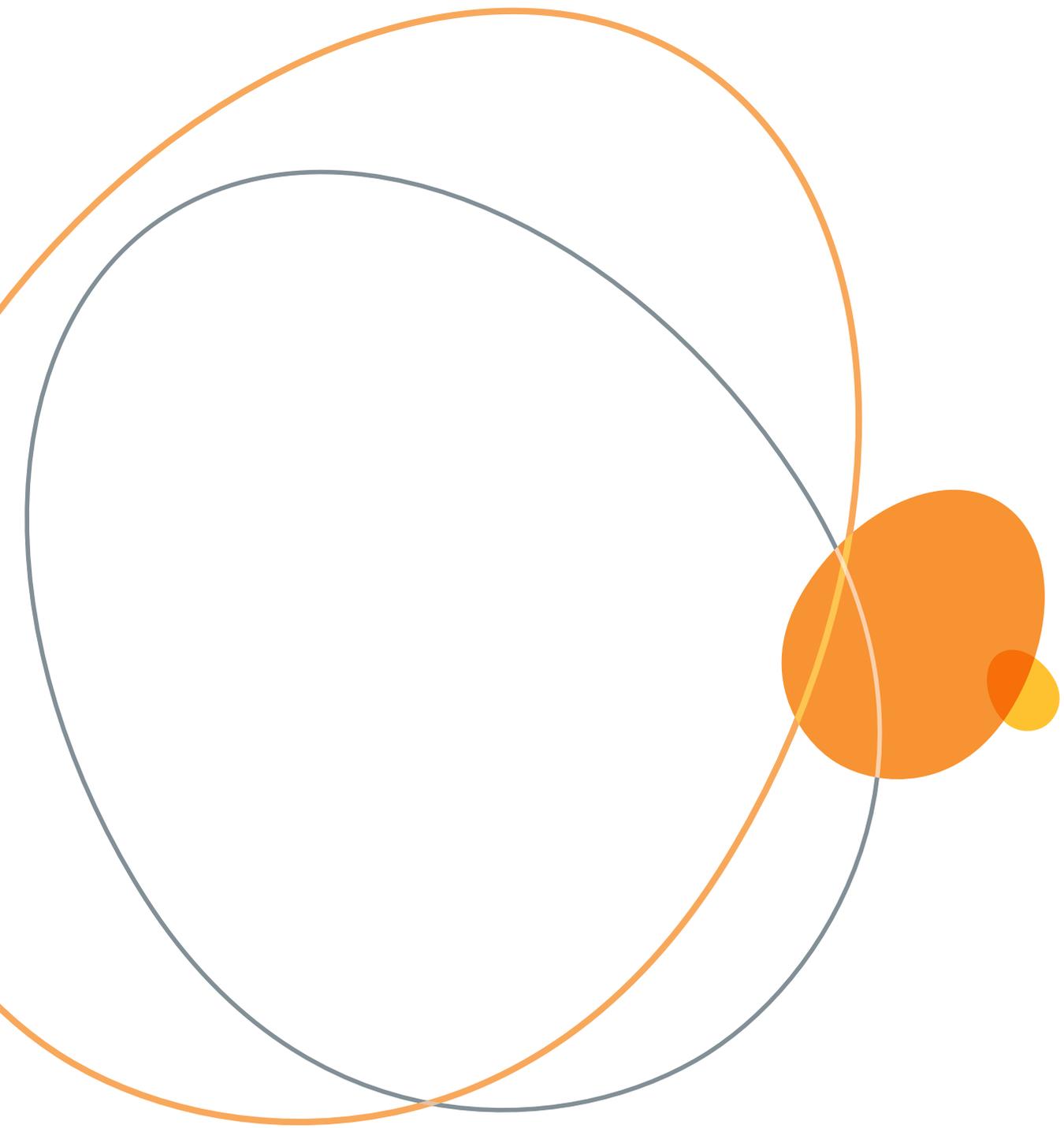


Rule change consultation

January 2016



Contents

Foreword
page 4 »»

Background
page 5 »»

The consultation process
page 6 »»

Chapter 1: Changes to the NEST rules in response to the lifting of the restrictions on NEST from 1 April 2017
page 8 »»

Chapter 2: Changes to the NEST rules in response to the freedom and choice agenda from September 2016
page 14 »»

Chapter 3: Other tidying-up changes from September 2016
page 17 »»

Technical annex: The NEST rules with proposed amendments
page 19 »»

Foreword

NEST's governing documentation comprises the NEST order and NEST rules. The NEST order sets out NEST's legal structure and gives the Trustee a number of powers, while the scheme rules provide further powers and more detail about how NEST works in practice.

The order was amended by Parliament in 2015 to lift NEST's restrictions on contributions and transfers from April 2017. We're now proposing to amend the rules to reflect those changes and complete the picture, in terms of Trustee powers, on transfers and the annual contribution limit. We propose to make these changes in April 2017.

At the same time, we propose to take the opportunity to include additional powers in the rules. These will allow for the Trustee to pay out new forms of benefit provided for by the 'freedom and choice' changes introduced in April 2015. We propose to make these changes from September 2016, which is the date we plan to have the functionality in place to pay out partial lump sums.

Finally we've taken the opportunity to make a few 'tidying-up' changes which we outline towards the end of this consultation document.

In a number of areas, we'd welcome your views as to whether the changes we're proposing are workable or may have unforeseen consequences.

Particular areas where we'd appreciate input include:

- ▶ Our proposals for a transitional rule to deal with monies paid in breach of the annual contribution limit (ACL) before 1 April 2017 – the date the ACL ceases to apply – which have not yet been dealt with at that date (see page 10). We're particularly interested in employers' views around the proposal that their 'breach' contributions would be applied to the member's account in a subsequent tax year.
- ▶ Our proposals not to provide for protected pension ages or protected pension commencement lump sums following a bulk transfer (see page 13). Do you have any evidence of the likely numbers that this would affect?

We'd also welcome opinions on whether the drafting of the rule changes generally achieves the desired outcomes we've outlined in this document.

We'd like to thank all respondents in advance for their continued engagement with NEST and for helping us continue to develop a scheme which we hope will help millions enjoy a better retirement.

Background

The legal structure

The National Employment Savings Trust (NEST) was established by a piece of legislation known as an order.

NEST is a trust-based occupational pension scheme and the NEST order is the equivalent of a trust deed – the legal document which is used to establish trust-based schemes.

The order sets out NEST's legal structure and can only be amended by Parliament. It defines the role and powers of the Trustee and includes details about how the scheme works, such as who's eligible to join and how employers can use the scheme.

The order is supported by a set of scheme rules. The NEST rules provide a more detailed outline of how the administration of NEST works in practice.

As the NEST rules aren't a statutory instrument, they don't need to be amended by Parliament if any changes have to be made.

Some of the rule changes we're proposing in this consultation flow from amendments recently made by Parliament to the NEST order, effective from April 2017. See the [legislation amending the NEST order\(PDF\)](#). They also relate to amendments from legislation that revokes the Transfer Values (Disapplication) regulations 2010 (the 'Disapplication regulations') from April 2017. See the [legislation revoking the Disapplication regulations\(PDF\)](#) (at regulation 14).

Power to change the rules

Article 15 of the NEST order gives NEST Corporation, as Trustee of NEST, the power to make, cancel, change or re-introduce any rules made by it or the Secretary of State.

The procedure for publishing and consulting on proposed changes to the scheme rules, which this consultation will follow, is set out in section 72 of the Pensions Act 2008.

This section of the Pensions Act 2008 also says that the Trustee of NEST must consult its Members' Panel and Employers' Panel before making, cancelling or re-introducing any rules.

The Members' Panel and Employers' Panel have been informally consulted on the content of these proposed rule changes and will be formally consulted during this public consultation.

To find out more about how the panels work, please go to nestpensions.org.uk/employersandmemberspanel

The consultation process

Structure of the consultation document

This consultation is arranged into three chapters.

The first chapter outlines the changes we propose to make to the NEST rules in response to amendments made to the NEST order and via the revocation of the Disapplication regulations (both from 2017), to lift the restrictions on NEST. The policy behind these changes has already been consulted upon by the Department for Work and Pensions (DWP). These changes will be brought in from 1 April 2017.

The subsequent chapters detail changes that aren't related to the lifting of the restrictions on NEST. Chapter 2 outlines proposals relating to the freedom and choice agenda, and chapter 3 outlines changes to do with tidying up the rules. If we decide to proceed with these changes, most are likely to be brought in from September 2016.

The proposed drafting to give effect to the changes can be found in the marked up version of the NEST rules, included as an annex to this document.

How to respond

This consultation will last for two months, beginning on 20 January 2016 and running until 21 March 2016.

You can submit your response by email or by post.

Email: rules.consultation2016@nestcorporation.org.uk

Post:

Julie Peuple
Senior legal counsel
NEST Corporation
Riverside House
2a Southwark Bridge Road
London
SE1 9HA

When you respond, please let us know whether you're doing so as an individual or as the representative of an organisation.

If you're responding on behalf of an organisation, please make it clear who the organisation represents.

How we deal with consultation responses

In line with section 72 of the Pensions Act 2008 we'll carefully consider your responses before deciding how we amend the NEST rules.

We'll publish a summary of respondents' comments together with our response to them within three months of the end of the consultation period.

If the amendments we make are different from the amendments proposed, we'll publish details of any significant differences.

Confidentiality

Please be aware that we may share the information you send us with the DWP.

Under the Freedom of Information Act 2000, we could publish or disclose all of the information contained in your response, including personal information.

We accept the information you provide for this public consultation exercise on the understanding that you consent to it being disclosed and published.

If you want us to keep the information in your response to the consultation confidential you should explain why as part of your response. However, we can't guarantee that it will be possible to do this.

You can find more information on the Freedom of Information Act at [gov.uk/make-a-freedom-of-information-request/the-freedom-of-information-act](https://www.gov.uk/make-a-freedom-of-information-request/the-freedom-of-information-act)

Further questions and feedback

If you have any comments on the consultation process in general, or if you want clarification on any of the issues raised, you can get in contact through our email or postal address on the previous page.

We have paper copies of this consultation available on request and will also consider any requests for alternative formats. Please send your request to the postal address on the previous page. You can download a copy from nestpensions.org.uk/consultations

Chapter I

Changes to the NEST rules in response to the lifting of the restrictions on NEST from 1 April 2017

Background

In November 2012 the Department for Work and Pensions (DWP) issued a call for evidence in relation to NEST's restrictions on transfers and in the form of an annual contribution limit (ACL). In response to that call for evidence, the government announced in July 2013 its intention to lift the restrictions on NEST from April 2017. This was followed by a consultation in October 2014 on draft legislation to lift the restrictions. That legislation was approved by Parliament in early 2015 and has the effect of lifting the restrictions on NEST from 1 April 2017.

The policy implications of lifting the restrictions on NEST have therefore already been consulted on by government and the legislation has been put in place to enable this.

The purpose of this consultation is to consult upon the changes to the NEST rules which are necessary to complete the picture. For example, while the changes already in place will lift any restrictions on NEST Corporation to allow transfers in or out of the scheme from 2017, they won't provide all the necessary powers to do so. It was always anticipated that additional powers would need to be taken in the NEST rules.

It also proposes changes to the NEST rules regarding the ACL. These will align the rules with the amended NEST order. They'll also make provision for applying or refunding any amounts which have been paid in breach of the ACL, prior to 1 April 2017, and which have not yet been dealt with by that date. The reasons for this could be due to administrative timescales, not having received confirmation of how a member wishes to treat their excess contributions or otherwise.

Although we're consulting on these changes now, the changes will not be effective until 1 April 2017.

Current position

Annual contribution limit

The NEST rules currently contain provisions at rule 14 which set out how the ACL should be calculated, how refunds, or 'carrying forward', in respect of contributions in excess of it should be dealt with and in which circumstances it should be disapplied. There's also a definition of the ACL and the average earnings index, relevant to the uprating of the ACL, in rule 1.

Transfers

The rules contain provisions relating to transfers in at rule 22 and 24.3 and transfers out at rule 23.

Rule 22 specifically prohibits the Trustee from accepting bulk transfers into the scheme, with or without consent¹, under section 73(2) of the Pensions Schemes Act 1993. The same rule gives the Trustee a power to accept a transfer of pre-vested rights², and rule 24.3 provides a power to accept a transfer in respect of a pension credit on divorce for an existing member. Rule 22.3 provides for these two types of transfer to be applied to the member's pension account. The rules are otherwise silent on transfers in, containing no powers to accept an individual transfer in other than in respect of pre-vested rights and pension credits on divorce.

Rule 23 specifically prohibits the Trustee from allowing bulk transfers out of the scheme, with or without consent, under section 73 of the Pension Schemes Act 1993. It places a duty on the Trustee to effect a transfer out of the scheme where a member requests it and has either reached age 55 or is suffering from incapacity, and has become entitled to benefits. This is to be done in accordance with the Disapplication regulations.

1 A bulk transfer with consent is a transfer involving more than one member, from an occupational pension scheme to another pension scheme, where the consent of each member to the transfer has been obtained. A bulk transfer without consent is a transfer involving more than one member, from an occupational pension scheme to another pension scheme, where the member's consent has not been obtained but the conditions in the relevant regulations (including certification by an actuary that the benefits to be acquired for each member are, broadly, no less favourable than the benefits to be transferred) are met. The legislation governing these transfers is the Pension Schemes Act 1993 and the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991.

2 Pre-vested rights is the cash transfer sum that is available to an individual if he/she leaves a pension scheme with less than two years' qualifying service (as defined in the Pension Schemes Act 1993) and is not entitled to a deferred pension in that scheme. In such circumstances, the individual can choose to transfer such cash transfer sum to another registered pension scheme.

What we are proposing

Annual contribution limit

We're proposing to delete rule 14 in its entirety, from 1 April 2017, to reflect the fact that the ACL will not apply from that date, as per the amendments to the NEST order and to the Pensions Act 2008, effective from that date. We also propose to delete the references to that rule within other rules and make appropriate consequential amendments to the definitions in rule 1.

