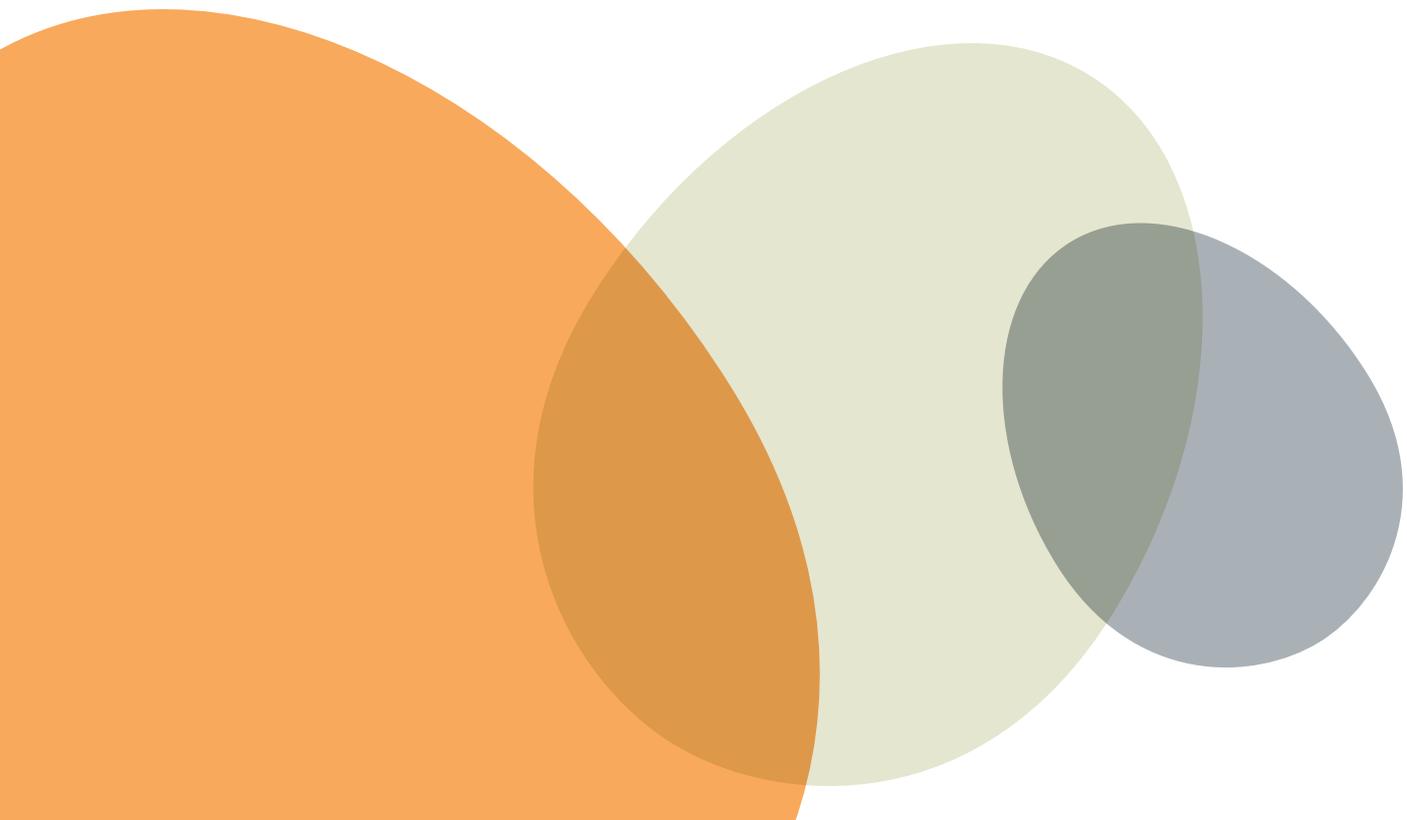




# Rule change consultation

## October 2012



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## Foreword

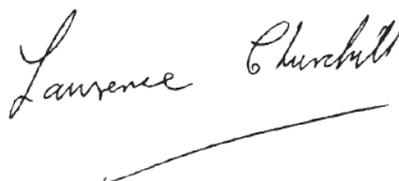
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**NEST's governing documentation is set out in the NEST order and NEST rules. The NEST order establishes the scheme's legal structure. The NEST rules set out how NEST will operate in practice.**

We're looking to change the NEST rules to reflect recent changes to legislation. Examples include the relaxation of the upper age limit for taking benefits in line with changes contained in the Finance Act 2011 and the speeding up of equalisation of State Pension ages between men and women in line with changes contained in the Pensions Act 2011 and the Pensions Act (Northern Ireland) 2012. In addition, we're changing a number of the rules to make them clearer and to ensure that the NEST rules are as accurate as possible.

As the majority of these changes are technical amendments bringing the scheme into line with changes to legislation, we have only one subject-specific consultation question. However, we invite your opinions and comments on whether the proposed changes will have the effects we intend.

I would like to thank all respondents in advance for their continued engagement with NEST and for helping us to design a scheme that will help millions save for their retirement.



