57	.70	.72
21	.54	.56	.70	.71
22	.53	.56	.69	.70
23	.53	.55	.69	.70
24	.53	.55	.68	.70
25	.52	.55	.68	.69

FACTOR B

Factor B shall be obtained from factor A by the formula:

factor B = 1 - factor A

Notes:

1. The age difference between the Joint Pensioner and the Elector shall be taken as the difference between their calendar years of birth.

2. For age differences outside the range of the tables, the factors shall be determined by the Actuary.

Rule 6D

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SCHEDULE 7 TO THE RULES OF THE SHARED COST ARRANGEMENT

EARLY RETIREMENT LEVEL PENSION OPTION FACTORS

Factors to be applied to each £1 per annum of reduction in pension at State Pension Age to calculate the additional pension payable between retirement and State Pension Age.

Males		Females	
Age at retirement	Factor	Age at retirement	Factor
50	.3000	50	.5220
51	.3216	51	.5532
52	.3444	52	.5880
53	.3684	53	.6264
54	.3960	54	.6672
55	.4272	55	.7104
56	.4596	56	.7584
57	.4968	57	.8112
58	.5376	58	.8688
59	.5832	59	.9312
60	.6348		
61	.6912		
62	.7548		
63	.8268		
64	.9084		

NOTES:

1. Pension payable until State Pension Age equals (i) pension payable but for Rule 6D (Early Retirement Level Pension Option) plus (ii) th of Final Average Basic State Pension for each year of Pensionable Service multiplied by the factor in the above table.
2. Pension reduces at State Pension Age as set out in Rule 6D.
3. Allowance shall be made for complete calendar months of age by linear interpolation between the figures in the table.

Rule 11A

SCHEDULE 8 TO THE RULES OF THE SHARED COST ARRANGEMENT

EARLY RETIREMENT FACTORS

Table showing the reduced amount of benefit payable under Rule 11A (Early Benefits).

“**A Members**” means those Members who transferred to the British Railways Superannuation Fund — New Section in 1970 or 1975 from one of the following: LNER Fund (where the

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Member joined before 1st June 1957), LMSR Fund, GWR Fund, SR Fund, the RCS Fund and the L.T. Fund (Old Section)(35).

“**B Members**” means Members who transferred to the British Railways Superannuation Fund — New Section in 1970 or 1975 from one of the following: LNER Fund (where the Member joined on or after 1st June 1957), National Freight Salaried Staff Pension Fund and the L.T. Fund (New Section)(35).

MALE MEMBERS

Period in years from the date for which the benefits are to be payable under Rule 11A (Early Benefits) to Minimum Pension Age	All Members Percentage for benefits in respect of membership falling before 17th May 1990	A Members Percentage for benefits in respect of membership falling on or after 17th May 1990	B Members Percentage for benefits in respect of membership falling on or after 17th May 1990	Other Members Percentage for benefits in respect of membership falling on or after 17th May 1990
0	100	100	100	100
1	98	100	100	98
2	96	100	100	96
3	94	100	100	94
4	92	100	96	92
5	90	100	92	90
6	87	96	88	87
7	84	92	85	84
8	81	88	82	81
9	78	85	79	78
10	75	82	76	75

(35) Copies of the Funds mentioned can be obtained from British Rail, Euston House, 24 Eversholt Street, PO Box 100, London NW1.

(35) Copies of the Funds mentioned can be obtained from British Rail, Euston House, 24 Eversholt Street, PO Box 100, London NW1.

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FEMALE MEMBERS

Period in years from the date from which the benefits are to be payable under Rule 11A to Minimum Pension Age	A Members	B Members	Other Members
	Percentage for all benefits	Percentage for all benefits	Percentage for all benefits
0	100	100	100
1	100	100	98
2	100	100	96
3	100	96	92
4	100	96	92
5	100	92	90
6	96	88	87
7	92	85	84
8	88	82	81
9	85	79	78
10	82	76	75

NOTES:

1. The lump sum and pension payable under Rule 11A (Early Benefits) shall be:
 - (i) the lump sum and pension which would have been payable under Rule 9A (Deferred Benefits) if age 60 were the date from which the benefits are to be payable under Rule 11A;
 - multiplied by
 - (ii) the percentage given in the above table.
2. If the period from the date from which the benefits are to be payable under Rule 11A to age 60 is not an integral number of years, allowance shall be made for additional complete calendar months by linear interpolation between the factors in the table.

Rule 4D

SCHEDULE 9 TO THE RULES OF THE SHARED COST ARRANGEMENT

ADDITIONAL CONTRIBUTIONS FOR ANTEDATING MEMBERSHIP

On joining the Section a Member who is a Protected Person may, subject to the consent of the Trustee and the Participating Employer, antedate his membership so that it is deemed to commence from the date he became an Employee or his 40th birthday, whichever is the later. A Member who is a BR Member had the same option on joining the BR Pension Scheme.

Any period of additional membership granted under rule 6(2) of the BR Pension Scheme shall be taken into account in determining the date to which membership may be antedated.

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A Member who chooses or a BR Member who chose to antedate his membership must (at his option) either:

- (a) make a single contribution payable immediately and equal to:
 - (i) the annual rate of contribution the Member is required to pay under Rule 3B (Normal Contributions by Members) (or, in respect of a BR Member, was required to pay under rule 11(2) of the BR Rules at the date of joining the BR Pension Scheme) immediately after being granted antedated membership;
multiplied by
 - (ii) the number of years of additional Pensionable Service referable to his antedated membership; or
- (b) make additional contributions from the date of grant until Minimum Pension Age (applicable at the date of grant) at the same times as contributions under Rule 3B (Normal Contributions by Members) equal to:
 - (i) the Member's contributions under Rule 3B (Normal Contributions by Members) (or under Rule 11(2) of the BR Rules, if applicable);
multiplied by
 - (ii) the number of years of additional Pensionable Service referable to his antedated membership;
and divided by
 - (iii) the number of years between the date of grant and Minimum Pension Age.

The contributions mentioned in (b) above in respect of a BR Member's period of antedated membership shall be calculated as if 5% and 2.5% in rule 11(2) of the BR Rules were replaced by "10%" and "5%", respectively.

No Member shall be permitted to antedate membership to such an extent that the annual rate of aggregate contributions on the date of grant would exceed 15% of Pensionable Pay on the same date. This restriction shall apply to a Member who has chosen option (a) above as if option (b) had been chosen.

If a Member who has chosen option (b) leaves Service before Minimum Pension Age (applicable at the date of grant) and Rule 5D (Early Retirement through Incapacity) and Rule 7 (Death in Service on or before Age 65) do not apply, his additional Pensionable Service referable to the period of antedated membership shall be reduced to:

- (i) any additional Pensionable Service granted in respect of antedated membership but for this Schedule;
multiplied by
- (ii) the number of years during which additional contributions have been paid under this Schedule and Rule 4D (Additional Contributions by BR Members and Members who are Protected Persons for Antedating Membership) (ignoring any contributions which have been refunded);
and divided by
- (iii) the number of years between the date of grant and Minimum Pension Age (applicable at the date of grant).

With the consent of the Participating Employer, the Trustee may permit a Member to whom the above paragraph applies to have the reduction wholly or partially waived on the payment by the Member of a lump sum determined by the Trustee on the advice of the Actuary.

With the consent of the Participating Employer, the Trustee may permit a BR Member currently paying additional contributions until age 62 to revise his contributions so that they cease at age 60. The revised rate of contributions shall be determined by the Trustee on the advice of the Actuary.

Schedule 2

**SCHEDULE 10 TO THE RULES OF
THE SHARED COST ARRANGEMENT
SPECIAL TERMS FOR CERTAIN MEMBERS OF THE BRITISH RAILWAYS
(WAGES GRADES) PENSION FUND (“WAGES GRADES MEMBERS”)**

PART 1

1. This schedule applies to Wages Grades Members who immediately before joining the Wages Fund on 14th August 1967 were members of:

- (i) the pension schemes listed in column 2 of parts 2, 3 and 4;
- (ii) the Pullman Car Company Limited Male Wages Grades Employees Superannuation Fund and Life Assurance Scheme;
- (iii) the British Transport Commission Staff Assurance Scheme (W. H. Smith & Sons Pension Fund);
- (iv) the Frank Mason & Co. Ltd. Staff Pension Scheme; or
- (v) the Sharpness Docks Pension Scheme

who did not subsequently transfer to the New Section.

2. A Wages Grades Member to whom this schedule applies by virtue of paragraph 1(i) shall be entitled to a Preserved Death Benefit, a Preserved Lump Sum and a Preserved Pension of the amounts (if any) shown in column 3 of parts 2, 3 and 4 in respect of each scheme of which he or she was a member.

3. The lump sum payable under Rule 7 (Death in Service on or before Age 65) or Rule 8 (Death after Retirement) on the death of a Wages Grades Member to whom this schedule applies shall be reduced by the excess of:

- (i) the aggregate of:
 - (a) the proportion of each element of the Preserved Death Benefit (if any) shown in column 4 of parts 2, 3 and 4 in respect of each scheme (if any) of which he or she was a member; and
 - (b) the amount of the capital sum death benefit (if any) payable from the pension schemes mentioned in items (ii), (iii), (iv) and (v) of paragraph 1 which was provided by contributions from the employer;

over

- (ii) £125,

except that the lump sum payable as aforesaid shall not be reduced under this paragraph below the Member's Accumulated Contributions (as defined in the rules of the British Railways (Wages Grades) Pension Fund).

4. The pension payable under or by analogy with Rule 5A(2) (Retirement between Minimum Pension Age and Age 65) to a Wages Grades Member to whom this schedule applies shall be reduced, except when such pension is used in the calculation of a pension payable to an Eligible Spouse or Eligible Dependants or Eligible Children, by the annual equivalent of the excess of:

- (i) the aggregate of:
 - (a) th in the case of a man, th in the case of a woman, of the proportion of each element of the Preserved Lump Sum (if any) shown in column 4 of

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parts 2, 3 and 4 in respect of each scheme (if any) of which he or she was a member; and

- (b) the weekly equivalent of the proportion of each element of the Preserved Pension (if any) shown in column 4 of parts 2, 3 and 4 in respect of each scheme (if any) of which he or she was a member; and
- (c) the amount of the weekly pension (if any) payable from the pension schemes mentioned in items (ii), (iii), (iv) and (v) of paragraph 1 which was provided by contributions from the employer;

over

- (ii) 46.25p a week,

except that the pension payable as aforesaid shall not be reduced under this paragraph below the pension which would be calculated under Rule 5A(2) if Pensionable Service were equal to the aggregate of:

- (i) 40% of Antedated Membership (if any); and
- (ii) the period of additional membership granted under rule 6(2) of the New Section and rule 6(2) of the British Railways (Wages Grades) Pension Fund or any predecessor to that rule, and any Pensionable Service granted as a result of a transfer-in; and
- (iii) 50% of Contributory Membership between 14th August 1967 and 30th June 1974 inclusive; and
- (iv) 40% of Contributory Membership after 30th June 1974.

PART 2

NOTE:

For the purpose of this table “p.w.” means “per week” and “p.a.” means “per annum”.

1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
		Pension	
100	The British Transport Commission (Male Wages Grades) Pension Scheme	In accordance with rules of the scheme except that the offsetting provided for in scheme rule 31 shall apply only insofar as the aggregate of the weekly pension equivalent of the proportion of each element of his Preserved Lump Sum and Preserved Pension (if any) shown in column 4 of Schedules 2, 3 and 4 in respect of each scheme (if any) other than this scheme of which he is a Member exceeds 15p p.w.	The whole to the extent that it is deemed in accordance with scheme rule 31 to be the Commission’s share of the pension
		Death Benefit	
		In accordance with the rules of the scheme except that the offsetting provided for in scheme rule 31 shall	The whole to the extent that it is deemed

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
		apply only insofar as the aggregate of the proportion of each element of his Preserved Death Benefit (if any) shown in column 4 of Schedules 2, 3 and 4 in respect of each scheme (if any) other than this scheme of which he was a Member exceeded £75	in accordance with scheme rule 31 to be the Commission's share of the death benefit
110	The contributory retirement benefit scheme for Members of the Great Eastern Railway New Pension Fund at 14th August 1967	<p>Pension</p> Class 1: £25 p.a. Class 2: £20 p.a. Class 3: £15 p.a. Class 4: £10 p.a.	Three-fifths Three-fifths Three-fifths Three-fifths
		<p>Death Benefit</p> Capital sum equivalent to twice the Member's total contributions to 14th August 1967	Three-fifths
111	The contributory retirement benefit scheme for Members of the Great Eastern Railway New Pension Supplemental Fund at 14th August 1967	<p>Pension</p> Class A: £50 p.a. Class B: £35 p.a.	Three-fifths Three-fifths
		<p>Death Benefit</p> Capital sum equivalent to twice the Member's total contributions to 14th August 1967	Three-fifths
112	The contributory retirement benefit scheme for Members of the Great Eastern Railway Higher	<p>Pension</p> Class A: £30 p.a. Class B: £40 p.a. Class C: £50 p.a.	Three-fifths Three-fifths Three-fifths

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
	Pension Fund at 14th August 1967	Death Benefit Capital sum equivalent to twice the Member's total contributions to 14th August 1967	Three-fifths
114	The contributory retirement benefit scheme for Members of the Great Northern Railway Superannuation Fund at 14th August 1967	Pension (Class 1) Annual pension calculated in accordance with the rules of that Fund in respect of membership to 14th August 1967	Two-thirds
	The retirement benefit scheme for Members of the North Eastern Railway Servants' Pension Society at 14th August 1967	Death Benefit Capital sum equivalent to total contributions of the Member and the employer to 14th August 1967	Two-thirds
115	Non- Contributory benefit on retirement for Members who joined the Society on or before 18th January 1926	Pension Equal to that for scheme No. 116(a) up to a maximum of 30p p.w.	The whole
116	Contributory retirement benefit for Members of Tables A and B	Pension Weekly pension calculated in accordance with the rules of the society in accordance with the level of the Member's contributions at 14th August 1967	One-eighth

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
		Death Benefit	
		Capital sum equivalent to Member's total contributions to 14th August 1967 plus 2.5% per annum simple interest	One-eighth
		Pension Class 1 Member	
117	The contributory retirement benefit scheme for Members of the London Brighton and South Coast Railway Pension Fund at 14th August 1967	Annual pension of the maximum percentage under the rules of that Fund of the average salary during the 7 years ended on 14th August 1967	Three-fifths
		Class 2 Member	
		Section A: £50 p.a.	Three-fifths
		Section B: £35 p.a.	Three-fifths
		Class 3 Member	
		Section A: £25 p.a.	Three-fifths
		Section B: £20 p.a.	Three-fifths
		Section C: £15 p.a.	Three-fifths
		Section D: £10 p.a.	Three-fifths
		Death Benefit	
		Capital sum equivalent to twice the Member's total contributions to 14th August 1967	Three-fifths
		Pension	
120	The contributory retirement benefit scheme for Members of the Great Western Railway Salaried Staff Supplemental Pension Fund at 14th August 1967	Weekly pension equivalent to the sum of the following proportions of each weekly pension unit towards which the Member was contributing at 14th August 1967:	To be assessed by Actuary

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
		Purchase commencing at age	Proportion of each 5p pension unit for each year of purchase to 14th August 1967
		40 years and under	The whole
		41 to 43 years 44 to 46 years	1/22nd (maximum 1/19th) (maximum 19 years)
		47 to 48 years	22 years 1/17th (maximum 17 years)
		49 years and over	1/5th (maximum 5 years) To be assessed by Actuary
		Death Benefit	
		Capital sum equivalent to Member's total contributions to 14th August 1967	To be assessed by Actuary
		Pension	
121	The contributory retirement benefit scheme for Members of the Great Western Railway Inspectors and Foremen's Special Pension Fund at 14th August 1967 Pension	Weekly pension of 25p or 50p according to class of contribution at 14th August 1967	To be assessed by Actuary
		Death Benefit	
		Capital sum equivalent to Member's total contributions to 14th August 1967	
122	The non-contributory retirement benefit scheme for specified		

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
	<p>Members of the Great Western Railway Enginemens and Firemens Mutual Assurance Sick and Superannuation Society who became Members of the society on or before 1st October 1954 and on or before their 35th birthday. Members at 14th August 1967 who joined the society</p>		
123		<p style="text-align: center;">Pension</p> <p>(a) (a)On calculated on same basis as for scheme No. 220 but subject to a deduction of 25p p.w. only or before 31st December 1927</p>	The whole
		<p style="text-align: center;">Pension</p> <p>(b) (b) as for scheme No. 220 after 31st December 1927</p>	The whole
124	<p>The non-contributory retirement benefit scheme for specified Members of the Great Western Railway Pension Society who became Members of the society on or before 1st October 1954 and on or before their 35th birthday. Members at 14th</p>		

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1	2	3	4
SCHEME No	SCHEME	DEFERRED BENEFIT	PROPORTION FOR OFFSETTING
	August 1967 who joined the society		
		Pension	
125	(a) (a) On or before 31st December 1925	as for scheme No. 123	The whole
		Pension	
126	(b) (b) After 31st December 1925	as for scheme No. 220	The whole
		Pension (Classes 1, 2, 3 and 4)	
141	The contributory retirement benefit scheme for Members of the London Midland and Scottish (L.& Y.) Pension Fund Society at 14th August 1967	Weekly pension in accordance with Schedule III of the rules of the society in respect of membership to 14th August 1967	Three-quarters
		Death Benefit	
		Capital sum equivalent to Member's total contributions to 14th August 1967 plus simple interest at 2.5% per annum	Three-quarters
		Pension	
193	The contributory retirement benefit scheme for Members of the British Road Services (Male Wages Grades) Group Pension Fund at 14th August 1967	Weekly pension calculated in accordance with the rules of the B.R.S. Group Pension Fund in respect of complete years contributory membership to 14th August 1967	The whole less one-half of benefit attributable to membership of that Fund
		Death Benefit	
		Capital sum calculated in accordance with the rules of the B.R.S.	The whole less one-half