We propose replacing rule 14 with a new rule. This sets out how any contributions in excess of the ACL – that relate to the period before 1 April 2017 but haven't yet been dealt with – should be treated. This might happen, for example, if a member hasn't yet confirmed how they wish to treat their excess contributions. We've tried to make this rule simpler than the existing rule and have designed it to align with what we think would be in members' best interests. For example, we've provided that any third party or employer contributions which have breached the ACL are applied to the member's account in a subsequent tax year, rather than be refunded to the third party or employer. This would seem to us to be the best outcome for the member and also aligns with what must have been the intention of the third party or employer who made the contribution.

The provisions we're proposing to include are:

- › Excess contributions made by a member or deducted from a member's salary by an employer should be carried forward to a subsequent tax year and applied to the member's account. The exception to this would be where the member requests a refund within a time limit determined by the Trustee, in which case such refund would be made to the member.
- › Excess contributions made by a third party in respect of a member should be carried forward into a subsequent tax year and applied to the member's account.
- › Excess employer contributions should also be carried forward into a subsequent tax year and applied to the member's account.
- › Minimum contributions required under the auto enrolment provisions in the Pensions Act 2008 should not be refunded.
- › There should continue to be a level below which excess contributions can be applied to the member's account in the current or a subsequent tax year, without providing the member with an option to receive a refund of such amounts. This would be set by reference to the point at which the cost of making the refund would be disproportionate to the level of the refund.

Consultation question:

Do you think the approach proposed for dealing with ACL breach amounts, as at 1 April 2017, would provide an appropriate framework, taking into account the best interests of our members and our desire to create a simple framework?

Transfers in

Bulk transfers in

We're proposing to amend rule 22 to give the Trustee a power to accept bulk transfers, **with consent**, into the scheme under section 73(2) of the Pensions Schemes Act 1993, for existing members. The amended NEST order gives the Trustee a power to allow a member to join the scheme via a bulk transfer in **without consent** and to accept such a transfer in respect of an existing member. The proposed rule change completes the picture by giving the Trustee a power to accept a bulk transfer **with consent** in respect of an existing member. The rule change also clarifies that the Trustee can determine any requirements or restrictions it wishes to apply to the acceptance of such transfers.

Individual transfers

We're also proposing to amend rule 22 to give the Trustee a power to accept any other transfer into the scheme that's consistent with its status as a registered pension scheme. This is in addition to transfers of pre-vested rights, which are already included in rule 22, and bulk transfers which will be included following the amendments. This completes the transfer-in picture by allowing the Trustee to accept individual transfers into the scheme. Again, the Trustee will be able to determine any requirements or restrictions it wishes to put on such transfers. For example, the Trustee could determine that it won't accept individual transfers in from defined benefit schemes or will only accept such transfers if the member confirms that they've received independent financial advice, regardless of the amount of the transfer. Similarly, the Trustee could determine that it will only accept transfers from UK registered pension schemes and qualifying recognised overseas pension schemes (QROPs) in order to mitigate financial crime risk.

Consultation question:

The proposed changes to rule 22 give the Trustee a broad power to accept individual and bulk transfers in, with the ability to put any requirements or restrictions around this that the Trustee may determine. We welcome your views as to the requirements or restrictions we may wish to ultimately consider.

Transfers out

Bulk transfers out

We're proposing to amend rule 23 to give the Trustee a broad discretion to allow bulk transfers, **with the consent of the member**, out of the scheme under section 73(2) of the Pensions Schemes Act 1993.

While the revocation of the Disapplication regulations will mean that from April 2017, NEST Corporation will have a statutory obligation to allow individual transfers out, there's no similar statutory obligation to allow bulk transfers out, with or without consent. In order to allow these in relation to NEST, it will be necessary to include a power in the NEST rules.

The common reasons why an employer might wish to effect a bulk transfer out, such as to reduce employer charges and administration costs, don't apply to NEST because participating employers in NEST don't face such charges or costs. This could suggest that NEST Corporation is unlikely to be asked to allow such a transfer. NEST also operates a 'pot for life' model whereby a member's pot remains open for contributions, regardless of which employer they work for, or if they leave their employer. They can top up their pot themselves, and if they move to a new employer that also uses NEST, their contributions will go into the same pot. This is a unique feature of NEST and means it's unlikely to be appropriate for an employer and trustee to be able to effect a transfer of their employees' NEST pots without their consent, given that a proportion of those pots may not relate to service with that employer.

We can however foresee potential scenarios where an employer and trustees may wish to effect a bulk transfer with consent, out of NEST. Therefore we propose amending rule 23 to allow for such transfers, but again with the ability to put requirements and restrictions around this.

Individual transfers out

We also propose to amend rule 23 to mirror the duty on the Trustee to allow an individual to transfer out, at their request, where they have a right to a transfer under section 94(2) of the Pension Schemes Act 1993. We don't propose to include a power to allow individual transfers out in circumstances where the member doesn't have a statutory right to transfer. Our view is that only allowing transfers out where there is a statutory right to transfer will make it easier to deal with potential pension liberation cases in light of recent Pensions Ombudsman decisions on this topic. This approach will also ensure the Trustee has the benefit of a statutory discharge from liability in respect of the transfer value which is paid.

Consultation question:

We welcome your views as to whether the amendments we've proposed to the NEST rules generally on transfers and the ACL, set out in the annex to this document, achieve the aims described above.

Bulk transfers and protected pension ages and pension commencement lump sums

The tax regime allows certain pre-2006 transitional pension rights to be transferred between schemes when bulk transfers take place, provided the rules of the transferee scheme allow for this. These are protected pension ages (PPAs) – the right to draw benefits before 55, as the current minimum pension age set by law – and protected pension commencement lump sums – the right to take a tax-free lump sum of greater than 25 per cent of your pot. Such rights fall away on an individual transfer, so this only affects bulk transfers from occupational pension schemes.

NEST's rules currently define minimum pension age – and so the age from which we will pay benefits, excluding for ill-health – and maximum pension commencement lump sum (PCLS), by reference to legislation (the definition in the Finance Act 2004). If left unchanged, the result would be that these transitional rights would transfer on a bulk transfer to NEST, once these are allowed in 2017. NEST would then have to be able to pay benefits from different ages and pay different amounts of PCLS.

In our view, this would be extremely complicated to administer and it would be expensive to build the functionality to deal with it. Such expense is unlikely to be in the interests of the membership as a whole given the likely numbers of people with such protection. We're therefore consulting on a proposal to amend the NEST rules so that these protections would not apply on a bulk transfer to NEST. This involves an amendment to the definition of 'normal minimum pension age' and to the definition of 'permitted maximum' in rule 1.

Consultation question:

Is this an appropriate approach, taking into account the likely number of people in defined contribution (DC) occupational pension schemes with a protected pension age or a protected pension commencement lump sum (PCLS) and the level of administrative complexity that would be involved in providing for these? Any evidence you could share with us regarding likely numbers affected would be very helpful.

Chapter 2

Changes to the NEST rules in response to the freedom and choice agenda from September 2016

Background

We issued a consultation paper at the end of 2014 to help us determine our response to the new pension freedoms announced in the 2014 Budget. Following careful consideration of the responses received, we published, [The future of retirement: a retirement income blueprint for NEST's members \(PDF\)](#) in June 2015, setting out our proposals for a retirement income strategy. While we continue to consider our long-term approach, we've already introduced and plan to introduce some more changes to ensure that members approaching retirement age have an appropriate set of options in keeping with the spirit of the 2014 Budget reforms. The rule changes outlined in this chapter give effect to those changes.

Given the small sizes of most NEST members' pots at present, these interim changes focus on providing more flexibility around how pots can be accessed as cash. They are as follows.

From April 2015 - accessing the pot as cash (full UFPLS)

Prior to April 2015, only some NEST members could access their pots as cash, using the trivial commutation lump sum or small pot lump sum options. These were only available from age 60. From April 2015, we introduced a new full lump sum cash option, available from age 55, while retaining the small pot lump sum option. These two options allow members who are aged 55 or over or suffering from incapacity to access 100 per cent of their pot as cash. They can do this either as a small pot lump sum if their pot is £10,000 or less and they meet the requirements, or under the new uncrystallised funds pension lump sum (UFPLS) option. A quarter of this sum will be tax free.

We've been relying on the statutory override provisions introduced by the Taxation of Pensions Act 2014 to offer full UFPLS since April 2015. We now propose to amend our rules to bring them into line with what we're actually doing, in line with good practice rather than relying on the statutory override indefinitely. This change can be found in rule 16.6.2 in the annex.

From September 2016 – partial withdrawal (partial UFPLS)

We plan to introduce partial UFPLS from September 2016. This option will allow a member to take out a cash sum that's less than the total value of their pot. This also takes the form of UFPLS, as above (the partial version), with 25 per cent of the sum paid to the member tax free. The remainder of the pot would remain invested.

With a view to acting in members' interests, and having regard to cost and administrative workability, we may decide to restrict this partial withdrawal facility in one or more of the following ways:

- by restricting partial withdrawals to those with pots over a certain value
- by requiring any remaining value of the retirement pot not to drop below a fixed level
- by restricting the frequency of withdrawals.

Enabling members to continue receiving contributions

If we choose to apply limits to partial withdrawals, this will create a situation where a member who is receiving contributions from their employer may be forced to close their account and lose out on further employer contributions. The following example illustrates this:

A member is aged 58 and has a NEST pot size of £1,500. She's receiving monthly contributions from her employer. She needs to access some cash to cover a short-term debt but wants to keep saving for retirement. If we have a limit of, say, £1,000 on withdrawals but with a remaining value of, say £2,000, this member would need to take 100 per cent of her NEST pot as cash, with a quarter tax-free.

Under our current rules and administration, if she chose to go down this route, her pot would close. As she's still in the target age range for auto enrolment, she could choose to re-enrol but may not do so, for example, due to inertia. As a result she could lose out on employer contributions.

For both these reasons we're considering offering members below scheme retirement age and in receipt of ongoing employer contributions the option of leaving their account open when they take a 100 per cent cash lump sum.

Current position

The current options available to NEST members from age 55 and in cases of incapacity under the NEST rules are:

- › to transfer their whole pot to another registered pension scheme and cease being a NEST member
- › to use the Open Market Option to purchase an annuity and cease being a NEST member
- › to take the entire pot as cash if it does not exceed £10,000 and cease being a NEST member
- › when they reach their scheme retirement age, to change this to a later date and keep saving.

These options are provided for in rule 16 and will continue to be available.

What we are proposing

We're proposing to amend rule 16.6 by adding a new 16.6.2, giving the Trustee a power to pay an UFPLS either as a single lump sum or a series of partial lump sums. We propose to implement this rule change from September 2016.

We're considering adding a new rule 16.7.2 in order to enable members to continue receiving contributions after they have taken a 100 per cent of pot cash lump sum.

Consultation question:

Do you think the rule amendments in the annex achieve the aims set out above?

Chapter 3

Other tidying-up changes from September 2016

General account

Rule 11.4 requires the Trustee to establish and maintain a 'general account' to which scheme monies not attributable to a member's account must be allocated. Payments can be made from this account for 'such purposes of the scheme' as the Trustee determines.

This gives the Trustee a very broad power to determine which 'purposes of the scheme' it wishes to make payments for from the general account. In practice, the sort of payments made from the general account include:

- › making compensation payments to members, where the Trustee considers it appropriate, in the context of the internal dispute resolution procedure
- › making payments to member accounts to address shortfalls arising from rounding
- › day-to-day costs of administration and management of the scheme, determined by the Trustee.

We're proposing to amend this rule to specifically cover the uses to which the general account is being put in practice.

New general power to pay lump sums as benefits

We've inserted a new rule 16.5 which will give the Trustee a general power to pay lump sums as benefits, provided these are authorised payments under the Finance Act 2004. One instance where we envisage potentially using this power is to pay lifetime allowance excess lump sums. This new power would allow the Trustee to pay any excess over the lifetime allowance to a member as a lump sum, less the appropriate tax charge, rather than as an annuity as at present. As we move towards a position where NEST has no annual contribution limit or restrictions on transfers, a scenario where a NEST member exceeds the lifetime allowance becomes more likely and the power to pay such a lump sum more useful.

This general power also provides a degree of future-proofing.

Death benefits

We've amended rule 18.6.1 which deals with the payment of death benefits in cases where the member dies before age 75. Prior to the introduction of the pension freedoms in April 2015, if such payments were made more than two years after the date the scheme administrator became aware of the death of the member, they would be unauthorised payments. This is no longer the case and instead such payments would be authorised but subject to the special lump sum death benefit tax charge. We've therefore amended the rule accordingly.

Pension input period

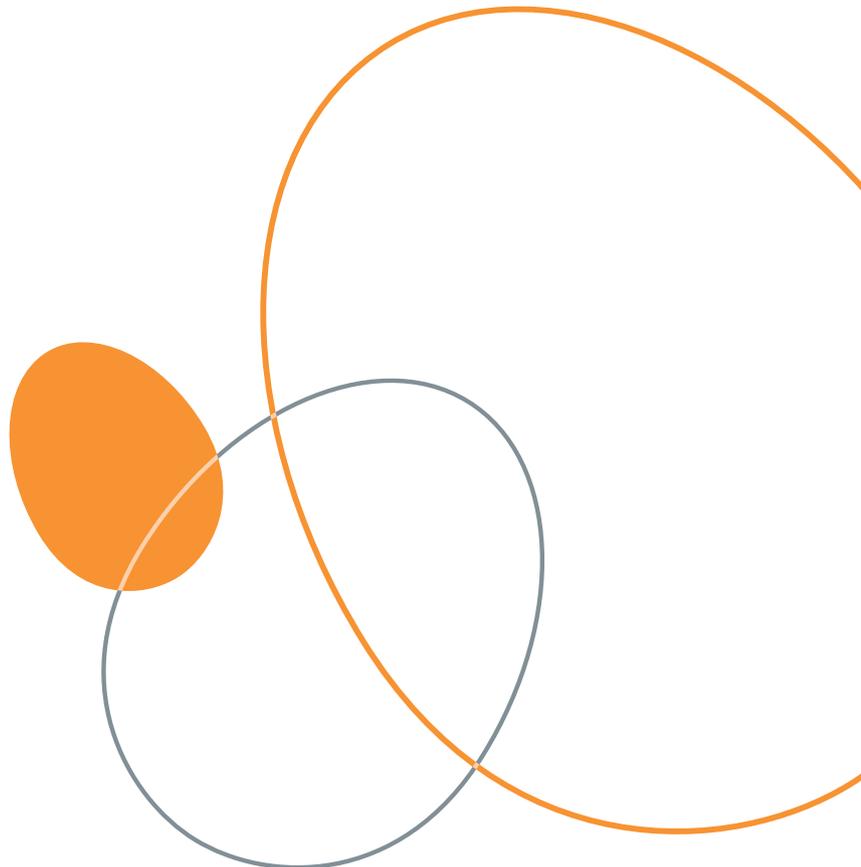
We've amended the definition of pension input period in rule 19.4 to align with changes announced in the summer 2015 Budget.