Lawrence Churchill, CBE  
Chair  
NEST Corporation  
30 October 2012

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# Background

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## The legal structure of NEST

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 normally used to establish trust-based schemes.

The order sets out NEST's legal structure and can only be amended by Parliament. It 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 will work in practice.

As the NEST rules aren't made by legislation, 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 reflect amendments being proposed by the Department for Work and Pensions (DWP) relating to the NEST order. The changes proposed to the NEST order can found at [dwp.gov.uk/consultations](https://www.dwp.gov.uk/consultations)

If you want to respond to the proposed changes to the order you can find out how at [dwp.gov.uk/consultations](https://www.dwp.gov.uk/consultations)

This consultation paper only relates to changes to the NEST rules.

## Power to change the rules

Article 15 of the NEST order gives NEST Corporation 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 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 will be consulted on the proposed changes to the rules during the public consultation.

To find out more about how the panels work, please go to [nestpensions.org.uk/panels](https://www.nestpensions.org.uk/panels)

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# The consultation process

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## Structure of the consultation document

This consultation is arranged into a number of chapters, each addressing the changes proposed for a single issue.

The first chapter outlines the changes that we propose to make to the NEST rules in response to changes that the Secretary of State is proposing to make to the NEST order. The reasoning behind these changes is set out in the consultation document issued by the DWP. Comments on these changes should be directed to the DWP unless there are issues that you particularly wish to bring to our attention.

The subsequent chapters detail changes that aren't dependant on proposed changes to the NEST order.

The proposed wording to make these changes can be found in the marked up version of the NEST rules, included as a technical annex to this document.

## Consultation questions

The changes we're proposing are mostly minor and technical. Because of this we haven't asked specific questions on most of the individual changes. However, we would appreciate your views on making changes to reflect the Finance Act 2011 relaxations around taking benefits at age 75 (Chapter 6):

**The Finance Act 2011 introduced relaxations on the rules around taking retirement benefits at the age of 75. This consultation outlines NEST's proposal for amendments to the NEST rules to take advantage of this flexibility. We welcome your thoughts on the approach that we have taken.**

We also ask one general question:

**Do you believe that the proposed changes will have the intended effects?**

We invite responses on these questions from any interested party.

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## How to respond

As the proposed changes are relatively minor, the consultation begins on 30 October 2012 and runs until 26 November 2012.

You can submit your response by email or by post.

Email: [rules.consultation@nestcorporation.org.uk](mailto:rules.consultation@nestcorporation.org.uk)

Post: **Michael Robey**  
**NEST Corporation Policy Team**  
**Second floor**  
**St Dunstan's House**  
**201-211 Borough High Street**  
**London**  
**SE1 1JA**

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, then please make it clear who the organisation represents.

## Impact on members and employers

Before amending the scheme rules, it's important that we take account of members' interests and consider and understand the impact of any policy changes on members and employers.

We've fully investigated whether these proposed changes will impose any additional burden on members or employers and have concluded that they won't.

## 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 after the consultation period ends.

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

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## Confidentiality

Please be aware that we may share the information you send us with the Department for Work and Pensions (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.

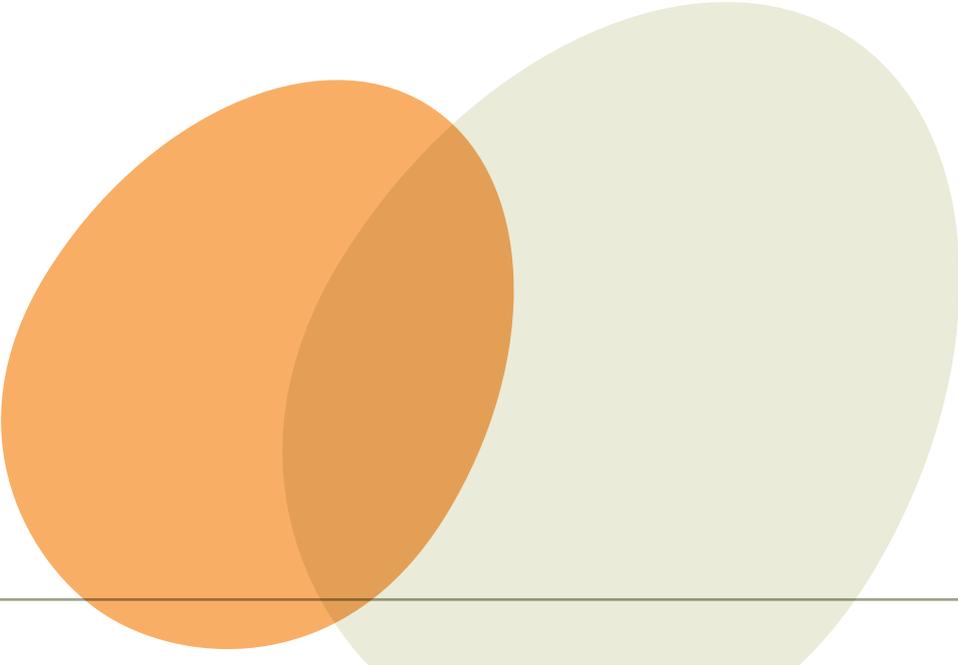
If you want us to keep the information in your response to the consultation confidential you should explain why as part of your response. However, we can't guarantee that it will be possible to do this.