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
		Group Pension Fund in respect of membership to 14th August 1967	of benefit attributable to membership of that Fund
		Pension	
194	The contributory retirement benefit scheme for Members of the Metropolitan Railway Pension Fund at 14th August 1967	Weekly pension in accordance with the rules of the Metropolitan Railways Pension Fund and the class of contribution at 14th August 1967	One-half
		Death Benefit	
	The non-contributory retirement benefit scheme for male employees covered by the Southern Railway Voluntary Pensions Scheme who entered the service of the Southern Region of British Railways or its predecessors on or before 30th September 1954 and on or before their 45th birthday not being Members of a salaried staff superannuation fund	Capital sum equal to twice Member's total contributions to 14th August 1967	One-half
		Pension	
211	(a) Salaried Staff at 14th	£1.50 p.w.	The whole

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
		August 1967 having attained salaried status after their 55th birthday and before their 62nd birthday Pension	
212	(b) Salaried Staff at 14th August 1967 having attained salaried status on or before their 55th birthday	75p p.w.	The whole
		Pension	
213	(c) Wages grade staff at 14th August 1967	15p p.w.	The whole
		Pension	
220	The non-contributory retirement benefit scheme for male clerical supervisory and conciliation grades staff at	Weekly pension of th of weekly rate of pay for each complete year of service to 14th August 1967 (maximum 40 years for conciliation grades staff) calculated as follows according to age next birthday at 14th August 1967:	The whole

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
	<p>14th August 1967 who entered the service of the Great Western Railway or the Western Region of British Railways on or before 1st October 1954 and on or before attaining their 43rd birthday not being Members of any other pension scheme excepting scheme No. 100. Excludes Workshop Supervisors appointed as such on or before 1st September 1960 who were eligible for membership of the Salaried Staff Superannuation Fund but who did not exercise their option to join that Fund. Also excludes conciliation grades staff who first entered the conciliation grades after their 43rd birthday</p>	<p>Age</p> <p>62 or under</p> <p>63</p> <p>64</p> <p>65 or over</p>	<p>Weekly rate of pay</p> <p>Weekly rate at 14th August 1967</p> <p>Average of twice the weekly rate at 14th August 1967 and the average weekly rate during the year ended 14th August 1967</p> <p>Average of the weekly rate at 14th August 1967 and the average weekly rate during the two years ended 14th August 1967</p> <p>Average of the weekly rate during the 3 years ended 14th August 1967</p>
	<p>all subject to a deduction of 50p from the weekly pension as calculated</p> <p>The non-contributory retirement benefit scheme for specified male staff at 14th</p>		

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
	<p>August 1967 who on or before 19th August 1916 entered the service of the</p> <p>(a)Alexandra Docks (Newport Rly); Barry Rly; Brecon and Merthyr Rly; Burry Port & G.V. Rly; Neath & Brecon Rly; Port Talbot Rly and Docks; Rhondda & Swansea Bay Rly; Rhymney Rly; or the Swansea Harbour Trust</p>	<p>Pension</p>	
221	Conciliation staff	as for scheme No. 220	The whole
		Pension	
222	Workshop staff	1.25p p.w. for each year of service to 14th August 1967 less 12.5p p.w.	The whole
	(b)Campan Railway	Pension	

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
223	Conciliation staff	as for scheme No. 220 Pension	The whole
224	Workshop staff (c) Cardiff Railway	25p p.w. Pension	The whole
225	Conciliation staff	as for scheme No. 220 Pension	The whole
226	Workshop staff (d) Midland and S.W. Junction Railway	50p p.w. Pension	The whole
227	Conciliation staff	as for scheme No. 220 Pension	The whole
228	Workshop staff (e) Taff Vale Railway	1.05p p.w. Pension	The whole
229	Conciliation staff	as for scheme No. 220 Pension	The whole
230	Workshop staff	£1 p.w. The non- contributory retirement benefit scheme for specified male staff at 14th August 1967 who on or before 19th August 1916 entered the service of the Pension	The whole
240	(a) Glasgow and South	(a) Glasgow, 50p p.w.	The whole

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
	Western and Highland Railways wages grades conciliation staff	Pension	
241	(b) Edinburgh Railway artisans in civil engineering shops, in small workshops and at running sheds attached to Locomotive Department	50p p.w.	The whole
242	(c) Glasgow and South Western Railway artisans in small workshops and at running sheds attached to Locomotive Department	Pension 50p p.w.	The whole
243	Highland Railway — artisans in	Pension 50p p.w.	The whole

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
	workshops at Inverness		
		Pension	
244	(e) London and North Western Railway Garston Docks coal tipping staff not Members of the London & North Western Provident and Pension Society	35p p.w.	The whole
		Pension	
245	(f) Somerset and Dorset Joint Railway traffic conciliation grades staff and civil engineering staff	25p p.w.	The whole
		Pension	
246	(g) North Staffordshire Railway all wages grades staff	50p p.w.	The whole

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1	2	3	4
SCHEME No	SCHEME	DEFERRED BENEFIT	PROPORTION FOR OFFSETTING
		Pension	
247	(h) Clifton and Workington Railway all wages grades staff	50p p.w.	The whole
		Pension	
248	(i) Stratford-on-Avon & Midland Junction Railway all wages grades staff	75p p.w.	The whole
		Pension	
249	(j) Cockerthorpe and Penrith Railway all wages grades staff	40p p.w.	The whole
		Pension	
250	(k) Shropshire Union Canal all wages grades staff	25p p.w.	The whole
		Pension	
251	The non-contributory retirement benefit scheme for male staff engaged in	equivalent to 1/3rd of standard weekly wage at 14th August 1967 less £1.10 p.w. subject to a minimum weekly pension of 52.5p	The whole

1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
	the working of traffic at 14th August 1967 who entered the service of the North London Railway including nominees of the North and South West Junction Railway on or before 1st June 1920	Pension	
252	The non-contributory retirement benefit scheme for male salaried staff at 14th August 1967 who entered the service of the London Midland and Scottish Railway on or before their 40th birthday not being Members of a railway superannuation fund. Excludes staff promoted to salaried status on or after 1st September 1960 unless ineligible for membership of the Salaried Staff Superannuation Fund	equivalent to 1/75th of weekly salary as at 14th August 1967 for each year of service not exceeding 25 years up to that date less £1.10 p.w. and any amount of retirement benefit due to the Member which has been earned by the British Railways Board or its predecessors' contributions to any other schemes except scheme No. 100	The whole
		Pension	
253	The non-contributory retirement benefit scheme for	as for scheme No. 252	The whole

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
291	<p>police and civil engineering male salaried staff at 14th August 1967 who entered the service of the Cheshire Lines Committee on or before their 40th birthday</p>		
	<p>The non-contributory retirement benefit scheme for male wages grades staff at 14th August 1967 who were in the service of Messrs. Wordie & Co. Ltd., or Messrs. Mutter, Howey & Co. Ltd., or Messrs. Cowan & Co. Ltd. at the date of acquisition of the companies by the Road Haulage Executive and who entered such service</p>	<p style="text-align: center;">Pension</p> <p>(a) before 50p p.w. their 20th birthday</p> <p>(b) on 25p p.w. or after their 20th birthday and before their</p>	<p>The whole</p> <p>The whole</p>

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1	2	3	4
SCHEME No	SCHEME	DEFERRED BENEFIT	PROPORTION FOR OFFSETTING
		30th birthday	
		Pension	
292	The non-contributory retirement benefit scheme for specified male wages grades employees at 14th August 1967 who entered the service of Messrs. Chaplin's Ltd., on or before 1st October 1923	52.5p p.w.	The whole
293	The non-contributory retirement benefit scheme for specified male wages grades employees at 14th August 1967 who entered the service of Messrs. Joseph Nall & Sons prior to 1st January 1955		
		Pension	
	(a) Drivers and carters	25p p.w.	The whole
		Pension	
	(b) Hoopers	50p p.w.	The whole
		Pension	
294	The non-contributory retirement benefit scheme for staff at 14th August 1967 who entered	Pension calculated in accordance with Transferred Undertakings (Pensions of Employees) (No. 1) Regulations(36) based on years of qualifying service to 14th August 1967	The whole

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
	<p>the service of the Holyhead Harbour Trust and to whom the Transferred Undertakings (Pensions of Employees) (No. 1) Regulations 1952, S.I. No. 1159 apply</p> <p>The non-contributory retirement benefit scheme for female employees covered by the Southern Railway Voluntary Pensions Scheme who entered the service of the Southern Region of British Railways or its predecessors on or before 31st December 1962 and on or before their 45th birthday not being Members of a salaried staff superannuation fund —</p>	<p>Death Benefit</p> <p>Capital sum calculated in accordance with S.I. 1952 No. 1159 based on years of qualifying service to 14th August 1967</p>	<p>The whole</p>
<p>310</p>	<p>(a) (a) In a salaried grade at 14th August 1967</p>	<p>Pension</p> <p>75p p.w.</p> <p>Pension</p>	<p>The whole</p>

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
311	(b) (b) In 15p p.w. a wages grade at 14th August 1967 The non- contributory retirement benefit scheme for specified female employees at 14th August 1967 who entered the service of the Great Western Railway or the Western Region of British Railways on or before 31st December 1962	15p p.w.	The whole
		Pension	
320	(a) Crossing keepers at 14th August 1967 entering the service on or before their 30th birthday	1.25p p.w. for each year of service not exceeding 40 years to 14th August 1967	The whole
		Pension	
321	(b) Workshop supervisors staff at 14th August 1967 entering the service	as for scheme No. 220 as if the ages mentioned in column 3 therein were each reduced by 5 years	The whole

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
	<p style="text-align: center;">on or before their 38th birthday</p>	<p style="text-align: center;">Pension</p>	
322	<p>The non-contributory retirement benefit scheme for female clerical and specified hotel and refreshment room staff at 14th August 1967 who entered the service of the Great Western Railway on or before their 33rd birthday not being Members of a railway superannuation fund. Excludes staff promoted to salaried status on or after 1st September 1960 unless ineligible for membership of the salaried staff superannuation fund and married women who did not exercise their option to join that fund</p>	<p>as for scheme No. 220 as if the ages mentioned in column 3 therein were each reduced by 5 years</p>	The whole
340	<p>The non-contributory retirement benefit scheme for female salaried staff at 14th</p>	<p style="text-align: center;">Pension</p> <p>as for scheme No. 252</p>	The whole

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
	August 1967 who entered the service of the London Midland and Scottish Railway on or before their 35th birthday not being Members of a railway superannuation fund. Excludes staff promoted to salaried status on or after 1st September 1960 unless ineligible for membership of the salaried staff superannuation fund and married women who did not exercise their option to join that fund		

PART 3

1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
Pension (Table A)			
122	The contributory retirement benefit scheme for Members of the specified Sections of the Great Western Railway Locomotive and Carriage Department Sick Fund Society at 14th August 1967	Weekly pension as provided by the rules of the society according to class of membership	One-eighth

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1	2	3	4
SCHEME No	SCHEME	DEFERRED BENEFIT	PROPORTION FOR OFFSETTING
		Pension (Table B)	
		Weekly pension as provided by the rules of the society according to class of membership	Three-eighths
		Pension (Table C)	
		Weekly pension equivalent to th of the pension as provided by the rules of the society according to class of membership for each year of membership in that class to 14th August 1967 (maximum 24 years)	One-sixth
		Lump sum	
140	The contributory retirement benefit scheme for members of the London Midland and Scottish (L.N.W.) Provident and Pension Society at 14th August 1967	Scales A and B: £50 Scale E: £50	Nil two-fifths
		Pension	
		Scales A and B:	
		Class 1: 50p p.w.	The whole
		Class 2: 35p p.w.	The whole
		Scale E: 50p p.w.	Seven-tenths
		Death Benefit	
		Scales A and B:	
		Capital sum of £20	Nil
		Scale E: Capital sum of £20	Two-fifths
		Pension	
142	The contributory retirement benefit scheme for Members of Scale 1 of the London Midland and Scottish (North Staffordshire Section) Friendly Society at 14th August 1967	25p p.w.	Four-fifths
		Pension	
191	The contributory retirement benefit scheme for	Weekly pension of 60p	One-half
		Death Benefit	

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
	Members of the Thos. Bantock & Co. Benevolent and Pension Fund at 14th August 1967	Capital sum of £10	One-half

PART 4

1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
		Lump sum	
210	The non-contributory retirement benefit scheme for male salaried staff at 14th August 1967 who entered the service of the Great Northern Railway or the Great Central Railway on or before 1st January 1923 not being Members of a railway superannuation fund. Excludes such staff promoted to salaried staff status on or after 1st September 1960 unless ineligible for membership of the Salaried Staff Superannuation Fund	equivalent to 3 months' pay at the rate of the Member's salary at 14th August 1967	The whole

		Lump sum	
214	The non-contributory	£15	The whole

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING				
	<p>retirement benefit scheme for male employees at 14th August 1967 who entered the service of the Southern Region of British Railways or its predecessors on or before 30th September 1954 and after their 45th birthday not being Members of a salaried staff superannuation fund or the London Brighton and South Coast Railway Pension Fund or eligible for benefit under the Southern Railway Voluntary Pensions Scheme</p> <p>The non-contributory retirement benefit scheme for specified male staff entering the service of the Great Western Railway or the Western Region of British Railways on or before 1st October 1954</p>	<p style="text-align: center;">Lump sum</p> <p>(a) (b) according to years of service as chargemen to 14th August 1967</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Years</td> <td style="width: 50%;">Amount</td> </tr> <tr> <td>1 to 4 inclusive</td> <td>£9 for each year</td> </tr> </table>	Years	Amount	1 to 4 inclusive	£9 for each year	<p>The whole</p>
Years	Amount						
1 to 4 inclusive	£9 for each year						
231	(a)						

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
	who entered the service on or before their 35th birthday and who were appointed chargemen on or before their 60th birthday. Also includes such chargemen who at 14th August 1967 had been promoted to workshop supervisors but who were not eligible for a weekly pension under scheme No. 220	5 to 9 inclusive £45 10 and over £50 provided that the amount shall not be less than the lump sum payable under scheme No. 232 in respect of member's total years of service to 14th August 1967	
232	(b) Workshop staff at 14th August 1967;	Lump sum £1 for each year of service to 14th August 1967 up to the following maxima according to age at entry into service	The whole

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING														
	shop chargemen at 14th August 1967 who were appointed as such after their 60th birthday; workshop supervisors at 14th August 1967 who are not eligible for a weekly pension under scheme No. 220 or for a lump sum under scheme No. 231	<table border="1"> <thead> <tr> <th>Age</th> <th>Maximum</th> </tr> </thead> <tbody> <tr> <td>25 or under</td> <td>£40</td> </tr> <tr> <td>26 to 28 inclusive</td> <td>£30</td> </tr> <tr> <td>29 to 31 inclusive</td> <td>£25</td> </tr> <tr> <td>32 to 34 inclusive</td> <td>£20</td> </tr> <tr> <td>35 to 37 inclusive</td> <td>£15</td> </tr> <tr> <td>38 and over</td> <td>£10</td> </tr> </tbody> </table> <p style="text-align: center;">Lump sum</p>	Age	Maximum	25 or under	£40	26 to 28 inclusive	£30	29 to 31 inclusive	£25	32 to 34 inclusive	£20	35 to 37 inclusive	£15	38 and over	£10	
Age	Maximum																
25 or under	£40																
26 to 28 inclusive	£30																
29 to 31 inclusive	£25																
32 to 34 inclusive	£20																
35 to 37 inclusive	£15																
38 and over	£10																
233	Conciliation staff at 14th August 1967 entering the conciliation grades after their 43rd birthday	according to years of service to 14th August 1967	The whole														
		<table border="1"> <tbody> <tr> <td>19 years or less</td> <td>£10</td> </tr> <tr> <td>20 years or more</td> <td>£20</td> </tr> </tbody> </table>	19 years or less	£10	20 years or more	£20											
19 years or less	£10																
20 years or more	£20																

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
254	<p>not being members of any pension scheme other than scheme No. 100 and not being entitled to a weekly pension under scheme No. 220</p> <p>The non-contributory retirement benefit scheme for specified male staff at 14th August 1967 who on or before 19th August 1916 entered the service of the</p> <p>(a) London and North Western Railway other than members of the L. & N.W. Provident & Pension Society —</p> <p>Enginemmen</p>	<p>Lump sum</p> <p>£</p> <p>25</p>	<p>The whole</p>

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
255	Running shed staff	20	
256	Workshop staff — Crewe Works	20	
257	Other wages grades staff	10	
	(b) Midland Railway & London Tilbury and Southend Railway		
258	Traffic and goods and motive power shed grades	20	
259	Enginemen	40	
260	M. & E.E., C. & W. and stores road motor staff	40	
	C.C.E. and S. & T. Departments		
261	Labourers & lengthmen	10	
262	Gangers, ballast guards & linemen	15	
263	Artisans	25	
264	Marine Staff	20	
	(c) Somerset and Dorset Joint Railway —		
265	Enginemen and Locomotive running staff	40	
266	M. & E.E. and C. & W. shop staff	40	

