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THE SCHEDULE

PENSION TRUST OF THE RAILWAYS PENSION SCHEME

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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.

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⁽¹⁾ 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

⁽¹⁾ 1992 c. 5.

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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

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	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 ⁽²⁾ 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

(2) 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>

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“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.

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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(3) 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.

(3) S.I.1993/3016.

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.

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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.

(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.

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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.

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(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	$\frac{1}{2}$	$\frac{1}{4}$	$\frac{1}{8}$
No Eligible Spouse or Eligible Dependant alive	—	$\frac{1}{2}$	$\frac{1}{4}$

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 Dependents

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 Dependents (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.

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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.

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

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- (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(4) 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.

(4) 1971 c. 56.

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

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

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:

- (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(5) 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-

(5) S.I. 1994/1432.

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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⁽⁶⁾ 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.

(6) 1971 c. 56.

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(7) 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:

(7) 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(8).

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.

(8) 1965 c. 51.

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

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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

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).