You can find more information on the Freedom of Information Act at [direct.gov.uk/en/Governmentcitizensandrights/Yourrightsandresponsibilities/Freedomofinformationanddataprotection/DG\\_4003239](https://www.direct.gov.uk/en/Governmentcitizensandrights/Yourrightsandresponsibilities/Freedomofinformationanddataprotection/DG_4003239)

## 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 the 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](https://www.nestpensions.org.uk)



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# Changes to NEST rules in response to proposed

## Chapter 1: changes to the NEST order

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DWP is consulting on a number of proposals to amend the NEST order. This means we'll need to make matching changes to the NEST rules.

These are:

- changing the description of minimum contributions for the purposes of meeting the quality requirement in the NEST order
- removing the requirement for self-enrolling members to agree to our Member Terms and Conditions before they can join NEST
- amending the definition of 'self-employed' to ensure this group aren't prevented from joining NEST if they're also employed by an employer who doesn't use NEST.

### What are we proposing?

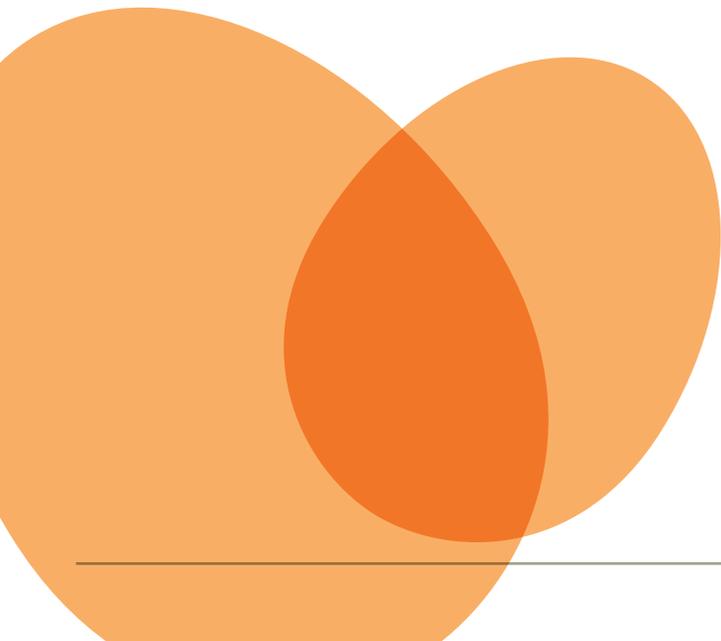
NEST rules 7.1 and 9.1 will need to be amended to reflect how the order describes the quality requirement.

Rule 8.3 will need to be deleted, as there won't be a need to include any reference to Member Terms and Conditions in the rules.

The definition of self-employed will need to be updated to align with the definition in the order.

### Responding to these proposals

Should you wish to comment on these proposed changes, you should respond to the DWP consultation paper on proposed amendments to the NEST order, rather than to this consultation.



# Enrolment dates and

## Chapter 2: continuity of membership

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### Summary

DWP has introduced changes to the provisions for setting the first pay reference period for members when their employer enrolls them into a qualifying scheme. We are proposing to amend the NEST rules to take account of these changes.

### Current position

The scheme rules state that a worker's membership will commence on their automatic enrolment, automatic re-enrolment or enrolment date.

### Why do we want to change the rules?

The definition of 'pay reference period' for the purposes of section 20(1)(b) and (c) was amended by the Automatic Enrolment (Miscellaneous Amendments) Regulations 2012 and the Automatic Enrolment (Miscellaneous Amendments) Regulations (Northern Ireland) 2012.

Following this change, the provisions of rules 8.2.1 and 8.2.2 are different from the regulations.

### What are we proposing?

We propose amending rule 8.2 to make it clear that active membership begins:

- at the appropriate enrolment date, where the employer has complied with their duty to enrol the jobholder within one month of that enrolment date
- at a date to be determined by NEST if an employer has not complied with their duty to enrol the jobholder within one month. If the employer lets us know that they haven't complied with their enrolment duties, the amendment allows the Trustee some flexibility to set the date when active membership of affected individuals begins and to accept contributions that the employer should have paid prior to that date, whether volunteered by the employer or requested by The Pensions Regulator.

This rule change doesn't affect an employer's statutory duty to make contributions that were due between the automatic enrolment date and the date that the employer makes provision for the member to join the scheme.

We also propose amending rules 7.1 and 9.1 to reflect that contributions become due at the date from which active membership is effective.

In addition to these changes, we also propose deleting rule 8.2.6 and the definition of 'continuity' in rule 1. In line with recent changes to the provisions of continuity of membership under the Pensions Act 2008 and the Pensions Act (Northern Ireland) 2012, this rule wording is no longer needed as the Act provides for continuity of membership to be maintained through automatic re-enrolment.

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## Chapter 3: Change in default benefit age

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### Summary

Legal changes to the State Pension age (SPA) mean we have to update the NEST rules.