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1	2	3	4
SCHEME No	SCHEME	DEFERRED BENEFIT	PROPORTION FOR OFFSETTING
267	Motive power shed grades	20	
268	(d) North Staffordshire Railway wages grades staff	15	
269	(e) Maryport and Carlisle Railway wages grades staff	25	The whole
270	(f) Furness Railway wages grades staff	50	
271	(g) Garstang and Knott End Railway wages grades staff	20	
272	(h) Lancashire and Yorkshire Railway C.C.E. operating, commercial, C. & W.E. and C. & W. staff	10	
273	Motive power staff	15	
274	Marine staff	15	
		Lump sum	

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
275	<p>The non-contributory retirement benefit scheme for male wages and salaried grades staff at 14th August 1967, who entered the service of the Mersey Railway before their 40th birthday and who are not Members of a superannuation fund</p> <p>The non-contributory retirement benefit scheme for specified male staff at 14th August 1967 who entered the service of the North London Railway on or before 1st June 1920 —</p>	<p>equivalent to 13 weeks' pay based on Member's rate of pay on 14th August 1967</p> <p style="text-align: center;">Lump sum</p>	The whole
277	(a)	<p>(a) Artisans equivalent to 3 months' wages based on Member's rate of pay on 14th August 1967</p> <p style="text-align: center;">Lump sum</p>	The whole
278	(b)	<p>(b) Wages £10 grades staff other than artisans not eligible for a weekly pension</p>	The whole

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
	under scheme No. 251	Lump sum	
279	The non-contributory retirement benefit scheme for male salaried staff at 14th August 1967 who entered the service of the London Midland & Scottish Railway after their 40th birthday not being Members of a railways superannuation fund. Excludes staff promoted to salaried status on or after 1st September 1960 unless ineligible for membership of the Salaried Staff Superannuation Fund	equivalent to 3 months' salary based on Member's rate of pay at 14th August 1967	The whole
		Lump sum	
280	The non-contributory retirement benefit scheme for male salaried staff other than police or civil engineering staff at 14th August 1967 who entered the service of the Cheshire Lines Committee on or before their 40th birthday not	equivalent to 3 months' salary based on Member's rate of pay at 14th August 1967	The whole

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
	being Members of a railway superannuation fund	Lump sum	
281	The non-contributory retirement benefit scheme for hotel and refreshment room staff at 14th August 1967 who entered the service of a constituent company of the London Midland & Scottish Railway on or before 19th August 1916 not being Members of the L.N.W. Provident and Pension Society	£40	The whole
295	The non-contributory retirement benefit scheme for employees who entered the service of the London Passenger Transport Board or its predecessors including the London Transport Executive	Lump sum	
	(a) Male wages grades employees at 14th	calculated in accordance with the terms of the London Transport Board Ex Gratia Scheme in respect of complete years of service to 14th at 14th	The whole

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
		<p>August 1967 and rate of pay at that date</p> <p>entering such service before 1st October 1954</p> <p>and</p> <p>(b) Female wages grades employees at 14th August 1967 entering such service before 1st January 1963 and female salaried employees who entered such service in a wages grade on or after October 1954 but before 1st January 1963</p> <p>Lump sum</p>	
312	The non-contributory	£15	The whole

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
	<p>retirement benefit scheme for female staff at 14th August 1967 who entered the service of the Southern Region of British Railways or its predecessors on or before 31st December 1962 not being Members of a salaried staff superannuation fund or entitled to a pension under Scheme No. 310 or scheme No. 311 in schedule 2</p>		
	<p>The non-contributory retirement benefit scheme for specified female staff at 14th August 1967 who entered the service of the Great Western Railway or Western Region of British Railways on or before 31st December 1962</p>		
		Lump sum	
323	(a) Waiting room attendants at 14th August 1967 entering the	£1 for each year of service up to 10 years and 50p for each year thereafter to 14th August 1967 up to a maximum of—	The whole

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
	service on or before their 50th birthday	<p>Age of entry into service</p> <p>20 years and under £30</p> <p>21 to 30 years inclusive £20</p> <p>31 to 40 years inclusive £15</p> <p>41 years and over £10</p> <p>Lump sum</p>	
324	(b) Office cleaners at 14th August 1967 entering the service on or before their 50th birthday	<p>calculated as for scheme No. 323 up to a maximum of—</p> <p>Age of entry into service</p> <p>26 years and under £20</p> <p>27 to 38 years inclusive £15</p> <p>39 years and over £10</p> <p>Lump sum</p>	The whole
325	(c) Crossing keepers at 14th August 1967 entering the service after their 30th birthday and on or	<p>calculated as for scheme No. 323 up to a maximum of—</p> <p>Age of entry into service</p> <p>31 to 40 years inclusive £15</p> <p>41 years and over £10</p>	The whole

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING														
		before their 50th birthday															
		Lump sum															
326	(d) Other conciliation grades at 14th August 1967 entering the service on or before their 50th birthday	<p>£1 for each year of service up to 14th August 1967 subject to a maximum of—</p> <table border="0"> <thead> <tr> <th style="text-align: left;">Age at entry into service</th> <th style="text-align: right;">Maximum</th> </tr> </thead> <tbody> <tr> <td>30 years and under</td> <td style="text-align: right;">£30</td> </tr> <tr> <td>31 to 40 years inclusive</td> <td style="text-align: right;">£20</td> </tr> <tr> <td>41 years and over</td> <td style="text-align: right;">£10</td> </tr> </tbody> </table>	Age at entry into service	Maximum	30 years and under	£30	31 to 40 years inclusive	£20	41 years and over	£10	The whole						
Age at entry into service	Maximum																
30 years and under	£30																
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41 years and over	£10																
		Lump sum															
327	(e) Workshop staff at 14th August 1967 (including chargeworkers) entering the service on or before their 50th birthday	<p>£1 for each year of service up to 14th August 1967 subject to a maximum of—</p> <table border="0"> <thead> <tr> <th style="text-align: left;">Age at entry into service</th> <th style="text-align: right;">Maximum</th> </tr> </thead> <tbody> <tr> <td>30 years and under</td> <td style="text-align: right;">£40</td> </tr> <tr> <td>21 to 23 years inclusive</td> <td style="text-align: right;">£30</td> </tr> <tr> <td>24 to 26 years inclusive</td> <td style="text-align: right;">£25</td> </tr> <tr> <td>27 to 29 years inclusive</td> <td style="text-align: right;">£20</td> </tr> <tr> <td>30 to 32 years inclusive</td> <td style="text-align: right;">£15</td> </tr> <tr> <td>33 years and over</td> <td style="text-align: right;">£10</td> </tr> </tbody> </table>	Age at entry into service	Maximum	30 years and under	£40	21 to 23 years inclusive	£30	24 to 26 years inclusive	£25	27 to 29 years inclusive	£20	30 to 32 years inclusive	£15	33 years and over	£10	The whole
Age at entry into service	Maximum																
30 years and under	£40																
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24 to 26 years inclusive	£25																
27 to 29 years inclusive	£20																
30 to 32 years inclusive	£15																
33 years and over	£10																
		Lump sum															
328	The non-contributory retirement benefit scheme for female	as for scheme No. 233	The whole														

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
	clerical and specified hotel and refreshment room staff at 14th August 1967 who entered the service of the Great Western Railway after their 33rd birthday not being Members of a railway superannuation fund. Excludes staff promoted to salaried status on or after 1st September 1960 unless ineligible for membership of the Salaried Staff Superannuation Fund and married women who did not exercise their option to join that fund	Lump sum	
341	The non-contributory retirement benefit scheme for female salaried staff at 14th August 1967 who entered the service of the London Midland & Scottish Railway after their 35th birthday not being Members of a railway superannuation fund. Excludes	equivalent to 3 months' salary based on Member's rate of pay at 14th August 1967	The whole

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1 SCHEME No	2 SCHEME	3 DEFERRED BENEFIT	4 PROPORTION FOR OFFSETTING
	staff promoted to salaried status on or after 1st September 1960 unless ineligible for membership of the Salaried Staff Superannuation Fund and married women who did not exercise their option to join that fund		

Rule 1

SCHEDULE 11 TO THE RULES OF THE SHARED COST ARRANGEMENT MEANING OF “PRESERVED BENEFITS”

1. In respect of a Member who joined the British Railways (Wages Grades) Pension Fund on 14th August 1967:

- (i) Preserved Death Benefits;
- (ii) Preserved Lump Sums;
- (iii) Preserved Pensions;
- (iv) benefits granted under Schedule 2 para 4;
- (v) benefits granted under Schedule 2 para 1 and Schedule 1 para 9;
- (vi) benefits granted in respect of credited membership; and
- (vii) benefits granted under Rule 17B (Members who were members of the BR Pension Scheme on 16th September 1991).

2. In respect of a Member who joined the British Railways (Wages Grades) Pension Fund after 14th August 1967:

- (i) items (a)(i), (a)(ii), (a)(iii) and (a)(iv) above but restricted to the amounts they would have been had the Member joined the British Railways (Wages Grades) Pension Fund on 14th August 1967 plus
- (ii) benefits in respect of credited membership the same as those which were determined by the British Railways Board on the advice of the actuary to the British Railways (Wages Grades) Pension Fund in respect of credited membership of that Fund plus
- (iii) benefits granted under Rule 17B (Members who were members of the BR Pension Scheme on 16th September 1991).

3. In respect of a Member who immediately prior to 1st April 1987 was a member of the New Section and who joined the New Section on 14th September 1970:

- (i) Preserved Death Benefits;
- (ii) benefits granted under Schedule 1 para (4);
- (iii) benefits granted under Schedule 1 para (10);
- (iv) benefits granted under Schedule 1 paras (1), (2)(a) and (6)(c) and benefits granted under Rule 17B;
- (v) benefits in respect of credited membership; and
- (vi) benefits granted under Schedule 1 para (9)(b).

4. In respect of a Member who immediately prior to 1st April 1987 was a member of the New Section and who joined the New Section after 14th September 1970:

(1) items (c)(i) and (c)(ii) but restricted to the amount they would have been had the Member joined the New Section on 14th September 1970;

(2) benefits granted under Schedule 1 paras (1), (2)(a) and (6)(c) and benefits granted under Rule 17B; and

(3) benefits in respect of credited membership the same as those which were determined by the British Railways Board on the advice of the actuary to the New Section in respect of credited membership of that Fund.

Note:

1. In the case of a Member who was a member of the British Railways (Wages Grades) Pension Fund to whom Rule 5A(5) applies items (1)(v), (1)(vi) and (2)(ii) shall be calculated for this purpose on the basis of rule 13(4)(A) of that Fund.

2. In the case of a Member who immediately prior to 1st April 1987 was a member of the New Section and to whom Rule 5A(5) applies, items (3)(iv), (3)(vi), (4)(ii) and (4)(iii) shall be calculated for this purpose on the basis of rule 13(4)(A) of that Fund.

PART 2

RULES OF THE DEFINED BENEFIT ARRANGEMENT

MEANING OF WORDS USED

1. This Rule sets out the meaning of words used in these Rules.

“Accrual Rate”	means the accrual rate chosen by the Designated Employer under Clause 3D of the Pension Trust (Defined Benefit Arrangement) and set out in the Deed of Establishment and Participation.
“Dependant”	means any person who the Trustee determines is financially dependent on another person or was so dependent at the time of the other person’s death.
“Earnings Cap”	means the amount specified for the purposes of section 590C of the Taxes Act.

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“Employee”	means a permanent employee or director of a Participating Employer.
“Final Pensionable Pay”	means the average of the Member’s Pensionable Pay during the 12 months ending on the date the Member leaves Service, reaches Minimum Pension Age or dies, whichever is earlier. If the Member was not in Service for the whole of the last 12 months, his Pensionable Pay shall be deemed to continue for the balance of the year for the purpose of calculating Final Pensionable Pay.
“GMP”	means a guaranteed minimum pension (or accrued right to one) under the Pensions Act.
“Incapacity”	means permanent physical or mental incapacity which the Trustee determines prevents a Member from following his normal occupation or seriously impairs his earning capacity.
“Lump Sum Death Benefit”	means the amount payable under Rule 7A (Member dies in Service before pension starts) on the Member’s death at the multiple of the Member’s Final Average Pay chosen by the Designated Employer under Clause 3D of the Pension Trust (Defined Benefit Arrangement) and set out in the Deed of Establishment and Participation.
“Member”	means an Employee who has joined the Section and has not ceased to be entitled to benefit under the Section.
“Member’s Contribution Rate”	means the contribution rate chosen by the Designated Employer under Clause 3D of the Pension Trust and set out in the Deed of Establishment and Participation.
“Minimum Pension Age”	means the age chosen by the Designated Employer under Clause 3D of the Pension Trust (Defined Benefit Arrangement) and set out in the Deed of Establishment and Participation.
“Participating Employer”	means an employer participating in the Section.
“Pension Trust”	means the trust which governs the Scheme.
“Pensionable Pay”	means the Member’s annual basic salary or wages earned from the Participating Employer together with such other remuneration as the Participating Employer, with the consent of the Trustee, decides.

Pensionable Pay cannot, however, exceed the amount of the Earnings Cap at the relevant date.

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“Pensionable Service”	means the Member’s Service after joining the Section together with any additional period credited to the Member by the Participating Employer or the Trustee as a result of a transfer payment or the exercise of a discretion.
“Section”	means in relation to a particular Designated Employer the Defined Benefit Section for that Participating Employer.
“Service”	means employment as an Employee, but leaving the employment of one Participating Employer to join the employment of another counts as leaving Service unless Pensionable Service is deemed to be continuous under Rule 12 (Early Leavers Rejoining).
“State Pension Age”	means age 60 (for a woman) and age 65 (for a man) or such other ages on which basic state pension benefits first become payable.

2 JOINING THE SECTION

2

Joining

2A Each Employee whose contract of service says that he is eligible to join the Section may join immediately on starting Service. The Trustee shall include an Employee in the Section automatically if the Employee’s contract of service so provides consistent always with Revenue Approval.

An Employee who does not join the Section at the first opportunity may join later only with the specific permission of the Participating Employer. With the consent of the Participating Employer the Trustee may treat a person as having joined the Section on the date on which he became eligible to join the Section.

A Participating Employer may vary the above requirements of this Rule for any of its Employees or a class of its Employees.

Applications to join the Section must be made in the form required by the Trustee.

A Member ceases to be eligible in circumstances set out in Rule 16 (Ceasing to be Eligible).

A Member who has opted-out may rejoin only in the circumstances set out in Rule 17 (Opting Out).

Evidence of Health

2B Unless an Employee is included in the Section automatically under Rule 2A, either the Participating Employer or the Trustee may at its discretion require the Employee to pass a medical examination to its satisfaction before admission to the Section.

3 CONTRIBUTIONS BY PARTICIPATING EMPLOYERS AND MEMBERS

3

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Contributions by Participating Employers

3A Each Participating Employer shall contribute in respect of its Employees who are Members at such rate as the Designated Employer decides from time to time is necessary (taking account of all relevant factors including contributions payable under Rule 3B (Contributions by Members)) to provide benefits under the Section. The Designated Employer shall reach its decision after considering the advice of the Actuary and consulting with the Trustee and the Pensions Committee.

Contributions by Members

3B Each Member in Pensionable Service shall pay contributions at the Member's Contribution Rate of the Member's Pensionable Pay (except where the Designated Employer has chosen a Member's Contribution Rate of nil to apply).

ADDITIONAL VOLUNTARY CONTRIBUTIONS BY MEMBERS

4. A Member in Pensionable Service may pay Additional Voluntary Contributions on a basis agreed with the Trustee. If the Trustee so requires, a Member must give notice of his intention to start, reduce or stop paying Additional Voluntary Contributions.

Each Member's Additional Voluntary Contributions shall be invested separately from all the other assets of the Scheme. The proceeds shall be used to provide additional benefits for or in respect of the Member.

The additional benefits shall be equivalent on a money purchase basis to the Additional Voluntary Contributions paid and shall comply so far as possible with any wishes made known by the Member in writing to the Trustee. The additional benefits cannot, however, be paid as a lump sum, except on the Member's death or if the Trustee is satisfied that Revenue Approval would not be prejudiced.

If there is a surplus of a Member's Additional Voluntary Contributions which cannot be used to provide benefits within Inland Revenue limits, the Trustee shall repay that surplus to the Member or, if the Member is dead, the Member's personal representatives. Surplus shall be calculated in accordance with The Retirement Benefits Schemes (Restrictions on Discretion to Approve) (Additional Voluntary Contributions) Regulations 1993(37) and the Trustee shall at all times comply with the requirements of those Regulations.

5 BENEFITS FOR MEMBERS AT RETIREMENT

5

Minimum Pension Age

5A A Member who leaves Service at Minimum Pension Age shall receive a pension for life calculated at the Accrual Rate of Final Pensionable Pay for each complete year of Pensionable Service plus an additional proportion of this Rate for each additional complete day.

Late Retirement

5B A Member who is still in Service after Minimum Pension Age shall receive a pension when he leaves Service. The pension shall be calculated as described in Rule 5A (Minimum Pension Age) as if the Member had left at Minimum Pension Age and then increased on a basis certified as reasonable by the Actuary.

(37) S.I. 1993/3016.

A Member who is still in Service when he reaches age 75 shall be treated for all purposes as having left Service on reaching that age.