Consultation question:

Do you think the 'tidying-up' changes we've suggested to the NEST rules in the appendix achieve the aims described above?

Technical annex

The NEST rules with
proposed amendments



Rules of the National Employment Savings Trust

i We've shown our proposed amendments to the rules in orange text like this.

We've shown text we propose to remove from the rules in a grey box like this.

Unless there's an orange amendment in its place, we're proposing to delete the text entirely.

The Trustee of the National Employment Savings Trust makes the following Rules, and revokes all previous Rules of the National Employment Savings Trust, in exercise of the power conferred on it by article 15 of the National Employment Savings Trust Order 2010 having published a draft of the rules and invited comments on it.

The Rules shall come into force on [] .

1. Definitions

In these Rules (unless the context otherwise requires):

"1993 Act" means the Pension Schemes Act 1993;

"1993 NI Act" means the Pension Schemes (Northern Ireland) Act 1993;

"1995 Act" means the Pensions Act 1995;

"1995 NI Order" means the Pensions (Northern Ireland) Order 1995;

"1999 Act" means the Welfare Reform and Pensions Act 1999;

"1999 NI Order" means the Welfare Reform and Pensions (Northern Ireland) Order 1999;

"2008 Act" means the Pensions Act 2008;

"2008 NI Act" means the Pensions (No. 2) Act (Northern Ireland) 2008;

“Annual Contribution Limit” means the maximum amount of contributions which may be made by, on behalf of or in respect of a Member in a Tax Year calculated in accordance with article 22 of the Order and Rule 14.1

“Annual Contribution Limit” means the maximum amount of contributions which could be made by, on behalf of or in respect of a Member to the Scheme in a Tax Year and which was in effect in respect of the Scheme immediately prior to 1 April 2017;

“Automatic Enrolment” means automatic enrolment:

- (a) in relation to Great Britain, under section 3 of the 2008 Act; or
- (b) in relation to Northern Ireland, under section 3 of the 2008 NI Act,

where a Participating Employer has nominated the Scheme as the Automatic Enrolment Scheme into which a Jobholder is to be automatically enrolled;

“Automatic Enrolment Date” has the meaning given by:

- (a) in relation to Great Britain, section 3(7) of the 2008 Act; or
- (b) in relation to Northern Ireland, section 3(7) of the 2008 NI Act;

“Automatic Enrolment Scheme” has the meaning given by:

- (a) in relation to Great Britain, section 17 of the 2008 Act; or
- (b) in relation to Northern Ireland, section 17 of the 2008 NI Act;

“Automatic Re-enrolment” means automatic reenrolment:

- (a) in relation to Great Britain, under section 5 of the 2008 Act; or
- (b) in relation to Northern Ireland, under section 5 of the 2008 NI Act,

where a Participating Employer has nominated the Scheme as the Automatic Enrolment Scheme into which a Jobholder is to be automatically re-enrolled;

“Average Earnings Index” means the general index of average earnings (for all employees: whole economy: seasonally adjusted) published by the Office for National Statistics or, if that general index is not published for a month for which it is relevant for the purposes of these Rules, any index or index figures published by that Office in substitution for that general index;

“Automatic Re-enrolment Date” has the meaning given by:

- (a) in relation to Great Britain, regulations made under section 5(8) of the 2008 Act; or
- (b) in relation to Northern Ireland, regulations made under section 5(8) of the 2008 NI Act;

“Benefit Age” means in relation to a Member, the date for the time being determined in accordance with Rule 16.1 as the date on which the Member intends, or is deemed to intend, to take benefits under the Scheme;

“By Notice” means circumstances whereby:

- (a) a worker gives notice to the worker’s Employer under section 9(2) of the 2008 Act in relation to Great Britain (or under section 9(2) of the 2008 NI Act in relation to Northern Ireland); and
- (b) the worker’s Employer wishes to comply with its duty in relation to the worker under section 9 of the 2008 Act in relation to Great Britain (or under section 9 of the 2008 NI Act in relation to Northern Ireland) by arranging for the worker to become a Member;

“Contribution Arrangements” means, in relation to a Member,

- (a) arrangements by the Trustee in respect of that Member under article 19(6A) of the Order; or
- (b) any other arrangements by the Trustee in respect of that Member whereby contributions may be made by, or on behalf or in respect of, that Member in relation to an employment (not being admittance to Membership under article 19(1) to (3) of the Order or arrangements under article 19(6A) of the Order);

“Dependant” has the same meaning as in paragraph 15 of Schedule 28 to the Finance Act 2004;

“Dependants’ Annuity” has the same meaning as in paragraph 17 of Schedule 28 to the Finance Act 2004;

“Employer” means:

- (a) in relation to Great Britain, an employer for the purposes of section 88(7) of the 2008 Act; or
- (b) in relation to Northern Ireland, an employer for the purposes of section 70(7) of the 2008 NI Act,

who applies to be admitted to participation in the Scheme;

“Employers’ Panel” means the panel referred to in article 6(2)(b) of the Order;

“Excess Contributions Account” means the account established and maintained by the Trustee in accordance with Rule 11.6;

“Ex-Spouse” means a person who is entitled to a Pension Credit following the making of a Pension Sharing Order. “Ex-Spouse” shall include a former civil partner (as defined in the Civil Partnership Act 2004);

“Former Participating Employer” means, in respect of any period, a person that was a Participating Employer during the period and has terminated its participation in accordance with Rule 6.4 with effect from the end of the period;

“General Account” means the account established and maintained by the Trustee in accordance with Rule 11.4;

“HMRC” means Her Majesty’s Revenue & Customs;

“Incapacity” means physical or mental impairment which renders the Member incapable of carrying on any occupation;

“Investment Funds” means the notional funds established by the Trustee under article 29(1) of the Order;

“Jobholder” has the meaning given by -

- (a) in relation to Great Britain, section 1(1) of the 2008 Act; or
- (b) in relation to Northern Ireland, section 1(1) of the 2008 NI Act;

“Joining Event” means an event listed in Rule 8 which applies on the first admission of a person to Membership or on the making of Contribution Arrangements;

“Lifetime Annuity” has the same meaning as in paragraph 3 of Schedule 28 to the Finance Act 2004;

“Lifetime Annuity Policy” means, in relation to a Member, a policy which makes provision for the payment of a Lifetime Annuity to the Member and which, unless the context requires otherwise, may make provision for any other authorised member payment (within the meaning of section 164 of the Finance Act 2004) which may be provided with a Lifetime Annuity;

“Member” means a person who has been admitted as a member of the Scheme under article 19 of the Order and whose Pension Account has not yet been fully discharged through the provision of one or more benefits under article 32 of the Order;

“Membership” means being a Member;

“Member’s Employer” means a Participating Employer employing the Member;

“Members’ Panel” means the panel referred to in article 6(2)(a) of the Order;

“Minimum Contributions” means contributions made to the Scheme by a Participating Employer, on behalf of or in respect of a Member which satisfy the quality requirement for a money purchase scheme:

- (a) in Great Britain, under Part 1 of the 2008 Act; or
- (b) in Northern Ireland, under Part 1 of the 2008 NI Act;

“Nominated Beneficiary” means a person, body corporate, trust, charity, club or society nominated by the Member in accordance with Rule 18.1.2;

“Normal Minimum Pension Age” has the same meaning as in section 279 of the Finance Act 2004, **unmodified by Part 3 of Schedule 36 of the Finance Act 2004**;

“Opt-in” means a Joining Event in respect of a Jobholder (“J”):

- (a) to whom -
 - (i) in relation to Great Britain, section 7 of the 2008 Act applies; or
 - (ii) in relation to Northern Ireland, section 7 of the 2008 NI Act applies,
- (b) who has by notice -
 - (i) in relation to Great Britain, under section 7(3) of the 2008 Act; or
 - (ii) in relation to Northern Ireland, under section 7(3) of the 2008 NI Act,

required J’s Employer to make arrangements for membership of an Automatic Enrolment Scheme; and

(c) whose Employer has nominated the Scheme as the Automatic Enrolment Scheme for the purpose of giving effect to its obligations

- (i) in relation to Great Britain, under section 7 of the 2008 Act; or
- (ii) in relation to Northern Ireland, under section 7 of the 2008 NI Act;

“Opt-out Period” means the period prescribed by regulations made:

- (a) in relation to Great Britain, under section 8(5) of the 2008 Act; or
- (b) in relation to Northern Ireland, under section 8(5) of the 2008 NI Act;

“Order” means The National Employment Savings Trust Order 2010 (S.I. 2010/917) which established the Scheme;

“Panels” means the Members’ Panel and the Employers’ Panel;

“Participating Employer” means an Employer that has been admitted to participation in the Scheme under article 18 of the Order and that has not terminated its participation;

“Pension Account” means an account maintained by the Trustee for a Member comprising:

- (a) the Member’s contributions;
- (b) contributions made by any Participating Employer;
- (c) any sums transferred into the Scheme in respect of the Member;
- (d) investment returns; and
- (e) any other amounts paid to the Trustee to be applied to the Member’s Pension Account,

less any expenses and outgoings properly deducted by the Trustee;

“Pension Credit” means a credit:

- (a) in relation to Great Britain, under section 29 of the 1999 Act; or
- (b) in relation to Northern Ireland, under Article 26 of the 1999 NI Order;

“Pension Credit Benefits” means the benefits payable to or in respect of an Ex-Spouse in respect of whom a Pension Credit is discharged in the Scheme under Rule 24.1;

“Pension Sharing Order” means any order or provision as referred to:

- (a) in relation to Great Britain, in section 28(1) of the 1999 Act; or
- (b) in relation to Northern Ireland, under Article 25 of the 1999 NI Order;

“Permitted Maximum” has the same meaning as in paragraph 2 of Schedule 29 to the Finance Act 2004, **unmodified by Part 3 of Schedule 36 of the Finance Act 2004**;

“Pre-Duty Period” means:

- (a) in relation to a Participating Employer, the period starting on the day when Rule 7.1.2 applies to that Participating Employer and ending on the day before the day when sections 2 to 9 of the 2008 Act (or sections 2 to 9 of the 2008 NI Act in relation to Northern Ireland) apply to that Participating Employer; and
- (b) in relation to a Member, the period starting on the day when Rule 9.2 applies to that Member and ending on the day before the day when sections 2 to 9 of the 2008 Act (or sections 2 to 9 of the 2008 NI Act in relation to Northern Ireland) apply to the Member’s Employer;

“Qualifying Arrangement” has the same meaning:

- (a) in relation to Great Britain, as in paragraph 6(1) of Schedule 5 to the 1999 Act; or
- (b) in relation to Northern Ireland, as in paragraph 6(1) of Schedule 5 to the 1999 NI Order;

“Qualifying Recognised Overseas Pension Scheme” means a scheme as defined in section 169 of the Finance Act 2004;

“Registered Medical Practitioner” has the same meaning as it has for the purposes of Schedule 28 and Schedule 29 of the Finance Act 2004;

“Registered Pension Scheme” has the same meaning as in Chapter 2 of Part 4 of the Finance Act 2004;

“Rules” means rules made under section 67 of the 2008 Act;

“Scheme” means the National Employment Savings Trust established by the Order;

“Scheme Administrator” means the person appointed under Rule 3.3;

“Self-employed” means that a person is in employment but is not employed by someone else in relation to that employment;

“Serious Ill-Health” means that the Member is expected to live for less than one year;

“Single Person Director” means a person who is:

- (a) a director of a company; and
- (b) employed by the company under a contract of employment,

where the company does not employ any other persons under a contract of employment. For the purposes of this definition, a company includes any body corporate;

“State Pension Age” has the same meaning as “pensionable age” -

- (a) in relation to Great Britain, for the purposes of section 126 of and Schedule 4 to the 1995 Act; or
- (b) in relation to Northern Ireland, for the purposes of Article 123 of and Schedule 2 to the 1995 NI Order;

whenever there is a change to State Pension Age, made by legislation, the Trustee shall determine the date it will give effect to that change, for the purpose of these Rules;

“Tax Year” has the meaning given by:

- (a) in relation to Great Britain, section 99 of the 2008 Act; or
- (b) in relation to Northern Ireland, section 78 of the 2008 NI Act;

“Trustee” means the person appointed as trustee of the Scheme.;

“Transfer Values (Disapplication) Regulations” means The Transfer Values (Disapplication) Regulations 2010 S.I. 2010/6;

“Transfer Values (Disapplication) Regulations NI” means The Transfer Values (Disapplication) Regulations (Northern Ireland) 2010 S.R. 2010/No. 121;

2. Interpretation

2.1

Where terms are used in these Rules which are defined in the 2008 Act or the 2008 NI Act, they shall have the same meaning in these Rules as that given to them in the 2008 Act or the 2008 NI Act respectively.

2.2

These Rules will be construed without reference to the introduction, the list of contents or the headings or the typeface in which they are printed, each of which is included or used for convenience only.