### Current position

Under rule 16.1.2, when a member doesn't actively choose a benefit age, then NEST assigns them a benefit age based on their SPA. Members born on or before 5 April 1955 are assigned a benefit age of 65. Members born after that date are assigned a benefit age equal to their SPA. Any changes made by Parliament to the definition of SPA will therefore affect the NEST rules, but only when we're assigning a default benefit age for a member.

### Why do we want to change the rules?

The government is taking steps to equalise the SPA between men and women over a period of time. This originally applied to people born on or after 5 April 1955, however changes introduced in the Pensions Act 2011 mean that this date now needs to be changed to apply an SPA of 65 for anyone born on or before 5 December 1953, and for the equalisation SPA date to apply to a member born after 5 December 1953.

This change does not alter our policy of aligning default benefit age with SPA, but is a technical amendment to bring the rules into line with the provisions of the Pensions Act 2011, which accelerated the equalisation of the SPA between men and women.

### What are we proposing?

We propose changing the references in rule 16.1 from 5 April 1955 to 5 December 1953.

Given that this rule is constructed to incorporate a term defined in other legislation, subsequent changes to that legislation are likely to have an immediate impact on the NEST rules.

We therefore propose amending the definition of SPA in the NEST rules to allow the Trustee to decide when future legislative revisions to SPA should apply to members of NEST. Note that the NEST rules use the definition of SPA solely for the purpose of assigning a default benefit age to each member under rule 16.1.

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## Chapter 4: **Removal of age 75 limit on taking retirement benefits**

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### Summary

The Finance Act 2011 relaxed the negative tax consequences that applied when retirement benefits were not secured before age 75. It also introduced some changes to the way in which death benefits could be paid at and after age 75.

We propose incorporating into the NEST rules many of the additional flexible provisions introduced in the new legislation.

### Current position

Before the Finance Act 2011, favourable tax treatment generally applied where retirement savings that had attracted tax relief were used to secure a retirement income before age 75. This was intended to ensure that pension savings accumulated with the help of tax relief were used to provide an income in retirement, generally by the purchase of an annuity.

The NEST rules were designed and drafted to take account of the age 75 tax consequences. As a result members can't have a benefit age on or after their 75th birthday and broadly speaking must take their benefits or transfer out before age 75.

The Finance Act 2011 relaxed the age 75 limit and introduced flexibility around the age members can take their benefits. The measures include:

- ending the negative tax consequences that applied for annuities purchased at or after age 75
- changing the tax treatment of certain lump sum death benefits after age 75
- introducing new options for those who wish to take their benefits, and perhaps continue contributing, after age 75.

### Why do we want to change the rules?

When introducing these changes, the government stated that the inflexibility in the original pension tax rules acted as a barrier to saving. They also said that individuals should be allowed to decide when and how to turn their pension savings into a retirement income.

We agree with the analysis provided by HM Treasury when consulting on these proposals – as longevity increases and people work longer, the existing rules on when benefits can be taken will be restrictive for an increasing number of people.

Increasing flexibility around when pension benefits can be taken empowers our members to take control of their retirement and make arrangements that fit their particular circumstances and preferences.

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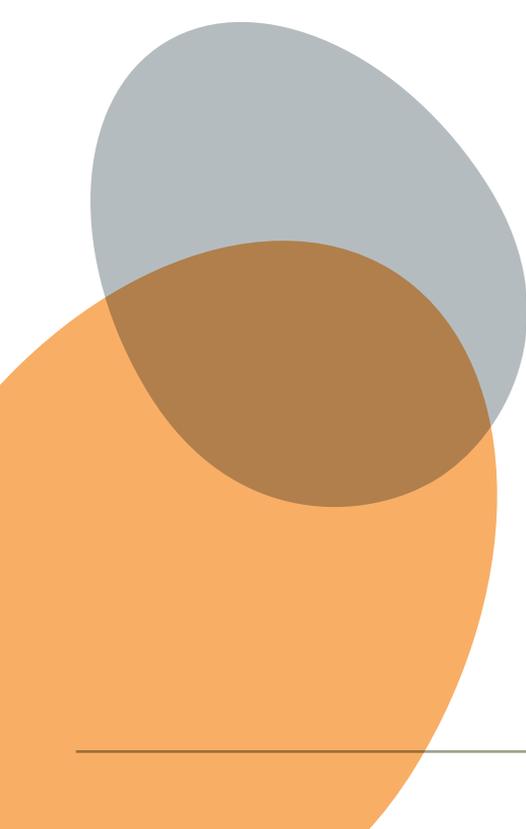
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## What are we proposing?

We propose changing a number of NEST rules to introduce the following flexibility:

- remove the requirement to either purchase an annuity before age 75 or take a transfer out
- allow trivial commutation of retirement benefits at or after age 75
- allow lump sum death benefits to be paid at or after age 75
- allow the trivial commutation of death benefits at or after age 75
- allow serious ill health lump sums to be paid at or after age 75
- allow the payment of contributions at or after age 75
- allow us to adjust any authorised payment that is liable to a tax charge so that we can make a payment net of tax charges.