Early Retirement (not Incapacity)

5C A Member who leaves Service (not for Incapacity) before Minimum Pension Age but after reaching age 50 may with the consent of the Participating Employer choose an immediate pension. The pension shall be calculated as described in Rule 5A (Minimum Pension Age) but reduced for early payment on a basis certified as reasonable by the Actuary.

The Trustee must be satisfied that the immediate pension is at least equal in value to the preserved pension (including future increases) to which the Member would otherwise have become entitled on leaving Service (see Rule 9 (Early Leavers)).

This option shall not be available in circumstances where the Member's reduced pension would be less than his GMP.

Early Retirement through Incapacity

5D A Member who leaves Service before Minimum Pension Age because of Incapacity having completed at least 2 years' Pensionable Service shall receive an immediate pension calculated as described in Rule 5A (Minimum Pension Age) and payable from the day after the date of leaving Service.

The Trustee must be satisfied that the immediate pension is at least equal in value to the preserved pension (including future increases) to which the Member would otherwise have become entitled on leaving Service (see Rule 9 (Early Leavers)).

Until Minimum Pension Age the Trustee may from time to time require evidence of continued Incapacity and, if not satisfied, may suspend the pension for any period or periods before Minimum Pension Age or reduce it to not less than would have been paid if Rule 5C (Early Retirement (not Incapacity)) had applied (but reduced on the advice of the Actuary if the Member has given up his pension for a lump sum or Dependant's pension, and disregarding the usual age limit of 50). Any pensions payable on the Member's death shall be adjusted appropriately on the advice of the Actuary.

6 ELECTIONS AT RETIREMENT

6

Lump Sum

6A A Member who is about to retire may, by notice in writing to the Trustee, elect to commute a proportion of his pension for a lump sum but must keep a pension which, when the Member reaches State Pension Age, shall be at least equal to his GMP.

The Trustee shall convert pension to lump sum on a basis which the Actuary certifies as reasonable.

The Member can choose a lump sum of up to $\frac{3}{8}$ ths of Final Pensionable Pay for each complete year of Pensionable Service plus an additional proportion for each additional complete day. The Trustee may allow a Member to choose a larger lump sum within Inland Revenue limits in which case it shall write and tell the Member.

Dependant's Pension

6B If the Trustee allows, a Member who is about to retire may by notice in writing to the Trustee give up his pension to provide a pension on his death for one or more of his spouse and Dependents (additional to any benefit under Rule 7 (Lump Sum Payable on Member's Death) or Rule 8 (Pensions

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for Spouses, Children and Dependants)). But the Member must keep a pension at least equal to his GMP and he may not give up so much pension as to provide Dependants' or spouses' pensions under this Rule greater in total than the pension he has kept for himself (including any pension given up for a lump sum under Rule 6A).

The Trustee shall convert Member's pension to Dependant's pension or spouse's pension in accordance with actuarial advice.

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

Early Retirement Level Pension Option

6C A Member who is about to retire and whose pension from the Section starts on or after age 50 but before State Pension Age may elect by notice in writing to the Trustee before the pension becomes payable, to have the pension increased before that age and reduced after it, so that the pension from the Section before that age is more nearly equal to the Member's total pension from the Section and the State after that age.

The amount of the Member's pension and of any pensions payable on the Member's death shall be calculated by the Trustee on a basis agreed by the Actuary to be reasonable.

This option shall not be available in circumstances where the Member's reduced pension would be less than his GMP.

7 LUMP SUM PAYABLE ON MEMBER'S DEATH

7

Member dies in Service before Pension starts

7A The benefit shall be equal to the Lump Sum Death Benefit.

Member dies within 5 years after Pension starts

7B The benefit shall be equal to the pension payments which would have been made during the remainder of the 5 year period if the Member had not died (but disregarding any future increases).

Member with Preserved Pension

7C If the Member dies before Minimum Pension Age and before the pension starts, the benefit shall be equal to the total contributions paid by the Member with interest from the date of payment of those contributions until the date of payment of the benefit at the rate of 3% per annum compound or such other rate as the Trustee and the Designated Employer agree.

Discretionary Trusts

7D The Lump Sum Death Benefit shall be paid to one or more of the Beneficiaries or used for their benefit in such shares as the Trustee decides. If the benefit is not paid within 2 years of the Member's death, however, it shall be paid to the Member's personal representatives.

The "Beneficiaries" are the Member's widow or widower, the Member's grandparents and their descendants, any person with an interest in the Member's estate and any person nominated by the Member in writing to the Trustee.

So long as no-one other than Beneficiaries can become entitled, the Trustee may:

- (a) direct that all or part of the lump sum be held by itself 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.

No payment shall be made under this Rule to the Crown or to the Duchy of Lancaster or Cornwall. If payment of the whole or any part of the Lump Sum Death Benefit would result in the payments falling to the Crown or to the Duchy of Lancaster or Cornwall as bona vacantia, the benefit, or that part of the benefit, shall be retained by the Trustee in the Section.

8 PENSIONS FOR SPOUSES, CHILDREN AND DEPENDANTS

8

Spouse's and Children's Pension

8A If a Member dies leaving a surviving spouse, the spouse shall receive a pension for life (except where the Member dies after his pension has started and the Designated Employer has chosen a Spouse's Pension Fraction of nil to apply in such cases).

If a Member dies leaving Children a children's pension shall be paid (except where the Designated Employer has chosen a Children's Pension Fraction of nil to apply).

Children are children born of or legitimated by a marriage of the Member entered into before the Member leaves Service or reaches Minimum Pension Age (whichever occurs first), the Member's stepchildren by such a marriage and children legally adopted by the Member before leaving Service or reaching Minimum Pension Age (whichever occurs first) and any other children who in the Trustee's opinion were dependent on the Member at the time of his death and whom the Trustee agrees to treat as Children.

These children remain Children for so long as they are under age 18 or under age 23 and in full time education or training approved by the Trustee. If any of these children is or becomes wholly incapacitated before ceasing to be a Child, however, the Trustee may continue to treat him as a Child for so long as he remains wholly incapacitated. The Trustee shall determine whether a Child is wholly incapacitated.

The children's pension shall be paid to one or more of the Children or used for their benefit in such shares as the Trustee decides from time to time and may be paid to some person or persons or fixed or discretionary trust for the benefit of any or all of them. It shall stop when there is no remaining Child.

Other Dependant's Pension

8B If a Member dies and no pension is payable the Participating Employer may (but need not) direct the Trustee to pay a pension to one or more of the Member's Dependants. This pension may be calculated as a spouse's pension. But the Trustee may pay a pension of a smaller amount and reduce or stop any pension in payment as it sees fit.

Member dies in Service before Pension starts

8C Subject to Rule 8F (Young Spouse), the spouse's pension shall be calculated as the Spouse's Pension Fraction of the pension calculated as described in Rule 5A (Minimum Pension Age) based on the Member's Pensionable Service and Final Pensionable Pay at the date of the Member's death.

The children's pension shall be calculated as the Children's Pension Fraction.

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Member dies after Pension starts

8D Subject to Rule 8F (Young Spouse), the spouse's pension shall be calculated as the Spouse's Pension Fraction of the pension payable to the Member at his death, or which would have been payable if the Member had not given up any pension under Rule 6 (Elections at Retirement).

The children's pension shall be calculated as the Children's Pension Fraction.

Member with Preserved Pension

8E Subject to Rule 8F (Young Spouse), if the Member dies before Minimum Pension Age and before the pension starts, the spouse's pension shall be calculated as the Spouse's Pension Fraction of the preserved pension calculated as described in Rule 9A (Preserved Pension), including the increases described in (a) of that Rule.

The children's pension shall be calculated as the Children's Pension Fraction.

Young Spouse

8F If the spouse was more than 10 years younger than the Member, the spouse's pension shall be reduced by 2½ % for each year of age difference greater than 10. But it shall not be reduced to less than the spouse's GMP.

9 EARLY LEAVERS

9

Preserved Pension

9A A Member who leaves Service before Minimum Pension Age with at least 2 years' Qualifying Service shall receive a pension for life payable from Minimum Pension Age of an amount calculated as described in Rule 5A (Minimum Pension Age).

The pension shall be increased before payment as follows:

- (a) the pension in excess of GMP shall be increased as required by the Revaluation Laws; and
- (b) the GMP shall be increased as required by the Contracting-out Laws.

A Member who leaves Service with less than 2 years' Qualifying Service shall also receive a pension under this Rule if a transfer payment in respect of his rights under a personal pension scheme has been made to the Scheme.

Refund of Contributions and Preserved GMPs

9B A Member who leaves Service before Minimum Pension Age without becoming entitled to a preserved pension under Rule 9A (Preserved Pension) shall, if he has made contributions to the Section, receive a refund of those contributions, less tax at 20% or such other rate as applies under section 598 of the Taxes Act from time to time.

If the Member's Service was Contracted-out under the Section, the Member (and the Member's spouse, if any) shall remain entitled to GMP unless this is extinguished by a contributions equivalent premium ("CEP") under the Pensions Act. Any refund of contributions shall be reduced if a CEP is paid by the amount recoverable under section 61 of that Act, and otherwise by the amount that the Trustee estimates would have been recoverable if a CEP had been paid.

Qualifying Service

9C “Qualifying Service” means service which qualified the Member for retirement benefit under the Scheme or any other occupational pension scheme from which a transfer payment has been made in respect of the Member either to the Scheme, or to a Buy-out Policy and subsequently to the Scheme.

Rule 12B shall apply if the Member’s Qualifying Service has been broken.

“Qualifying Service” is used only for the purpose of deciding whether or not the Member is entitled to a preserved pension under Rule 9A (Preserved Pension). Where the Member is entitled to a preserved pension, the amount of the pension is based on Pensionable Service. This Rule 9C does not affect the calculation of Pensionable Service.)

10 RIGHT TO TRANSFER OR “BUY-OUT”

10

Member’s Right to Transfer or “Buy-Out”

10A A Member who leaves Service with a preserved pension at least a year before Minimum Pension Age can require the Trustee by application in writing to use the cash equivalent of the preserved pension in whichever of the following ways (or combination of them) the Member chooses:

- (a) to buy one or more Buy-out Policies (see Rule 10B (Requirements for Buy-Out Policies)) from one or more Insurance Companies chosen by the Member;
- (b) to acquire rights under another occupational pension scheme or under a personal pension scheme or another Section of the Scheme (see Rule 10C (Requirements for Transfers)).

The cash equivalent shall be calculated by the Trustee on the basis of advice from the Actuary which complies with the Transfer Value Laws.

The Trustee may allow a Member who does not have a right to a cash equivalent to choose a transfer or a “Buy-out” as described in this Rule. The Trustee may impose such conditions on the exercise of this choice as it thinks fit.

The Member may exercise this right by application in writing to the Trustee at any time up to a year before Minimum Pension Age (or, if later, 6 months after leaving Service).

Requirements for Buy-Out Policies

10B A Buy-out Policy must satisfy the Transfer Value Laws and the requirements of the Inland Revenue. In particular, the policy must provide that the annuities payable to or for the benefit of the Member and the Member’s spouse (if any) shall be at least equal to their GMP under the Section, including revaluation in accordance with the Contracting-out Laws.

Requirements for Transfers

10C The receiving scheme must be (a) an occupational pension scheme with Revenue Approval or which otherwise satisfies the Inland Revenue’s requirements, or (b) a personal pension scheme approved under Chapter IV of Part XIV of the Taxes Act or (c) a “statutory scheme” as defined in section 612(1) of that Act.

When making the transfer the Trustee shall comply with any requirements of the Inland Revenue.

If the Member’s cash equivalent includes accrued rights to GMP, the transfer must also satisfy the requirements of the Contracting-out Laws.

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11 OTHER CHOICES FOR EARLY LEAVERS

11

Early Pension

11A A Member entitled to a preserved pension (see Rule 9 (Early Leavers)) may elect to receive his pension on a date earlier than Minimum Pension Age (but not earlier than age 50 unless the Member is suffering from Incapacity). If a Member does not make a choice under this Rule (Other Choices for Early Leavers) immediately on leaving Service, the agreement of the Trustee is required.

The benefits shall be reduced to take account of the longer period of payment on a basis certified as reasonable by the Actuary.

If an election under this Rule would result in the pension payable to the Member being less than his GMP the election shall not be permitted.

The Trustee must be reasonably satisfied that the reduced benefits are at least equal in value to the preserved pension (including future increases) that would otherwise have been provided under Rule 9 (Early Leavers).

Late Pension

11B If the Trustee agrees a Member entitled to a preserved pension may choose a pension starting later than Minimum Pension Age (but not later than the date the Member leaves all employment and not in any event later than age 75) in which case it shall be increased to take account of the shorter period of payment on a basis certified as reasonable by the Actuary and consistent with the Contracting-out Laws.

The Trustee must be reasonably satisfied that the increased pension is at least equal in value to the preserved pension that would otherwise have been provided under Rule 9 (Early Leavers).

Choices at Retirement

11C A Member entitled to a preserved pension may choose to give up his pension for a lump sum or to provide an additional pension for a nominated Dependant or spouse or to elect an early retirement level pension option (see Rule 6 (Elections at Retirement)). Any such election must be made before the election in Rule 11A (Early Pension).

12 EARLY LEAVERS REJOINING

12

Periods of Service treated Separately

12A If a Member leaves Service but later returns and rejoins the Section having retained his right to deferred benefit in respect of the first period each period of Service shall be treated separately unless his Participating Employer at the date of rejoining, with the consent of the Member and the Trustee and subject to Revenue Approval not being prejudiced decides that the 2 periods shall be treated as continuous or unless otherwise provided under the Pension Trust.

If the break in Service is for maternity however Rule 14 (Maternity) shall apply.

Qualifying Service

12B If a Member leaves Service, returns and rejoins the Section and then leaves again before Minimum Pension Age, and the break did not exceed one month or was due to a trade dispute, the

Member's Service before and after the break shall be treated as continuous (but excluding the break) for the purpose of calculating whether the Member has at least 2 years' Qualifying Service after the break.

If a Member leaves Service with a preserved pension, returns and rejoins the Section and then leaves again before Minimum Pension Age, and is still entitled to benefit under the Section in respect of the period before the break, the Member shall be entitled to a preserved pension in respect of the period after the break whether or not he has 2 years' Qualifying Service.

13 MEMBERS AWAY FROM WORK

13

General Principle

13A A Member who is away from work and has not opted out of the Section (see Rule 17 (Opting– Out)) shall be treated as still in Pensionable Service for so long as he receives contractual pay or statutory sick pay.

Rule 13D (Benefits for Members away from Work) shall apply when calculating the Member's benefits.

Temporary Absence through Injury or Ill–Health

13B The Participating Employer may decide to treat any Member who is away from work due to injury or ill–health as still in Pensionable Service, so long as there is a definite expectation that the Member shall return to work. A Member in receipt of benefits under a long–term disability scheme of his Participating Employer shall under normal circumstances be regarded as still in Pensionable Service for as long as benefits are payable to the Member under that scheme.

Rule 13D (Benefits for Members away from Work) shall apply when calculating the Member's benefits.

Secondment

13C The Participating Employer may decide to treat any Member who is on secondment as still in Pensionable Service for up to 3 years (or longer if the Inland Revenue permit), so long as there is a definite expectation that the Member shall return to Service and he does not join another occupational pension scheme with Revenue Approval or a personal pension scheme or a “statutory scheme” as defined in section 612(1) of the Taxes Act.

Rule 13D (Benefits for Members away from Work) shall apply when calculating the Member's benefits.

Benefits for Members away from Work

13D If a Member is treated as still in Pensionable Service and contributions have been paid or deemed to have been paid in full in respect of the period of absence his benefits shall remain as if he had not been away from work. If the Member is treated as still in Pensionable Service but contributions have not been paid in full the Trustee may decide any special conditions (consistent with Revenue Approval and the Contracting–out Laws) to apply to the Member's contributions and benefits in respect of the period of absence.

If the Member is not treated as still in Pensionable Service, the Member shall be treated as having left Service.

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MATERNITY

14. A period of absence for pregnancy or confinement shall count as Pensionable Service for so long as the Member receives contractual pay or statutory maternity pay. The Participating Employer and the Trustee may agree any special provisions (consistent with Revenue Approval and the Contracting-out Laws) to apply to the Member's contributions and benefits in respect of this period.

If the Member stops receiving contractual pay or statutory maternity pay before returning to work, the Participating Employer may agree to treat her as still in Pensionable Service. The Participating Employer may also agree any special provisions (consistent with the Contracting-out Laws and Revenue Approval) to apply to the Member's contributions and benefits in respect of this period.

If the Member is not treated as still in Pensionable Service, she shall be treated as if she had left Service. But if she exercises a statutory right to return to work, her Pensionable Service shall be treated as continuous (but excluding the break).

PART-TIME EMPLOYMENT

15. If, during a 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 benefits relating to Part-time Employment shall from time to time be notified to the Member by the Trustee. The Trustee shall calculate these benefits in a manner which it considers equitable (and which is acceptable to the Inland Revenue) after taking account of the number of hours per week worked by the Member from time to time, and after considering the advice of the Actuary.

For the purposes of this Rule "Part-time Employment" means a period as an Employee who is designated in his contract of employment as (and notified to the Trustee by his Participating Employer to be) a part-time employee.

CEASING TO BE ELIGIBLE

16. A Member shall cease to be eligible if his contract of service is varied so that he is no longer eligible for membership. The Member shall be treated as if he had left Service on the day he ceased to be eligible except that a Member with a preserved pension cannot choose an early pension under Rule 11A (Early Pension) before actually leaving Service.