2.3

In these Rules:

2.3.1

unless the context otherwise requires, the singular includes the plural and vice versa; and

2.3.2

references to any legislation include (where appropriate) legislation which it replaces, amends or supplements and legislation for the time being in force which replaces, amends or supplements it.

2.4

Where these Rules confer a power or impose a duty it is implied, unless the contrary intention appears, that the power may be exercised, or the duty is to be performed, from time to time as occasion requires.

3. Trustee powers

3.1

The Trustee may appoint a secretary to the Scheme on such terms and conditions as it sees fit.

3.2

The Trustee may appoint such professional advisers as the Trustee determines on such terms and conditions as it sees fit.

3.3

The Trustee may appoint any person or persons to be the Scheme Administrator in accordance with sections 270 to 274 of the Finance Act 2004.

3.4

The Trustee may open and maintain in its name a bank account or bank accounts for the Scheme with an institution authorised under the Financial Services and Markets Act 2000 to hold monies belonging to the Scheme. The Trustee may, with the agreement of that institution, set terms for the operation of that bank account or accounts.

4. Administrative provisions

4.1

Trustee may benefit

The Trustee, and any of its members or staff, may be a Member and may retain any benefit from the Scheme whether received as a result of being a Member or otherwise, including any benefit resulting from the exercise of a discretion by the Trustee. No decision of the Trustee shall be invalidated or questioned on the grounds that the Trustee (or any of its members or staff) had a direct or personal interest in the subject matter of the decision.

4.2

Power to determine questions and matters of doubt

To the extent permitted by law, the Trustee may determine all questions and matters of doubt in relation to the Scheme.

4.3

Alienation

4.3.1

Subject to Rules 4.3.3 and 4.3.4, an entitlement to any benefit under the Scheme and a right to any future benefit under the Scheme cannot be assigned, commuted or surrendered, cannot be charged or a lien exercised in respect of it and no set-off can be exercised in respect of it; and any act purporting to do any of such things shall have no effect and shall not be binding on the Trustee.

4.3.2

Rule 4.3.1 is without prejudice to the provisions of the Rules permitting a Member to decide how an amount equal to the value of the Member's Pension Account is to be applied to provide benefits to or in respect of the Member or permitting the commutation of the Member's Pension Account.

4.3.3

Where any person has any entitlement to any benefit under the Scheme or any right to any future benefit under the Scheme and that person incurs a monetary obligation to the Scheme arising out of a criminal, negligent or fraudulent act or omission, the Trustee may impose a charge or lien on that person's entitlement or right or exercise a set-off in respect of it for the purpose of discharging that monetary obligation. This Rule is subject to section 91(6) of the 1995 Act.

4.3.4

Where any person has any entitlement to any benefit under the Scheme or any right to any future benefit under the Scheme and that person incurs a monetary obligation to the Scheme arising out of a payment made in error in respect of that person, the Trustee may impose a charge or lien on that person's entitlement or right or exercise a set-off in respect of it for the purpose of discharging that monetary obligation. This Rule is subject to section 91(6) of the 1995 Act.

4.4

Forfeiture

4.4.1

Subject to Rules 4.4.2 and 4.4.3, an entitlement to any benefit under the Scheme and a right to any future benefit under the Scheme cannot be forfeited (and for this purpose, the forfeiting of any entitlement or right includes any manner of deprivation or suspension).

4.4.2

The Trustee may forfeit any entitlement to any benefit under the Scheme and any right to any future benefit under the Scheme in the circumstances set out in, or prescribed by regulations made under, sections 92(4) and 92(6) of the 1995 Act or section 93 of the 1995 Act and subject to the requirements of those sections.

4.4.3

If the Trustee forfeits any entitlement to any benefit under the Scheme or any right to any future benefit under the Scheme in accordance with Rule 4.4.2, the Trustee may deduct from the Member's Pension Account an amount equal to the value of the forfeited entitlement or right and transfer such amount to the General Account, except that if the forfeiture is in the circumstances set out in section 93 of the 1995 Act and the Trustee determines under section 93(5) that an amount not exceeding the amount forfeited is to be paid to the Participating Employer, the Trustee shall pay the amount in question to the Participating Employer instead of crediting it to the General Account.

4.5

Costs

In relation to the costs of the setting up, administration and management of the Scheme, the Trustee may determine:

4.5.1

which costs are the general costs of the setting up, administration and management of the Scheme for the purpose of article 27(1) of the Order;

4.5.2

which costs are the costs of providing a service with respect to Members' Pension Accounts for the purpose of article 27(7) of the Order that are to be met by making further deductions from Members' Pension Accounts; and

4.5.3

which costs shall be met or contributed to by charges made by the Trustee under paragraph 19 of Schedule 1 to the 2008 Act, otherwise than by way of deductions under article 27 of the Order.

4.6

Taxation and charges

4.6.1

If the Trustee or the Scheme Administrator is or will become accountable or liable for any tax or charge in respect of any benefit or payment which is to be paid to or in respect of a Member, the Trustee or Scheme Administrator (as appropriate) may deduct the tax or charge from the relevant Member's Pension Account or from the benefit or payment giving rise to the tax or charge.

4.6.2

If a Member or beneficiary under the Scheme is or will become liable for any tax or charge which arises in respect of any contributions payable by or in respect of any Member or in respect of any benefit or payment which is to be paid to or in respect of that Member or beneficiary, that tax or charge shall be met by the Member or other person on whom the liability to the tax or charge falls unless the Trustee determines that:

- (a) to the extent permitted by law, that tax or charge shall be deducted from the Member's Pension Account or from the benefit or payment giving rise to the charge; or
- (b) that tax or charge shall be met in such other way as the Trustee may determine.

4.7

Relief at Source

To the extent that a Member is entitled to be given relief in accordance with section 192 of the Finance Act 2004, the Scheme Administrator may, to the extent permitted by law:

4.7.1 make a claim to HMRC in respect of that Member for any amount treated as income tax paid for the purposes of relief at source;

4.7.2 subsequently receive any amounts paid by HMRC pursuant to a claim under Rule 4.7.1 and allocate it to the appropriate Member's Pension Account;

4.7.3 act on behalf of the Member in dealings with HMRC in relation to relief at source in so far as that relief relates to contributions paid or payable to the Scheme; and

4.7.4 do all such things necessary to make good the position in respect of any Member who has claimed relief at source at a time when that Member was not entitled to do so.

4.8 **Notices etc.**

Notices of any matter under the Rules (including notice of a direction, request or selection) must be given to the Trustee at the time and place and in the form and manner, and with the supporting evidence (if any) as the Trustee may determine.

5. Members' And Employers' Panels

5.1 **Appointment**

The Trustee shall:

5.1.1 appoint to the Members' Panel such Members and such other persons representing the interests of Members as it considers appropriate having regard to the membership profile of the Scheme from time to time; and

5.1.2 appoint to the Employers' Panel such individuals who are, or who represent, a Participating Employer and such other persons representing the interests of Participating Employers as it considers appropriate having regard to the profile of Participating Employers from time to time.

5.2 **Selection, appointment and removal**

The Trustee shall establish such procedures for attracting, selecting, appointing and removing members of each of the Panels as it sees fit.

5.3 **Reporting**

5.3.1 Each of the Panels shall report to the Trustee periodically on the exercise of the Panel's functions in such format and at such intervals as the Trustee may reasonably require, and recorded in the terms of reference to be prepared under Rule 5.4 below.

5.3.2 The Trustee shall report to Members on the exercise of the Panels' functions in such format and at such intervals as the Trustee sees fit.

5.4

Terms of reference

5.4.1

The Trustee must secure that:

- (a) terms of reference are prepared and maintained for each of the Panels; and
- (b) the terms of reference are reviewed at such intervals, and on such occasions, as the Trustee may reasonably determine and, if necessary, revised.

5.4.2

The terms of reference shall document:

- (a) the functions of the Panels; and
- (b) matters relating to the administration and operation of the relevant Panels consistent with their functions.

5.4.3

The Trustee may, having consulted the relevant Panel, amend the terms of reference where the Trustee considers this to be necessary or desirable.

5.4.4

The terms of reference and any amendments to them from time to time shall be published in such a way as to be available to any interested person and such publication may be limited to electronic publication.

6. Employer participation

6.1

Subject to Rule 6.2

6.1.1

an Employer falling within article 18(1) of the Order shall be admitted to participation; and

6.1.2

an Employer falling within articles 18(2) and (3) of the Order may be admitted to participation with the agreement of the Trustee.

6.2

Participation under Rule 6.1 above is conditional on the Employer agreeing to the following terms and conditions for admittance of Employers to participation in the Scheme.

6.2.1

The Employer shall at all times comply with the obligations of a Participating Employer set out in the Order and the Rules (as amended from time to time).

6.2.2

The Employer shall at all times comply with the following requirements in relation to the efficient administration of the Scheme:

- (a) such requirements about the provision of information in relation to the Employer and any person employed by that Employer as the Trustee may determine to be necessary or desirable in order to admit that person to Membership and enable the Trustee to administer the Member's Pension Account;
- (b) such requirements as the Trustee may determine to be necessary or desirable in order to obtain tax relief on Members' contributions;

- (c) such requirements as the Trustee may determine to be necessary or desirable in order to facilitate the use of electronic communications and the electronic processing of data consistently with the requirements of the Data Protection Act 1998;
- (d) such requirements as the Trustee may determine to be necessary or desirable to facilitate payments by the Employer to the Scheme and (if applicable) payments from the Scheme to the Employer;
- (e) such requirements about website usage as the Trustee may determine to be appropriate; and
- (f) such other or additional requirements as the Trustee may determine to be necessary or desirable in order to facilitate the efficient administration of the Scheme and limit the costs of the administration and management of the Scheme.

6.2.3

The Employer shall nominate the Employers' Panel to represent the Employer in the exercise of the functions conferred on the Employers' Panel by article 8 of the Order.

6.2.4

The Employer shall make such payments to the Trustee as may be required under the Scheme's payment schedule applicable to the Employer and such charges (if any) as may be payable by the Employer under the schedule of employer charges which the Trustee determines to be payable in order to recover from Employers the costs of the administration and management of the Scheme which the Trustee determines to be attributable to the acts or omissions of Employers.

6.3

The agreement referred to in Rule 6.2 shall be in such form as the Trustee shall determine and notify to the Employer.

6.4

The participation of a Participating Employer in the Scheme shall terminate subject to and in accordance with the following provisions.

6.4.1

A Participating Employer may terminate its participation in the Scheme by giving notice to the Trustee stating that it wishes to terminate its participation with effect from a date specified in the notice.

6.4.2

The Trustee may determine the form of the notice and, if it does so, then to be valid a notice must be in the form so determined unless the Trustee agrees to accept notice in another form.

6.4.3

For the notice to be valid the date specified in the notice as the date on which the Participating Employer's participation will terminate must be not earlier than 28 days after the date on which the notice is received by the Trustee unless the Trustee agrees to accept an earlier date.

6.4.4

The Trustee shall notify the Participating Employer if the notice is not valid. If the notice is valid, then at the later of:

- (a) the end of the date specified in the notice as the date on which the Participating Employer wishes to cease participation, and

- (b) the date of payment of any amounts due and unpaid by it, the Participating Employer shall cease to be a Participating Employer and shall become a Former Participating Employer in respect of the period of participation ending with that cessation.

6.4.5

A Former Participating Employer shall have no obligation or liability to the Trustee under the Scheme in relation to any period of participation immediately preceding the termination of its participation except in respect of any act or omission by it that occurred before its participation ceased.

6.4.6

A Former Participating Employer may be re-admitted to participation in the Scheme subject to and in accordance with article 18 of the Order and Rules 6.1 to 6.3 and thereby become a Participating Employer in respect of the period from its re-admittance to participation.

The following provisions of this Rule shall apply subject to articles 22 to 26 of the Order and Rules 12 and 14. If more than one Joining Event applies to a Member at any one time, contributions shall be paid separately by each of the Member's Employers in accordance with whichever of Rules 7.1.1 to 7.1.5 are currently applicable.

7. Employer contributions

7.1

The following provisions of this Rule shall apply subject to Rules 12 and 14. If more than one Joining Event applies to a Member at any one time, contributions shall be paid separately by each of the Member's Employers in accordance with whichever of Rules 7.1.1 to 7.1.5 are currently applicable.

7.1.1

Where in respect of a Member a Participating Employer has elected to use the Scheme to fulfil its duties under:

- (a) in relation to Great Britain, section 2(1) (by virtue of section), 3(2), 5(2) or 7(3) of the 2008 Act; or
- (b) in relation to Northern Ireland, section 2(1) (by virtue of section), 3(2), 5(2) or 7(3) of the 2008 NI Act),

from the date that admission to Membership or the making of Contribution Arrangements in relation to that employer takes effect, the Participating Employer shall pay and the Trustee shall accept such contributions as may be required in order for the Scheme to meet the quality requirement referred to in Part 1 of the 2008 Act (Part 1 of the 2008 NI Act), or the alternative requirement referred to in Part 1 of the 2008 Act (or Part 1 of the 2008 NI Act), in relation to the Member, having regard to the contributions being paid by the Member under Rule 9.1.

7.1.2

Each Participating Employer that has been admitted to the Scheme under article 18(3) of the Order must, in respect of each Member for whom that Participating Employer has elected to use the Scheme under article 19(2) of the Order, pay during the Pre-Duty Period, contributions at the rate set out in section 29(1)(a) of the 2008 Act (or section 29(1)(a) of the 2008 NI Act in relation to Northern Ireland), or where the Participating Employer

has elected to use the alternative requirement referred to in section 28(2) of the 2008 Act (or section 28(2) of the 2008 NI Act) contributions at the rate for the 1st Transitional Period as set out in regulation 32I of the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010 (or regulation 32I of the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations (Northern Ireland) 2010. From the day after the final day of the Pre-Duty Period, Rule 7.1.1 will apply to a Participating Employer to whom this Rule 7.1.2 applied during the Pre-Duty Period.