The amendment or removal of these rules means that the only age limit for benefits and contributions is the provision under rule 17.3 for benefits which remain unclaimed when a member reaches 105 to be forfeited. Accordingly, the rules that govern the acceptance of contributions (7.1.4, 9.3.2 and 10), and the rules for setting a benefit age (16.1.2, 16.1.4 and 16.1.5) have been aligned with the age at which benefits are forfeited under the NEST rules.



## Chapter 5: Payment of death benefits

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### Summary

DWP is consulting on an amendment to the NEST order that will allow the Trustee to decide who to pay death benefits to, and removes the reliance on the statutory definition of next of kin.

### Current position

Death benefits can be paid to a member's next of kin in very limited circumstances. These are where a member dies:

- without having completed a nomination form
- where there's no personal representative
- if there's no grant of representation and the member's pot is not more than £5,000.

In all other cases, benefits are paid either to a nominated beneficiary or to the deceased member's personal representatives.

### Why do we want to change the rules?

We need to amend the provisions in the NEST rules to say how the Trustee intends to exercise the flexibility that will be provided by the order proposals.

### What are we proposing?

Rather than setting out in the rules now who lump sum death benefits may be paid to in these cases, we want to give the Trustee a power which will allow it to adapt the process more quickly as we learn from the death benefit payments we process. This is important for NEST as a low cost scheme in its early stages.

This approach will allow the Trustee to follow a simplified process when a member dies in these circumstances. For example, the Trustee will be able to identify limited categories of beneficiaries rather than track down all possible individuals who would qualify under the statutory definition of next of kin which is quite wide.

Our current plan for this will give the Trustee the power to pay death benefits at their discretion in these cases in the following priority order:

- spouse or civil partner
- children
- parents.

However, the final decision on this will rest with the Trustee.

We are also proposing to remove the reference to 'grant of representation' in rule 18.1.5. If a grant of representation was in place, the death benefit would have been paid to the individual holding it, as the personal representative of the deceased, under rule 18.1.4.

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## Chapter 6: **Cross-referencing and clarification**

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### Summary

There is a minor drafting error we would like to correct.