If a Member who has ceased to be eligible later satisfies the conditions for joining the Section (see Rule 2 (Joining the Section)), the Member may rejoin the Section as described in Rule 2, in which case the Member's benefits shall be calculated in accordance with Rule 12 (Early Leavers Rejoining). Any period between ceasing to be eligible and rejoining the Section shall not count as Service.

OPTING OUT

17. A Member may at any time opt out of the Section by giving one month's notice to the Participating Employer and the Trustee. The Member shall be treated as if he had left Service on the day the notice expires except that no pension or lump sum shall be paid to the Member until the Member actually leaves Service (or reaches age 75, if earlier).

A Member who opts out of the Section may rejoin only with the specific permission of the Participating Employer. If the Member is allowed to rejoin, the Member's benefits shall be calculated in accordance with Rule 12 (Early Leavers Rejoining). Any period between opting out of the Section and rejoining shall not count as Service.

18 GENERAL RULES ABOUT BENEFITS

18

Pension Increases

18A Each pension in payment except for any GMP which is payable, shall increase by 5% in each year on a date decided by the Trustee except that no pension shall be increased in any year by more than the increase in the retail prices index over the preceding year.

Where GMP is payable, the part of the GMP that is attributable to earnings for the tax year 1988—89 and subsequent tax years shall increase in each year by the percentage specified in any order made by the Secretary of State under section 109 of the Pensions Act (which is approximately equal to the percentage rise in the retail prices index in each year, with a maximum of 3% per year compound).

Off-Set for Crime, Fraud or Negligence

18B If a Member has incurred a monetary obligation to or caused a financial loss to the Participating Employer arising out of a criminal, negligent or fraudulent act or omission, the Participating Employer may require that the benefits in respect of the Member (other than GMPs and benefits arising out of a transfer payment) shall be reduced by an amount that the Trustee determines on actuarial advice to be equivalent to the obligation. If the obligation is greater than the value of the benefits which may be reduced, the benefits shall cease to be payable. If the Participating Employer requests, the Trustee shall pay to the Participating Employer the amount of the obligation or, if less, the value of the reduction in benefits.

The Member shall be given a certificate specifying the amount of the obligation and of the reduction in benefits. If the amount of the obligation is disputed, no reduction in benefits shall be made until the obligation has become enforceable under the order of a court or arbitrator appointed (failing agreement between the Member and the Participating Employer) by the President of the Law Society or, in Scotland, by the Sheriff.

Discretionary Benefits

18C At the request of a Participating Employer and if the Participating Employer pays any additional contributions that the Trustee considers appropriate (for which purpose the Trustee shall consider actuarial advice), the Trustee shall provide (a) increased or additional benefits in respect of any Member or Members, (b) benefits in respect of any Member or Members different, or on different terms, from those set out elsewhere in the Rules or (c) benefits in respect of any Employee or former Employee or any spouse or Dependant of a former Employee (or for any other person for whom the Inland Revenue permit the Section to provide benefits).

Any benefits provided under this Rule shall be consistent with the Contracting-out, Preservation, Revaluation and Transfer Value Laws and with Revenue Approval.

Serious Ill-Health

18D The Trustee may allow a Member who is in exceptional circumstances of serious ill-health when his pension starts to give up the whole of his pension (except GMP) for a lump sum. The Trustee shall convert the pension to a lump sum on a basis certified as reasonable by the Actuary and approved by the Inland Revenue. This choice shall not affect any pension payable on the Member's death.

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CONTRACTING–OUT OVERRIDE

19. If a Member’s Service becomes Contracted–out by reference to this Section under the Pensions Act, Clause 9 of the Pension Trust (Contracting–Out) shall apply and shall override any inconsistent Rules.

SURPLUS ASSETS

20. If an actuarial valuation of the Section by the Actuary shows that the value of the Section’s assets exceeds the value of the Section’s liabilities by a percentage which is more than the maximum laid down in the laws relating to surplus funds first introduced by Schedule 12 to the Finance Act 1986⁽³⁸⁾, the Trustee may (after having consulted with the Pensions Committee), with the agreement of the Inland Revenue, make a payment to the Participating Employers in such proportions as the Designated Employer directs.

21 WINDING UP THE SECTION

21

Time and manner of winding–up

21A The Section shall be wound up as set out in Clause 11 of the Pension Trust (Winding–up a Section where all Participating Employers cease to Participate) except that the Trustee may wind–up the Section if it receives actuarial advice that the contributions being paid by Participating Employers and reasonably expected from them in the future are so low as to prejudice seriously the long term financial position of the Section.

Surplus Assets

21B If any of the assets attributable to the Section remain, then the Trustee may, (after having consulted with the Pensions Committee) with the consent of the Designated Employer, increase all or any of the benefits on a basis agreed with the Designated Employer and consistent always with Revenue Approval. Any assets remaining shall be paid to the Participating Employers in such proportions as the Trustee in its discretion sees fit acting on actuarial advice and with the consent of the Designated Employer.

CHANGING THE RULES

22. The Rules of the Section may be changed as set out in Clause 13 of the Pension Trust (Changing the Pension Trust and Rules).

PART 3

RULES OF THE DEFINED CONTRIBUTION ARRANGEMENT

MEANING OF WORDS USED

1. This Rule sets out the meaning of words used in the these Rules.

(38) 1986 c. 41.

“Accumulated Fund”	means a Member’s accumulated fund as described in Rule 5 (Member’s Accumulated Fund).
“Benefit Date”	means a Member’s benefit date as described in Rule 6A (Benefit Date).
“Dependant”	means any person who the Trustee determines is financially dependent on another person or was so dependent at the time of the other person’s death.
“Earnings Cap”	means the amount specified for the purposes of section 590C of the Taxes Act.
“Employee”	means a permanent employee or director of a Participating Employer.
“Final Pensionable Pay”	means the average of the Member’s Pensionable Pay during the 12 months ending on the date the Member leaves Service, reaches Minimum Pension Age or dies, whichever is earlier. If the Member was not in Service for the whole of the last 12 months, his Pensionable Pay shall be deemed to continue for the balance of the year for the purpose of calculating Final Pensionable Pay.
“GMP”	means a guaranteed minimum pension (or accrued right to one) under the Pensions Act.
“Incapacity”	means permanent physical or mental incapacity which the Trustee determines prevents a Member from following his normal occupation or seriously impairs his earning capacity.
“Lump Sum Death Benefit”	means the amount payable under Rule 7A (Using the Member’s Accumulated Fund) on the Member’s death before his Benefit Date at the rate chosen by the Designated Employer under Clause 3D of the Pension Trust (Defined Benefit Arrangement) and set out in the Deed of Establishment and Participation.
“Member’s Contribution Rate”	means the contribution rate chosen by the Designated Employer under Clause 3D of the Pension Trust and set out in the Deed of Establishment and Participation.
“Minimum Pension Age”	means the age chosen by the Designated Employer under Clause 3D of the Pension Trust (Defined Benefit Arrangement) and set out in the Deed of Establishment and Participation.
“Participating Employer”	means an employer participating in the Section.
“Pension Trust”	means the trust which governs the Scheme.

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“Pensionable Pay”	means the Member’s annual basic salary or wages earned from the Participating Employer together with such other remuneration as the Participating Employer, with the consent of the Trustee, decides.
	Pensionable Pay cannot, however, exceed the amount of the Earnings Cap at the relevant date.
“Pensionable Service”	means the Member’s Service after joining the Section.
“Section”	means in relation to a particular Designated Employer the Defined Contribution Section for that Participating Em– ployer.
“Service”	means employment as an Employee.

2 JOINING THE SECTION

2

Joining

2A Each Employee whose contract of service says that he is eligible to join the Section may join immediately on starting Service. The Trustee shall include an Employee in the Section automatically if the Employee’s contract of service so provides consistent always with Revenue Approval.

An Employee who does not join the Section at the first opportunity may join later only with the specific permission of the Participating Employer. With the consent of the Participating Employer the Trustee may treat a person as having joined the Section on the date on which he became eligible to join the Section.

A Participating Employer may vary the above requirement of this Rule for any of its Employees or a class of its Employees.

Applications to join the Section must be made in the form required by the Trustee.

A Member ceases to be eligible in circumstances set out in Rule 13 (Ceasing to be Eligible).

A Member who has opted–out may rejoin only in the circumstances set out in Rule 14 (Opting out).

Evidence of Health

2B Unless an Employee is included in the Section automatically under Rule 2A, either the Participating Employer or the Trustee may at its discretion require the Employee to pass a medical examination to its satisfaction before admission to the Section.

3 CONTRIBUTIONS BY PARTICIPATING EMPLOYERS AND MEMBERS

3

Contributions by Participating Employers

3A Each Participating Employer shall contribute to the Section in respect of each of its Employees who are in Pensionable Service at such rate as the Designated Employer decides from

time to time. This rate shall be fixed at 12 monthly intervals, and shall be notified to Members by the Designated Employer at the beginning of each 12 month period.

Contributions by Members

3B Each Member in Pensionable Service shall pay contributions at the Member's Contribution Rate of the Member's Pensionable Pay (except where the Designated Employer has chosen a Member's contribution rate of nil to apply).

Contributions paid under this Rule 3 shall be at least sufficient to enable the Trustee to provide the Lump Sum Death Benefit and any GMP for and in respect of any Member.

ADDITIONAL VOLUNTARY CONTRIBUTIONS BY MEMBERS

4. A Member in Pensionable Service may pay Additional Voluntary Contributions on a basis agreed with the Trustee. If the Trustee so requires, a Member must give notice of his intention to start, reduce or stop paying Additional Voluntary Contributions.

Each Member's Additional Voluntary Contributions shall be invested separately from all the other assets of the Scheme. The proceeds shall be used to provide additional benefits for or in respect of the Member.

The additional benefits shall be equivalent on a money purchase basis to the Additional Voluntary Contributions paid and shall comply so far as possible with any wishes made known by the Member in writing to the Trustee. The additional benefits cannot, however, be paid as a lump sum, except on the Member's death or if the Trustee is satisfied that Revenue Approval would not be prejudiced.

If there is a surplus of a Member's Additional Voluntary Contributions which cannot be used to provide benefits within Inland Revenue limits, the Trustee shall repay that surplus to the Member or, if the Member is dead, the Member's personal representatives. Surplus shall be calculated in accordance with the Retirement Benefits Schemes (Restrictions on Discretion to Approve) (Additional Voluntary Contributions) Regulations 1993(**39**) and the Trustee shall at all times comply with the requirements of those Regulations.

MEMBER'S ACCUMULATED FUND

5. The Trustee shall allocate to each Member's Accumulated Fund:

(1) the contributions paid by the Member under Rule 3 and by the Participating Employer in respect of the Member;

(2) any transfer payments received by the Section in respect of the Member; and

(3) a fair share (determined on the advice of the Actuary) of the income, gains, losses and expenses of the Section.

Where the Trustee effects an insurance policy on the life of the Member, the Member's Accumulated Fund shall be debited with the premiums and (where the Trustee considers appropriate) credited with any proceeds of the policy.

Any allocation of assets to a particular Member's Accumulated Fund is for benefit calculation purposes only. No beneficiary is entitled to any specific assets of the Section.

6 RETIREMENT BENEFITS

6

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Benefit Date

6A A Member's Benefit Date is his Minimum Pension Age but:

- (1) if the Member stays in Service after Minimum Pension Age, his Benefit Date shall be the date he leaves Service or, if earlier, age 75; and
- (2) if the Member retires before Minimum Pension Age, he may with the Participating Employer's consent choose an earlier date but not earlier than age 50 (unless the Member is leaving as a result of Incapacity).

Using the Member's Accumulated Fund

6B The Trustee shall use the Member's Accumulated Fund to provide benefits for the Member in one or more of the following forms:

- (1) a pension payable to the Member starting with effect from the Benefit Date (see Rule 6A (Benefit Date));
- (2) a lump sum payable to the Member on the Benefit Date;
- (3) benefits payable with effect from the Member's death after the Benefit Date as described in Rule 7 (Death Benefits).

A lump sum shall be provided only if the Member so chooses and the Trustee agrees. The lump sum cannot exceed the maximum described in Rule 6C (Maximum Lump Sum).

When providing benefits the Trustee shall take into account any wishes made known by the Member in writing to the Trustee. Benefit must not exceed Inland Revenue limits and shall comply with the Contracting-out Laws.

The amount of benefits under Rule 6B (Using the Member's Accumulated Fund) shall be calculated on a basis determined by the Trustee after taking actuarial advice.

Maximum Lump Sum

6C A Member shall normally (subject to Inland Revenue limits) be able to choose a lump sum of up to $\frac{3}{8}$ ths of Final Pensionable Pay for each complete year of Pensionable Service plus an additional proportion for each additional complete day. The Trustee may allow a Member to choose a larger lump sum within Inland Revenue limits in which case it shall write and tell the Member.

7 DEATH BENEFITS

7

Using the Members Accumulated Fund

7A If a Member dies before his Benefit Date the Trustee shall, subject to the remainder of this Rule use the Member's Accumulated Fund to provide benefits in one or both of the following forms:

- (a) a lump sum payable as described in Rule 7B (Discretionary Trusts);
- (b) a pension or pensions payable to one or more of the Member's spouse, children or Dependants (see Rule 15 (General Rules about Benefits)).

When providing benefits the Trustee shall take into account any wishes made known by the Member in writing to the Trustee and shall have regard to actuarial advice. No benefit shall be paid which shall prejudice Revenue Approval.

If the Member dies before his Benefit Date but while still in Service the Trustee shall however use the Member's Accumulated Fund to provide a lump sum payable as described in Rule 7B equal

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to the Lump Sum Death Benefit (except where the Designated Employer has chosen a Lump Sum Death Benefit of nil). If the Member's Accumulated Fund:

- (i) exceeds the amount required to provide this benefit the remainder shall be used as described at (a) and (b) above;
- (ii) is not sufficient to provide this benefit the Trustees may use any other assets of the Section to meet the shortfall.

Discretionary Trusts

7B The lump sum death benefit shall be paid to one or more of the Beneficiaries or used for their benefit in such shares as the Trustee decides. If the benefit is not paid within 2 years of the Member's death, however, it shall be paid to the Member's personal representatives.

The "Beneficiaries" are the Member's widow or widower, the Member's grandparents and their descendants, any person with an interest in the Member's estate and any person nominated by the Member in writing to the Trustee.

So long as no-one other than Beneficiaries can become entitled, the Trustee may:

- (a) direct that all or part of the lump sum be held by itself 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.

No payment shall be made under this Rule to the Crown or to the Duchy of Lancaster or Cornwall. If payment of the whole or any part of the lump sum death benefit would result in the payment falling to the Crown or to the Duchy of Lancaster or Cornwall as bona vacantia, the benefit, or that part of the benefit, shall be retained by the Trustee in the Section.

ADDITIONAL BENEFITS

8. If Inland Revenue limits restrict the benefits that can be provided at a Member's Benefit Date (see Rule 6 (Retirement Benefits)) or on a Member's death (see Rule 7 (Death Benefits)) the Trustee shall at least every 15 months while there is an Accumulated Fund use it to provide increased or additional benefits within Inland Revenue limits in respect of the Member.

9 EARLY LEAVERS

9

Preserved Benefits

9A A Member who leaves Service before Minimum Pension Age and who satisfies the preservation requirements (see Rule 9C (Preservation Requirements)) shall remain entitled to benefits under the Section.

Benefits shall be provided for the Member as described in Rule 6 (Retirement Benefits) except that the Member's Benefit Date shall be Minimum Pension Age unless the Member with the consent of the Trustee chooses either (a) a later date not later than when the Member leaves all employment and not in any event later than age 75 or (b) an earlier date not earlier than age 50 (unless the Member is suffering from Incapacity).

Any GMP shall be increased before payment as required by the Contracting-out Laws.

If the Member dies before his Benefit Date death benefits shall be provided as described in Rule 7.

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Refund of Contributions and Preserved GMPs

9B A Member who leaves Service before Minimum Pension Age without satisfying the preservation requirements (see Rule 9C (Preservation Requirements)) shall receive a refund of his contributions (if any), less tax at 20% or such other rate as applies from time to time.

If the Member's Service was contracted-out under the Section the Member (and the Member's spouse, if any) shall remain entitled to GMP unless this is extinguished by a contributions equivalent premium ("CEP") under the Pensions Act. Any refund of contributions shall be reduced if a CEP is paid by the amount recovered under section 61 of that Act and otherwise by the amount that the Trustee estimates would have been recoverable if a CEP had been paid.

Preservation Requirements

9C A Member satisfies the presentation requirements if, when he leaves Service, he has at least 2 years' Qualifying Service or if a transfer payment in respect of his rights under a personal pension scheme has been made to the Section.

"Qualifying Service" means Service after joining the Scheme and employment which qualified the Member for retirement benefit under any occupational pension scheme from which a transfer payment has been made in respect of the Member either to the Scheme, or to a Buy-out Policy and subsequently to the Scheme.

If a Member receives a refund of his contributions with the prior consent of the Inland Revenue the Trustee shall pay any balance of the Member's Accumulated Fund to the Participating Employer or if the Designated Employer so directs shall add the balance to another Accumulated Fund or other Accumulated Funds.

Breaks in Qualifying Service

9D If a Member leaves Service, returns and rejoins the Section and then leaves again before Minimum Pension Age and the break did not exceed one month or was due to a trade dispute the Member's Service before and after the break shall be treated as continuous (but excluding the break) for the purpose of calculating whether the Member has at least 2 years' Qualifying Service after the break.