7.1.3

Where a Member is working or ordinarily works in the United Kingdom and is employed by a Participating Employer to which neither of Rules 7.1.1 or 7.1.2 applies, the Participating Employer may pay such contributions as the Participating Employer shall notify to the Trustee and the Member.

7.1.4

A Participating Employer may at any time before the Member attains age 105, pay, and the Trustee shall accept, additional contributions in respect of any Member employed or formerly employed by that Participating Employer where the Member is working or ordinarily works in the United Kingdom.

7.1.5

Each Participating Employer must, in respect of any Member who is absent from employment with that Participating Employer due to maternity leave, paternity leave, adoption leave, parental leave or family leave, pay such contributions as may be required in order to comply with the relevant provisions of applicable legislation in force from time to time.

7.2

Subject to Rules 12 and 14, any contributions paid by a Participating Employer under Rule 7.1 shall be applied to the credit of the relevant Member's Pension Account.

Subject to articles 22 to 26 of the Order and Rules 12 and 14, any contributions paid by a Participating Employer under Rule 7.1 shall be applied to the credit of the relevant Member's Pension Account.

8. Joining events

8.1

General Provisions

8.1.1

A person shall be admitted to Membership or the Trustee shall make Contribution Arrangements in relation to the Member in the circumstances set out in Rule 8.2 and in accordance with the following Rules 8.1.2 to 8.1.5.

8.1.2

Admission to Membership or the making of Contribution Arrangements in relation to the Member will be subject in each case to receipt by the Trustee of all information required by the Trustee from the person or the Employer in order to admit the person to Membership or, as applicable, to make Contribution Arrangements.

8.1.3

The date on which:

- (a) a person is admitted to Membership in relation to an employment; or
- (b) Contribution Arrangements are to be regarded as having been made in relation to an employment in respect of a person who is already a Member,

(being the date on which that person becomes an active member of the Scheme in relation to that employment for the purposes of Part 1 of the 2008 Act or Part 1 of the 2008 NI Act (as applicable)) shall be such date as the Trustee shall determine and notify to that person, but such admission or the making of Contribution Arrangements shall be with effect from the relevant date set out in Rule 8.2.

8.1.4

Subject to Rule 8.1.5, when a person's admission to Membership is by reason of Automatic Enrolment, Automatic Reenrolment or Opt-in, and that person gives notice under Rule 12.1.1 with the result that section 8(2) of the 2008 Act or section 8(2) of the 2008 NI Act (as applicable) shall apply, the person's Membership shall be treated for all purposes as having been cancelled on that occasion (so that the person shall be treated as not having become a Member on that occasion) and the person's Pension Account shall be closed after any refund of contributions has been made. Following any cancellation of a person's Membership in accordance with this Rule, the person shall be eligible to be admitted to Membership on a subsequent occasion in accordance with article 19(1) to (4) of the Order.

8.1.5

When:

- (a) a person's admission to Membership is by reason of Automatic Enrolment, Automatic Re-enrolment or Opt-in;
- (b) the person gives notice under Rule 12.1.1 in respect of the person's admission to Membership with the result that section 8(2) of the 2008 Act or section 8(2) of the 2008 NI Act (as applicable) shall apply;
- (c) before the person's Pension Account is closed in accordance with Rule 8.1.4, one or more Contribution Arrangements are made in respect of the person in relation to any other employment or a case as described in article 19(4) of the Order; and

- (d) if such Contribution Arrangements:
- (i) are only a case or cases within Rule 8.2.1 or Rule 8.2.2 and the person does not give notice under Rule 12.1.1 in respect of the making of those Contribution Arrangements (or all of them if more than one are made); or
 - (ii) are or include arrangements in respect of which the person has no right to give notice, in relation to Great Britain, in accordance with section 8 of the 2008 Act or, in relation to Northern Ireland, in accordance with section 8 of the 2008 NI Act;

then the person's Pension Account shall not be closed and the person shall be treated as having been admitted to Membership on the occasion of the Contribution Arrangements referred to in paragraph (c) above being made (or if more than one are made, the first in time to be made of the Contribution Arrangements in respect of which the person does not give notice under Rule 12.1.1).

8.2

Specific Joining Events

8.2.1

Automatic Enrolment and Automatic Re-enrolment

Admission to Membership or the making of Contribution Arrangements by reason of Automatic Enrolment or Automatic Re-enrolment shall take effect from the Automatic Enrolment Date or the Automatic Re-enrolment Date if the Employer has complied with its obligations in regulation 6(1)(a) or regulation 13(1) of the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010 or in regulation 6(1) (a) or regulation 13(1) of the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations (Northern Ireland) 2010 in relation to the timing of the making of arrangements and otherwise at a date to be determined by the Trustee.

8.2.2

Opt-in

Admission to Membership or the making of Contribution Arrangements by reason of Opt-in shall take effect from the date prescribed in regulations made under section 7(4) of the 2008 Act in relation to Great Britain or section 7(4) of the 2008 NI Act in relation to Northern Ireland if the employer has complied with its obligations in regulation 18(3) of the Occupational and Personal Pension Scheme (Automatic Enrolment) Regulations 2010 or in regulation 18(3) of the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations (Northern Ireland) 2010 in relation to the timing of the making of arrangements and otherwise at a date to be determined by the Trustee.

8.2.3

Self-employed

Admission to Membership or the making of Contribution Arrangements in respect of a person who is Self-employed shall be with effect from such date as the Trustee may determine.

8.2.4

Single Person Director

Admission to Membership or the making of Contribution Arrangements in respect of a person who is a Single Person Director shall be with effect from such date as the Trustee may determine.

8.2.5

By Notice

Admission to Membership or the making of Contribution Arrangements By Notice shall be with effect from the date notified to the Trustee by the Member's Employer.

[Not in use]

8.2.6

By transfer in

Admission to Membership or the making of Contribution Arrangements by reason of a bulk transfer in without consent under article 19(4A) of the Order shall be with effect from such date as the Trustee determines.

8.2.7

Admission in advance of the duties

Admission to Membership or the making of Contribution Arrangements under article 19(2) of the Order where:

- (a) in relation to Great Britain, sections 2 to 9 of the 2008 Act; or
- (b) in relation to Northern Ireland, sections 2 to 9 of the 2008 NI Act, do not yet apply in relation to a Participating Employer, shall be with effect from such date as the Trustee may determine.

8.3

[Not in use]

8.4

Active membership

A Member **by or in respect of** whom:

8.4.1

Employer contributions under either Rule 7.1.1 or Rule 7.1.2, and

8.4.2

Member contributions under either Rule 9.1 or Rule 9.2 are not payable, shall continue to be treated as a Member for all purposes of the Scheme, provided they have not opted out under Rule 12.1.

9. Member contributions

If more than one Joining Event applies to a Member at any one time, that Member shall pay contributions separately in accordance with whichever of Rules 9.1 to 9.6 are currently applicable to that Member.

9.1

Automatic Enrolment, Automatic Re-enrolment and Opt-in

Where a Member is admitted to Membership or where in respect of a Member the Trustee makes Contribution Arrangements because the Member's Employer is using the Scheme to fulfil its duties under:

9.1.1 in relation to Great Britain, section 2(1) (by virtue of section 2(3)), 3(2), 5(2) or 7(3) of the 2008 Act; or

9.1.2 in relation to Northern Ireland, section 2(1) (by virtue of section 2(3)), 3(2), 5(2) or 7(3) of the 2008 NI Act,

from the date that admission to Membership or the making of Contribution Arrangements in relation to that employer takes effect, the Member shall pay and the Trustee shall accept such contributions as may be required in order for the Scheme to meet the quality requirement referred to in Part 1 of the 2008 Act (or Part 1 of the 2008 NI Act), or the alternative requirement referred to in Part 1 of the 2008 Act (or Part 1 of the 2008 NI Act) in relation to the Member, having regard to the contributions being paid by the Member's Employer under Rule 7.1.1.

9.2

Admission under article 19(2) of the Order

9.2.1

Each Member who is admitted to Membership or in respect of whom the Trustee makes Contribution Arrangements because the Member's Employer has elected to use the Scheme under articles 18(3) and 19(2) of the Order, must during the Pre-Duty Period pay contributions as required to ensure that, having regard to the contributions paid by the relevant Participating Employer under Rule 7.1.2, the requirement set out in section 29(1)(b) of the 2008 Act (or section 29(1)(b) of the 2008 NI Act in relation to Northern Ireland) is met.

9.2.2

From the day after the final day of the Pre-Duty Period, Rule 9.1 will apply to a Member to whom Rule 9.2.1 applied during the Pre-Duty Period.

from a Member whose currently applicable Joining Event was under Rules 8.2.3, 8.2.4 or 8.2.5

9.3

Other cases

Subject to Rule 14, the Trustee shall accept such contributions:

9.3.1

from a Member whose currently applicable Joining Event was under Rules 8.2.3, 8.2.4 8.2.5 or 8.2.6; or

9.3.2

from any other Member aged between 16 and 105 who has a Pension Account, as that Member notifies to the Trustee with such notification to be in such form as the Trustee may require.

9.4

Additional contributions

Subject to Rule 14, a Member to whom Rules 8.2.1, 8.2.2, 8.2.6 or 8.2.7 apply may pay such additional contributions at such rates as the Member may notify to the Trustee, with such notification to be in such form as the Trustee may require.

9.5

Subsequent changes

Contributions shall be paid by reference to the Joining Event currently applicable to that Member (whether on first admission to Membership or due to the subsequent making of Contribution Arrangements by the Trustee).

9.6

Family Leave

Subject to Rule 14, a Member shall pay and the Trustee shall accept such contributions from a Member who is absent from employment due to maternity leave, paternity leave, adoption leave, parental leave or family leave as may be required under the relevant provisions of applicable legislation in force from time to time.

9.7

Finance Act 2004: Refund of excess contributions lump sum

9.7.1

Subject to Rule 9.7.2, the Trustee may pay a lump sum to a Member from that Member's Pension Account to the extent that the lump sum is a refund of excess contributions lump sum as defined in paragraph 6 of Schedule 29 to the Finance Act 2004.

9.7.2

The Trustee must ensure that any payment which it makes under Rule 9.7.1 does not prevent the Scheme from satisfying the quality requirement under Part 1 of the 2008 Act or Part 1 of the 2008 NI Act.

10. Third party contributions

A person other than a Participating Employer or the Member may pay, and the Trustee shall accept, contributions in respect of a Member before the Member attains age 105 and, subject to articles 22 to 26 of the Order such contributions shall be applied to the credit of the relevant Member's Pension Account.

A person other than a Participating Employer or the Member may pay, and the Trustee may accept, contributions in respect of a Member before the Member attains age 105 and such contributions shall be applied to the credit of the relevant Member's Pension Account.

11. Pension accounts and general account

11. Pension accounts, general account and excess contributions account

Subject to articles 22 to 26 of the Order and Rule 14, the Trustee shall establish and maintain a single Pension Account for each Member to which all contributions paid by or in respect of that Member shall be credited.

11.1

Subject to Rule 14, the Trustee shall establish and maintain a single Pension Account for each Member to which all contributions paid by or in respect of that Member shall be credited.

11.2

The Trustee may make any other entry in the Pension Account of any Member as it may consider necessary or desirable in order to account for any other change in the value of the Scheme assets which is attributable to the Member's interest in the Scheme (including, for the avoidance of doubt, any deduction under article 27 of the Order and any entry to correct any error relating to a Member's Pension Account).

11.3

Each Member's Pension Account shall be maintained by the Trustee solely for the purpose of calculating the benefits payable to and in respect of the Member concerned, and no Member shall have a proprietary right to any of the investments for the time being representing the balance of the Member's Pension Account.

11.4

The Trustee shall establish and maintain an account, to be known as the General Account, to which Scheme monies not attributable to a Member's Pension Account shall be allocated. The Trustee may transfer an amount from a Member's Pension Account to the General Account in such cases as may be provided for in these Rules or where the Trustee determines that such a transfer is appropriate in order to correct any error giving rise to a windfall gain in a Member's Pension Account. The General Account shall be used for such purposes of the Scheme as the Trustee may determine.

11.5

The Trustee may transfer such amount as the Trustee determines from the General Account to a Member's Pension Account for such purposes and in such circumstances as the Trustee from time to time determines are appropriate and not otherwise contrary to the Order or these Rules (including, but without limitation, in order to compensate a Member for or in respect of any shortfall or discrepancy in their Pension Account, to meet costs or liabilities arising in respect of the Member's Pension Account as determined by the Trustee, and any other circumstances which the Trustee determines are concerned with the administration and management of the Scheme).

Any transfer from the General Account under this Rule 11.5 shall be on such terms and subject to such conditions (if any) as the Trustee may determine. The Trustee may treat such amounts as general costs of administering and managing the Scheme under Rule 4.5.1.

11.6

The Trustee shall establish and maintain an account, to be known as the Excess Contributions Account, which shall hold contributions paid prior to 1 April 2017 by, on behalf of or in respect of, a Member, which exceeded the Annual Contribution Limit at the time such contributions were received by the Scheme and which were not rejected, refunded or applied to the Member's Pension Account in accordance with the Rules in force at the time. Such amounts shall be capable of being refunded in accordance with Rule 14 on the grounds that at the time they were paid, prior to 1 April 2017, they exceeded the Annual Contribution Limit in force at that time.

Any payments made to the Scheme which the Trustee determines have been paid in genuine error shall not be held in or otherwise allocated to the Excess Contributions Account and the Trustee shall determine how to treat such amounts (which may include paying such amount(s) to the Member and/or Employer concerned).

12. Ceasing payment of contributions

12.1

Right to opt-out

12.1.1

Those Members whose most recent Joining Event was Automatic Enrolment, Automatic Re-enrolment or Opt-in may give notice:

- (a) in relation to Great Britain, in accordance with section 8 of the 2008 Act; or
- (b) in relation to Northern Ireland, in accordance with section 8 of the 2008 NI Act,

at any time within the Opt-out Period.