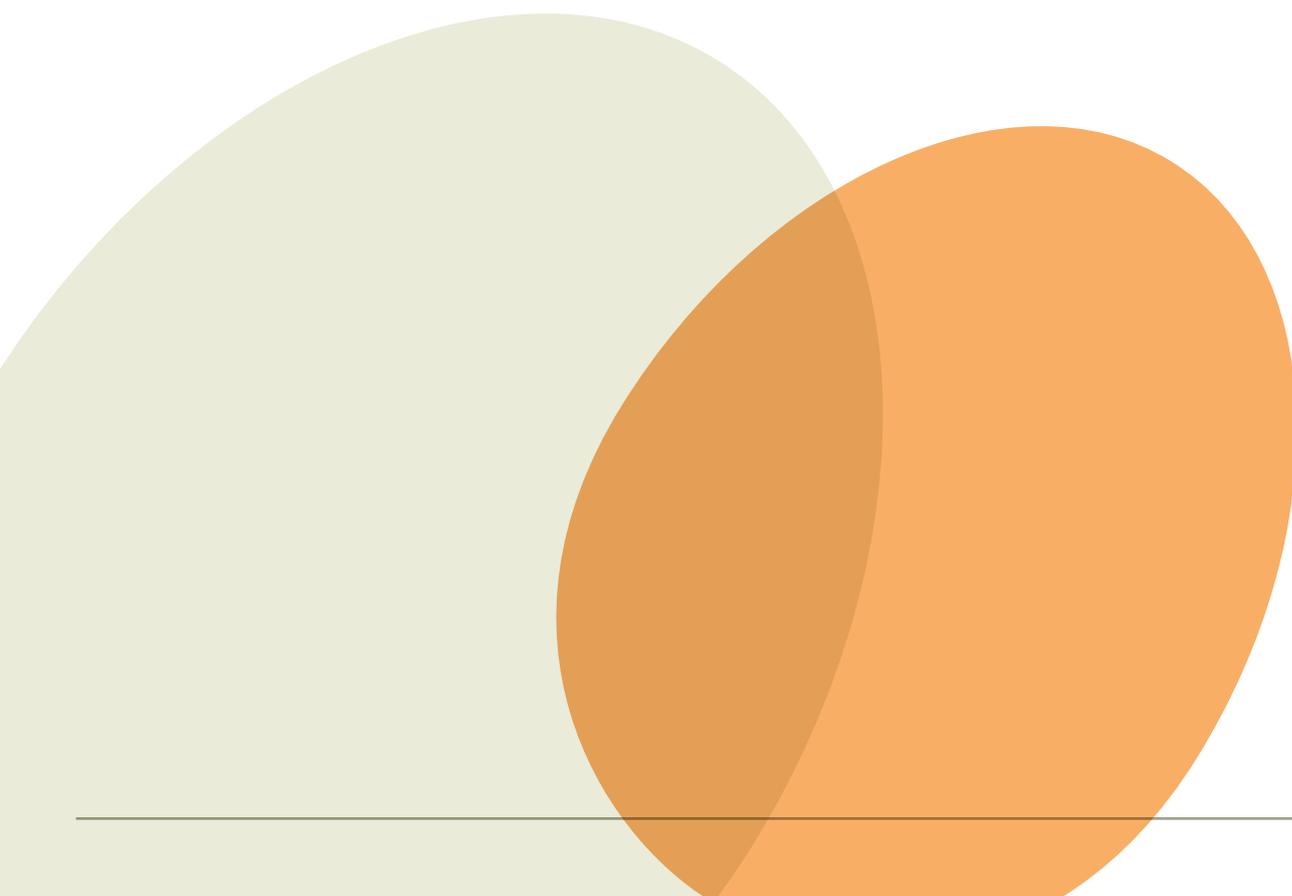
### Current position

In rule 1 definitions (P-S) are not in alphabetical order.

### What are we proposing?

We propose to amend rule 1 to ensure that the definitions are correctly ordered.

We'll also ensure that any cross-referencing amendments required by the other changes that we are proposing are updated when these changes are made.



## Chapter 7: Employers that stop using NEST

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### Summary

Employers using NEST need flexibility. There may be some that want to use NEST for a time and choose an alternative arrangement later.

In April 2011, NEST introduced rules to allow an employer using NEST to terminate participation and become a 'former participating employer'. We want to make sure that we receive all contributions from an employer before they terminate participation.

### Current position

Under rule 6.4, a participating employer can give notice to terminate participation in NEST. They remain liable for unpaid contributions that were due before they terminated their participation. The existence of outstanding contributions does not prevent the employer from terminating its participation.

### Why do we want to change the rules?

We don't want to place unnecessary burdens on employers who wish to terminate their participation in NEST. However, we want to make sure we maintain a contractual relationship with the employer until all outstanding contributions are paid.

### What are we proposing?

We propose changing rule 6.4 to prevent an employer terminating their participation in NEST before any outstanding contributions are paid to the scheme.

We also propose amending the definition of 'participating employer' in the NEST rules so that it's consistent with the NEST order, in line with changes the DWP is consulting on.

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## Chapter 8: **Members stopping contributions**

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### Summary

We want to make it possible for members to stop their contributions by telling their employer.

### Current position

The NEST rules currently allow a member to stop contributions by notifying the Trustee. The Trustee then notifies the member's employer of the individual's request.

### Why do we want to change the rules?

We want to add flexibility to allow an employer the option to accept instructions to stop contributions from a member, rather than requiring the member to tell NEST.

### What are we proposing?

We propose amending rule 12.2 to enable NEST to accept an instruction from an employer that they in turn have received from a member indicating that the member wishes to stop paying contributions to the scheme. Where such a request is received from an employer, we will contact the member to confirm that their request has been carried out.

It should be noted that this proposal, if adopted, will not require an employer to operate this process. It gives the employer the option of dealing with these requests if they want to.

We will amend the Employer Terms and Conditions so that where an employer wishes to use this process, they must obtain a formal request from a member to stop contributing. They must hold on to that request for a period of time. This will aim to ensure that decisions are properly recorded.

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# Technical annex

The NEST rules with  
proposed amendments

This appendix shows the changes we  
propose to make to the existing NEST rules.



# Rules of the National Employment Savings Trust

Where we're proposing amendments to the rules we've shown these in grey.

Where we're proposing to remove text from the rules we've show these in a red box like this.

The Secretary of State makes the following Rules in exercise of the powers conferred by sections 67(1) and (9), 69(1) to (3), 70(1) and (2) and 144(2), (3) and (4) of the Pensions Act 2008, having published a draft of the rules and invited comments on it. The Rules shall come into force on 1 April 2011.

## 1. DEFINITIONS

1.1 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;

**"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 re-enrolment:

- (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;

**"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;

**"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;

**"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;

**"Continuity"** means circumstances whereby a Participating Employer elects to use the Scheme in order to fulfil its duties:

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



**"Contribution Arrangements"** means, in relation to a Member,

- (a) arrangements by the Trustee in respect of that Member under article 19(6) 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(6) 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;

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**“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;

**“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;

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**“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;

**“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;

- (a) in Great Britain, under section 20 of the 2008 Act; or
- (b) in Northern Ireland, under section 20 of the 2008 NI Act;



**“Next of Kin”** means:

- (a) in England and Wales, the persons who would take beneficially on an intestacy under the provisions of Part IV of the Administration of Estates Act 1925;
- (b) in Northern Ireland, the persons who would take beneficially on an intestacy under the provisions of Part II of the Administration of Estates Act (Northern Ireland) 1955; and
- (c) in Scotland, the persons entitled to the moveable estate of the deceased on intestacy;



**"Participating Employer"** means an Employer that is for the time being participating in the Scheme having been admitted to participation in the Scheme under article 18 of the Order;



**"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;

**"Pre-Duty Period"** means:

- (a) in relation to a Participating Employer, the period starting on the day when Rule 71.2 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

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- (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.