10 RIGHT TO TRANSFER OR "BUY-OUT"

10

Member's Right to Transfer or "Buy-Out"

10A A Member who leaves Service with preserved benefits at least a year before Minimum Pension Age can require the Trustee by application in writing to use his Accumulated Fund in whichever of the following ways (or combination of them) the Member chooses:

- (a) to buy one or more Buy-out Policies (see Rule 10B (Requirements for "Buy-Out" Policies)) from one or more Insurance Companies chosen by the Member;
- (b) to acquire rights under another occupational pension scheme or under a personal pension scheme or another Section of the Scheme (see Rule 10C).

The Trustee may allow a Member who does not have a right to a cash equivalent to choose a transfer or a "buy-out" as described in this Rule. The Trustee may impose such conditions on the exercise of this choice as it thinks fit.

The Member may exercise this right by application in writing to the Trustee at any time up to a year before Minimum Pension Age (or, if later, 6 months after leaving Service).

Requirements for “Buy-Out” Policies

10B A Buy-out Policy must satisfy the Transfer Value Laws and the requirements of the Inland Revenue. In particular the policy must provide that the annuities payable to or for the benefit of the Member and the Member’s spouse (if any) shall be at least equal to their GMP under the Section including revaluation in accordance with the Contracting-out Laws.

Requirements for Transfers

10C The receiving scheme must be (a) an occupational pension scheme with Revenue Approval or which otherwise satisfies the Inland Revenue’s requirements, or (b) a personal pension scheme approved under Chapter IV of Part XIV of the Taxes Act, or (c) a “statutory scheme” as defined in section 612(1) of that Act.

When making the transfer the Trustee shall comply with any requirements of the Inland Revenue.

If the Member’s cash equivalent includes accrued rights to GMP, the transfer must also satisfy the requirements of the Contracting-out Laws.

MEMBERS AWAY FROM WORK

11. The Participating Employer may continue contributing to the Scheme for any Member who is away from work or who is on secondment for so long as the Inland Revenue permits.

If the Participating Employer stops contributing the Member shall be treated as if he had left Service on the day the Participating Employer stopped contributing. Rule 12 (Maternity) shall apply if the Member is away from work by reason of maternity.

MATERNITY

12. A period of absence for pregnancy or confinement shall count as Pensionable Service for so long as the Member receives contractual pay or statutory maternity pay. The Participating Employer and the Trustee may agree any special provisions (consistent with the Contracting-out Laws and Revenue Approval) to apply to the Member’s contributions in respect of this period.

If the Member stops receiving contractual pay or statutory maternity pay before returning to work, the Participating Employer may agree to treat her as still in Pensionable Service. The Participating Employer may also agree any special provisions (consistent with the Contracting-out Laws and Revenue Approval) to apply to the Member’s contributions and benefits in respect of this period.

If the Member is not treated as still in Pensionable Service, she shall be treated as if she had left Service.

CEASING TO BE ELIGIBLE

13. A Member shall cease to be eligible if his contract of service is varied so that he is no longer eligible for membership. The Member shall be treated as if he had left Service on the day he ceased to be eligible except that a Member with preserved benefits cannot choose a Benefit Date earlier than Minimum Pension Age before actually leaving Service.

OPTING OUT

14. A Member may at any time opt out of the Section by giving one month’s notice to the Participating Employer and the Trustee. The Member shall be treated as if he had left Service on the day the notice expires except that no pension or lump sum shall be paid to the Member until the Member actually leaves Service (or reaches age 75, if earlier).

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A Member who opts out of the Section may rejoin only with the specific permission of the Participating Employer.

15 GENERAL RULES ABOUT BENEFITS

15

Purchase of Pensions

15A A pension under the Section shall be secured by buying an annuity contract from the UK office or branch of an Insurance Company. The Trustee shall buy the annuity contract in the name of the Member (or other beneficiary) and pensions shall be payable in accordance with the terms of that contract.

The Trustee may delay buying the annuity contract for up to 5 years after the Benefit Date and pay pension (calculated in accordance with actuarial advice) out of the Member's Accumulated Fund in the meantime. In this event pensions shall be payable every 4 weeks in arrears. A proportionate payment shall be made for any period of less than 4 weeks. Pension shall be paid for the 4 week period in which a pensioner dies.

In the event that any payment is paid late the Trustee may increase it to take account of late payment.

Pension Increases

15B A pension shall be of a fixed yearly amount or subject to increases of not more than 5% per annum compound provided that no pension shall be increased in any year by more than the increase in the retail prices index.

Where GMP is payable that part of the GMP which is attributable to earnings for the tax year 1988—89 and subsequent tax years shall increase in each tax year by the percentage specified in any order made by the Secretary of State under section 109 of the Pensions Act (which is approximately equal to the percentage rise in the retail prices index in each year with a maximum of 3% per year compound).

Duration of Member's Pension

15C A Member's pension shall be payable for life and may if the Trustee decides (taking into account any wishes made known to them by the Member) be guaranteed for a minimum period of up to 10 years.

If it is guaranteed for more than 5 years, no survivor's pension may start until the end of the guarantee period. If it is guaranteed for 5 years or less, and the Member dies before the end of the guarantee period, either the pension may be continued for the guarantee period or a lump sum may be paid on the Member's death equal to the pension payments which would have been made during the remainder of the guarantee period. Any lump sum shall be paid as described in Rule 7B (Member dies within 5 years after Pension starts).

Duration of Survivor's Pension

15D Subject to the Contracting-out Laws a spouse's pension shall be payable for life unless the Trustee decides that it shall cease on remarriage. A pension payable to any adult Dependant shall be payable for life.

A child's pension shall be payable until the child reaches age 18. But the Trustee may, at its discretion, continue to pay a pension (a) to a child aged 18 or over while he remains in full-time education or

training approved by the Trustee, or (b) for the lifetime of a child who was wholly incapacitated at birth or becomes wholly incapacitated before age 18.

Off-Set for Crime, Fraud or Negligence

15E If a Member has incurred a monetary obligation to or caused a financial loss to the Participating Employer arising out of a criminal, negligent or fraudulent act or omission, the Participating Employer may require that the benefits in respect of the Member (other than GMPs and benefits arising out of a transfer payment) shall be reduced by an amount that the Trustee determines on actuarial advice to be equivalent to the obligation. If the obligation is greater than the value of the benefits which may be reduced, the benefits shall cease to be payable. If the Participating Employer requests, the Trustee shall pay to the Participating Employer the amount of the obligation or, if less, the value of the reduction in benefits.

The Member shall be given a certificate specifying the amount of the obligation and of the reduction in benefits. If the amount of the obligation is disputed, no reduction in benefits shall be made until the obligation has become enforceable under the order of a court or arbitrator appointed (failing agreement between the Member and the Participating Employer by the President of the Law Society or, in Scotland, by the Sheriff).

Discretionary Benefits

15F At the request of a Participating Employer and if the Participating Employer pays any additional contributions that the Trustee considers appropriate (for which purpose the Trustee shall consider actuarial advice), the Trustee shall provide (a) increased or additional benefits in respect of any Member or Members, (b) benefits in respect of any Member or Members different, or on different terms, from those set out elsewhere in the Rules or (c) benefits in respect of any Employee or former Employee or any spouse or Eligible Dependant of a former Employee (or for any other person for whom the Inland Revenue permits the Section to provide benefits).

Any benefits provided under this Rule shall be consistent with the Contracting-out, Preservation, Revaluation and Transfer Value Laws and with Revenue Approval.

Serious Ill-health

15G The Trustee may allow a Member who is exceptionally seriously ill when his pension starts to give up the whole of his pension (except GMP) for a lump sum. This choice shall not affect any pension payable on the Member's death.

Trustee's Discretion to accept Transfers-in

15H The Trustee may accept a transfer of assets in respect of a Member from another Section of the Scheme, another approved occupational pension scheme or a personal pension scheme or the surrender value of a Buy-out Policy or retirement annuity contract bought in the Member's name. The Trustee shall add these assets to the Member's Accumulated Fund.

Trustee's Discretion to Transfer-out

15I Instead of providing benefits under the Section in respect of the Member, the Trustee may transfer a Member's Accumulated Fund to another Section of the Scheme, another approved occupational pension scheme or to a personal pension scheme so that benefits shall be provided under the other scheme or Section in respect of the Member.

The transfer must satisfy the requirements of the Preservation and Contracting-out Laws and Rule 10C (Requirements for Transfers).

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Trustee’s Discretion to “Buy–out”

15J Instead of providing benefits under the Section in respect of a Member the Trustee may use the Member’s Accumulated Fund to buy a Buy–out Policy in the Member’s name. The Trustee must buy the policy from the UK office or branch of an insurance company. The policy must satisfy the requirements of Rule 10B (Requirements for Buy–out Policies).

CONTRACTING–OUT OVERRIDE

16. If a Member’s Service becomes Contracted–out by reference to this Section under the Pensions Act, Clause 9 of the Pension Trust (Contracting–out) shall apply and shall override any inconsistent Rules.

SURPLUS ASSETS

17. If a Member’s Accumulated Fund has become so great that Revenue Approval is prejudiced, the Trustee may reduce it to a level which is acceptable to the Inland Revenue by paying the excess to the Participating Employer (with the consent of the Inland Revenue) or by adding the excess to another Accumulated Fund or other Accumulated Funds.

If after a Member’s death a balance of his Accumulated Fund remains which, because there is no surviving spouse, child or Dependant, cannot be used to provide benefits, the Trustee may pay it to his Participating Employer (with the consent of the Inland Revenue) or, add it to another Accumulated Fund or other Accumulated Funds.

18 WINDING UP THE SECTION WHERE ALL PARTICIPATING EMPLOYERS CEASE TO PARTICIPATE

18

All Participating Employers in a Section cease to Participate

18A If all the Participating Employers in a Section cease to participate in that Section or if the Trustee, having taken actuarial advice and consulted with the Designated Employer considers that the Section Assets and the contributions that are reasonably expected in the future are likely to be insufficient to meet the cost of providing GMPs and Lump Sum Death Benefits, benefits shall cease to accrue under the Section for all Members and former employees of the Participating Employers (except for those Members who remain in Pensionable Service with a Participating Employer who participates in another Section in respect of whom Clause 10D of the Pension Trust (Participating Employer transfers between Sections) shall apply). Each Member in employment with a Participating Employer shall be treated as if, on the day the Participating Employer ceased to participate, the Member had left Service. The Trustee shall wind–up the part of the Scheme appropriate to the Section as set out in the rest of the Rule.

The Trustee may defer winding up the Section for so long as it sees fit and in the meantime provide benefits in accordance with the Pension Trust and Rules. In such a case the Trustee may under Clause 13 of the Pension Trust (Changing the Pension Trust and Rules) amend the Rules applying to these beneficiaries as it sees fit but not so as to impose any further liability on the Participating Employer.

Expenses and Sums Due

18B The Trustee shall first pay all sums due before the Participating Employers ceased to participate in the Section for those Members in respect of whom the Section had ceased to apply (including lump sums in respect of Members who have died within 2 years before the Participating

Employers ceased to participate in the Section). The Trustee shall then set aside sufficient assets to pay the expenses of the winding-up.

Buying Annuities

18C The Trustee shall buy annuity contracts to secure benefits in respect of pensioners from the UK office or branch of an Insurance Company. The contracts shall be consistent with Revenue Approval and the Contracting-out Laws and shall provide benefits as nearly as practicable the same as each person's entitlement under the Section. Any annuity contract bought in the name of the Trustee before the winding-up started may be assigned to the pensioner concerned.

In the case of Members who have not started to receive pensions under the Section the Trustee shall use each Member's Accumulated Fund to buy annuity contracts or insurance policies from the UK office or branch of an Insurance Company. The Trustee shall buy contracts and policies in the name of the Members. The contracts and policies shall be consistent with the Preservation, Revaluation and Contracting-out Laws and with Revenue Approval.

If the whole of a Member's Accumulated Fund cannot be used because of Inland Revenue limits the balance shall be used as described in Rule 18E (Surplus).

If the assets of the Section are insufficient to provide all benefits in full the following benefits shall be provided first and in the following order of priority: (1) benefits in respect of pensioners and of Members who reached Minimum Pension Age before the winding-up started and (2) GMPs not yet payable, state scheme premiums and equivalent pension benefits for periods of non-participating employment under the National Insurance Act 1965(40).

Additional Voluntary Contributions

18D In the case of a Member who has not reached the Benefit Date the proceeds of any Additional Voluntary Contributions paid by the Member shall be used separately to provide benefit for and in respect of the Member as described in Rule 4 (Additional Voluntary Contributions by Members).

Surplus

18E If there are assets of the Section remaining after all benefits have been provided in full the Trustee shall use them with the consent of the Designated Employer to provide increased or additional benefits for or in respect of any Member. Any assets remaining shall be paid to Participating Employers in such proportions as the Trustee decides.

Transfers

18F The Trustee may transfer the relevant assets to some other scheme in accordance with Rule 10C (Requirements for Transfers) instead of providing benefits as described in Rule 18C (Buying Annuities) and 18D (Additional Voluntary Contributions) except that if the Section is the last Section being wound-up GMPs may not be transferred to another scheme without the approval of the Occupational Pensions Board under section 50(1) of the Pensions Act.

If the Trustee so decides the liabilities in respect of any Members and former employees of any Participating Employer shall be met by a transfer in accordance with Rule 10C (Requirements for Transfers) and the liabilities in respect of the remaining Members and former Employees shall be met as described in Rule 18C (Buying Annuities) and 18D (Additional Voluntary Contributions).

(40) 1965 c. 51.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

If the Section is the last Section being wound-up the Member's right to a transfer or "buy-out" under the Rules shall be subject to any power which the Occupational Pensions Board has to extend the period which the Trustee has to do what the Member requires.

GMPs

18G If the relevant assets are insufficient to provide in full the GMPs and benefits to be provided before GMPs in accordance with Rule 18C (Buying Annuities), the Participating Employers participating in the Section shall immediately pay to the Trustee, in the proportions decided by the Trustee, the amount specified by the Trustee as necessary to provide the GMPs and benefits in full.

If the Section is the last Section being wound-up, (or if the Scheme ceases earlier to be a Contracted-out Scheme) the Trustee may pay state scheme premiums under the Pensions Act to reinstate any Members and their widows and widowers for earnings related benefits in the state scheme. If the Trustee pays state scheme premiums, the benefits otherwise to be provided on termination shall be reduced as the Trustee considers appropriate, to take account of the GMPs extinguished. Any reduction in benefits shall be consistent with the Contracting-out and Preservation Laws and the requirements of the Occupational Pensions Board.

Trivial Benefits

18H The Trustee may commute trivial benefits for a lump sum under Clause 8A of the Pension Trust (Commutation: Triviality) whether or not the benefits have become payable.

CHANGING THE RULES

19. The Rules of the Section may be changed as set out in Clause 13 of the Pension Trust (Changing the Pension Trust and Rules).

Appendix 3

DEED OF ESTABLISHMENT AND PARTICIPATION

Clause 3B

PART 1

(For use in circumstances other than where the British Railways Board wishes to establish a Section adopting the Rules of the Shared Cost Arrangement)

THIS DEED OF ESTABLISHMENT AND PARTICIPATION is made on
BETWEEN

- (1) (the "Participating Employer")
- (2) (the "Associated Employer[s]") and
- (3) Railways Pension Trustee Company Limited as Trustee of the Scheme.

1 In this Deed:

"Pension Trust" means the pension trust which governs the Scheme.

"Rules" means the rules governing the Section as set out in the attached Schedule.

"Scheme" means the Railways Pension Scheme.

"Section" means the section established under Clause 2 of this Deed.

Other expressions have the same meaning as in the Pension Trust.

- 2 The Participating Employer establishes the Section with effect from and adopts the rules of the [Defined Benefit/Defined Contribution/Shared Cost/Arrangement] which together with the Pension Trust and this Deed govern the Section.
- 3 The Participating Employer [and the Associated Employer[s]] agree[s] to comply with the provisions of the Pension Trust, the Rules and this Deed.
- 4 The Participating Employer [and the Associated Employer[s]] agree[s] that the Participating Employer shall be the Designated Employer for the purposes of the Section.
- 5 The Participating Employer agrees to apply for membership of Railtrust Holdings Limited with effect from
- 6 The Participating Employer as Designated Employer agrees to exercise its powers to procure that the directors of Railtrust Holdings Limited shall be appointed as directors of the Trustee.
- 7 In accordance with Clause 3D of the Pension Trust (Defined Benefit Arrangement), the Participating Employer has chosen the following options to apply to Members of the Section:
 - 7.1 Pensionable Service shall [not] be contracted out by reference to the Scheme. Clause 9 of the Pension Trust shall [not] apply.
 - 7.2 The Minimum Pension Age for a Member shall be ...
 - 7.3 Each Member shall contribute to the Scheme ...% of his Pensionable Pay.

[For these purposes Pensionable Pay means the Member's basic salary or wages earned from the Participating Employer [together with [specify any pensionable allowances]]

7.4 The Accrual Rate shall be [$\frac{1}{60}$ / $\frac{1}{40}$ / $\frac{1}{30}$].

[7.5 Spouse's pensions shall be calculated as follows:

- where the Member dies before his pension has started, the Spouse's Pension Fraction shall be [$\frac{1}{2}$ or $\frac{3}{4}$]
- where the Member dies after his pension has started, the Spouse's Pension Fraction shall be [$\frac{1}{2}$ or $\frac{3}{4}$]
- where the Member dies in Service, the spouse's pension shall be related to the Member's accrued pension at the date of death.]