12.1.2

On giving notice under Rule 12.1.1 to opt-out of the Scheme, section 8(2) of the 2008 Act or section 8(2) of the 2008 NI Act (as applicable) shall apply. Any refund of contributions pursuant to section 8(2)(b) of the 2008 Act or section 8(2)(b) of the 2008 NI Act (as applicable) shall be refunded in such manner as the Trustee shall determine.

12.2

Right to cease payment of contributions

12.2.1

Without prejudice to Rule 12.1 any Member, or any Member's Employer on behalf of the Member, may at any time give notice to the Trustee in such form and in such manner as the Trustee may determine to cease paying contributions to the Scheme. If the Member's notice, or the Member's Employer's notice on their behalf, is to cease paying contributions under Rules 9.1 or 9.2, then from the date that such notice takes effect, any corresponding obligation on the Member's Employer to make contributions under Rules 7.1.1 or 7.1.2 will also cease.

12.2.2

A Member who gives notice, or whose Member's Employer gives notice on their behalf, under Rule 12.2.1 may subsequently and from time to time recommence the payment of contributions in accordance with Rule 9 where any of those provisions apply. If Rule 8.2.2 applies in relation to that Member on such recommencement, the obligation on its Participating Employer to contribute under Rule 7.1.1 will also recommence. There shall be no restriction on the number of times that a Member can cease and recommence paying contributions to the Scheme.

13. Entitlement to benefits under the scheme

A Member shall be entitled to benefits under the Scheme in respect of the Member's Pension Account payable in accordance with Rules 16, 18 or 23 but subject to Rules 4.3, 4.4, 4.5, 4.6, 12 and 17.

14. Annual contribution limit

14.1 Any contributions paid to the Scheme before 1 April 2017 by, on behalf or in respect of, a Member, which are held by the Trustee in the Excess Contributions Account on 1 April 2017 will be subject to Rule 14.2 unless the Trustee determines that Rule 14.4 applies.

14.2

Any contributions subject to this Rule shall:

14.2.1

in the case of contributions made to the Scheme by a Member, or by a Member's Employer on behalf of the Member, be applied to the Pension Account of the Member in the next following Tax Year or any subsequent Tax Year, as determined by the Trustee, unless the Member requests the Trustee, in such form and within such timescale as the Trustee shall determine, to refund the amounts concerned to the Member, subject to any terms and

conditions as the Trustee may from time to time determine;

14.2.2

in the case of contributions made to the Scheme by a Member's Employer in respect of the Member, be applied to the Pension Account of the Member in the next following Tax Year, or any subsequent Tax Year as determined by the Trustee; and

14.2.3

in the case of contributions made to the Scheme by any other person in respect of the Member, be applied to the Pension Account of the Member in the next following Tax Year, or any subsequent Tax Year as determined by the Trustee

provided that:

- (a) Minimum Contributions must not be refunded whether under this Rule 14 or any other provision of the Rules; and
- (b) the Trustee shall determine the arrangements which shall apply as regards the order in which contributions may be refunded under this Rule 14.

14.3

No interest shall be paid on any refund of excess contributions under this Rule.

14.4

The Trustee may determine not to refund contributions under this Rule 14 if the Annual Contribution Limit in effect at the relevant time was exceeded by an amount determined by the Trustee to be disproportionate to the cost of making a refund. In such case, the Trustee shall apply the contributions to the Pension Account of the Member at such time as the Trustee shall determine.

Calculation of the Annual Contribution Limit

For the purposes of article 22(4) of the Order the Trustee must calculate the Annual Contribution Limit:

14.1.1

on the first occasion, by multiplying the figure set out in article 22(1) of the Order by the increase in the Average Earnings Index between December 2005 and the date closest to the date on which the Trustee makes the adjustment for which there is evidence of Average Earnings Index; and

14.1.2

on each subsequent occasion, by multiplying the Annual Contribution Limit calculated for the previous Tax Year by the increase in the Average Earnings Index between:

- (a) the date of the last Average Earnings Index used to calculate the Annual Contribution Limit; and
- (b) the date closest to the start of the following Tax Year for which there is evidence of the latest Average Earnings Index provided that if the Average Earnings Index does not increase, or decreases, in the relevant period, the Trustee shall deem the increase for that period to be nil and the Annual Contribution Limit for that Tax Year shall be the same as the Annual Contribution Limit calculated in respect of the previous Tax Year.

14.2

Other provisions in relation to the Annual Contribution Limit

14.2.1

The Trustee must round the Annual Contribution Limit calculated in accordance with Rule 14.1 up to the nearest £100.

14.2.2

The Trustee must publish the Annual Contribution Limit calculated in accordance with Rule 14.1 promptly (and in any event before the start of Tax Year for which it applies) in such form as the Trustee shall determine.

14.3

Refunds of contributions

14.4.3

Where the Trustee does not refund excess contributions and Rule 14.4.2 above does not apply, the Trustee may at the request of the Member apply those contributions (in so far as they relate to contributions made by that Member) to the Member's Pension Account in lieu of contributions otherwise payable by the Member in a subsequent Tax Year.

14.4.4

Excess contributions applied under Rule 14.4.3 will count towards the Annual

Contribution Limit in the Tax Year in which they are so applied.

14.4.5 Rule 14.4.6 applies where:

- (a) in a Tax Year (referred to in this Rule and Rule 14.4.6 as the "Tax Year in question") a Member is a Jobholder in respect of whom the Member's Employer is paying contributions in accordance with Rule 7.1.1;
- (b) in the Tax Year in question the Trustee receives contributions from that Member's Employer on behalf of or in respect of the Member all or any part of which, having regard to contributions previously received by the Trustee and applied to the Member's Pension Account, constitute contributions in excess of the Annual Contribution Limit for the Tax Year in question;
- (c) the Trustee determines that such excess contributions may be or include Minimum Contributions; and
- (d) as at the end of the Tax Year in question all or part of the excess contributions have not been determined to be Minimum Contributions an applied in accordance with the other provisions of the Order and Rules relating to Minimum Contributions.

14.4.6

Where this Rule applies, the Trustee shall not apply to the Member's Pension Account during the Tax Year in question any of the excess contributions referred to in paragraph (d) of Rule 14.4.5 that are in excess of the Annual Contribution Limit and may be Minimum Contributions. Instead, the Trustee shall:

- (a) determine what amount of those excess contributions must be retained by the Scheme to avoid refunding Minimum Contributions (the "Retained Amount");
- (b) if the Retained Amount is less than the amount of the excess contributions, refund the balance of the excess contributions in accordance with Rule 14.3; and
- (c) hold the Retained Amount in suspense, apply it to the Member's Pension Account at the beginning of the next following Tax Year and for the purpose of the Annual Contribution Limit, treat it as if it comprised contributions made in that next following Tax Year. This Rule applies in a case where article 26 of the Order applies as well as in a case where it does not.

14.5

Disapplication of the Annual Contribution Limit

14.5.1

The Trustee may determine that article 22 of the Order does not apply in the Tax Year in which:

- (a) a Member dies; or
- (b) the Trustee's liability in respect of a Member is discharged pursuant to Rules 16, 18 or 23.

14.5.2

Except where Rule 14.5.1 applies, article 24 of the Order shall still apply to any contributions in excess of the Annual Contribution Limit and which do not fall within article 24(4) or article 26 of the Order.

14.6

Family Leave

If:

- (a) a Member is absent from employment with a Participating Employer due to maternity leave, paternity leave, adoption leave, parental leave or family leave;
- (b) contributions are paid by the Participating Employer in accordance with Rule 7.1.5 and/or the Member in accordance with Rule 9.6; and
- (c) such contributions (or any part of them) do not qualify as Minimum Contributions but would have so qualified if the Member had not been absent due to maternity leave, paternity leave, adoption leave, parental leave or family leave;

then, for the purpose of the provisions of the Scheme relating to the Annual Contribution Limit in their application to the Member, such contributions (or, if applicable, the part of them not qualifying as Minimum Contributions) shall be treated as if they were Minimum Contributions.

15. Investment

15.1

Consolidation etc. of Investment Funds

15.1.1

If the Trustee decides to exercise the powers conferred by article 29(3) of the Order, it must notify the Members affected by that decision, explain the effect of that decision and invite the Members so affected to choose an alternative Investment Fund.

15.1.2

In the absence of any instructions from the Member following notification under Rule 15.1.1, the Trustee shall allocate the assets referable to the relevant Member's Pension Account to the Investment Funds referred to as default investment funds in article 29(5) of the Order.

15.2

Investment Funds: general

15.2.1

The composition of the underlying investments attributed to each Investment Fund shall be determined by the Trustee.

15.2.2

No Member shall be afforded any choice in relation to the composition of any underlying investment attributed to any Investment Fund.

16. Payment of benefits

16.1

Determination of Benefit Age

16.1.1

A Member's Benefit Age:

- (a) will be determined in accordance with Rule 16.1.2 when the Member is first admitted to Membership;
- (b) may be changed by the Member in accordance with Rule 16.1.3; and
- (c) will be automatically changed in the circumstances set out in and in accordance with Rules 16.1.4, 16.1.5 and 16.1.6.

16.1.2

When a Member is first admitted to Membership, the Member's Benefit Age will be:

- (a) such date as the Member shall notify to the Trustee (in such form as the Trustee may require) being a date not earlier than the date the Member attains Normal Minimum Pension Age (or the date the Member is admitted to Membership, if later) and not later than the day immediately before the Member attains age 105; or
- (b) in the absence of a notification under (a) above,
 - (i) in the case of a Member born on or before 5 December 1953, who has not yet attained age 65, the date the Member attains age 65;
 - (ii) in the case of a Member born after 5 December 1953, who has not yet attained State Pension Age, the date the Member attains State Pension Age;

(iii) in the case of a Member who has already attained the relevant age in (i) or (ii) above, but has not yet attained age 75, the Member's Benefit Age will be the day the Member attains age 75;

(iv) in the case of a Member who has already attained age 75, the Member's Benefit Age will be the day immediately before the Member attains age 105.

16.1.3

A Member's Benefit Age may be changed by the Member giving notice to the Trustee in such form, within such time limits and subject to any other restrictions as the Trustee may reasonably determine.

16.1.4

If a Member attains Benefit Age without the Member's Pension Account being applied to provide benefits under Rule 16, then unless the Benefit Age is the day immediately before the Member attains age 105, Benefit Age for the Member will become:

- (a) in the case of a Member who was born on or before 5 December 1953 and whose Benefit Age is under 65, the date the Member attains age 65; or
- (b) in the case of a Member who was born on or before 5 December 1953 and whose Benefit Age is on or after the date the Member attains age 65, but before the date the Member attains age 75, the day the Member attains age 75; or
- (c) in the case of a Member who was born on or before 5 December 1953 and whose Benefit Age is on or after the date the Member attains age 75, the day immediately before the Member attains age 105

(d) in the case of a Member who was born after 5 December 1953 and whose Benefit Age is under State Pension Age, the date the Member attains State Pension Age; or

(e) in the case of a Member who was born after 5 December 1953 and whose Benefit Age is on or after the date the Member attains State Pension Age, but before the date the Member attains age 75, the day the Member attains age 75.

(f) in the case of a Member who was born after 5 December 1953 and whose Benefit Age is on or after the date the Member attains age 75, the day immediately before the Member attains age 105.

16.1.5

If:

- (a) a Member's Benefit Age has been changed under either Rule 16.1.4(a) or 16.1.4(d); and
- (b) the Member attains that later Benefit Age without the Pension Account being applied to provide benefits under Rule 16, Benefit Age for the Member will become the day the Member attains age 75.

16.1.6

If:

- (a) a Member's Benefit Age has been changed under either Rule 16.1.4(b) or 16.1.4(e); and
- (b) the Member attains that later Benefit Age without the Pension Account being applied to provide benefits under Rule 16, Benefit Age for the Member will become the day immediately before the Member attains age 105.

16.2

Commencement of benefits at Benefit Age

On reaching Benefit Age a Member shall be entitled to have an amount equal to the value of the Member's Pension Account applied to provide benefits for or in respect of that Member in accordance with Rules 16.4 or 16.6.

16.3

Early commencement of benefits

16.3.1

A Member may give notice to the Trustee (in such form and within such time limits as the Trustee may reasonably require) requesting that the Member's Pension Account be applied to provide benefits for or in respect of that Member before the Member's Benefit Age.

16.3.2

The Trustee shall comply with such request provided that:

- (a) such benefits will only be paid on or after the Member reaches Normal Minimum Pension Age; or
- (b) the Member:
 - (i) provides evidence to the Scheme Administrator from a Registered Medical Practitioner which states that the Member is (and will continue to be) suffering from Incapacity; and
 - (ii) certifies, in such form as the Trustee may require, that the Member has in fact ceased to carry on any occupation.

16.4

Benefits

16.4.1

Subject to Rule 16.6, a Member who becomes entitled to have their Pension Account applied under Rules 16.1 to 16.3 shall have the following options:

- (a) the Member may direct the Trustee to pay a cash equivalent transfer value in accordance with Rule 23.2; or
- (b) the Member may direct the Trustee to apply the Member's Pension Account to purchase a (but only one) Lifetime Annuity Policy in the Member's own name, such Lifetime Annuity Policy to be selected by the Member.

16.4.2

[Not in use]

16.4.3

A Member may immediately before exercising the options at Rule 16.4.1(b) above elect in such form and manner as the Trustee may determine to commute part of the Member's Pension Account (not exceeding the Permitted Maximum) for a lump sum.

16.4.4

The Trustee shall make such arrangements for the payment of the lump sum under Rule 16.4.3 (including payment by an annuity provider as agent of the Trustee) as it sees fit.

16.4.5

The Trustee may make such arrangements and provide such information to Members as it shall see fit (subject to any restrictions imposed by law) in relation to the selection of an annuity and the provider of such annuity.

[Not in use]

16.5

Authorised lump sum payments

The Trustee may make such lump sum payments from a Member's Pension Account, subject to such terms and conditions as it shall from time to time determine, provided that any such payments must be authorised for the purposes of Part 4 of the Finance Act 2004.