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**"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;

**"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;

**"Trustee"** means the person appointed as trustee of the Scheme;

## **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**

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

- 3.1 The Trustee may appoint such professional advisers as the Trustee determines on such terms and conditions as it sees fit.
  - 3.2 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.
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- 3.3 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.

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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
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- 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.
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#### **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.
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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;
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- (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 end of the date specified in the notice as the date on which the Participating Employer's participation will terminate,

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 amount due but unpaid by it when its participation ceased and in respect of any other act or omission by it that occurred before its participation ceased.



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.

## 7. EMPLOYER CONTRIBUTIONS

7.1 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.

- 7.1.1 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,

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 Section 20 of the 2008 Act (or Section 20(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.



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 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.
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## 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 Re-enrolment 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.

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### 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 Scheme (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.

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## 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 on such terms and conditions and with effect from such date as the Trustee may determine.



### 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 on such terms and conditions and 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.

### 8.2.6 Continuity

Admission to Membership or the making of Contribution Arrangements by reason of Continuity shall take effect from such date as the Member's Employer notifies to the Trustee provided this is no later than the end of the period prescribed under:

- (a) in relation to Great Britain, section 2(3) of the 2008 Act; or
- (b) in relation to Northern Ireland, section 2(3) of the 2008 NI Act.



### 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 Member Terms and Conditions

8.3.1 Admission to Membership in accordance with article 19(4) of the Order is conditional on the Self-employed person, Single Person Director or person entitled to a pension credit as referred to in article 31(1)(a)(i) of the Order (in this Rule 8.3 referred to as the "Relevant Person") agreeing to the following terms and conditions for admittance of persons as members of the Scheme:

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

8.3.3 The Relevant Person 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 Relevant Person 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 Relevant Person to the Scheme and (if applicable) payments from the Scheme to the Relevant Person;
- (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



### 8.4 Active membership

A Member 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.

Scheme and limit the costs of the administration and management of the Scheme.

8.3.4 The agreement referred to in this Rule 8.3 shall be in such form as the Trustee shall determine and notify to the Relevant Person.

8.3.5 The terms and conditions set out in or provided for by Rules 8.3.2 and 8.3.3 are without prejudice to the requirements of the Scheme applicable to Members whether or not a Member's admission to Membership was in accordance with article 19(4) of the Order.

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 section 20(1) of the 2008 Act (or section 20(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. 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.

### 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 or 8.2.5; or

9.3.2 from any other Member aged between 16 and 75 who has a Pension Account,



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 section 20 of the 2008 Act or section 20 of the 2008 NI Act.



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.

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## **11. PENSION ACCOUNTS AND GENERAL ACCOUNT**

- 11.1 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.
- 11.2 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.

## **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.
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## **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 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
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- (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 in excess of the Annual Contribution Limit

- 14.3.1 Refunds of excess contributions under article 24 of the Order may be made in such manner and at such time as the Trustee may determine. For the purpose of giving effect to the requirements of article 24 of the Order as regards to the order in which contributions may be refunded, the Trustee shall determine such arrangements as shall be consistent with the following principles (including arrangements for substitution or deemed substitution):

- (a) Minimum Contributions must not be refunded;
- (b) contributions made by a Member's Employer in respect of a Member shall count towards meeting the quality requirement referred to in Part 1 of the 2008 Act (or Part 1 of the 2008 NI Act) before contributions made by the Member's Employer on behalf of the Member; and
- (c) contributions made by a Member, contributions made by the Member's Employer on behalf of the Member and contributions made by a person other than the Member's Employer in respect of the Member shall be refunded to the Member before contributions made by the Member's Employer in respect of the Member are refunded to the Member's Employer.

(b) contributions made by a Member's Employer in respect of a Member shall count towards meeting the quality requirement referred to in section 20(1) of the 2008 Act (or section 20(1) of the 2008 NI Act) before contributions made by the Member's Employer on behalf of the Member; and



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

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14.3.3 Where article 24 of the Order applies and the Member's Employer receives a refund of contributions made by or on behalf of a Member, that Member's Employer:

- (a) shall hold the refund on trust for the Member; and
- (b) must remit it to the Member as soon as reasonably practicable.

#### **14.4 Other treatment of contributions in excess of the Annual Contribution Limit**

14.4.1 The Trustee may reject any excess contribution which is not a Minimum Contribution paid to the Scheme by or on behalf of a Member if that contribution would or might result in the Annual Contribution Limit being exceeded in that Tax Year.

14.4.2 Where the Trustee does not refund excess contributions pursuant to article 24(4) of the Order or retains contributions pursuant to article 26(3)(a) of the Order it shall apply those contributions to the Member's Pension Account in the Tax Year in which those contributions are made as if the Annual Contribution Limit had not been exceeded.

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 7.11;
  - (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
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- (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 and 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;
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- (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 and 16.1.5.
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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 75; or
- (b) in the absence of a notification under (a) above,
  - (i) in the case of a Member born on or before 5 April 1955, the date the Member attains age 65;
  - (ii) in the case of a Member born after 5 April 1955, the date the Member attains State Pension Age.



- (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, the date the Member attains age 65;
  - (ii) in the case of a Member born after 5 December 1953, the date the Member attains State Pension Age.