[7.6 There shall be no other survivors' pensions.]

[7.7 The Children's Pension Fraction shall be [nil/ $\frac{1}{2}$] the spouse's pension.]

[7.8 The Lump Sum Death Benefit shall be [$\frac{1}{2}$ / $\frac{1}{2}$ / $\frac{3}{4}$] times the amount of the Member's Final Average Pay at the date of death.]

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

IN WITNESS this Deed was executed.

[The Common Seal] of [the Participating Employer] was put on this Deed in the presence of: }

Director

Secretary

[The Common Seal] of [the Associated Employer] was put on this Deed in the presence of: }

Director

Secretary

[The Common Seal] of the Railways Pension Trustee Company Limited was put on this Deed in the presence of: }

Director

Secretary

PART 2

(For use in circumstances where the British Railways Board wishes to establish a Section adopting the Rules of the Shared Cost Arrangement)

(For any section established by the British Railways Board for which it adopts the rules of the Shared Cost Arrangement)

THIS DEED OF ESTABLISHMENT AND PARTICIPATION is made on [] between the British Railways Board (the "Participating Employer") and Railways Pension Trustee Company Limited as Trustee of the Scheme (The "Trustee").

- 1 In this Deed:
 - "Pension Trust" means the pension trust which governs the Scheme.
 - "Rules" means the rules governing the Section as set out in the attached Schedule.
 - "Scheme" means the Railways Pension Scheme.
 - "Section" means the section established under Clause 2 of this Deed.
- Other expressions have the same meaning as in the Pension Trust.
- 2 The Participating Employer establishes the BR Shared Cost Section with effect from and adopts the rules of the Shared Cost Arrangement which together with the Pension Trust and this Deed govern the Section.
- 3 The Participating Employer agrees to comply with the provisions of the Pension Trust, the Rules and this Deed.
- 4 The Participating Employer agrees to be the Designated Employer for the purposes of the Section.
- 5 The Participating Employer as Designated Employer agrees that any nominations for the directors of Railtrust Holdings Limited shall be treated equally as nominations for directors of the Trustee and agrees that Railtrust Holdings Limited shall appoint its directors accordingly.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

- 6 The Participating Employer agrees that in relation to the Section the Actuary shall act jointly with the Government Actuary and that references in the Pension Trust and Rules to the "Actuary" are to be read as references to the Actuary and the Government Actuary.
- 7 The Participating Employer and the Trustee agree that in relation to the Section the prior consent of the Secretary of State shall be obtained to the following:
 - (i) agreement to a different contribution rate under Rule 3B
 - (ii) agreement to use the Surplus Assets (Rule 20); provided that such agreement shall not be required where surplus assets are used only to make good a reduction (pursuant to Rule 21) in pension increases under Rule 18A
 - (iii) agreement to increases in contributions in the event of a shortfall (Rule 21)
 - (iv) any amendment to the Rules of the Section which may significantly affect the assets or liabilities of the Section.The consent of the Secretary of State shall not be required under (i) to (iv) above where the proposed changes are necessary to avoid prejudicing Revenue Approval, to comply with Schedule 11 or any provisions which have effect by virtue of an order made under that Schedule, or to comply with the Contracting-out Laws.
- 8 The Trustee and the Participating Employer agree that as soon as it is received by the Trustee, the Trustee shall give a copy of that part of the annual audited accounts and a copy of each valuation which relates to the Section to the Secretary of State.
- 9 Subject to the Actuary confirming at a valuation of the Section that there is not a shortfall, the Participating Employer shall pay no contributions until 31 March 1994.

IN WITNESS this Deed was executed.

The Common Seal of British
Railways Board was put on this Deed in
the presence of: }

Director

Secretary

The Common Seal of the Railways
Pension Trustee Company Limited was
put on this Deed in the presence of: }

Director

Secretary

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

Appendix 4

PENSIONS COMMITTEE

Clause 1

Establishment

Each Pensions Committee shall be set up as described below except in the case of the Pensions Committee for the 1994 Pensioners “A” and “B” Section where Schedule 1 of the Rules of the 1994 Pensioners “A” and “B” Sections shall apply.

Composition

Each Pensions Committee shall be composed of an equal number of Members' appointees (“Members' Appointees”) and Participating Employers' appointees (“Participating Employers' Appointees”). The total number shall be decided through local procedures by the Designated Employer.

Appointees

(a) Participating Employers' Appointees

The Designated Employer shall appoint the Participating Employers' Appointees.

(b) Members' Appointees

The Members of the Section shall appoint the Members' Appointees.

Subject always to the provisions of this Appendix, the Designated Employer of each Section shall obtain the consent of the Trustee to:

- (i) the procedures for selection of Participating Employers' and Members' Appointees;
- (ii) the manner in which the Pensions Committee has decided to regulate its affairs; and
- (iii) any changes to the manner in which the Pensions Committee regulates its affairs.

The consent of the Trustee may not unreasonably be withheld.

Chairman and Deputy Chairman of the Committee

The Members' Appointees and the Participating Employers' Appointees shall elect a Chairman and Deputy Chairman of the Pensions Committee. Initially, the post of Chairman shall be held by a Participating Employers' Appointee and the post of Deputy Chairman shall be held by a Members' Appointee. The posts shall alternate annually between a Participating Employers' Appointee and a Members' Appointee.

Procedure at Committee Meetings

At all meetings of the Pensions Committee, a quorum shall consist of 50% of the Members' Appointees and 50% of the Participating Employers' Appointees. One of those present must be either the Chairman or Deputy Chairman. No resolution of the Pensions Committee shall be regarded as carried unless it has been approved by the majority of the Members present.

The Pensions Committee shall maintain Minutes of all its meetings and the Chairman shall ensure that copies of those Minutes, together with copies of agendas for meetings and all other committee papers are sent promptly to the Trustee.

Appendix 5

MODEL SCHEME OF DELEGATION

Clause 2B

The following powers and duties or any of them shall be delegated by the Trustee to the Pensions Committee (“PC”) subject to and in accordance with Clause 2B (Delegation).

PENSION TRUST	DELEGATION TO PC
Contributions (Clauses 5B, 5C and 5D)	collecting of Participating Employer and Member contributions
	deciding method of payment of Members' contributions if not by payroll deduction
Payment of Benefits (Clause 7A)	deciding whether to waive interest if trivial
	deciding whether or not interest should be payable and if so, amount of interest
Deduction of Tax (Clause 7B)	right to deduct from any payment
Beneficiary who is incapable (Clause 7C)	making of decisions for beneficiary who is incapable
Benefits not assignable (Clause 7D)	paying out of equivalent benefit
Forfeiture of benefits (Clause 7E)	exercise of forfeiture provisions
Notices (Clause 7F)	form and time limit for Member notices
Commutation: Triviality (Clause 8A)	commutation of pension for triviality
Transfers–in (Clause 8B)	accepting transfers and agreeing benefits to be provided
	collection of transfer payments
Transfers–out (Clause 8C)	deciding increased transfer payments
Buy–outs (Clause 8D)	deciding whether to “buy–out” benefits and obtaining any necessary consents
	determining that amount of payment is equal in value
Transferred GMPs (Clause 9F)	deciding on revaluation rate

The following apply only in respect of the rules of the Defined Benefit Arrangement

Part 2 — Appendix 2

RULES	DELEGATION TO PC
Definitions (Rule 1)	determining “Dependant”
	determining “Incapacity”
	determining “Pensionable Pay”

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

RULES	DELEGATION TO PC
Joining the Section (Rule 2)	determining form of application to join Section
Additional Voluntary Contributions by Members (Rule 4)	administering elections to pay (including election to vary or stop paying) Additional Voluntary Contributions and repaying any surplus contributions
Early Retirement through Incapacity (Rule 5D)	monitoring recovery and deciding any reductions or suspension
Lump Sums, Dependants' Pension, Early Retirement Level Pension Option (Rules 6A, 6B and 6C)	deciding adjustments to benefit
Discretionary Trusts (Rule 7D)	payment of lump sum
Member with Preserved Pension (Rule 7C)	agreeing rate of interest on refund of contributions
Children/Spouse/Dependants Rule 8)	determining proportionate split of children's pension between dependants (where not fixed)
	determining qualification
	deciding to pay a smaller pension where there is no surviving spouse
Rights to transfer and "buy-out" (Rule 10)	receiving application
	complying with all aspects of a Member's request for a transfer or "buy-out"
	extension of right to Members without statutory right
Other Choices for Early Leavers (Rule 11)	agreeing early benefit options
Early Leavers Rejoining (Rule 12)	agreeing to continuity of service
Benefits for Members away from Work (Rule 13D)	agreeing benefits
Maternity (Rule 14)	agreeing provisions
Part-time Employment (Rule 15)	calculating benefits on equitable basis
Opting-out (Rule 17)	opting-out procedures
Discretionary Benefits (Rule 18C)	providing increased or additional benefits, deciding whether additional contributions are appropriate
Off-set (Rule 18B)	reducing benefits for crime, fraud or negligence
Serious Ill-health (Rule 18D)	allowing commutation

The following apply only in respect of the rules of the Shared Cost Arrangement
Part 1 — Appendix 2

RULES	DELEGATION TO PC
Definitions (Rules)	
“Eligible Child”	determination
“Eligible Dependant”	determination
“Eligible Spouse”	determination
“Forecast GMP”	determination
“Incapacity”	determination
“Legal Spouse”	determination
“Pay”	determination
“Pensionable Service”	determination
Joining the Section (Rule 2)	deciding whether to backdate membership agreeing to vary eligibility requirements deciding to require medical evidence
Normal Contributions by Members (Rule 3B)	deciding that a Member should cease to be in Pensionable Service where contributions are outstanding agreeing variation of Members' contribution rate
Additional Voluntary Contributions (Rule 4A)	receiving election to pay, vary, or stop payment of Additional Voluntary Contributions repaying surplus Additional Voluntary Contributions
Additional Contributions by Participating Employers (Rule 4B)	notifying Members of Participating Employer’s decision to stop “matching” and receiving notices of Participating Employers
Additional Contributions from Professionals (Rule 4E)	deciding special terms; reducing added years for early leavers; determining lump sum payment. approving Added Years
Early Retirement through Incapacity (Rule 5D)	recovery of incapacity pensioner deciding admissibility of incapacity application made out– side 12 months
Elections at Retirement (Rule 6)	receiving notices
Pensions for Eligible Spouse and Eligible Dependants (Rules 7C, 7D, 8C and 8D)	amount of reduction for young spouse or dependants apportioning Eligible Dependant’s pension

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

RULES	DELEGATION TO PC
	deciding to extend Dependant's pension beyond 12 years
Member's right to transfer or "buy-out" (Rule 10A)	complying with Member's request
	extending statutory right
Early Benefits (Rule 11A)	agreeing to early benefits; satisfying value for money test
Early Leavers Rejoining (Rule 12)	agreeing to treat service as continuous
Benefits for Members away from Work (Rule 13D)	deciding provisions to apply where contributions are not fully paid
Maternity (Rule 14)	agreeing provisions
Opting out (Rule 16)	procedure
Members who were members of the BR Pension Scheme on 16th September 1991 (Rule 17B)	deciding to grant additional Pensionable Service
Off-set for Crime or Fraud (Rule 18B)	deciding amount of reduction
Discretionary Death Benefit Trust (Rule 18C)	paying lump sum; receiving notices
Members with no Personal Representatives (Rule 18D)	paying lump sum
Discretionary Benefits (Rule 18E)	agreeing benefit if full cost not met; providing benefits
Surplus Assets (Rule 20)	agreeing application
Shortfall (Rule 21)	agreeing provisions
Surplus Assets (Rule 22C)	augmenting benefits
Schedule 1	determining special terms on leaving service (para 6) and adjustments for members re-admitted to the Existing Salaried Staff Superannuation Schemes (para 7) and for members of Existing Salaried Staff Superannuation Schemes subject to special conditions (para 8)
Schedule 3	application of policy proceeds on death
Schedule 4	agreeing contributions
Schedule 6	joint annuity option — notification of revocation (para 4(i))
Schedule 9	approving and deciding the procedure for antedating membership
	waiver of reduction revision of contributions

The following apply only in respect of the rules of the 1994 Pensioners "A" and "B" Sections

Appendix I

RULES	DELEGATION TO PC
“Eligible Child”	determination
“Eligible Dependant”	determination
“Eligible Spouse”	determination
“Forecast GMP”	determination
“Legal Spouse”	determination
Membership of the Section (Rule 2)	agreeing admission
Benefits (Rule 4)	notification of basis
Pensions for Eligible Spouse and Eligible Dependants (Rule 5C and 5D)	amount of reduction for young spouse; apportioning Eligible Dependant’s pension; deciding to extend Eligible Dependant’s pension beyond 10 years
Member’s right to transfer or “Buy-out” (Rule 7A)	complying with Member’s transfer out or “buy-out” request extending statutory right
Other Choices for Early Leavers (Rule 8)	receiving notices
Early Benefits (Rule 8A)	agreeing to early benefits; satisfying value for money test
Early Retirement Level Pension Option (Rule 8E)	receiving notices
Additional Pension (Rule 8B)	receiving notices
Additional Lump Sum (Rule 8C)	receiving notices
Joint Annuitants (Rule 8D)	receiving notices
Pension for Spouse of Member who ceased contributing before 1st July 1988 and died on or after 1st July 1988 (Rule 9B)	deciding young spouse reduction
Member ceased contributing between 1st July 1986 and 30th June 1988 and dies after 16th September 1991 (Rule 9D)	deciding young spouse reduction
Off-set for Crime or Fraud (Rule 11A)	deciding amount of reduction
Discretionary Death Benefit Trust (Rule 11B)	paying lump sum; receiving notices
Members with no Personal Representatives (Rule 11C)	paying lump sum
Surplus Assets (Rule 13)	use of surplus assets
Shortfall (Rule 14)	use of assets to meet shortfall; applying the Special Reserve Fund and reducing Members' benefits

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

RULES	DELEGATION TO PC
Use of assets (Rule 15)	agreeing the strategic investment policy; agreeing the continuance or variation of the investment policy.

**The following apply only in respect of the rules of the Defined Contribution Arrangement
Part 3 — Appendix 2**

RULES	DELEGATION TO PC
Definitions (Rule 1)	determining “Dependant” determining “Incapacity” determining “Pensionable Pay”
Joining the Section (Rule 2)	deciding form of application to join Section
Evidence of Health (Rule 2B)	requiring evidence
Additional Voluntary Contributions by Members (Rule 4)	administering elections to pay Additional Voluntary Contributions and repaying any surplus contributions
Using the Member’s Accumulated Fund (Rule 6B)	agreeing to a lump sum payment calculating benefits
Maximum Lump Sum (Rule 6C)	permitting larger payment
Death Benefits (Rule 7)	deciding benefits to be provided payment of lump sum
Preserved Benefits (Rule 9A)	consenting to a later payment
Member’s right to transfer or “Buy-out” (Rule 10A)	complying with Member’s request extending statutory right
Maternity (Rule 12)	agreeing provisions
Opting Out (Rule 14)	opting out procedures
General Rules about Benefits (Rule 15)	deciding to guarantee pension deciding to continue payment to child
Off-set (Rule 15E)	reducing benefits for crime, fraud or negligence
Discretionary Benefits (Rule 15F)	providing benefits deciding need for additional contributions
Serious Ill-health (Rule 15G)	deciding commutation
Transfers-in/Transfers-out “buy-out” (Rule 15H, I and J)	decision

Appendix 6

INLAND REVENUE LIMITS

Clause 7G

1. For the purposes of this Pension Trust and the Rules the following terms have the following meanings:

“Act” means the Taxes Act 1988 including any statutory amendment, modification or re-enactment;

“Aggregate Retirement Benefit” means:

- (i) the annual pension which would be payable to a Member if the following did not apply: the “Elections at Retirement” Rule, increases to GMP, the “State Graduated Retirement Benefits” Rule (if any) and the “Additional Voluntary Contributions by Members” Rule; plus
- (ii) the Member’s Normal Lump Sum divided by a conversion factor of 1 per annum of pension equivalent to a lump sum of 12; plus
- (iii) the pension payable under the “Additional Voluntary Contributions by Members” Rule; less
- (iv) the pension (if any) that the Member has surrendered under the “Joint Annuitant’s Pension” Rule.

“Associated” in relation to more than one employment means that one of the employers concerned was controlled by the other, or both were controlled by a third party; in this context “control” has the meaning set out in section 840 of the Act.

“Associated Employment” means 2 or more concurrent employments held by the Member where:

- (i) there is a period during which the Member held all of them;
- (ii) the period counts under the Scheme in the case of all of them as a period in respect of which benefits are payable;
- (iii) during the period all the employers in question are Associated.

“Associated Scheme” means:

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

“Class A Member” means a Member who entered into membership of:

- (i) the Scheme; or
- (ii) an Interavailability Scheme

before 17th March 1987 PROVIDED THAT the Member may elect at any time before the Relevant Date to be deemed to have become a Class C Member on 1st June 1989.

“Class B Member” means a Member who entered into membership of:

- (i) the Scheme; or
- (ii) an Interavailability Scheme

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on or after 17th March 1987 but before 1st June 1989 PROVIDED THAT the Member may elect at any time before the Relevant Date to be deemed to have become a Class C Member on 1st June 1989.

“Class C Member” means a Member who entered into membership of the Scheme on or after 1st June 1989 and any Class A Member or Class B Member who is deemed to have entered into membership of the Scheme on or after that date.