16.6

Total Commutation

16.6.1

Subject to Rule 17.3, the Trustee may commute a Member's Pension Account for a lump sum if:

- (a) the Member provides evidence to the Scheme Administrator from a Registered Medical Practitioner which states that the Member is suffering from Serious Ill-Health and the payment would be a serious ill-health lump sum for the purposes of paragraph 4 of Schedule 29 to the Finance Act 2004; or
- (b) the payment would be a trivial commutation lump sum for the purposes of paragraph 7 of Schedule 29 to the Finance Act 2004; or
- (c) the requirements of either regulation 11 or 12 of The Registered Pension Schemes (Authorised Payments) Regulations 2009 are met.

16.6

Total Commutation and lump sums

16.6.1

Subject to Rule 17.3, the Trustee may commute a Member's Pension Account for a lump sum if:

- (a) the Member provides evidence to the Scheme Administrator from a Registered Medical Practitioner which states that the Member is suffering from Serious Ill-Health and the payment would be a serious ill-health lump sum for the purposes of paragraph 4 of Schedule 29 to the Finance Act 2004; or
- (b) the requirements of either regulation 11 or 12 of The Registered Pension Schemes (Authorised Payments) Regulations 2009 are met.

[Not in use]

16.6.2

Subject to Rule 17.3, the Trustee may:

- (a) pay the Member's Pension Account in full as a single lump sum; or
- (b) pay partial lump sums from the Member's Pension Account,

(in either case subject to such terms and conditions as the Trustee may from time to time determine) provided that any such lump sum(s) payable under this Rule 16.6.2 must be an uncrystallised funds pension lump sum for the purposes of paragraph 4A of Schedule 29 to the Finance Act 2004.

Following the purchase of an annuity in accordance with Rule 16.4 or 16.5 and/or the payment of a lump sum under Rules 16.4.3, or 16.6, the Trustee shall be discharged from all further liability to provide the benefits secured by the annuity policy or in respect of which the Member has received a lump sum payment.

16.7

Discharge of Member's Pension Account and Trustee's liability

16.7.1

Following the purchase of an annuity in accordance with Rule 16.4 and/or the payment of a lump sum under Rules 16.4.3, 16.5 or 16.6 (which in the case of a lump sum paid under Rule 16.6.1 must extinguish the Member's entitlement to benefits under the Scheme), the Trustee shall be discharged from all further liability to provide the benefits secured by the annuity policy or in respect of which the Member has received a lump sum payment.

16.7.2

Notwithstanding Rule 16.7.1, the Member's Pension Account shall not be treated as having been discharged under the Rules even though the Member may not, at that time, have any entitlement to benefits under the Scheme if:

- (a) the Member and/or their Employer confirm to the Trustee their intention to continue to contribute to the Member's Pension Account by providing such information and meeting such conditions as the Trustee shall from time to time determine; and
- (b) a contribution is paid to the Member's Pension Account by, on behalf of or in respect of the Member, on or before such date as the Trustee shall determine.

16.7.3

Where the Member's Pension Account is not treated as fully discharged under Rule 16.7.1 in circumstances where a partial lump sum has been paid under Rule 16.6.2, the Trustee shall be discharged from all further liability to provide benefits in respect of which the Member has received a lump sum payment.

17. Unclaimed benefits

17.1

[Not in use]

17.2

[Not in use]

17.3

If a Member's Pension Account remains unclaimed after that person has attained (or, if the Member had been alive, would have attained) age 105 and the Trustee cannot trace the Member, the benefit shall cease to be payable and the Member's Pension Account shall become part of the General Account.

17.4

The Trustee may later decide to pay any such benefit if claimed by the Member and the Trustee thinks fit to make the payment. The Trustee may determine in each case whether interest is payable on any such payment.

18. Death benefits

18.1

Death of a Member before age 75

18.1.1

On the death of a Member before age 75 the Trustee shall pay a lump sum equal to the value of the Member's Pension Account to the Member's Nominated Beneficiary or Nominated Beneficiaries in accordance with Rule 18.1.3 or, if applicable, in accordance with Rule 18.1.4.

18.1.2

A Member may only nominate a Nominated Beneficiary by completing such nomination form as the Trustee may prescribe. A Member may revoke a nomination only by completing and delivering to the Trustee such fresh nomination form as the Trustee may prescribe.

18.1.3

The lump sum referred to in Rule 18.1.1 shall be paid to such Nominated Beneficiary or Nominated Beneficiaries that the Member most recently notified to the Trustee in accordance with Rule 18.1.2. If the Member's most recent nomination is of more than one Nominated Beneficiary but the Member has not indicated in the nomination form how the lump sum should be shared between them, the lump sum shall be paid to the Nominated Beneficiaries in equal shares.

18.1.4

If:

- (a) the Member does not notify the Trustee of any Nominated Beneficiary; or
- (b) any Nominated Beneficiary cannot be identified or traced by the Trustee, having taken reasonable steps to do so; or

- (c) a Nominated Beneficiary has predeceased the Member or, in the case of a body corporate, trust, charity, club or society has ceased to exist before the Member's death, then, the lump sum payable under Rule 18.1.1 (or the share of it payable to the Nominated Beneficiary who cannot be traced or who has predeceased the Member or which has ceased to exist) shall be paid to the deceased Member's personal representatives.

18.1.5

If after the application of Rule 18.1.3 and Rule 18.1.4 the remaining total value of the Member's Pension Account amount due from the Scheme under Rule 18.1.1 is not more than £5,000 then the Trustee may pay or apply the remaining value of the Member's Pension Account as it shall determine.

18.1.6

If the death benefit payable under Rule 18.1.1 is not claimed within six years of the date of the Member's death, that benefit shall be forfeit and the remaining balance in the Member's Pension Account shall be transferred to the General Account.

If the death benefit payable under Rule 18.1.1 is not paid under Rule 18.1.3, 18.1.4 or 18.1.5 before the end of the period of two years beginning with the earlier of the day on which the Scheme Administrator first knew of the Member's death and the day on which the Scheme Administrator could first reasonably be expected to have known of it, then any subsequent payment of that benefit shall be subject to Rules 19.1 and 19.2. If that benefit is not claimed within six years of the date of the Member's death, that benefit shall be forfeit and the remaining balance in the Member's Pension Account shall be transferred to the General Account.

18.2

Death of a Member on or after age 75

18.2.1

On the death of a Member on or after age 75 the Trustee shall apply a sum equal to the value of the Member's Pension Account to pay benefits in accordance with Rules 18.2.2 to 18.2.10.

18.2.2

If there is a Nominated Beneficiary or Nominated Beneficiaries, the Trustee shall apply the Member's Pension Account as follows:

- (a) where one or more of the Nominated Beneficiaries is a dependant, to purchase one or more Dependants' Annuity policies or pay one or more lump sums to the Dependand or Dependands nominated by the Member, in accordance with Rule 18.2.3 and Rule 18.2.5; or
- (b) where one or more of the Nominated Beneficiaries is not a dependant, to pay one or more lump sums to the Nominated Beneficiary or Nominated Beneficiaries, in accordance with Rule 18.2.4 and Rule 18.2.5.

18.2.3

Each Dependand referred to in Rule 18.2.2(a) may choose to receive either:

- (a) a Dependants' Annuity; or
- (b) a lump sum if the payment would be a:
 - (i) trivial commutation lump sum for the purposes of paragraph 20 of Schedule 29 of the Finance Act 2004, or
 - (ii) an uncrystallised funds lump sum death benefit for the purposes of paragraph 15 of Schedule 29 to the Finance Act 2004, but only in respect of amounts in excess of payments allowed under paragraph 20 of Schedule 29 of the Finance Act 2004.

If a Dependand does not make a selection, the Trustee shall select a Dependants' Annuity policy.

18.2.4

If the Trustee has taken reasonable steps to confirm that the Member has no Dependands, each Nominated Beneficiary referred to in Rule 18.2.2(b) that is a charity shall be paid a charity lump sum death benefit as defined in paragraph 18(1A) of Schedule 29 of the Finance Act 2004. In any other case an uncrystallised funds lump sum as defined in paragraph 15 of Schedule 29 of the Finance Act 2004 will be paid under Rule 18.2.2(b).

18.2.5

The benefits referred to in Rule 18.2.2 shall be paid to such Nominated Beneficiary or Nominated Beneficiaries that the Member most recently notified to the Trustee in accordance with Rule 18.1.2. If the Member's most recent nomination is of more than one Nominated Beneficiary but the Member has not indicated in the nomination form how the balance of the Member's Pension Account is to be shared between them, it shall be applied in equal shares.

18.2.6

Each Dependand in respect of whom a Dependants' Annuity policy is purchased under Rule 18.2.2 (a) shall have the opportunity to select a Dependants' Annuity policy. If the Dependand does not select a Dependants' Annuity policy, the Trustee shall select a Dependants' Annuity policy which makes provision for the payment of a single life non-escalating Dependants' Annuity and shall notify the relevant Dependand of the selection so made.

18.2.7

If:

- (a) the Member does not notify the Trustee of any Nominated Beneficiary; or
- (b) no Nominated Beneficiary can be identified or traced by the Trustee; or
- (c) there is no Nominated Beneficiary that has not predeceased the Member or, in the case of a body corporate, trust, charity, club or society that has ceased to exist before the Member's death, then the Trustee will take reasonable steps to identify and trace any Dependants. Each traced Dependant may choose to receive either:
 - (i) a Dependants' Annuity; or
 - (ii) a lump sum if the payment would be a:
 - trivial commutation lump sum for the purposes of paragraph 20 of Schedule 29 of the Finance Act 2004, or
 - an uncrystallised funds lump sum death benefit for the purposes of paragraph 15 of Schedule 29 to the Finance Act 2004, but only in respect of amounts in excess of payments allowed under paragraph 20 of Schedule 29 of the Finance Act 2004.

If a Dependant does not make a selection, the Trustee shall select a Dependants' Annuity policy. Where there is more than one traced Dependant, then the Member's Pension Account shall be applied in equal shares.

18.2.8

If Rule 18.2.7(a), (b) or (c) applies and no Dependant or Dependants are identified or traced, then, subject to Rule 18.2.9, the balance of the Member's Pension Account shall be paid to the deceased Member's personal representatives.

18.2.9

If after the application of Rules 18.2.2. to 18.2.8, the remaining value of the Member's Pension Account is not more than £5,000, the Trustee may pay or apply the remaining value of the Member's Pension Account as it shall determine.

18.2.10

Subject to Rule 17.3, if any death benefit payable under Rule 18.2 is not claimed within 6 years of the date of the Member's death, that benefit shall be forfeit and the remaining balance in the Member's Pension Account shall be transferred to the General Account.

18.3

Discharge of Trustee

On payment of a lump sum or the purchase of an annuity policy under this Rule 18 the Trustee shall be discharged from all further liability to provide benefits in respect of the Member on whose death the benefit was paid.

19. Finance Act 2004: General provisions

19.1

Requirements of registration

Nothing in these Rules shall entitle any person to a payment made to or in respect of that person under the Scheme which is not an authorised payment within the meaning given by the Finance Act 2004 and the Trustee shall be entitled to modify any payments accordingly.

19.2

Unauthorised payments

Notwithstanding Rule 19.1, the Trustee may make a payment which by virtue of section 160 of the Finance Act 2004 would be an unauthorised payment.

19.3

Deductions from payments

If any payment due by the Trustee under Rule 16 or 18 triggers a tax charge under the Finance Act 2004, the Trustee shall be entitled to modify that payment to take account of the tax charge.

19.4

Pension Input Periods

19.4.1

Prior to the commencement of the tax year 2016/2017:

The nominated date for each Member for the purposes of section 238(1)(a) of the Finance Act 2004 is the 31 March following that Member's relevant commencement date, as defined in section 238(2) of the Finance Act 2004. This Rule 19.4.1 constitutes a nomination by the Scheme Administrator for the purposes of section 238(3) of the Finance Act 2004 and notice to each Member given by the Scheme Administrator for the purposes of section 238(4) of the Finance Act 2004.

The appropriate date for each Member for the purposes of section 238(1)(b) of the Finance Act 2004 is the 31 March in each year after the year in which the nominated date referred to in Rule 19.4.1 falls. This Rule 19.4.2 constitutes a nomination by the Scheme Administrator for the purposes of section 238(3) of the Finance Act 2004 and notice to each Member given by the Scheme Administrator for the purposes of section 238(4) of the Finance Act 2004.

- (a) The nominated date for each Member for the purposes of section 238(1)(a) of the Finance Act 2004 is the 31 March following that Member's relevant commencement date, as defined in section 238(2) of the Finance Act 2004. This Rule 19.4.1 constitutes a nomination by the Scheme Administrator for the purposes of section 238(3) of the Finance Act 2004 and notice to each Member given by the Scheme Administrator for the purposes of section 238(4) of the Finance Act 2004; and
- (b) The appropriate date for each Member for the purposes of section 238(1)(b) of the Finance Act 2004 is the 31 March in each year after the year in which the nominated date referred to in Rule 19.4.1 falls. This Rule 19.4.2 constitutes a nomination by the Scheme Administrator for the purposes of section 238(3) of the Finance Act 2004 and notice to each Member given by the Scheme Administrator for the purposes of section 238(4) of the Finance Act 2004.

19.4.2

With effect from 6 April 2016, the pension input period in respect of the Scheme is the tax year 2016/17 and each subsequent Tax Year, or such other period as is applicable under the Finance Act 2004.

20. Provision of information

Members and those claiming through them shall provide all information and supporting evidence to establish the benefit and their entitlement to it as the Trustee may require and the Trustee may withhold benefits pending receipt of the required information.

21. Incapacity of beneficiary

If any Member, Nominated Beneficiary or other person entitled to a benefit under the Scheme is, in the opinion of the Trustee, unable by reason of minority, mental disorder or otherwise to manage that person's own affairs, the Trustee may pay the benefit to any other person for the benefit of that beneficiary and the receipt of the person to whom the benefit is paid shall be sufficient to discharge the Trustee from its obligation to pay the benefit.