However, if, on the date the Member is first admitted to Membership, the Member has not given a notification under (a) above and has already attained the relevant age in (b) above, 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 75, Benefit Age for the Member will become:

- (a) in the case of a Member who was born on or before 5 April 1955 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 April 1955 and whose Benefit Age is on or after the date the Member attains age 65, the day immediately before the Member attains age 75; or
- (c) in the case of a Member who was born after 5 April 1955 and whose Benefit Age is under State Pension Age, the date the Member attains State Pension Age; or
- (d) in the case of a Member who was born after 5 April 1955 and whose Benefit Age is on or after the date the Member attains State Pension Age, the day immediately before the Member attains age 75.



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, the day immediately before the Member attains age 105; or
- (c) 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
- (d) 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, 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(c); 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 75.



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.

provided that in the case of a Member to whom Rule 17.2 applies, that Member may only apply the Member's Pension Account in accordance with Rule 16.4.1(b).



16.4.2 The Trustee shall take reasonable steps to ensure that Members are aware of the provisions of Rule 16.5.



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.

### 16.5 Default annuity



16.5.1 Subject to Rules 16.6 and 17, if the Member does not exercise either of the options set out in Rule 16.4.1 at least three months before the Member's 75th birthday the Trustee shall:

- (a) apply a proportion of the Member's Pension Account equal to the Permitted Maximum to provide a lump sum; and
- (b) apply the balance of the Member's Pension Account for the purchase in the Member's name of a (but only one) Lifetime Annuity Policy selected by the Trustee providing only for the payment of a single life non-escalating Lifetime Annuity to the Member and the Trustee shall notify the Member of the selection so made.

16.5.2 If a Member is traced after that Member's 75th birthday but does not exercise the option set out in Rule 16.4.1 within five months of the Trustee being notified of the Member's whereabouts, the Trustee shall apply the balance of the Member's Pension Account for the purchase in the Member's name of a (but only one) Lifetime Annuity Policy selected by the Trustee providing only for the payment of a single life non-escalating Lifetime Annuity to the Member and the Trustee shall notify the Member of the selection so made.

## 16.6 Total Commutation

16.6.1 The Trustee may commute a Member's Pension Account for a lump sum if the Member is aged under 75 and:

- (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 of the Finance Act 2004; or



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.

16.6.2 The Trustee may commute a Member's Pension Account for a lump sum if the Member is aged 75 or over and the requirements of regulation 9 of The Registered Pension Schemes (Authorised Payments) Regulations 2009 are met.



## 16.7 Discharge of Trustee's liability

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 Trustee's liability

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, 16.5.1(a) 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.



17.1 The Trustee shall take reasonable steps to verify the whereabouts or the continued existence of any Member who does not claim benefits under the Scheme, or who is not notified to the Trustee as having died, before the Member's 75th birthday.

17.2 If the Trustee is unable to verify the whereabouts or continued existence of any Member under Rule 17.1, the Trustee shall treat the Member's Pension Account as being held in suspense in accordance with paragraphs 11(6) and 11(7) of Schedule 28 to the Finance Act 2004 until the earlier of the following occurs:

17.2.1 the Member is traced and Rule 16.4 or 16.5 applies;

17.2.2 Rule 17.3 applies; or

17.2.3 the Trustee is notified of the Member's death and either Rule 18.1.1 or 18.2.1 applies.

## 17. UNCLAIMED BENEFITS



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, subject to Rule 18.1.5, the lump sum payable under Rule 18.1.1...



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 no payments are made under either Rule 18 or Rule 18.1.4 applies and the total amount due from the Scheme under Rule 18.1.1 is not more than £5,000 and there is no grant of representation in place, the Trustee may pay or apply the relevant amount to or between any one or more of the Member's Next of Kin.



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 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 in accordance with Rules 18.2.2 to 18.2.4.



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 to:

- (a) purchase one or more Dependants' Annuity policies or pay one or more lump sums to the Dependant or Dependants nominated by the Member, in accordance with Rule 18.2.3 and Rule 18.2.5; or
- (b) 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 Dependant 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

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- (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 Dependant does not make a selection, the Trustee shall select a Dependants' Annuity policy.

18.2.4 Where a Member has no Nominated Beneficiaries referred to in Rule 18.2.2(a), each Nominated Beneficiary referred to in Rule 18.2.2(b) that is a charity shall be paid a lump sum if the payment would be a charity lump sum for the purposes of paragraph 18(1A) of Schedule 29 of the Finance Act 2004.

Where any payments are made under Rule 18.2.2(a), any payments to a charity under Rule 18.2.2(b) would be an uncrystallised funds lump sum for the purposes of paragraph 15 of Schedule 29 of the Finance Act 2004.

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 Dependant 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 Dependant 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 Dependant 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,
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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.

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## 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 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 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.

19.4.2 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.

## 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.

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**22. TRANSFERS IN**

- 22.1 The Trustee will not in any circumstances 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.
- 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.
- 22.3 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 will not in any circumstances make any transfers from the Scheme:
- 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.
- 23.2 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.
- 23.3 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.
- 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).
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## 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.
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## **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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