“Connected Scheme” means any Relevant Scheme where:

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

“Dependant” and “Eligible Dependant” have the same meanings as in the Rules and for the purposes of these limits include a spouse or former spouse entitled to a benefit.

“Final Remuneration” means the greater of:

- (i) the aggregate of:
 - (a) Pensionable Pay for the year preceding the Relevant Date; and
 - (b) the yearly average over 3, 4 or 5 consecutive tax years ending immediately prior to the expiry of (a) above preceding the Relevant Date of any Fluctuating Emoluments provided that Fluctuating Emoluments shall be increased in proportion to any increase in the Index from the last day of that tax year up to the Relevant Date; and
- (ii) the yearly average of total emoluments for any 3 consecutive tax years ending not more than 10 years before the Relevant Date provided that before calculating the said average the total emoluments for any tax year shall be increased in proportion to any increase in the Index from the last day of the tax year in which the emoluments were paid and the Relevant Date.

Provided also that:

- (a) in the case of a Class C Member remuneration and the annual rate of the Member’s remuneration shall not exceed the permitted maximum as defined in section 590C(2) of the Act;
- (b) in the case of a Class B Member for the purposes of calculation of the maximum lump sum, Final Remuneration shall not exceed £100,000 per annum or such other sum as may be specified in an order amending that amount made by the Treasury; and
- (c) in the case of a Class B Member whose remuneration in any tax year ended on 6th April 1988 or later has exceeded £100,000 or such other figure as may be specified in an order made by the Treasury, Final Remuneration shall, subject to proviso (b) above, be calculated in accordance with method (ii) above, and method (i) shall not apply; and
- (d) in the case of the maximum lump sum on death in service, the Pensionable Pay for the year in question in (i)(a) above shall be replaced by the rate of Pensionable Pay in force on the day of death if this leads to the computation of Final Remuneration being increased.

“Final Average Pay” has the same meaning as in the Rules.

“Fluctuating Emoluments” in relation to a Member means the aggregate of:

- (i) any remuneration (excluding anything in respect of which tax is chargeable under section 148 of the Act) received by the Member in excess of his or her Pensionable Pay; and

- (ii) any benefits in kind in respect of which he or she is assessed for income tax under Schedule E of the Act.

“Incapacity” has the same meaning as in the Rules.

“Index” means the Government’s Index of Retail Prices, or such other index as may be agreed between the Trustee and the Board of Inland Revenue.

“Interavailability Scheme” means any scheme where:

- (i) there was a period during which the Member was an employee of the Participating Employer;
- (ii) that period counted under the scheme as a period in respect of which benefits were payable; and
- (iii) a transfer value has been paid to the Scheme either under Clause 8B (Transfers–In) or under a Statutory Instrument made under section 7 of the Transport Act 1962(41).

“IR Limit Employment” means:

- (i) in respect of a Class A Member or a Class B Member that Member’s employment by the Participating Employer; and
- (ii) in respect of a Class C Member the aggregate of the Member’s employment by the Participating Employer; and any period which counts in respect of any Associated Employment or any Connected Scheme.

“Normal Lump Sum” means (1) in the case of the Shared Cost Arrangement, the Member’s lump sum under Rule 5B (Lump Sum on Retirement between Minimum Pension Age and Age 65) and (2) in the case of the 1994 Pensioners “A” and “B” Sections, the aggregate of the Member’s lump sum benefit under BR Rule 13 and BR Rule 13A.

“Relevant Date” means whichever is the earlier of the Member’s leaving Service, the Member’s death and the Member’s 65th birthday.

“Relevant Employment” means in relation to a Class A or Class B Member, service with a Participating Employer, and in relation to a Class C Member, the aggregate of service with a Participating Employer and any period which counts in respect of any Associated Employment or any Connected Scheme.

“Relevant Scheme” means a scheme for the provision of relevant benefits as defined in Chapter I of Part XIV of the Act and which is approved or is seeking approval under Chapter I of Part XIV of the Act.

“Remuneration” in relation to any year means:

- (i) as regards a Class A Member or a Class B Member the aggregate of the total emoluments for the year in question from his or her employer which are assessable to Income Tax under Schedule E;
- (ii) as regards a Class C Member the aggregate of the total emoluments for the year in question from his or her employer and from any Associated Employment or any Connected Scheme which are assessable to Income Tax under Schedule E provided that in arriving at such emoluments there shall be disregarded any emoluments in excess of the permitted maximum as defined in section 590C(2) of the Taxes Act excluding in the case of a Member who left Service after 5th April 1987 anything in respect of which tax is chargeable under section 148 of the Taxes Act.

“Tax Year” means the year ending immediately prior to 5th April which is used by the Participating Employer for PAYE tax purposes.

(41) 1962 c. 46.

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“Transferred Membership” means any period of additional membership granted under rule 6(2) of the New Section of the British Railways Superannuation Fund or any predecessor to that rule, rule 6(2) of the British Railways (Wages Grades) Pension Fund or any predecessor to that rule or as a result of a transfer-in to the Scheme.

NOTES

1. In any case when the Inland Revenue either generally or in any particular case permits payment of a higher sum by way of benefit or contributions than that described above, the Trustee or the Member (as appropriate) may pay the higher sum.

2. Clause 9 (Contracting-out) overrides any provisions which are inconsistent with it.

3. Where in addition to being a member of this Scheme the Member is also a member of a scheme approved by the Revenue (the voluntary Scheme) which provides additional benefits to supplement those provided by this Scheme and to which no contributions are made by any employer of his, the provisions of the paragraph that follows shall apply in relation to any augmentation of the benefits provided for him by this Scheme after he has ceased to participate in it.

Any provisions in this Scheme imposing a limit on the amount of a benefit provided for the Member shall have effect (notwithstanding anything in them to the contrary) as if they provided for the limit to be reduced by the amount of any like benefit provided for the Member by the voluntary Scheme.

MAXIMUM BENEFITS ON RETIREMENT FOR CLASS A AND CLASS B MEMBERS

2. In the case of a Class A Member or a Class B Member the Member’s Aggregate Retirement Benefit shall not exceed the following:

(a) in the case of a Member leaving Service at Minimum Pension Age or attaining age 65, the aggregate of:

(1) 1/60th of the Member’s Final Remuneration multiplied by the aggregate of:

(I) his or her IR Limit Employment subject to a maximum of 40 years; and

(II) the number of years (if any) of IR Limit Employment which:

(1) are in excess of 40 such years; and

(2) fall after the Member’s Minimum Pension Age subject to a maximum of 5 such years; and

(2) Transferred Membership multiplied by 1/60th of his or her Final Average Pay;

(b) in the case of a Member who leaves Service and qualifies for a pension on grounds of Incapacity a pension of the same amount as could have been provided under section (a) above had the Member remained in Service until Minimum Pension Age, Final Remuneration being computed as at the day of leaving Service; or

(c) in the case of a Member who leaves Service before Minimum Pension Age but does not qualify for a pension on grounds of Incapacity the aggregate of:

(1) the Member’s IR Limit Employment (subject to a maximum of 40 years) multiplied by 1/60th of his or her Final Remuneration; and

(2) the Member’s Transferred Membership multiplied by 1/60th of his or her Final Average Pay

increased by the proportion (if any) by which the Index has increased between the day the Member left Service and the day his or her pension commences.

MAXIMUM BENEFITS ON RETIREMENT FOR CLASS C MEMBERS

3. In the case of a Class C Member the Member's Aggregate Retirement Benefit shall not exceed the following:

- (a) in the case of a Member leaving Service at Minimum Pension Age or attaining age 65 the aggregate of:
 - (1) the Member's IR Limit Employment (subject to a maximum of 40 years) multiplied by 1/60th of his or her Final Remuneration; and
 - (2) the Member's Transferred Membership multiplied by 1/60th of his or her Final Average Pay;
- (b) in the case of a Member who leaves Service and qualifies for a pension on grounds of Incapacity a pension of the same amount as could have been provided under section (a) above had the Member remained in Service until Minimum Pension Age, Final Remuneration being computed as at the day of leaving Service; or
- (c) in the case of a Member who leaves Service before Minimum Pension Age but does not qualify for a pension on grounds of Incapacity the aggregate of:
 - (1) the Member's IR Limit Employment (subject to a maximum of 40 years) multiplied by 1/60th of his or her Final Remuneration; and
 - (2) the Member's Transferred Membership multiplied by 1/60th of his or her Final Average Pay

increased by the proportion (if any) by which the Index has increased between the day the Member

MAXIMUM LUMP SUM FOR CLASS A AND CLASS B MEMBERS

4. In the case of a Class A Member or a Class B Member the total value of all benefits payable in any form other than non-commutable pension under the Scheme and any Associated Scheme shall not exceed an amount equal to the following:

- (a) in the case of a Member leaving Service at Minimum Pension Age or attaining age 65 the aggregate of:
 - (1) $\frac{3}{8}$ ths of the Member's Final Remuneration multiplied by the aggregate of:
 - (I) his or her IR Limit Employment (subject to a maximum of 40 years); and
 - (II) the number of years (if any) of IR Limit Employment which:
 - (1) are in excess of 40 such years; and
 - (2) fall after the Member's Minimum Pension Age subject to a maximum of 5 such years; and
 - (2) the Member's Transferred Membership multiplied by $\frac{3}{8}$ ths of his or her Final Average Pay;
- (b) in the case of a Member who leaves Service and qualifies for a pension on grounds of Incapacity the lump sum which could have been provided under section (a) above had the Member remained in Service until Minimum Pension Age, Final Remuneration being computed as at the date of leaving Service; or
- (c) in the case of a Member who leaves Service before Minimum Pension Age but does not qualify for a pension on grounds of Incapacity the aggregate of:
 - (1) the Member's IR Limit Employment (subject to a maximum of 40 years) multiplied by $\frac{3}{8}$ ths of his or her Final Remuneration; and
 - (2) the Member's Transferred Membership multiplied by $\frac{3}{8}$ ths of his or her Final Average Pay

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increased by the proportion (if any) by which the Index has increased between the day the Member left Service and the day his or her pension commences.

MAXIMUM LUMP SUM FOR CLASS C MEMBERS

5. In the case of a Class C Member the total value of all benefits payable in any form other than non-commutable pension under the Scheme and any Associated Scheme shall not exceed an amount equal to the following:

- (a) in the case of a Member leaving Service at Minimum Pension Age or attaining age 65 the aggregate of:
 - (1) the Member's IR Limit Employment (subject to a maximum of 40 years) multiplied by $\frac{3}{8}$ ths of his or her Final Remuneration; and
 - (2) the Member's Transferred Membership multiplied by $\frac{3}{8}$ ths of his or her Final Average Pay;
- (b) in the case of a Member who leaves Service and qualifies for a pension on grounds of Incapacity the lump sum which could have been provided under section (a) above had the Member remained in Service until Minimum Pension Age, Final Remuneration being computed as at the day of leaving Service; or
- (c) in the case of a Member who leaves Service before Minimum Pension Age but does not qualify for a pension on grounds of Incapacity the aggregate of:
 - (1) the Member's IR Limit Employment (subject to a maximum of 40 years) multiplied by $\frac{3}{8}$ ths of his or her Final Remuneration; and
 - (2) the Member's Transferred Membership multiplied by $\frac{3}{8}$ ths of his or her Final Average Pay

increased by the proportion (if any) by which the Index has increased between the day the Member left Service and the day his or her pension commences.

MAXIMUM LUMP SUM ON DEATH IN SERVICE

6. The aggregate lump sum payable on the death of a Member in Service shall not exceed the aggregate of:

- (a) the Member's contributions to the Scheme plus interest thereon at a rate fixed by the Trustee; and
- (b) the greater of:
 - (i) £5,000; and
 - (ii) 4 times the Member's Final Remuneration; less
 - (I) any lump sum (other than a refund on his or her own contributions and any interest thereon) payable on the death of the Member under all Relevant Schemes with previous employers; and
 - (II) any lump sum life assurance benefit payable on the death of the Member under a retirement annuity contract or trust scheme approved under Chapter III of Part XIV of the Act or a personal pension scheme approved under Chapter IV of Part XIV of the Act

if the aggregate of such lump sums exceeds £1,000.

MAXIMUM SPOUSE'S, ELIGIBLE DEPENDANT'S AND DEPENDANT'S PENSIONS

7.—(1) Any pension payable to a spouse, Dependant or Eligible Dependant when aggregated with the pensions (other than those provided by the surrender of the Member's own pension) payable to a spouse, Dependant or Eligible Dependant under all Associated Schemes, shall not exceed $\frac{2}{3}$ rd of the maximum Aggregate Retirement Benefit increased by the proportion (if any) by which the Index has increased between the day the Member's pension commenced and the day pension for the spouse, Dependant or Eligible Dependant became payable, provided that if pensions are payable on the Member's death before age 65 then the maximum benefit on retirement is calculated as if the Member had left Service and qualified for a pension on grounds of Incapacity.

(2) If pensions are payable under Rule 7 (Death in Service on or before Age 65), Rule 8 (Death after Retirement) or Rule 11 (Other Choices for Early Leavers) to more than one spouse, Dependant or Eligible Dependant, the aggregate of all the pensions payable in respect of him or her under this and all Associated Schemes shall not exceed the full amount of the maximum benefit calculated under sub-rule (1) above.

SURPLUS CONTRIBUTIONS

8. Surplus contributions shall be calculated in accordance with the Retirement Benefit Schemes (Restriction on Discretion to Approve) (Additional Voluntary Contributions) Regulations 1993⁽⁴²⁾ and the Trustee shall at all times comply with the requirements of those Regulations.

⁽⁴²⁾ S.I. 1993/3016.

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Appendix 7

AMENDMENT RESTRICTIONS — SHARED COST SECTIONS

Clause 13

The following changes to the Pension Trust and Rules under Clause 13 which affect any Protected Person who joins a Section which has adopted the rules of the Shared Cost Arrangement shall not be made or shall only be made as described below:

- (i) If an amendment alters or the method of calculation of benefits, such amendment shall apply only to benefits payable to or in respect of Members who contribute to the Section on or after the date the amendment comes into force unless either the deed making the amendment provides otherwise or in the 1994 Pensioners “A” and “B” Sections a deed of amendment is not required.
- (ii) Schedules 5 and 7 to the Rules may be amended by the Trustee without the consent of the Designated Employer but only after having taken the advice of the Actuary.
- (iii) Amendments to:
 - (a) the basis of the conversion of benefits under Rule 6A (Additional Pension) or 6B (Additional Lump Sum);
 - (b) Schedules 5, 7 and Schedule 8 to the Rules

shall apply only to elections made on or after the date the amendment comes into force.

Appendix 8**PROVISIONS ENTRENCHED BY CLAUSE 13 — SHARED COST SECTIONS****Clause 13**

Clauses of the Pension Trust		
2	—	Trustee
4	—	Pensions Committee
5A—5E	—	Application of Assets
6	—	Accounts, Actuarial Valuations and Annual Reports
7H	—	Protected Persons
8B	—	Transfers—in
8C	—	Transfers—out
10	—	Ceasing to Participate
11	—	Winding—up a Section where all Participating Employers Cease to Participate
13	—	Changing the Pension Trust or Rules
Appendix 4	—	Pensions Committees
Appendix 8	—	Provisions entrenched by Clause 13 — Shared Cost Sections
Rules of the Shared Cost Arrangement		
1	—	Definition of “Pensionable Pay”
3	—	Participating Employer’s and Member’s normal and additional contributions
4A	—	Member’s additional contributions
4B	—	Participating Employer’s additional contributions
4D	—	Antedating of membership
4E	—	Added Years of membership
20	—	Surplus Assets
21	—	Shortfall
22C	—	Surplus Assets on Winding—Up

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Schedule 1	—	Special terms for Members who transferred from other railway pension schemes to the New Section
Schedule 3	—	Brass 2 Policy
Schedule 9	—	Additional Contributions for Antedating Membership

EXPLANATORY NOTE

(This note is not part of the Order)

This Order provides for the establishment of the Railways Pension Scheme (“the Scheme”) and for the designation of that scheme as the “joint industry scheme” for the purposes of Schedule 11 to the Railways Act 1993 (Articles 2 and 3).

The Scheme is a centralised occupational pension scheme for employers which are not associated (as defined in section 590A(3) and (4) of the Income and Corporation Taxes Act 1988). Employers who wish to participate in the Scheme may, in appropriate circumstances, adhere to already existing Sections of the Scheme or may alternatively establish their own Sections. A Participating Employer which establishes its own Section shall adopt the Rules of one of three Arrangements. These are detailed below.

The Pension Trust governing the Scheme is set out in the Schedule to this Order. It contains provisions which apply to the whole of the Scheme including those which relate to:—

- (i) the appointment of Trustees;
- (ii) participation in the Scheme and the establishment of Sections;
- (iii) contribution, investment and contracting-out;
- (iv) amendment of the Scheme and its winding-up (either in whole or in part).

The principal appendices to the Pension Trust contain:—

- (i) The Rules of the 1994 Pensioners “A” and “B” Sections into which assets and liabilities of the BR Pension Scheme in relation to pensioners and deferred pensioners shall be transferred.
- (ii) The Rules of the Arrangements which may be adopted by Participating Employers who wish to establish new Sections of the Scheme. These Rules are of the following types:—
 - (a) shared cost;
 - (b) defined benefit;
 - (c) defined contribution.
- (iii) A Deed by Establishment and Participation which must be entered into by Participating Employers who wish to establish new Sections of the Scheme.

This Order does not impose any new costs on businesses.