22. Transfers in

22.1

The Trustee will not in any circumstances accept into the Scheme any transfers made:

• The Trustee may accept into the Scheme any transfers made:

22.1.1

in relation to Great Britain, under section 73(2)(a)(i) of the 1993 Act; or

22.1.2

in relation to Northern Ireland, under section 69(2)(a)(i) of the 1993 NI Act.

• in relation to Northern Ireland, under section 69(2)(a)(i) of the 1993 NI Act in respect of a Member (including a Member admitted to Membership under article 19(4A) of the Order), subject to any requirements or restrictions it may determine.

22.2

The Trustee may accept a transfer of a cash sum:

22.2.1

in relation to Great Britain, within the meaning of section 101AB(3) of the 1993 Act, used in the way described in section 101AE(2)(a) of the 1993 Act in respect of a Member; or

22.2.2

in relation to Northern Ireland, within the meaning of section 97AB(3) of the 1993 NI Act, used in the way described in section 97AE(2)(a) of the 1993 NI Act in respect of a Member.

22.2.3

The Trustee may accept into the Scheme any other transfer that is consistent with the Scheme's status as a Registered Pension Scheme, subject to any requirements or restrictions it may determine, and in accordance with the relevant laws.

22.3

Any transfer accepted into the Scheme under this Rule 22 or Rule 24.3 shall be applied to the credit of the Member's Pension Account.

23. Transfers out

23.1

The Trustee may make transfers from the Scheme on a bulk basis, subject to the consent of the Members affected:

23.1.1

in relation to Great Britain, under section 73(2)(a)(i) of the 1993 Act; or

23.1.2

in relation to Northern Ireland, under section 69(2)(a)(i) of the 1993 NI Act subject to any requirements or restrictions it may determine.

The Trustee will not in any circumstances make any transfers from the scheme:

Subject to Rules 23.3 to 23.5, at the request of a Member who has attained Normal Minimum Pension Age or who is suffering from Incapacity and who has become entitled to benefits under Rule 16, the Trustee will transfer the cash equivalent of the entirety of that Member's Pension Account to a Registered Pension Scheme or a Qualifying Recognised Overseas Pension Scheme nominated by the Member, in accordance with the provisions of the Transfer Values (Disapplication) Regulations or the Transfer Values (Disapplication) Regulations NI

23.2

Subject to Rules 23.3 to 23.5, at the request of a Member who has a right to a cash equivalent transfer under section 94(2) of the 1993 Act and has notified the Trustee of their intention to exercise that right in one of the ways listed in section 95(2) of the 1993 Act, the Trustee will transfer the cash equivalent of the entirety of that Member's Pension Account to a Registered Pension Scheme or a Qualifying Recognised Overseas Pension Scheme nominated by the Member, in accordance with the provisions of Chapter 1 of Part 4ZA of the 1993 Act.

23.3

A request under Rule 23.2 must take such form and be made within such time period as the Trustee shall determine.

23.4

The Trustee may require the Member to provide details about any scheme nominated under Rule 23.2 in such form as the Trustee may determine. *The Trustee shall be permitted to delay or to refuse to make any transfer payment if such information is not provided in full to the Trustee or in the form which is required by the Trustee.*

23.5

The Trustee shall only effect a transfer under this Rule 23 in respect of the entirety of a Member's Pension Account (including any part of that Pension Account attributable to a Pension Credit).

24. Pension sharing on divorce

24.1

Discharge of Pension Credit derived from the Scheme

This Rule 24.1 applies in the circumstances referred to in article 31(1)(a) of the Order, which, for the avoidance of doubt, is where a Member's Pension Account is subject to a Pension Sharing Order.

24.1.1

Unless the Ex-Spouse makes a request under Rule 24.1.2, the Trustee shall discharge its liability in respect of a Pension Credit of an Ex-Spouse by conferring appropriate rights on the Ex-Spouse under the Scheme:

- (a) in relation to Great Britain, in accordance with paragraph 1(2) of Schedule 5 to the 1999 Act; or
- (b) in relation to Northern Ireland, in accordance with paragraph 1(2) of Schedule 5 to the 1999 NI Order

24.1.2

The Trustee shall at the request of the Ex-Spouse discharge its liability in respect of a Pension Credit by paying an amount equal to the Pension Credit to the person responsible for a Qualifying Arrangement with a view to acquiring rights under that Qualifying Arrangement for the Ex-Spouse -

- (a) in relation to Great Britain, in accordance with paragraph 1(3) of Schedule 5 to the 1999 Act; or
- (b) in relation to Northern Ireland, in accordance with paragraph 1(3) of Schedule 5 to the 1999 NI Order,

provided that such request shall be made within such period of the making of the Pension Sharing Order as the Trustee shall determine.

24.1.3

If an Ex-Spouse dies after a Pension Sharing Order is made but before it is implemented by the Trustee, death benefits will be payable in respect of the Ex-Spouse as though the Pension Sharing Order had been implemented in accordance with Rule 24.1.1.

24.1.4

For the avoidance of doubt, a Pension Sharing Order will not be regarded as having been implemented for the purposes of Rule 24.1.3 until:

- (a) in cases to which Rule 24.1.1 apply, the Pension Credit has been credited to the Ex-Spouse's Pension Account; or
- (b) in cases to which Rule 24.1.2 apply, the amount equal to the Pension Credit has been paid to the Qualifying Arrangement.

24.2 Rights and Benefits

24.2.1

An Ex-Spouse in respect of whom a Pension Credit is discharged under Rule 24.1.1 and who is not already a Member shall be admitted to Membership.

24.2.2

An Ex-Spouse in respect of whom a Pension Credit is discharged in the Scheme under Rule 24.1.1 shall, so far as is permitted by law, be entitled, in respect of the Pension Credit, to the same benefits (including death benefits) payable in the same circumstances, as a Member admitted to membership under Rule 8.

24.3

Acceptance of Pension Credit Rights from another scheme

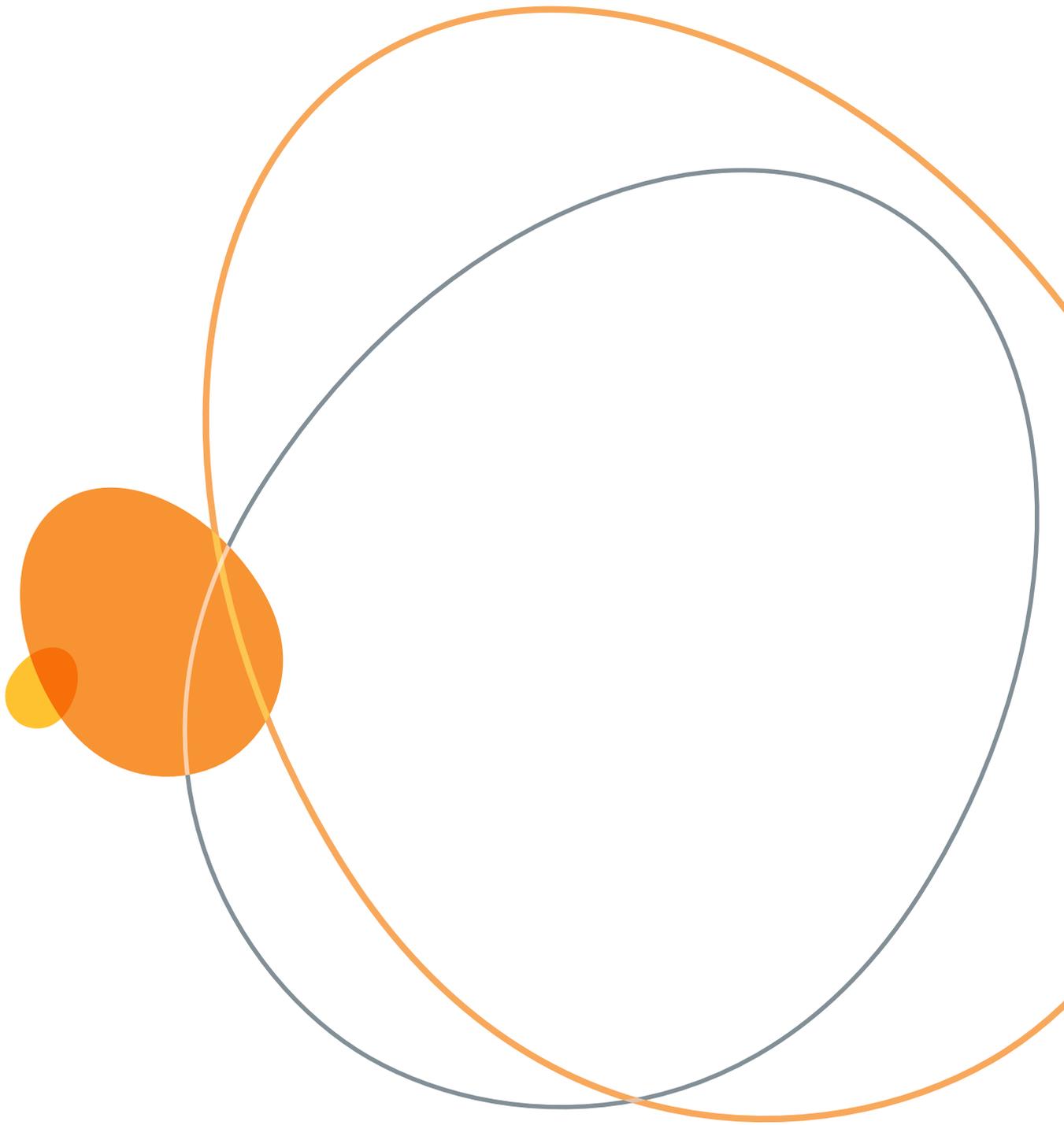
In accordance with article 31(1)(b) of the Order, the Trustee may accept a payment in respect of a Pension Credit in accordance with Rule 22 for a person who is already a Member.

24.4

Identification of Benefits

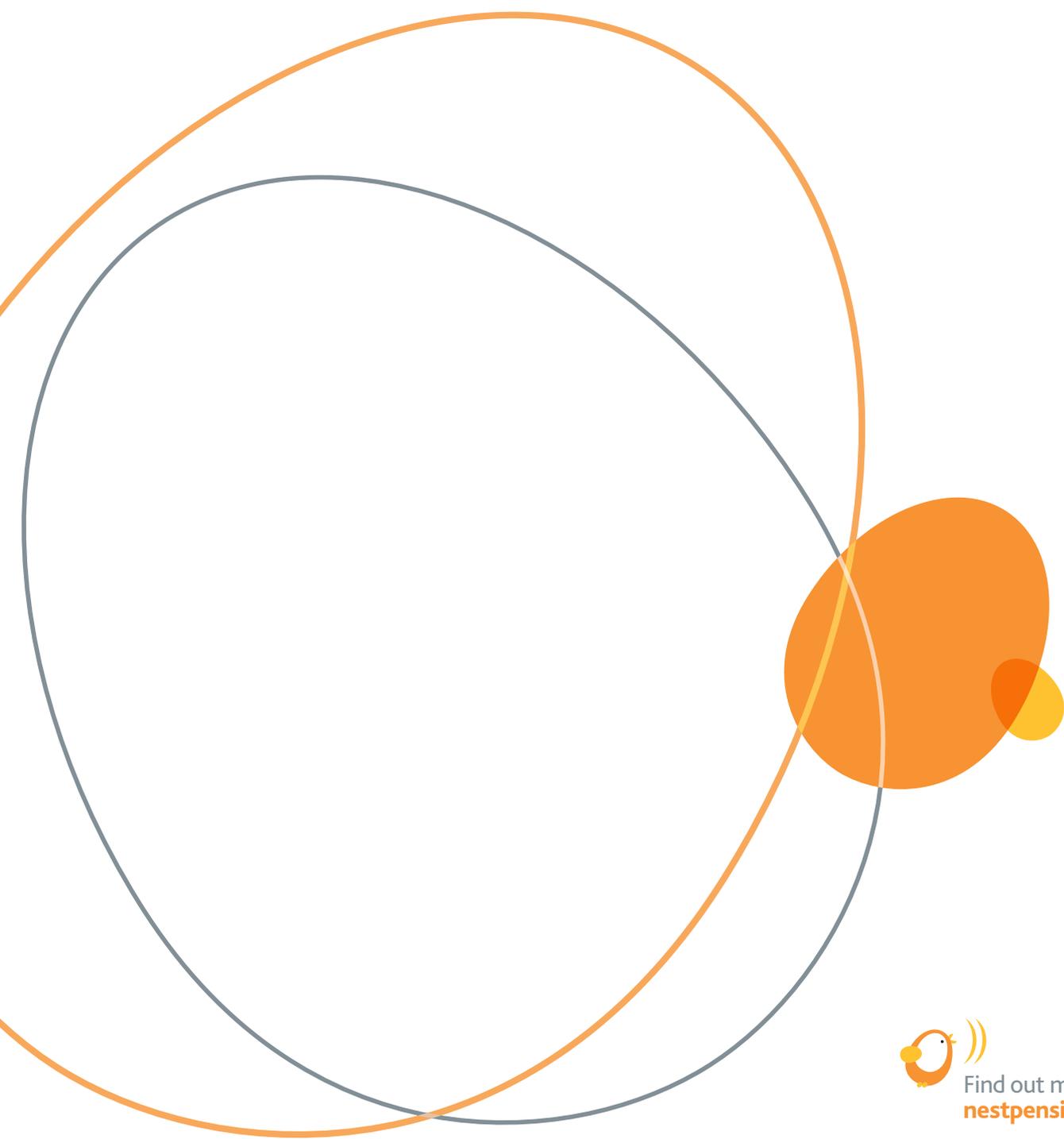
The Trustee shall separately identify within each Member's Pension Account the Pension Credit Benefits attributable to that Member (including any such benefits transferred into the Scheme or into a Member's Pension Account under Rules 24.1.1 or 24.3).





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